

**Sufficient Time To Implement GST - Experts**  
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KUALA LUMPUR, (Bernama) -- There is less than eight months left for the implementation of Goods and Services Tax (GST) that will become effective on April 1, 2015.

GST will not burden but instead benefit the entire supply chain ranging from manufacturers, distributors, retailers and end-users. On top of that, GST is also going to help Malaysia achieve high income nation status by 2020.

The GST was infact announced 17 months before its launch by Prime Minister Datuk Seri Najib Tun Razak to provide adequate space and time for businesses to implement the consumption based tax on April 1, 2015.

"It is not easy to implement GST within a short period of time because we need to educate the businesses and public on how GST works and how it is going to benefit them," said GST Director at the Royal Malaysian Customs Department Subromaniam Tholasy to BERNAMA.

#### IS THE LEAD TIME SUFFICIENT?

He said according to international standard, GST had to be implemented within 12 to 24 months after the announcement date.

"If at all we wanted to implement it right after 12 months or 14 months, it is a bit of rush. That is the reason why we needed few additional months to fully prepare businesses to understand how does GST works and what are the claimable and non-claimable transactions. That is the most important part," he clarified further.

Other than that, he said April would make the GST implementation process easier as there would not be closing or opening of accounts in companies.

Moreover, there were no major events or festivals that could divert the focus on GST, Subromaniam said.

Therefore, the lead time between 12 and 24 months seen sufficient enough since the ecosystem for GST will be in place and at the same time businesses and consumers are well informed and will be better prepared to face the new taxation regime.

#### PROPER TIME TO ADOPT ACCOUNTING SOFTWARE

Furthermore, Subromaniam explained that the businesses need more time to familiarise themselves with GST accounting software that has to generate a standard file known as the "GST Audit File" (GAF).

So businesses have to replace their accounting software to be compliant with GST, and this makes tax calculations easier.

"So by April 2015, we will be able to get things done and teach them how to handle the software," he pointed out.

Meanwhile, the Chartered Tax Institute of Malaysia (CTIM) chairman, S.M. Thanneermalai said if businesses were to use their existing software they have to know how to insert the GST module.

Without the GST Module, collecting and calculating tax payments manually will be difficult to do.

"You need to use the GST compliant software because if you do it manually, you might not get adequate information that the Customs requires. In fact once you have a GST compliant software, it will automatically produce the tax returns," he said.

He said the returns have 24 fields to be filled correctly or not the returns were considered incomplete and they might face a penalty.

"You don't have to crack your head to input so many data because you have to just input invoices and the software will automatically calculate the tax," he said.

He said businesses have to know what the total taxable supply is; zero rated and exempted items, thereafter the software would pick up information needed for GST calculation.

"So, please if you buy any software, ask them if the GST module is approved by the Customs," advised Thanneermalai, who is also the senior executive director of PricewaterhouseCoopers Taxation Services Sdn Bhd.

#### DOES NOT CLASH WITH YEAR END CLOSING AUDIT

Thus, the software and sufficient lead time will facilitate the GST implementation, businesses do not have to worry of the transaction and calculation clashing with year-end closing or financial audits.

At the same time, he said financial audit has nothing to do with GST and does not link with year-end audit at all.

Moreover, Thanneermalai said the Customs would not do auditing on regular basis but on random basis.

"The companies with turnover more than RM5 million annually will have to file return on monthly basis and those less than RM5 million will have to file quarterly return (every three months)," he said.

## GST EXPECTED TO BRING MORE TAX REVENUES TO THE GOVERNMENT

Once the GST is implemented in April, Executive Director Tax Advisory and Management Services Sdn Bhd (TAMS), Yong Poh Chye said the government could collect RM23.1 billion in tax revenue next year and that is only from three quarters of 2015.

As such, GST would help Malaysia achieve a surplus budget by 2020, the year Malaysia is projected to emerge as a developed nation, he said during the National GST Conference 2014 organised by Malaysian National News Agency (BERNAMA) in collaboration with TAMS, recently.

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