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Taxavvy

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Director General of Custom's
Decision 5/2015



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Director General of Custom's Decision 5/2015

The Royal Malaysian Customs Department has released Director General's Decision 5/2015.

Highlights

a) Special refund claim on sales tax paid

- Form CJP1 is allowed as a valid document for local car manufacturer to claim the special refund of sales tax paid on the cars.
- Full amount of sales tax paid on imported CBU cars can be claimed either by the importer, consignee or owner of the cars if the import document has their name on it.
- Sales tax paid on stock of raw materials or components to be used for making a taxable supply is allowed to be claimed as special refund.

b) Cost recovery for car under warranty

- Any supply made under a warranty is not subject to GST if the value of warranty is included in the price of the goods or services.
- The following cost recoveries (through reimbursement) for labour charges is subject to GST at standard rate:
 - recovery by a dealer from a distributor
 - recovery by a distributor from an overseas supplier

c) Gifts worth more than RM500

A registered person who is entitled to claim input tax on gifts acquired but choose not to claim the input tax has to account for output tax if the gifts provided to the same person in the same year are worth more than RM500.

d) Disbursement and reimbursement

Customs has set out guidance in determining whether a recovery of expense should be treated as disbursement or reimbursement. Key guidance include:

- Whether a person incur the expenses as an agent acting on behalf his client or as a principal
- Whether the client is the recipient of the supply (invoice is in the client's name) or not the recipient of the supply (invoice is in the principal's name)
- Whether the client is the person responsible to pay the supply
- Whether the exact amount is claimed from the client and the agent has no right to alter or add on the value of the supply

e) Transport services

Transport services which can be zero-rated under Item 4, Second Schedule of GST (Zero-Rated Supply) Order 2014 include those provided by the following:

- Travel agent or ticketing agent who sells international travelling ticket acting in his own name
- Shipping agent acting in his own name
- Freight forwarder who contracts with a carrier to move the goods
- Non-Vessel Operating Common Carrier (NVOCC)
- Courier service provider

The Decision can be found on the customs website (<http://gst.customs.gov.my/>).

Let's talk

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