

SQL ACCOUNT PARTIAL EXEMPTION

Presented by: Mr Loo

eStream MSC Sdn Bhd

Venue : Level 4 Ballroom, Crystal Crown

Date : 07 September 2016

Partial Exemption

The following elements used to determine:

1. Mixed Supplies
2. Deminis Rules (DMR)
3. IRR (Input Tax Recoverable Ratio)
4. Longer Period Adjustment

MIXED SUPPLIES

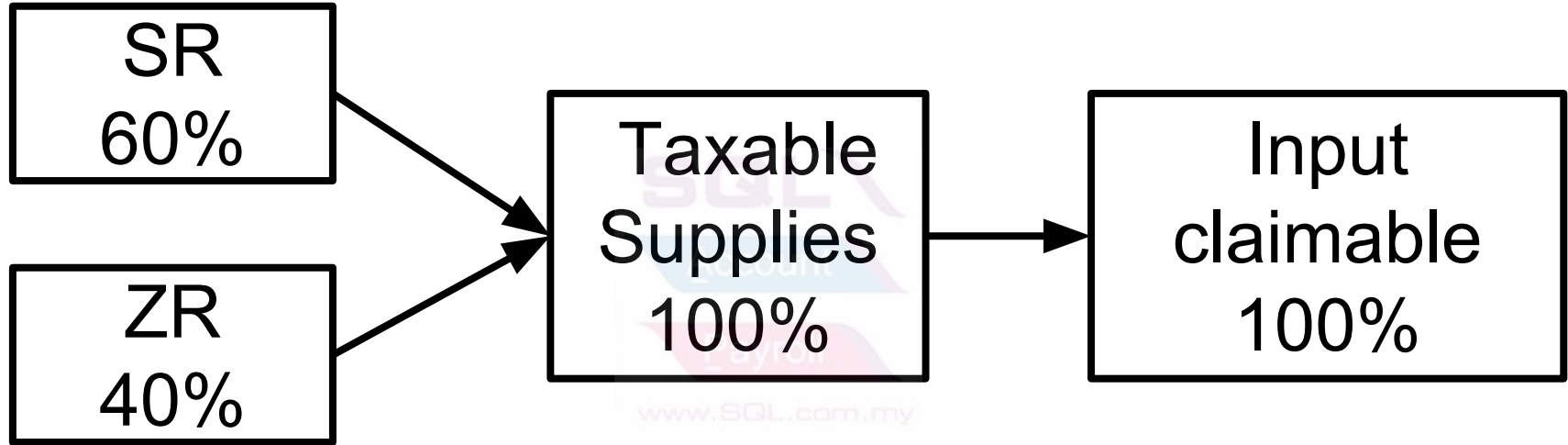
1. SR + ZR

Both are taxable supplies BUT different tax rate or known as “Wholly Supplies”.

