

DECISION BY DIRECTOR GENERAL, ROYAL MALAYSIAN CUSTOMS**ITEM 2:****Occupational Health and Safety**

Whether the equipment provided by the employer in relation to safety and security requirement under the Occupational Health and Safety Act 1994 is considered as employee benefit?

- (i) Safety and security equipment provided by an employer to the employee for free of charge is considered as employee benefit as long as it is stated in the contract of employment.
- (ii) In the case where the employer supplies safety and security equipment for free of charge to the employee and the supply is not stated in the contract of employment, such supply will not be considered as employee benefit. Therefore, the employer is liable to account for the GST and entitle to claim the input tax incurred on the purchase of such equipment. However, where –
 - (a) the supply of such equipment involves transfer or change of ownership to the employee, such supply is subject to gift rule under item 5(2)(a) of First Schedule of GSTA 2014; or
 - (b) the equipment is subsequently returned to the employer as business asset, the employer is not required to account for the GST.