

# MKMA Newsletter: October - December 2014

## GST Guide on Tax Invoice

### What is Tax Invoice?

Every registered person who makes any taxable supply of goods or services in Malaysia is required to issue a tax invoice. A tax invoice is a document containing certain information about the supply and is similar to a commercial invoice except for some additional details.

This document is important as it is an evidence to support claim for input tax. The supplier must keep a copy and the original copy should be retained by the recipient. Only a GST registered person can issue tax invoices.

### Issuance of Tax Invoice:

- May be issued electronically or in hard copy printed form;
- Must be in Ringgit (RM);
- Must be issued within 21 days from the time of supply;
- Original copy to be retained by customer;
- Must be certified true copy if lost or misplaced.

### Importance of a tax invoice:

- May trigger the time of supply for a transaction.
- Primary evidence to support a customer's input tax claim.
- Determine when he may claim his input tax.
- Determine which supplies made by him should be included in a particular taxable period.

### Types of tax invoices:

- Full tax invoice;
- Simplified tax invoice;
- Self-billed invoice.

**Full Tax Invoice** must contain the following information :

- a) The word '**Tax Invoice**' in a prominent place;
- b) Serial number;
- c) Date of issuance;
- d) Supplier - name, address and GST identification number (ID);
- e) Customers - name and address;
- f) Goods – description and quantity; for each description, distinguish the type of supply for zero rate, standard rate and exempt, or the extent of the services supplied;
- g) Any discount offered;
- h) Amount payable, excluding tax;
- i) GST Rate and Amount;
- j) Amount payable including GST.

Example of a tax invoice is shown below :

**Supplier's name, address and GST identification number**

**A One Textiles Sdn. Bhd.**  
**A-1, Jalan Satu,**  
**Taman Industri AAA, 83000 Batu Pahat,**  
**Johor.**  
**GST No.: 001444343203**  
**Tel: 07-4351111**

**Tax Invoice serial number**

Invoice No.: A001234  
Date : 25-Jun-2015  
D/O No. : AD000567

**Date of Tax Invoice**

**TAX INVOICE**

The word TAX INVOICE clearly indicated

**Customer's name and address**

Star Garment Sdn. Bhd.  
No. 8, Jalan Lapan,  
Taman Industri Star, 84000 Muar.  
Johor.

**Description of goods or services**

No.	Description	Quantity (kg)	Unit Price (RM)	Total (RM)
1	30s/1 100% Cotton 1 x 1 Rib 67" - Printed	1,000.00	23.00	23,000.00
2	30s/1 100% Cotton 1 x 1 Rib 67" - Solid	2,000.00	20.00	20,000.00
				43,000.00
Discount: 5%				(2,150.00)
				40,850.00
Add GST: 6%				2,451.00
Total Sales				43,301.00

**Quantity of goods or extent of services supplied**

**Rate of GST**

**Total amount of GST charged**

**Total amount payable, excluding GST**

**Total amount payable, inclusive of GST**

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**A One Textiles Sdn. Bhd.**