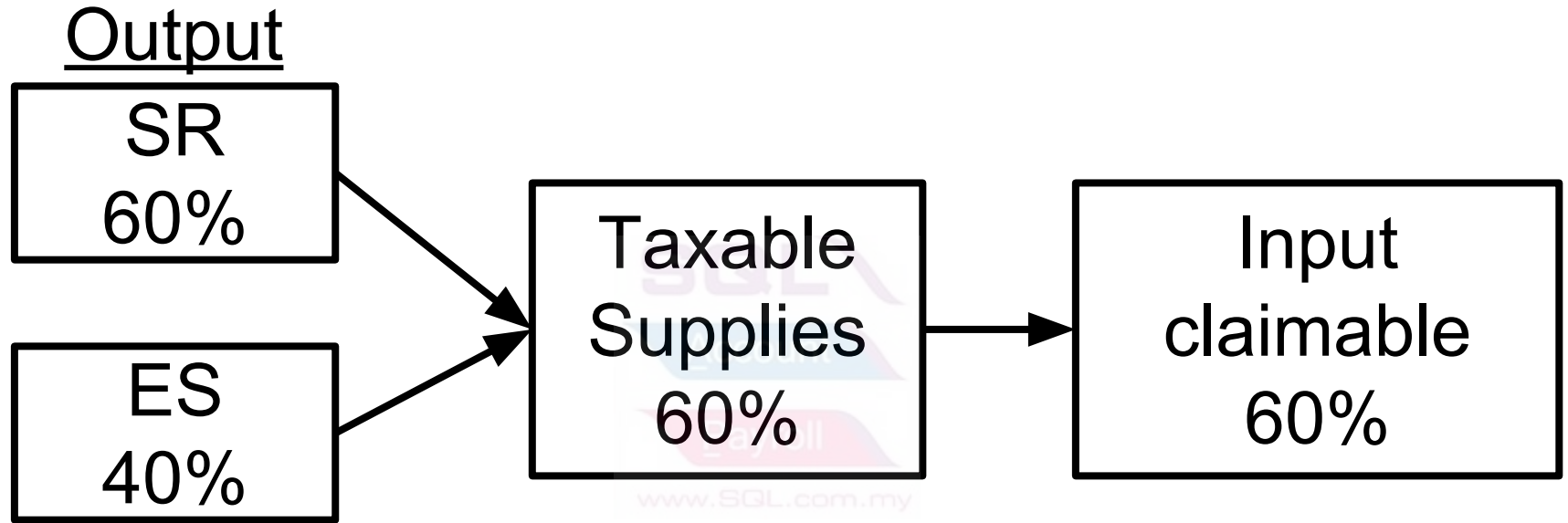
2. SR + ES

Taxable supplies mixed with exempted supplies and it also known as Partial Exemption)

Output

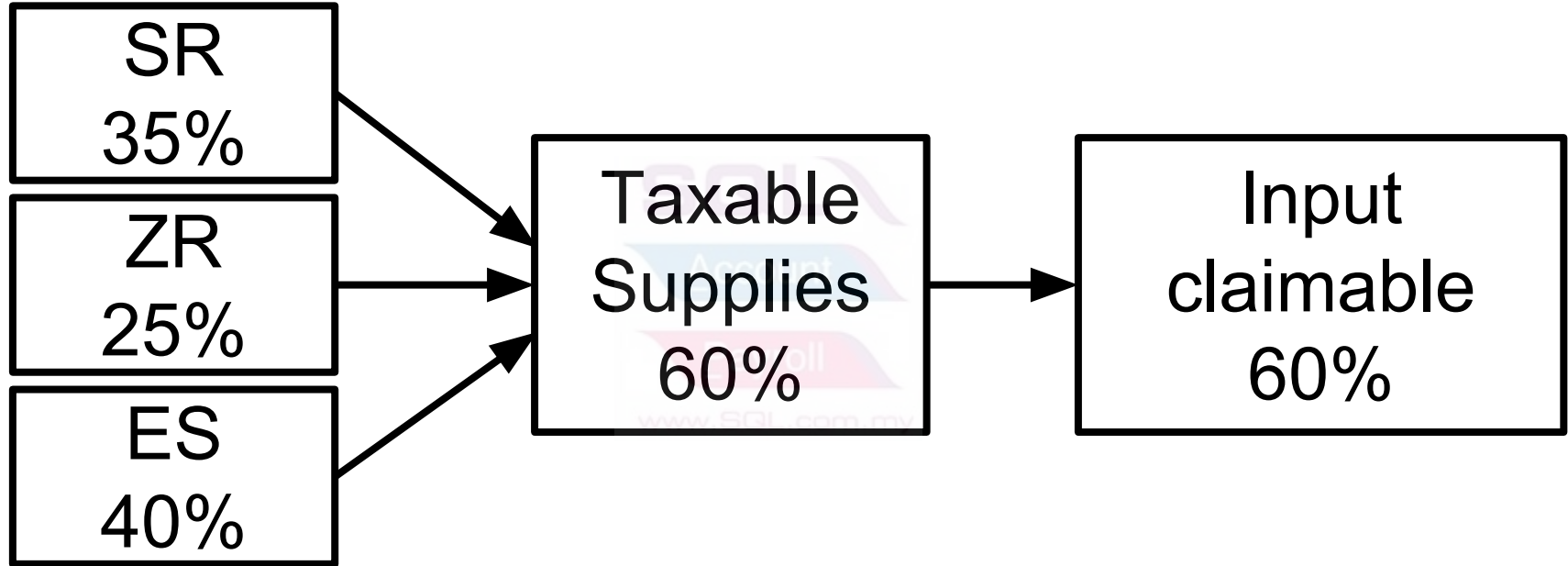


SR = Standard Rated
ZR = Zero Rated



SR = Standard Rated
ES = Exempted Supplies

Output



SR = Standard Rated
ES = Exempted Supplies

ZR = Zero Rated

Partial Exemption

1. A situation of a mixed supplier has to apportion the amount of residual input tax.
2. A person who makes both taxable and exempt supplies.
3. Eligible to claim full amount of input tax credit if the input tax incurred is exclusively attributable to the taxable supplies.

5. Not entitled to claim input tax incurred if the input tax incurred is exclusively attributable to the exempt supplies.
6. Residual input tax means the input tax that is not directly attributable to either taxable or exempt supply, eg. electricity, water, rentals, etc.
7. Residual input tax need to be apportioned using an approved apportionment method, ie IRR and DMR.

