

■ BY MAJELLA GOMES



*Dato' Subromaniam Tholasy  
presents an interim report  
card on GST.*

# GST: How Are We Doing?

ISSUES CONCERNING THE CONTROVERSIAL GOODS AND SERVICES TAX (GST) AREN'T GOING TO VANISH ANYTIME SOON.

**DELIVERING** the GST “report card” at MIA’s GST Conference 2015, Dato’ Subromaniam Tholasy, Director of Customs – Internal Taxes acknowledged that challenges will linger. “We are four months into the implementation of GST, and this is expected. Even Singapore had problems when it first implemented GST more than 20 years ago, even though its model is simpler than Malaysia’s. And it is still having problems today.”

## **REGISTRATION, RETURNS AND REFUNDS**

The key to successfully overcoming these challenges lies in how we deal with the issues. “To measure success, we need to consider three milestones: registration, return and refunds,” he said.

Describing the rate of GST registration as excellent, he said that up to 16 August 2015, 387,000

businesses had registered and most of these registered companies are SMEs. This number is expected to cross the 400,000 mark by the end of the year.

Returns and submissions have also been exemplary. “Almost 98% of businesses have filed on time. However, we are aware that small companies need more time, and extensions have been given. These are very good numbers; most countries did not achieve this in the first few months of GST implementation.”

Unfortunately, returns are lagging. So far, about 33,000 businesses have not filed returns yet. “This is a serious matter,” he said. “If they do not file, they will be issued a notice to pay,

which is a legal document, and if they still do not do so, the matter is handed over to enforcement, which will issue a compound, or take the firm to court.”

## HERE TO HELP

Subromaniyam encouraged businesses to approach regulators for assistance if they faced difficulties. He stressed that the ultimate goal was not to punish businesses, hence Customs was willing to extend as much help as companies required with filing their returns.

“If a business is having trouble with the system, it can always make a submission,” he clarified. “You can make adjustments later. The important thing is to make a payment first.” Explaining that IT helps to determine the amount of GST payable, he said that the system makes comparisons with similar businesses that have already filed, before determining how much should be paid.

He also explained that Customs does not refund input tax. “GST on output tax is set off against the input tax incurred,” he said. “If it is positive, then the tax is payable to government. If it is negative, a refund will be given.”



**Dato' Subromaniyam Tholasy**  
Director of Customs – Internal Taxes

So far, 18,055 cases have been approved, and 98% of tax refunds have been made. Refunds are to be made within 14 days (as against the world average of 56 days). However, in some cases, refunds have taken longer, which is the main complaint by companies which may depend on quick refunds to facilitate cash flows. “Sometimes we cannot approve the refund because of mistakes made in the filing,” he said. “These include incomplete entries, errors in submission, wrong contact numbers and even wrong addresses. Customs does make requests for amendments to be made to the

submission.”

Advising companies to seek help from consultants if they were experiencing difficulties, he said that top management also needed to be involved as GST cannot be left exclusively to Finance to manage. Reiterating that the approach taken by Customs was one of high control and high facilitation where refunds were concerned, he said that as Customs consolidates control, processes will move more quickly and a decrease in issues to be resolved can be expected. “If you realise you have made a mistake, please make amendments immediately,” he urged. “Back-end systems are capable of establishing a profile of the company based on the amendments it makes to its submissions – which is why you should comply when Customs requests businesses to install certain systems like POS.” Customs systems are integrated such that export sales can be tracked and fraudulent claims identified, he added.

## MORE GUIDELINES, MORE AMENDMENTS

There will be more guidelines in the future to better clarify issues, he confirmed. Cautioning that for the moment, Customs was only requesting companies to implement or install certain systems, he said that there will also be more amendments in the future. “Let me tell you, Customs is not that stupid,” he warned. “Companies can look forward to amendments that further tighten regulations, and what is voluntary now may be mandatory in the future.” He also divulged that field audits were to commence soon, and that some companies had already been flagged for this. “But don’t worry,” he quipped. “We will call before we come.” ■

