

What is GST?

- Or Value Added Tax (VAT) as it is known in other countries
- A multi-stage tax on domestic consumption
- To replace current Sales & Service Tax
- Not additional tax burdens
- Three types of supply
- Standard rate 6%

When GST implements?

- Proposed to be implemented in Malaysia with effect 1 April 2015

Who being affected?

- Businesses
Annual sales/turnover with RM500K is required to be a licensed registered person
- Consumers



WHAT?
WHEN?
WHO?
WHY?
HOW?

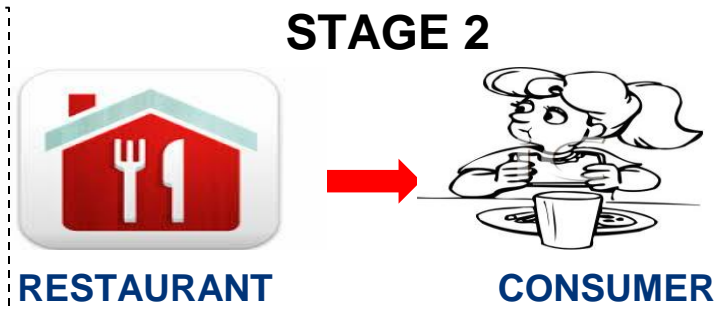
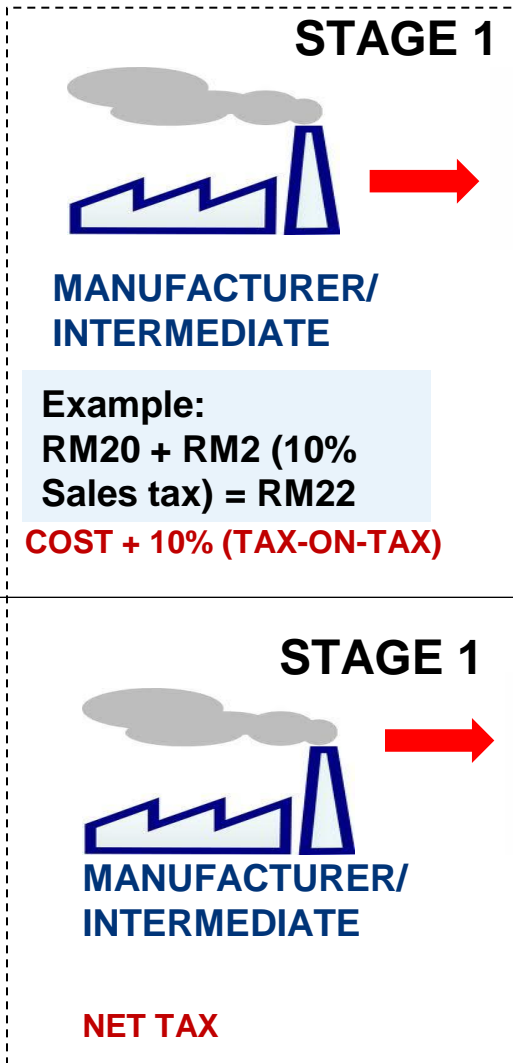
Why GST?

REASONS	HOW IT AFFECTS
Minimize production cost	Improve on Company's cash flow-able to recover tax credit on inputs (refer to Standard-rated supplies)
Transparency	Consumer will not be taxed on tax and they aware exactly what they are paying for
Avoid double taxation	Businesses can relieve from absorbing the present consumption tax and pass GST to final consumers
Consider lower income people	Lower income people will less likely to pay GST after the introduction of zero-rated and exempt supplies