PARTIAL EXEMPTION TAX TYPES

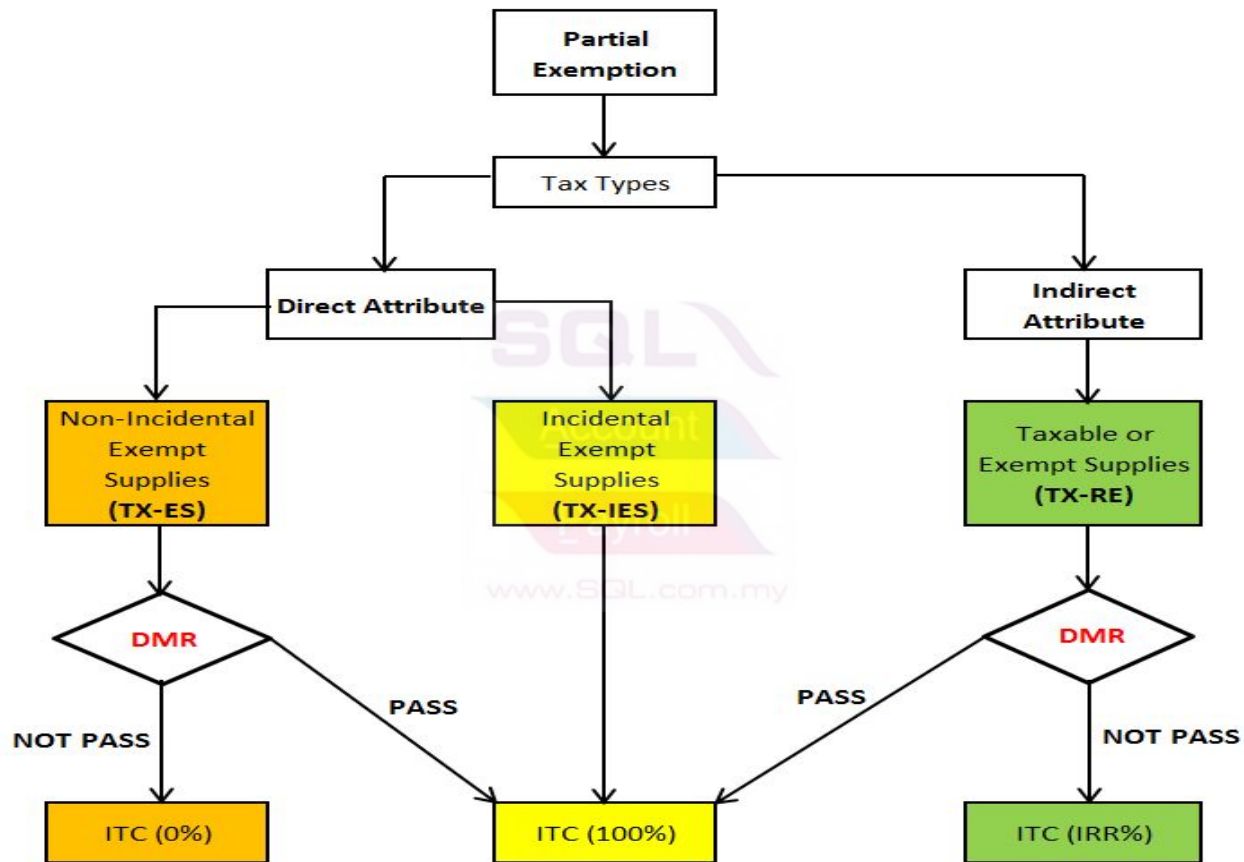
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Direct Attribute - Exempt Input Tax

TAX CODE	DESCRIPTION	TAX RATE	GST-03	EXAMPLE
TX-ES	Purchase with GST incurred directly attributable to non-incidental exempt supplies. (Note: Replace TX-N43)	6%	6a & 6b (Only include if the de minimis rule is fulfilled)	Rental of resident apartment
TX-IES	Purchase with GST incurred directly attributable to incidental exempt supplies. (Note: Replace TX-E43)	6%	6a & 6b (Input Tax)	<ol style="list-style-type: none"> 1. Purchased a security box for the accounts clerk to deposit daily earnings of the company in a bank. 2. Hiring of security firm to transfer/deposit money into financial institutions (bank). 3. Sells lots of shares through a remisier and GST charged on the commission, and incurred GST on the legal agreements. 4. Other expenses related to a financial loans.

Indirect Attribute - Exempt Input Tax

TAX CODE	DESCRIPTION	TAX RATE	GST-03	EXAMPLE
TX-RE	Purchase with GST incurred that is not directly attributable to taxable or exempt supplies. (Applicable for partially exempt trader/mixed supplier only)	6%	6a (Total/Full Amount) 6b (GST claimable amount only)	Residual input tax on operation overhead for a development of mixed property (properties that including residential and commercial).



