

DECISION BY DIRECTOR GENERAL, ROYAL MALAYSIAN CUSTOMS**ITEM 1:****Employee Benefit**

Whether supply of accommodation with furniture to an employee without consideration is considered as employee benefit?

- (i) Employee benefit is a supply of goods or services by the employer to the employees for free of charge and it must be stated in the contract of employment. The supply made under employee benefit is considered as used for the purpose of business and the input tax incurred by the employer on such goods or services is claimable except for the supply which relates to an exempt supply or block input tax.
- (ii) Employee benefit includes supply of accommodation or residential housing to the employee for free of charge but does not include furniture.
- (iii) Supply of accommodation under employee benefit which relates to an exempt supply under the GST (Exempt Supply) Order 2014 is considered as used for the purpose of business. The employer is not required to account for GST on the supply of accommodation and is not entitled to claim the input tax incurred on the acquisition of the accommodation.
- (iv) However, in the case where –
 - (a) the supply of accommodation is inclusive of furniture, the supply of furniture whether or not for consideration is subject to GST. The employer is liable to account for GST accordingly and is entitled to claim input tax incurred on the acquisition of the furniture.
 - (b) the supply of accommodation to the employee, benefit of the employee's family irrespective whether it is furnished or unfurnished, the employer is blocked from claiming the input tax incurred.