

**LIST OF AMENDMENTS  
DECISION BY DIRECTOR GENERAL OF ROYAL MALAYSIAN CUSTOMS**

**1/2014**

NO	DG'S DECISION	PRECEDENT DECISION	AMENDMENT
1.	Item 2, 1/2014 <b>Accounting for GST on imported services</b>	i) S.13(4) GSTA 2014 provides that the time of supply for imported services shall, to the extent covered by any payment by the recipient, be treated to have been made when the supplies are paid for  ii) A GST registered person however may account for output tax based on the date of invoice if it is issued earlier than the date of payment  iii) The value for imported services is tax exclusive	i) S.13(4) GSTA 2014 provides that the time of supply for imported services shall be treated to have been made at the following dates whichever is the earlier:  <i>(a)</i> the date when any payment is made by the recipient; or  <i>(b)</i> the date when any invoice is issued by the supplier who belongs in a country other than Malaysia or who carries on business outside Malaysia. <i>(Subst. w.e.f. 1/1/2016)</i>  ii) The value for imported services is tax exclusive  <i>(Note: Kindly refer to the amendment of section 13 of the GSTA 2014)</i>
2.	Item 3, 1/2014 <b>Claiming bad debt relief</b>	(ii) The bad debt relief must be claimed immediately after the expiry of sixth months from the date of supply.	<i>(Subst. w.e.f. 28/10/2015)</i> (ii) The bad debt relief may be claimed if – (a) requirements under s.58 GSTA and Part X of GST Regulations 2014 are fulfilled; and (b) The supply is made by a GST registered person to another GST registered person; and

**LIST OF AMENDMENTS  
DECISION BY DIRECTOR GENERAL OF ROYAL MALAYSIAN CUSTOMS**

**1/2014**

NO	DG'S DECISION	PRECEDENT DECISION	AMENDMENT
			(iii) The bad debt relief shall be claimed immediately in the taxable period after the expiry of the sixth month from the date of supply;
		(iii) If the bad debt relief is not claimed immediately after the expiry of sixth month, then the taxable person must apply in writing for Director General's (DG) approval on his intention to claim at a such later date	<p><i>(Amd w.e.f. 23/10/2015)</i></p> <p>(ii) If the bad debt relief is not claimed immediately after the expiry of sixth month, then the taxable person has to notify the Director General (DG) within 5 days after the expiry of sixth month on his intention to claim at a later date.”</p> <p><i>(iii) is renumber as (iv)</i></p> <p><i>(Subst. w.e.f. 28/10/2015)</i></p> <p>(iv) If the bad debt relief is not claimed by the supplier in the immediate taxable period immediately after the expiry of the sixth month, then the taxable person has to notify the Director General (DG) within 30 days after the expiry of the sixth month on his intention to claim at a later date.</p> <p>(v) A GST registered person who has made the input tax claim but fails to pay his supplier within six months from the date of supply shall account for output tax immediately after the expiry of the sixth month (s.38(9) GSTA)</p>



**LIST OF AMENDMENTS  
DECISION BY DIRECTOR GENERAL OF ROYAL MALAYSIAN CUSTOMS**

**1/2014**

NO	DG'S DECISION	PRECEDENT DECISION	AMENDMENT
	his local customer B. Whether the supply by the local company X to the local company B subject to GST?	company B and the value of the imported goods was based on the local invoice.	
3.	<p>Item 5 (ii), 1/2014 <b>GST treatment on drop shipment</b></p> <p>Local company X purchases goods from a local manufacturer M and request the local manufacturer M to export the goods to his overseas customer. Whether the supply by the local manufacturer M to the local company X subject to GST?</p>	<p>(i) The supply made by the local manufacturer M to the local company X is a standard rated supply, because the transfer of ownership of the goods took place in Malaysia;</p> <p>(ii) The supply made by the local company X to his overseas client can be zero rated if the export declaration was in the name of the local company X.</p>	<i>(Deleted July 2015. Please refer to DG's Decision 4/2015)</i>
4.	<p>Item 6, 1/2014 <b>Foreign exchange</b></p>	<p>(i) Paragraph 5 of 3<sup>rd</sup> Schedule of the GSTA requires business to convert the foreign exchange into ringgit –</p> <p style="padding-left: 40px;">(a) In the case of a supply, at the selling rate of exchange prevailing in Malaysia at the time the supply takes place; or</p>	<p style="text-align: center;"><i>(Amd. w.e.f. 19/12/2014)</i></p> <p>(i) Paragraph 5 of 3<sup>rd</sup> Schedule of the GSTA requires business to convert the foreign exchange into ringgit –</p> <p style="padding-left: 40px;">(a) In the case of a supply <b>or imported services</b>, at the selling rate of exchange prevailing in Malaysia at the time the</p>

