

7.8 BILLION GST REFUNDS WILL BE EXPEDITED

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GST REFUNDS WILL BE EXPEDITED, UPDATE GST TAP INFORMATION PROMPTLY

On 15 June 2020, Minister Tengku Datuk Seri Zafrul Abdul Aziz announced that the Finance Ministry through the Royal Malaysian Customs Department is committed to ensuring that the Goods and Services Tax (GST) refund to taxpayers will be distributed. The 75,000 merchants in the country, including small and medium-sized enterprises, will receive a GST refund of about 7.8 billion ringgit. The payment process will start on Monday, 22 June and be completed by December this year.

The Customs Department received approval from the Finance Ministry to employ the “pay first and audit later” approach in cases of certain companies based on the Goods and Services Tax (Repeal) Act 2018.

The Minister also emphasized that the department was instructed to expedite the refund process that was delayed due to the Movement Control Order (MCO) and the Conditional MCO during which the field audits could not be done. He stated that these efforts were in line with the National Economic Recovery Plan (Penjana) introduced by Prime Minister Tan Sri Muhyiddin Yassin on 5 June 2020.

Merchants are urged to update the Tax Payer access point (tap) information in the GST system immediately, including contact numbers, emails, company and home addresses, bank accounts, etc., to facilitate the customs office in contacting taxpayers and arranging tax refunds.

The Customs Department will divide the GST refund mechanism into two batches as follows:-

1. Less than 100,000 ringgit; and
 - simple identity and data verification are required
2. More than 100,000 ringgit.
 - must first pass the "risk assessment" procedure

There are 3 conditions to be met for the merchant to get the GST refund if it fails in the risk assessment:-

1. To pass the verification;
2. The company director has signed an affidavit, to ensure that the information is complete and promise to pay the tax owed; and
3. There is a bank guarantee of 10 % of the GST refund, the amount is calculated based on the GST refund that the Customs Department shall pay on January 1, 2019.

If the merchant who obtains a GST refund of more than RM100,000 cannot meet the above conditions, he must wait for the Customs Department to complete all GST audits before obtaining the tax refund.

For more details, please click in the links below:-

[GST Declaration & Adjustment After 1st September 2018](#)

[Tax Invoice, Debit Note, Credit Note and Retention Payment After 1st September 2018](#)