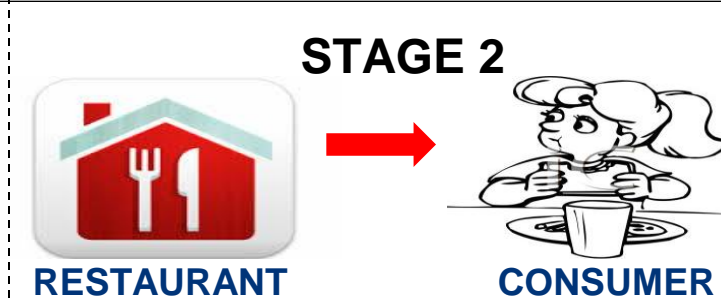
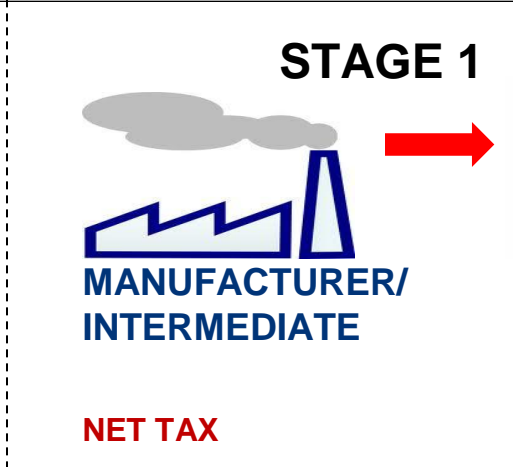
PRESENT CONSUMPTION VS GST