* ITC = Input Tax Claimable
IRR = Input Tax Recoverable Ratio

Summary:

Tax Code	Tax Rate	Fulfill DMR?	Input Tax Claimable (ITC)	Example
TX	6%	N/A	ITC x 100%	Purchase of trading goods
TX-RE	6%	Yes	ITC x 100%	Office Rental, utilities bill.
TX-RE	6%	No	ITC x IRR	
TX-IES	6%	N/A	ITC x 100%	Interest income from deposits
TX-ES	6%	Yes	ITC x 100%	Transportation for workers
TX-ES	6%	No	ITC x 0%	

De Minimis Rules (DMR)



To satisfy the De Minimis Rule:

a. Total Exempt Supply (ES)

\leq Average of **5,000.00 / mth**

AND

b. DMR \leq **5%**



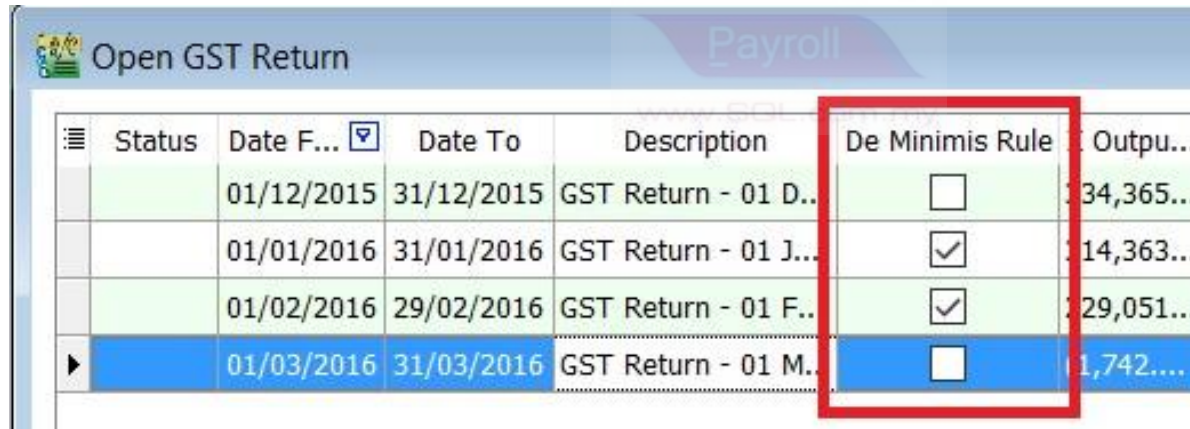
*Exclude all Incidental Exempt Supplies (IES)

Formula:

$$\text{DMR} = \frac{\text{ES}}{\text{ES} + (\text{SR} + \text{ZRL} + \text{ZRE} + \text{ZDA} + \text{DS} + \text{OS} + \text{RS} + \text{GS})}$$

In SQL Acc:

1. DMR will be auto determined after process GST Returns.
2. Ticked means **PASS**



The screenshot shows a software window titled "Open GST Return" with a "Payroll" tab. It contains a table with the following columns: Status, Date From, Date To, Description, De Minimis Rule, and Output. The "De Minimis Rule" column is highlighted with a red box. The table lists four GST return entries for different periods.

Status	Date From	Date To	Description	De Minimis Rule	Output
	01/12/2015	31/12/2015	GST Return - 01 D..	<input type="checkbox"/>	34,365...
	01/01/2016	31/01/2016	GST Return - 01 J...	<input checked="" type="checkbox"/>	14,363...
	01/02/2016	29/02/2016	GST Return - 01 F..	<input checked="" type="checkbox"/>	29,051...
▶	01/03/2016	31/03/2016	GST Return - 01 M..	<input type="checkbox"/>	1,742....

For example, the supplies for the month of June 2015 (monthly taxable period):-

Sales:

Value of all Taxable Supplies (SR) = 200,000

Value of Exempt Supplies (ES) = 6,500

Purchase:

Residual Input Tax Incurred (TX-RE) = 5,000

Input Tax Attributable to ES (TX-ES)= 300

What is the DMR, IRR and Input tax that can be claimed?

DMR Rules :

1. ES (6,500) > Rm5,000 **FAILED**

AND

2. DMR <= 5%

(DMR = $6,500 / 206,500 = \underline{3.15\%}$) **PASS**

Conclusion: DMR rules are **FAILED**.

Taxable Apportionment % :

$$\begin{aligned}\text{IRR} &= 200,000 / 206,500 \\ &= 0.9685 \text{ (or } 96.85\%) \end{aligned}$$

Input tax claimable:

$$\begin{aligned} &= (\text{Rm}5,000 \times 96.85\%) \\ &= \underline{4,842.50} \end{aligned}$$

Residual Input Tax Incurred = Rm4,842.50



Residual Input Tax can claimed based on IRR %
due to the DMR rules **FAILED**

Input Tax Attributable to ES amount Rm300
cannot be claimed 100% due to DMR rules
FAILED.