**LIST OF AMENDMENTS  
DECISION BY DIRECTOR GENERAL OF ROYAL MALAYSIAN CUSTOMS**

**1/2014**

NO	DG'S DECISION	PRECEDENT DECISION	AMENDMENT
		<p>(b) In the case of importation of goods, at the rate of exchange determined by DG at the time applicable for the calculation of customs duty or excise duty and valuation.</p> <p>(ii) Therefore, for imported goods, irrespective whether the importer is GST registered or not, he must use the exchange rate determined by the DG;</p> <p>(iii) In the case of local supply -</p> <p>(a) The businesses may use any of the following exchange rates published by -</p> <ol style="list-style-type: none"> <li>I. BNM;</li> <li>II. any commercial banks in Malaysia or any other banks registered under BNM;</li> <li>III. news agencies e.g. Bloomberg, Reuters, Oanda;</li> <li>IV. foreign central banks e.g. European Central Bank and Federal Reserve Bank of New York.</li> </ol> <p>(b) The exchange rate must be -</p> <ol style="list-style-type: none"> <li>I. the prevailing exchange rate (selling rate) corresponding to the time of supply;</li> <li>II. consistently used for internal business reporting and accounting purposes; and</li> <li>III. used consistently for at least one year from the end of the accounting period in which the method first used.</li> </ol>	<p>supply takes place; or</p> <p><i>(Subst. w.e.f. 23/3/2015)</i></p> <p>(i) Paragraph 5 of 3rd Schedule of the GSTA requires business to convert the foreign exchange into ringgit -</p> <ol style="list-style-type: none"> <li>(a) In the case of a supply including imported services, at the selling rate of exchange prevailing in Malaysia at the time the supply takes place; or</li> <li>(b) In the case of importation of goods, at the rate of exchange determined by DG at the time applicable for the calculation of customs duty or excise duty and valuation. Therefore, for <b>imported goods</b>, irrespective whether the importer is GST registered or not, he <b>must use the exchange rate determined by the DG</b>;</li> </ol> <p>(ii) In the case of local supply including imported services or export of goods, where the supplier and the buyer are <b>both making wholly taxable supplies and both are businesses registered for GST</b> -</p> <ol style="list-style-type: none"> <li>(a) the businesses <b>may use any</b> of the following exchange rates published by - <ol style="list-style-type: none"> <li>(aa) Bank Negara Malaysia (BNM) ;</li> <li>(bb) any commercial banks in Malaysia or any other banks registered under BNM;</li> <li>(cc) news agencies e.g. Bloomberg, Reuters, Oanda, <b>ASWJ, XE, Strikeiron</b>;</li> <li>(dd) <b>any foreign central banks</b> e.g. European Central Bank and Federal Reserve Bank of New York,</li> </ol> </li> </ol>