PRESENT



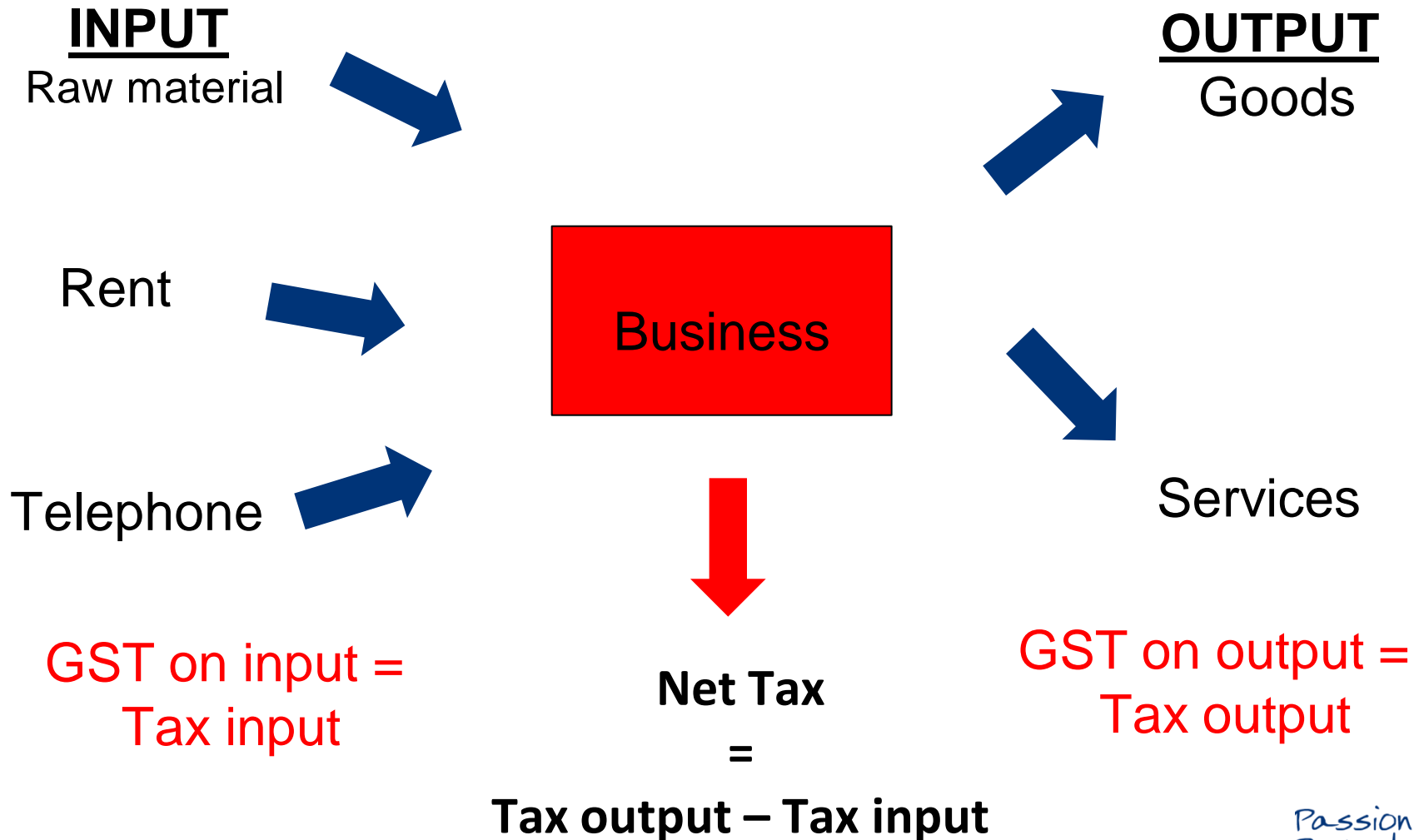
Example:
RM22 + RM1.32 (6%
Service tax) = RM23.32