Payroll

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Input Tax Recoverable Ratio (IRR)

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Formula:

$$IRR = \frac{(T - O1)}{(T + E - O2)}$$

$$T = SR + ZRL + ZRE + ZDA + DS + OS + RS + GS$$

$$E = ES$$

O = Total value of excluded the following supplies made in the taxable period.

Tax	Excluded Supplies Cases	O1	O2	Application
SR	Supply of capital goods	√	√	Tax rate = E6%
DS	Imported services	√	√	Tax code = RSA
DS	Value of any supply made by a recipient in accordance with the ATMS under Sec. 72	√	√	Tax code = RSA
IES	Incidental financial supplies		√	Tax code = ES43
ES	Supply of land for general use. Disposal of assets which are exempted eg. residential house)		√	Tax rate = E

***E = IRR Excluded**

How to set to exclude the supplies made in Tax Code?

1. Add a tax rate
2. Click +
3. Click on IRR Excluded.
4. Tax rate started with E.

Tax

Code: SR ☒ Active

Description: Standard-rated supplies with GST charged

Switch to Easy Mode

Tax Type: SR (Standard-rated supplies with GST charged) ▼

Tax Rate: EA;A ▼

EA	Auto	IRR Excluded
A	Auto	IRR Excluded

Tax Account

Legend:

- A = Auto Tax Rate based on Tax Date
- EA = Auto Tax Rate (IRR Excluded Transaction)
- 6% = Tax Rate 6%
- E6% = Tax Rate 6% (IRR Excluded Transaction)

For example,

Disposal of Motor Vehicle using Customer Invoice.

1. You have to select the tax rate = E6%.
2. System will exclude this transactions in the IRR formula.

Customer Code: 300-A0002

Currency: ----

Area : RAWANG

Customer Invoice

Cancelled ☐

Inv No : IV-00002

Next No : IV-00005

Date : 16/01/2016

Agent : SY

Terms : 45 Days

Ext. No :

Bill To : ALPHA & BETA COMPUTER



Document Detail Grid

Sales A/C	Description	Amount	Tax	Tax Rate	Tax Amount	Tax Includ...	Sub Total (Tax)
500-1000	DISPOSAL OF Motor Vehicle	50,000.00	SR	E6%	3,000.00	<input type="checkbox"/>	53,000.00
					Rate		
					6%		
					E6%		
1 records		Total:	50,000.00				

Local Net Total : 53,000.00

Invoice Description: Sales

New

Edit

Delete

Save

Cancel

Refresh

Browse

Close

In SQL Acc:

1. IRR will be auto calculated after process GST Returns.
2. You can insert the column name Residual Input Tax Recovery Rate (%) in Open GST Return.



Open GST Return



Status	Date From	Date To	Description	Residual Input Tax Recovery Rate (%)	Σ O...	Σ In...	GST Am...	Jour...	
	01/02/2016	29/02/2016	GST Return - 01 F...	80.85	3,...	10,1...	3,093.75	JVG...	GST-03
▶	01/03/2016	31/03/2016	GST Return - 01 ...	61.22	,0...	7,65...	1,347.50	JVG...	GST-03
	01/04/2016	30/04/2016	GST Return - 01 ...	84.00	2,...	13,4...	Clai840.00	JVG...	GST-03
	01/05/2016	31/05/2016	GST Return - 01 ...	76.47	2,...	7,64...	4,353.00	JVG...	GST-03
	01/06/2016	30/06/2016	GST Return - 01 J...	79.31	3,...	11,8...	1,903.50	JVG...	GST-03
	01/07/2016	31/07/2016	GST Return - 01 J...	78.12	0,...	13,6...	16,329.00	JVG...	GST-03
	01/08/2016	31/08/2016	GST Return - 01 ...	78.87	0,...	9,46...	21,035.60	JVG...	GST-03
	01/09/2016	30/09/2016	GST Return - 01 ...	78.87	9,...	11,4...	17,863.85	JVG...	GST-03
	01/10/2016	31/10/2016	GST Return - 01 ...	93.33	2,...	13,0...	19,733.80	JVG...	GST-03
	01/11/2016	30/11/2016	GST Return - 01 ...	79.49	9,...	66,8...	(37,679.56	JVG...	GST-03
	01/12/2016	31/12/2016	GST Return - 01 ...	89.19	4,...	11,5...	23,205.30	JVG...	GST-03
Count = 12					40.00	153.76	72,786.24		

New GST Return

Example 1

(Monthly Taxable Period)

For example, Mixed Co. Sdn Bhd., whose current tax year ends on 31 December 2016, has in his taxable period of April 2015, made some mixed supplies and at the same time incurred residual input tax as follows.