**LIST OF AMENDMENTS  
DECISION BY DIRECTOR GENERAL OF ROYAL MALAYSIAN CUSTOMS**

**1/2014**

<b>NO</b>	<b>DG'S DECISION</b>	<b>PRECEDENT DECISION</b>	<b>AMENDMENT</b>
		<p>(c) If a GST registered person wants to use an exchange rate other than the rates as in subparagraph III (a) above, he must apply in writing to the Director General for his approval.</p>	<p style="text-align: center;"><b>Korean Exchange Bank.</b></p> <p>(b) The exchange rate from any of the published rates in sub paragraph (ii) (a) above must be –</p> <p>(aa) the prevailing exchange rate (selling rate) corresponding to the time of supply;</p> <p>(bb) <b>the monthly average rate of the previous month</b> corresponding to the time of supply;</p> <p>(cc) <b>the month-end average rate</b> corresponding to the time of supply;</p> <p>(dd) <b>the month end selling rate</b> corresponding to the time of supply;</p> <p>(ee) <b>the opening selling rate of the month</b> corresponding to the time of supply;</p> <p>(ff) <b>the average rate of the highest rate plus (+) the lowest rate of the previous month</b> corresponding to the time of supply; <b>or</b></p> <p>(gg) <b>the hedged exchange rate with banks</b> corresponding to the time of supply;</p> <p>(c) The exchange rate as in sub paragraph (ii) (a) and (b) must be used consistently for internal business reporting and accounting purposes and used for at least one year from the end of the accounting period in which the method was first used.</p> <p>(d) If a GST registered person wants to use an exchange rate other than the rates as in sub paragraph (ii) <b>(a) and (b)</b> above, he must apply in writing to the Director General for</p>

**LIST OF AMENDMENTS  
DECISION BY DIRECTOR GENERAL OF ROYAL MALAYSIAN CUSTOMS**

1/2014

NO	DG'S DECISION	PRECEDENT DECISION	AMENDMENT															
			his approval.															
5.	Item 8, 1/2014 <b>GST treatment on Office holders/ directors' fees</b>	Additional	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">No.</th> <th style="text-align: center;">Type</th> <th style="text-align: center;">Subject to GST</th> <th style="text-align: center;">Not Subject to GST</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>A person appointed as a director - a. in his personal capacity (including government pensioner) b. on his expertise (example tax consultant, medical specialists, economists, accountants, including management of the company but hold positions in companies that are not subsidiaries/subsidiary) c. on his personality (example politician or NGO)</td> <td style="text-align: center; vertical-align: middle;">√</td> <td></td> </tr> <tr> <td style="text-align: center;">2.</td> <td>A person is appointed as a director on the capacity of his post (contract of services) - a. civil servants, on office he</td> <td></td> <td style="text-align: center; vertical-align: middle;">√</td> </tr> </tbody> </table>				No.	Type	Subject to GST	Not Subject to GST	1.	A person appointed as a director - a. in his personal capacity (including government pensioner) b. on his expertise (example tax consultant, medical specialists, economists, accountants, including management of the company but hold positions in companies that are not subsidiaries/subsidiary) c. on his personality (example politician or NGO)	√		2.	A person is appointed as a director on the capacity of his post (contract of services) - a. civil servants, on office he		√
No.	Type	Subject to GST	Not Subject to GST															
1.	A person appointed as a director - a. in his personal capacity (including government pensioner) b. on his expertise (example tax consultant, medical specialists, economists, accountants, including management of the company but hold positions in companies that are not subsidiaries/subsidiary) c. on his personality (example politician or NGO)	√																
2.	A person is appointed as a director on the capacity of his post (contract of services) - a. civil servants, on office he		√															

**LIST OF AMENDMENTS  
DECISION BY DIRECTOR GENERAL OF ROYAL MALAYSIAN CUSTOMS**

**1/2014**

NO	DG'S DECISION	PRECEDENT DECISION	AMENDMENT				
				<p>held</p> <p>b. company's manager, due to his positions he held and became director in subsidiary or subsidiaries. Those who serve on a contract for services, but appointed on the capacity of the office he held and not under his personal capacity.</p>			
			3.	<p>A chartered accountant in a listed company is appointed as a director. He also is an expert and qualified person and has his own businesses or hold positions in other companies.</p>	√		
			4.	<p>Members of hospitals visitors' board or members of Syariah Advisor which is not under the personal capacity.</p>		√	