

Flat Rate Scheme

74. (1) There shall be a scheme to be known as the “Flat Rate Scheme” which allows any person who is a qualified person and is carrying on a business involving the prescribed activities (hereinafter referred to as the “approved person”) to include a prescribed flat rate addition in the consideration for any taxable supply of goods made by him from the prescribed activities to any registered person in the course or furtherance of his business.

(2) An approved person shall not—

- (a) account for the prescribed flat rate addition; and
- (b) be entitled to credit for input tax against output tax under section 38.

(3) An approved person shall issue an invoice on the taxable supply of goods made by him from the prescribed activities to the registered person in the course or furtherance of his business.

(4) A registered person shall be entitled to a credit for input tax against output tax under section 38 on any taxable supply of goods acquired from the approved person from the prescribed activities under the Flat Rate Scheme equal to the prescribed flat rate addition on the supply.

(5) An approved person shall not include the prescribed flat rate addition in the consideration for any supply of goods made by him—

- (a) from any activity other than the prescribed activities; or
- (b) to any person other than the registered person.

(6) An approved person who contravenes subsection (3) or (5) commits an offence and shall, on conviction, be liable—

- (a) to a fine not exceeding fifteen thousand ringgit or to imprisonment for a term not exceeding two years or to both; and
- (b) to a penalty of the amount of prescribed flat rate addition so shown.

(7) Any person other than an approved person who issues an invoice or a receipt showing an amount as being the prescribed flat rate addition or as being attributable to the prescribed flat rate addition commits an offence and shall, on conviction, be liable—

- (a) to a fine not exceeding fifteen thousand ringgit or to imprisonment for a term not exceeding two years or to both; and
- (b) to a penalty of the amount of prescribed flat rate addition so shown.