Sales :

SR = 300,000

SR = 50,000 (Disposal of Motor Vehicle)

ZRL = 20,000

ZRE = 30,000

ES = 20,000

IES = 20,000 (Foreign Exchange Gain)

Purchase:

TX-RE = 166,666.67

In SQL Account, the tax rate used as follow:

SR (6%) = 300,000

SR (E6%) = 50,000 (Disposal of Motor Vehicle)

ZRL (0%) = 20,000

ZRE (0%) = 30,000

ES () = 20,000

IES () = 20,000

De Minimis Rule:

1. ES (RM 20,000 per month) > RM 5,000.00

FAILED

AND



2. DMR (4.76%) < 5% **PASS**

DMR RESULT: **FAILED**

$$IRR = \frac{T - O1}{T + E - O2}$$

SR (6%) = 300,000

SR (E6%) = 50,000 (Disposal of Motor Vehicle)

ZRL (0%) = 20,000

ZRE (0%) = 30,000

ES () = 20,000

IES () = 20,000



$$IRR = \frac{T - O1}{T + E - O2}$$

$$T = SR + ZRL + ZRE = 400,000$$

$$O1 = SR (E6\%) = 50,000$$

$$T - O1 = 350,000$$

$$E = ES + IES = 40,000$$

$$O2 = SR (E6\%) + IES = 70,000$$

$$T + E - O2 = 370,000$$



$$\text{IRR} = \frac{T - O1}{T + E - O2}$$

$$\begin{aligned}\text{IRR} &= 350,000 / 370,000 \\ &= \underline{0.9459 \text{ (94.59\%)}}\end{aligned}$$

Full Residual Input Tax:

$$\begin{aligned}\text{TX-RE (6\%)} &= 166,666.67 \times 6\% \\ &= 10,000.00\end{aligned}$$



DMR rules are FAILED.

Therefore, Residual Input Tax cannot claim 100%.

$$\begin{aligned}\text{TX-RE} \times \text{IRR} &= 10,000 \times 94.59\% (\text{IRR}) \\ &= \underline{9,459.00 (\text{claimable})}\end{aligned}$$

Example 2

(Quarterly Taxable Period)

For example, Mixed Co. Sdn Bhd., whose current tax year ends on 31 December 2016, has in his quarterly taxable period from April to June 2015, made some mixed supplies and at the same time incurred residual input tax as follows.

Sales:

SR = 300,000

SR = 50,000 (Disposal of Motor Vehicle)

ZRL = 20,000

ZRE = 30,000

ES = 10,000

ES = 750,000 (Supply of land for residential house)

Purchase:

TX-RE = 166,666.67



In SQL Account, the tax rate used as follow:

SR (6%) = 300,000

SR (E6%) = 50,000 (Disposal of Motor Vehicle)

ZRL (0%) = 20,000

ZRE (0%) = 30,000

ES () = 10,000

ES (E) = 750,000 (Supply of land for residential house)



De Minimis Rule:

a. ES (RM 3,333.33 per month) \leq RM 5,000.00

PASS

AND

b. DMR (65.52%) $>$ 5% FAILED

DMR RESULT: FAILED

$$IRR = \frac{T - O1}{T + E - O2}$$

SR (6%) = 300,000

SR (E6%) = 50,000

ZRL (0%) = 20,000

ZRE (0%) = 30,000

ES () = 10,000

ES (E) = 750,000



$$\text{IRR} = \frac{\text{T} - \text{O1}}{\text{T} + \text{E} - \text{O2}}$$

$$\text{T} = \text{SR} + \text{ZRL} + \text{ZRE} = 400,000$$

$$\text{O1} = \text{SR} (\text{E6}\%)$$

$$\text{T} - \text{O1}$$

SQL

Account = 50,000

Payroll = 350,000

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$$\text{E} = \text{ES} = 760,000$$

$$\text{O2} = \text{SR} (\text{E6}\%) + \text{ES} (\text{E}) = 800,000$$

$$\text{T} + \text{E} - \text{O2} = \underline{360,000}$$

$$\text{IRR} = \frac{T - O1}{T + E - O2}$$


$$\begin{aligned}\text{IRR} &= 350,000 / 360,000 \\ &= \underline{0.9722 \text{ (97.22\%)}}\end{aligned}$$

Full Residual Input Tax:

$$\begin{aligned}\text{TX-RE (6\%)} &= 166,666.67 \times 6\% \\ &= 10,000.00\end{aligned}$$

DMR rules are FAILED.

Therefore, Residual Input Tax cannot claim 100%.


$$\begin{aligned}\text{TX-RE x IRR} &= 10,000 \times 97.22\% \\ &= \underline{9,722.00 \text{ (claimable)}}\end{aligned}$$

1. Before GST-03 process:

$$\text{TX-RE} = 10,000.00$$

2. After GST-03 process:

$$\begin{aligned}\text{TX-RE} &= 10,000 \times 97.22\% \\ &= 9,722.00\end{aligned}$$

3. GST Unclaimable

$$\begin{aligned} &10,000.00 - 9,722.00 \\ &= 278.00 \end{aligned}$$

4. Double Entry for TX-RE Adjustment:

DR GST Unclaimable 278.00

CR GST Input Tax

278.00

Journal of Transaction Listing

Date ☒ 01/01/2016 to 31/03/2016

Journal: ☐ ...