GST

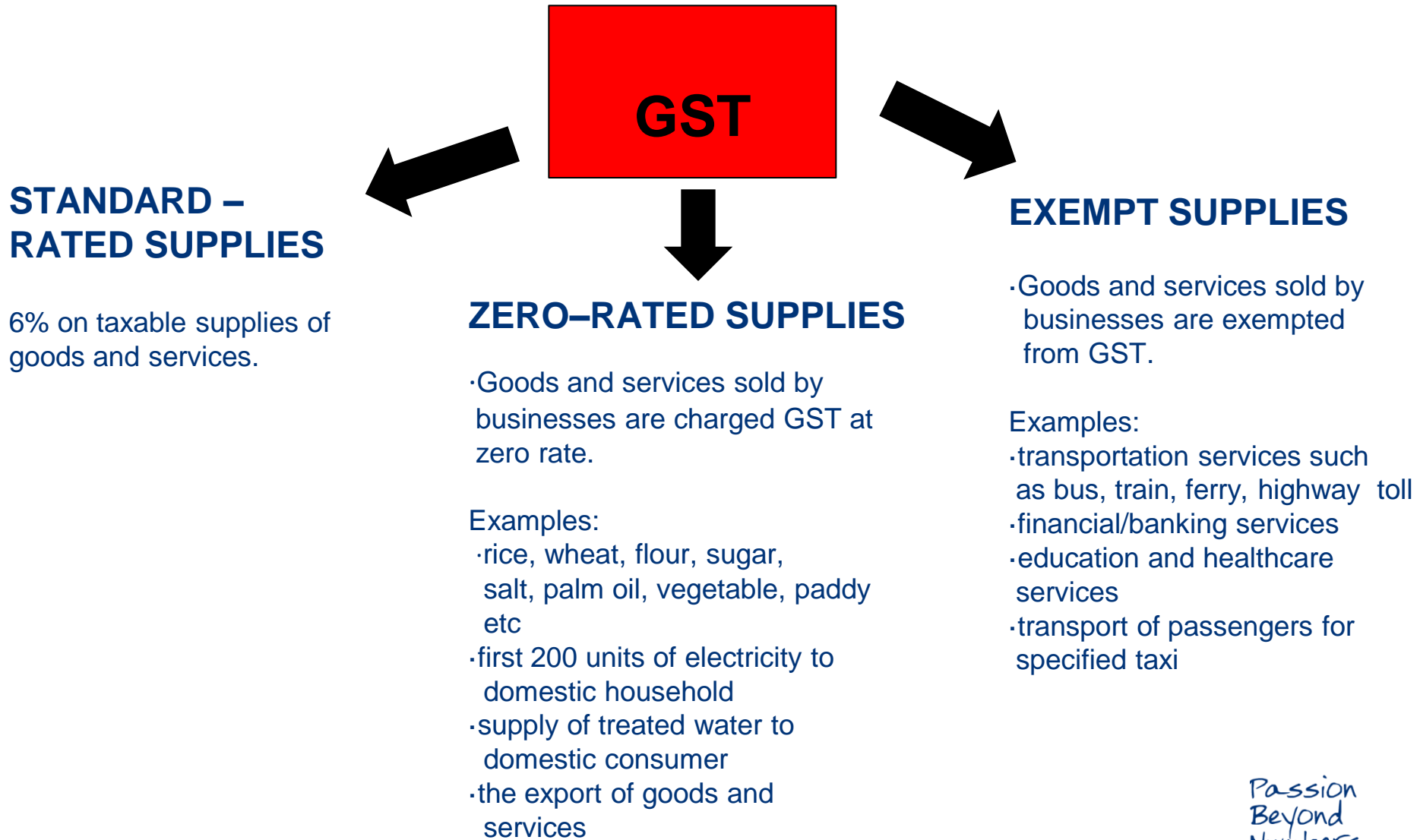


Example:
RM20 + RM1.20 (6%
GST) = RM21.20

MECHANISM



TYPES OF SUPPLY



STANDARD-RATED SUPPLIES (6%)



Sales Price= RM100
 GST(6%) = RM6
 Total Price = RM106

GST Collected = RM6
 GST Paid = NIL
GST Payable= RM6

Sales Price= RM200
 GST(6%) = RM12
 Total Price = RM212

GST Collected = RM12
 GST Paid = RM6
GST Payable= RM6

Sales Price= RM300
 GST(6%) = RM18
 Total Price = RM318

GST Collected = RM18
 GST Paid = RM12
GST Payable= RM6

**6% OF GST
 PASS ON
 TO
 CONSUMER**

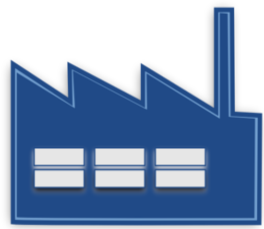
**MANUFACTURER
 COLLECT AND
 REMIT GST ****

****If Manufacturer paid
 any GST for Direct Cost,
 may eligible to claim
 credit on differences**

**WHOLESALE
 CLAIMS GST
 CREDIT AND
 REMIT
 DIFFERENCES
 COLLECTED**

**RETAILER
 CLAIMS GST
 CREDIT AND REMIT
 DIFFERENCES
 COLLECTED**

ZERO-RATED SUPPLIES (0%)



