

Director General's Decision 2/2014

DECISION BY DIRECTOR GENERAL OF ROYAL MALAYSIAN CUSTOMS

ITEM4: Gift rule

How to determine the GST on gift?

- i) Para 5(2)(a) of the First Schedule of GSTA 2014:
No GST will be charged on gift made in the course or furtherance of business to the same person in the same **year** where the total cost of the gift to the donor does not exceed **RM500**. If the total cost to the donor is more than RM500, GST need to be accounted for and input tax is claimable.
- ii) The word '*year*' in paragraph 5(2) (a) of the First Schedule of GSTA 2014 refers to '*tax year*' (financial year).
- iii) Gift bought by a taxable person from **a non-GST registered person** worth more than RM500 and given free without consideration **is not subject to GST** but no input tax is claimable as the gift is acquired without tax.
- iv) Determination of RM500 per person per year is the aggregate of all gifts given in the tax year. If the total cost exceeds RM500, it is subject to GST (account for output tax) as follows –

Example: *(Subst. w.e.f. 15/3/2016)*

Company ABC give gifts to his employee A in 2015 as follows:

SCENARIO	DATE	COST/ TAXABLE AMOUNT (RM)	TYPE OF GOODS	OMV (RM)	GST	TOS
1 st scenario	April 2015	200	Calculator (SR)	200		
	June 2015	200	Calculator (SR)	180		
	Nov 2015	300	Calculator (SR)	350		
	Total 2015	700		730	Tax fraction 6/106 of RM730	Nov 2015
2 nd scenario	May 2015	800	Chinaware set (SR)	848	Tax fraction 6/106 of RM848	May 2015
3 rd scenario	April 2015	200	Fruits (ZR)	200		
	June 2015	200	Card holder	202	Acquired from non- registered person and give away as gift	
	Nov 2015	300	Calculator (SR)	300		
	Total 2015	700		300	No output tax to be accounted	Nov 2015

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1st scenario – *GST is to be accounted on the gift of calculator in November taxable period 6/106 of RM730.*

2nd scenario – *GST is to be accounted on the gift of chinaware set in May taxable period 6/106 of RM848.*

3rd scenario – *only cost of calculator is subject to GST. However, since the cost to the donor on calculator does not exceed RM500, the donor is not liable to account the GST under the gift rule. The donor is also not liable to account GST on cost of fruit and card holder since fruits is subject to 0% and the card holder is acquired from a non-registered person.*