Project: ☐ ...

Agent: ☐ ...

Area: ☐ ...

Payment Method: ☐ ...

Sort By:

Date

Ref No

☐ Use 2nd Description

Apply

Drag a column header here to group by that column

Ref N...	Tax	Account Code	Post Date	Description	Curre...	Account Description	Local DR	Local CR
▶	TX-RE	GST-301	31/03/2016	Unclaimable GST Adjustment for "TX-RE"	----	GST - UNCLAIMABLE	278.00	0.00
	TX-RE	GST-101	31/03/2016	Unclaimable GST Adjustment for "TX-RE"	----	GST - CLAIMABLE	0.00	278.00

Count = 2

278.00

278.00

☒ (Ref No 1 =)

Customize...

GST Listing Report (New Report)

www.SQL.com.my

GST Detail 4 - Mixed Supplies

Total value of supplies made in the taxable period																							
Tax Type	Taxable Amount																						
SR	350,000.00																						
ZRL	20,000.00																						
ZRE	30,000.00																						
ES	760,000.00																						
Total	1,160,000.00																						
Total value of exempted supplies purchase made in the taxable period																							
Tax Type	Taxable Amount																						
TX-RE	166,666.67																						
Total value of excluded supplies made in the taxable period																							
Tax Type	Taxable Amount																						
SR	50,000.00																						
ES	750,000.00																						
Total	800,000.00																						
Residual Input Tax for the taxable period 01/01/2016 to 31/03/2016 - 3 Month(s)																							
01. DMR = (ES / ES + (SR + ZRL + ZRE + DS + OS + RS + GS))*100																							
DMR = 2.78																							
02. DMR Status = Qualify																							
<table> <tr> <td>TX-RE</td> <td>TX-N43</td> </tr> <tr> <td>04. TX-RE Taxable Amt</td> <td>166,666.67</td> </tr> <tr> <td>05. Residual Input Tax Incurred</td> <td>10,000.00</td> </tr> <tr> <td>06. Residual Input Tax Claimable ***</td> <td>9,722.00</td> </tr> <tr> <td>07. GST Unclaimable (TX-RE)</td> <td>278.00</td> </tr> <tr> <td colspan="2">*** IRR % x Residual Input Tax Incurred</td> </tr> <tr> <td>08. TX-N43 Taxable Amt</td> <td>0.00</td> </tr> <tr> <td>09. Residual Input Tax Incurred</td> <td>0.00</td> </tr> <tr> <td>10. Residual Input Tax Claimable</td> <td>0.00</td> </tr> <tr> <td>11. GST Unclaimable (TX-N43)</td> <td>0.00</td> </tr> <tr> <td colspan="2">12. Total GST Unclaimable [(07) + (11)] (278.00)</td> </tr> </table>		TX-RE	TX-N43	04. TX-RE Taxable Amt	166,666.67	05. Residual Input Tax Incurred	10,000.00	06. Residual Input Tax Claimable ***	9,722.00	07. GST Unclaimable (TX-RE)	278.00	*** IRR % x Residual Input Tax Incurred		08. TX-N43 Taxable Amt	0.00	09. Residual Input Tax Incurred	0.00	10. Residual Input Tax Claimable	0.00	11. GST Unclaimable (TX-N43)	0.00	12. Total GST Unclaimable [(07) + (11)] (278.00)	
TX-RE	TX-N43																						
04. TX-RE Taxable Amt	166,666.67																						
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10. Residual Input Tax Claimable	0.00																						
11. GST Unclaimable (TX-N43)	0.00																						
12. Total GST Unclaimable [(07) + (11)] (278.00)																							

1. Go to GST Listing.
2. Select the report name : **GST Detail 4 - Mixed Supplies**

Available in version 731 or later.

Formula:

$$\text{IRR} = \frac{(T - O1)}{(T + E - O2)}$$

$$T = SR + ZRL + ZRE + ZDA + DS + OS + RS + GS$$

$$E = ES$$

O = Total value of **excluded** the following supplies made in the taxable period.



Tax	Excluded Supplies Cases	O1	O2	Application
SR	Supply of capital goods	√	√	Tax rate = E6%
DS	Imported services	√	√	Tax code = RSA
DS	Value of any supply made by a recipient in accordance with the ATMS under Sec. 72	√	√	Tax code = RSA
IES	Incidental financial supplies		√	Tax code = ES43
ES	Supply of land for general use. Disposal of assets which are exempted eg. residential house)		√	Tax rate = E

***E = IRR Excluded**

Question 1 :

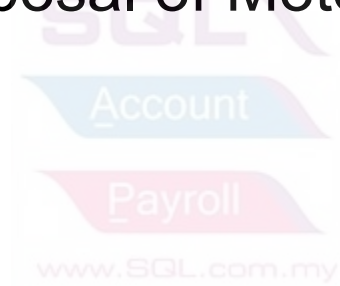
Lets said we have the following monthly supplies value:

SR = 100,000

SR = 50,000 (Disposal of Motor Vehicle)

ZRL = 80,000

ES = 5,000



Purchase:

TX-RE = 100,000

What is the DMR status, IRR % and the Input Tax Claimable?