DIRECT COST

Cost= RM100
GST(6%)= RM6
Total paid = RM106

GST Credit available for
refund = RM6

**** Only GST related
to Direct Cost is
claimable**

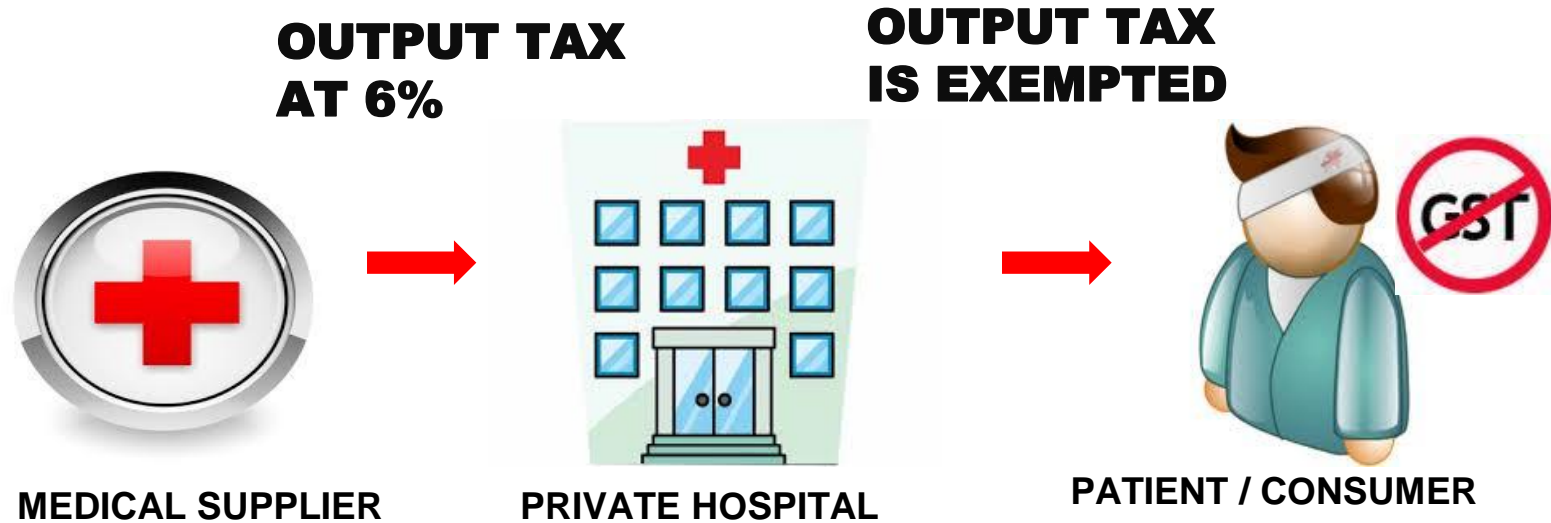
Admin Expenses
such as phone bills,
office consumables
cannot be claimed



MANUFACTURER can obtain credit
refund on GST Paid for Input (Direct
Cost) if their output (produces) is
ZERO RATED SUPPLIES.**

****Rules and regulations applicable to the
eligibility of Credit Refund on GST.**

EXEMPT SUPPLIES



**** GST on Supply Input (Direct Cost) used for Exempt Supplies (Output) is NON-CLAIMABLE**

Example: Medical services is an exempt supply

IMPACT OF IMPLEMENTATION OF GST

PROS'	CONS'
<ul style="list-style-type: none">· Elimination of double taxation· Reduce cost of business/sustain business growth/improve Company's cash flow· Export on supply of zero-rated goods or services is eligible to claim input tax which has been paid for· Greater transparency (i.e. consumer aware how much they are paying for)	<ul style="list-style-type: none">· May result in inflation in initial stage. Due to inflation, consumers at all stages might get affected· Export on supply of goods or services is not eligible to claim input tax which has been paid for· Worry effect of tax revenue redistribution may not be achieved· All taxable person is now required to be a registered person when annual sales/turnover reaches threshold of RM500K

- 1) Reduction on individual tax rate by 1% to 3% (with effect YA 2015)
- 2) Reduction on corporate tax rate (with effect from YA 2016)
- 3) Secretarial and tax fee deduction up to RM5K to RM10K respectively (YA 2015 onwards)
- 4) ICT equipment and software will be eligible for Accelerated Capital Allowance at 20%:80% has extended to YA 2016
- 5) Expenses for GST related to training of employees in accounting and ICT software will be given a further deduction for YA 2014 and 2015

EFFECTS:

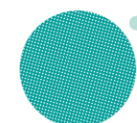
Business

Businesses are not required to bear double taxes (i.e. sales and service tax). It will subsequently be passed on the end consumer at single tax, which depend on the consumer purchasing power.

Individual

Consumers will pay fairer prices on goods and services compared to Sales and Service Tax as GST eliminate double taxation.

The disposable income of each individual will be increased after the reduction of individual tax rate.



LET US HELP YOU ACHIEVE FURTHER BUSINESS SUCCESS

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Passion
Beyond
Numbers