

Amendment on GST Final Return

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It had been months since the previous GST system had been abolished and repealed. As stated in the Goods and Services Tax (Repeal) Act 2018, the final GST return was required to be filed by all GST registered persons no later than one hundred and twenty (120) days from the appointed date of 1 September 2018. The final date for the submission of this final GST return fell on 28 December 2018.

The one hundred and twenty (120) days period allocated by the authorities was intended to allow sufficient time for businesses to compile data for the GST return and ensure that all input tax which the GST registered businesses are eligible for, are included and claimed in this final GST return. However, I am sure that most business owners had felt that this period had passed too soon as a number of ambiguities and uncertainties have not been properly clarified when the deadline came around.

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Retention sums

Retention sums that relate to work done prior to June 2018 but due for payment only after 28 December 2018 was one of the areas in which the technical treatment was uncertain. Some service providers had chosen to prematurely issue tax invoices to their customers in order for the service providers to account for the output tax whilst allowing the customers to claim input tax by using the said tax invoice.

Naturally, such arrangements may have created a host of other problems. Some customers may have rejected such tax invoices simply due to the fact that the retention sum is not yet due. This left a number of service providers stranded in a position whereby they had already accounted for the output tax but were unable to collect the retention sums from their customers.

Long outstanding debts

This was another area of concern that most GST registered business were unable to resolve as they were facing obstacles due to these outstanding debts. A typical scenario is the case of a company not being able to collect the GST amount due from its customers.

To address these ambiguities, the Royal Malaysian Customs Department (RMCD) has published two separate Guides on these matters in May 2019. These Guides are:

- GST Guide on Declaration and Adjustment After 1 September 2018 – this Guide is mainly to explain the types of adjustments that can be made to the final GST return in relation to bad debt relief and the amount owing to suppliers; and
- GST Guide on Tax Invoice, Debit Note, Credit Note and Retention Payment After 1 September 2018 – this Guide is mainly to explain adjustments that can and should be made for taxable supplies provided.

These two Guides had clarified a number of uncertainties, especially on the decision made by the RMCD to state that retention sums that are to be received after 1 September 2018 would not be subject to GST anymore. The Guides also clarified that adjustments to taxable supplies are still allowed to be made through the issuance of credit notes or debit notes.

As stated in these two Guides, businesses are now given until 31 August 2020 to perform one last round of adjustments to their final GST return that was previously submitted. It would be advisable for you to read through these two Guides and make the necessary amendments.



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