### Simplified Tax Invoice

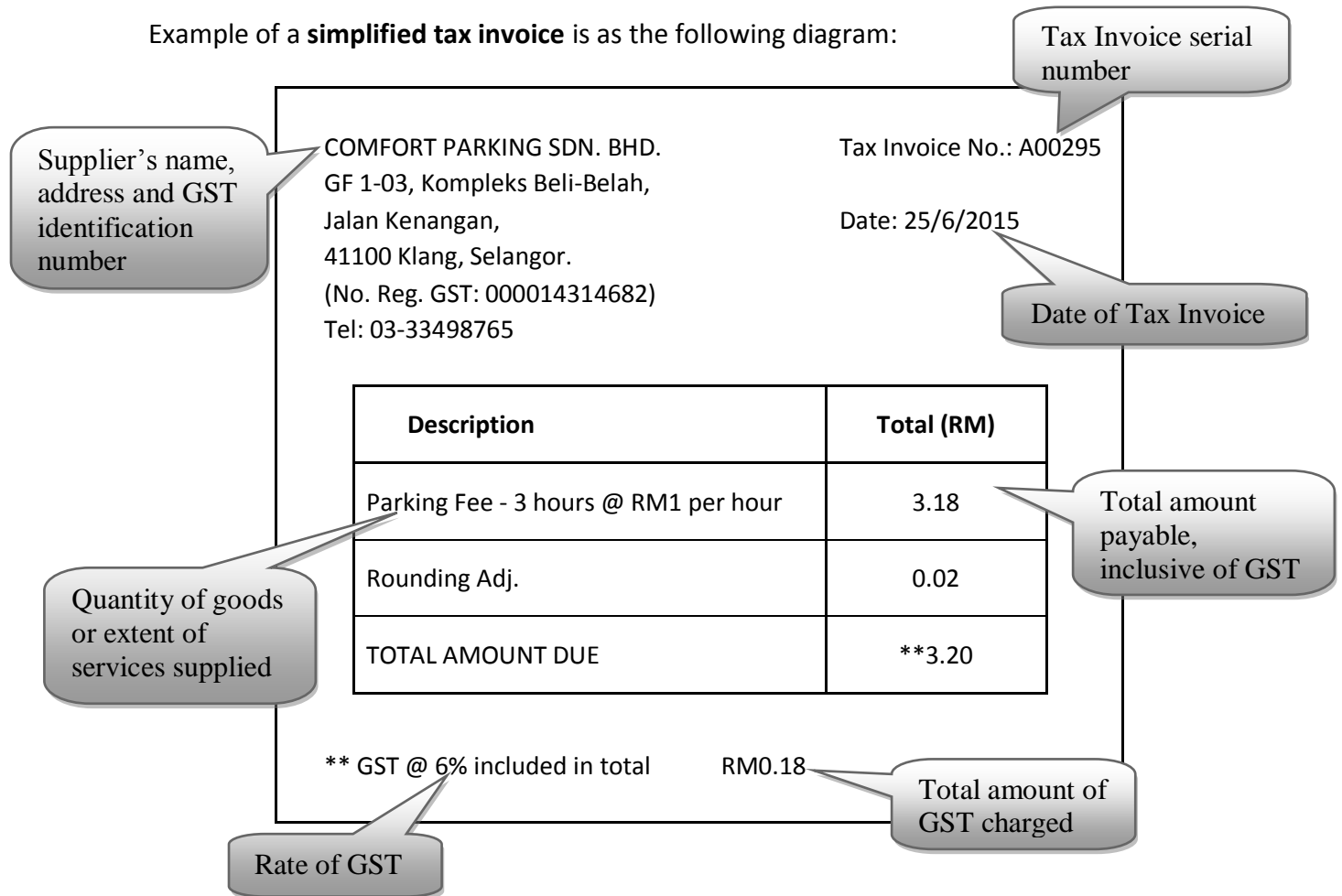
Some registered persons may find it difficult to issue a full tax invoice. He may apply to the Director General for approval to issue simplified tax invoice.

For instance, a registered person may apply to omit the following prescribed particulars:

- a) Name and address of the recipient; and
- b) Price and tax for each item to be shown separately.

Simplified tax invoice can be used to claim input tax credit. However, if this invoice does not have the name and address of the recipient, the maximum amount of input tax that can be claimed must **not exceed RM20**. If the GST amount in the simplified tax invoice is more than RM20.00 (e.g. RM50.00) and the recipient wants to claim the full amount, he has to request for his name and address to be inserted in the invoice.

Example of a **simplified tax invoice** is as the following diagram:



### Self-billed Invoice

In cases where the value at the time of supply is unknown to the supplier, a self-billed invoice may be allowed to be issued by a customer (recipient) with the approval of the Director General.

For example, a publisher can adopt a self-billing arrangement when paying royalties to taxable authors.

The issuance of this self-billed invoice by the recipient to himself shall be subject to the following conditions:

- The value at the time of supply is not known by the supplier;
- The recipient and the supplier are both registered persons;
- The recipient and the supplier agree in writing to a self-billed invoice;
- The supplier and the recipient agree that the supplier shall not issue a tax invoice.

### **Tax Invoice for Imported Goods**

The recipient of imported goods does not hold a tax invoice for the imported goods. GST is paid at the time of importation based on the invoice from the overseas supplier using customs declaration forms (Customs Form No.1 and 9). These declaration forms will be sufficient for the purpose of input tax claim by the importer.

### **Record Keeping**

It is a requirement that a taxable person keeps records for seven (7) years and the records must be in English or national language. The records must be kept in Malaysia unless otherwise approved by the Director General.