

Subject:

Tax Whiz | Goods and Services Tax ("GST") Adjustments Post 1 September 2018



Tax Whiz

Tax highlights from your advisers

Important
Links

MySST Website

- [GST Guide on Tax Invoice, Debit Note, Credit Note and Retention Payment after 1 September 2018](#)
- [GST Guide on Declaration and Adjustment after 1 September 2018](#)

25 April 2019

Dear Valued Client / Business Associate,

Goods and Services Tax ("GST") Adjustments Post 1 September 2018

The Royal Malaysian Customs Department has recently uploaded two Guides on GST adjustments and declarations, following the repeal of the GST Act 2014 on 1 September 2018. Please click on the above header link for a copy of the GST Guides at MySST website.

Set out below are some of the notable points, based on the Guides dated 19 April 2019:-

1. Tax Invoice

Any GST registered person who makes a taxable supply of goods or services before 1 September 2018 is not allowed to issue a tax (GST) invoice on/ after 1 September 2018. However, he shall account for the output tax accordingly in the final GST Return ("GST-03"), by 29 December 2018.

Any GST due and payable that is yet to be accounted for in the final GST-03 shall be accounted for and paid by amending the final GST-03.

2. GST Debit Note (DN) and Credit Note (CN)



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GST DN and CN can be issued by any GST registered person where there is a change in consideration for a taxable supply made before 1 September 2018. The corresponding adjustments to output tax and input tax shall be made as follows:-

DN or CN Issued/ Received	GST Adjustments
During 1 Sept 2018 to 29 Dec 2018	In the final GST-03, by 29 December 2018
After 29 Dec 2018	By amending the final GST-03 in the month in which the DN or CN is issued/ received, by the last day of that month

The above adjustments are allowed subject to the following conditions:-

- The DN or CN is issued in accordance with Regulation 25 of the GST Regulations 2014;
- The DN or CN issued must be valid and agreed by both parties and accepted by the recipient;
- The adjustment to the principal amount and GST amount must be recorded in the relevant account by the issuer and the recipient;
- All records related to the DN or CN adjustment need to be kept for 7 years.

3. Retention Payment

A GST registered person is not required to account for GST on any invoice issued pertaining to a retention payment or retention payment received, whichever is the earlier, on or after 1 September 2018 which relates to work done before 1 September 2018.

4. Input Tax Claim

Any input tax claim supported by a valid tax invoice issued before 1 September 2018 must be made in the final GST-03 by 29 December 2018.

5. Bad Debt Relief

After 29 December 2018, any GST registered person who is entitled to a bad debt relief is allowed to make a claim by amending his final GST-03, subject to meeting conditions.

Other than issuing reminder letters and legal notices of demand, the debt must be written off in the account to be considered as "sufficient efforts" in making a claim for bad debt relief.

GST on any subsequent recovery of bad debt, after 29 December 2018, shall be accounted for by amending the final GST-03.

6. Reversal of Input Tax Claim ("6 month Rule")

Any GST registered person who is required to make reversal of input tax claim, after 29 December 2018, as a result of failure to pay his supplier within 6 months from the date of the acquisition must do so by amending the final GST-03.

Subsequently, if he makes payment of the outstanding amount due to his supplier, input tax can be claimed by amending the final GST-03.

Should you have any questions or require further clarification, please do not hesitate to contact any of our Executive Directors, Directors, Associate Directors or Managers whom you are accustomed to dealing with or who are responsible for the tax affairs of your organisation at the following telephone numbers for respective offices:

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Regards,

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