Answer 1 :

De Minimis Rule :

1. $ES = 5,000$ ($ES \leq 5,000$) **PASS**

2. $DMR = 5,000 / (150,000 + 80,000 + 5,000)$
 $= 5,000 / 235,000$
 $= 0.0213$ (or 2.13%) **PASS**

Answer 1 :

Due to DMR rules is **PASS**

IRR = 100%

Residual Input Tax Claimable (TX-RE) = $100,000 \times 6\%$
= 6,000.00



Question 2 :

Lets said we have the following monthly supplies value:

SR = 200,000

ZRL = 80,000

ES = 20,000

IES = 10,000 (Realized Gain from Forex exchange)

Purchase:

TX-RE = 100,000

What is the DMR status, IRR % and the Input Tax Claimable?

Answer 2 :

De Minimis Rule :

1. $ES = 20,000$ ($ES > 5,000$) **FAILED**

2. $DMR = 20,000 / (200,000 + 80,000 + 20,000)$
 $= 20,000 / 300,000$
 $= 0.0667$ (or 6.67%) **FAILED**

Answer 2 :

$$\begin{aligned}\text{IRR} &= \frac{280,000}{(280,000 + 30,000 - 10,000)} \\ &= \frac{280,000}{300,000} \\ &= 0.9333 \text{ (93.33\%)}\end{aligned}$$

Residual Input Tax Claimable (TX-RE)

$$\begin{aligned}&= (100,000 \times 6\%) \times 93.33\% \\ &= \underline{5,599.80}\end{aligned}$$



Tax Year

Definition - Tax Year:

- Tax years refer to the period in which a registrant remains registered under the GST Act 2014
- A tax year in its ordinary meaning would constitute 12 calendar months
- Tax Year = 12 months or other period approved by the DG (i.e. 6 months up to 18 months)

SET TAX YEAR



```
graph TD; A[SET TAX YEAR] --> B[LPA - Auto Ticked (Recommended)]; B --> C[LPA Period (Recommended)];
```

LPA - Auto Ticked
(Recommended)

LPA Period
(Recommended)

First Tax Year

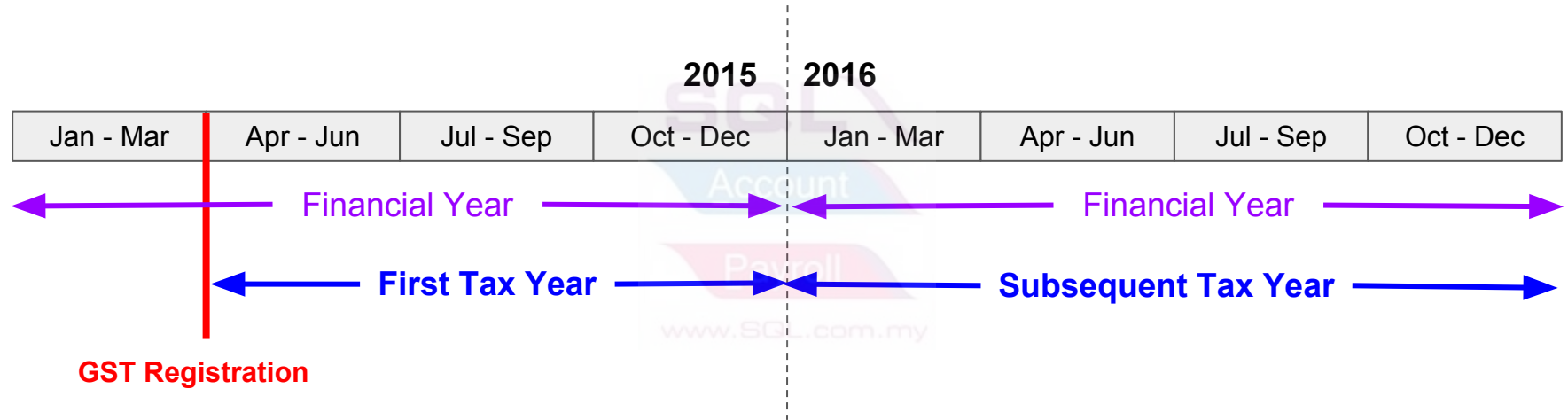
	Financial Year	GST Reg.	Tax Year	No of month
12 months	31 Dec 2016	01 Jan 2016	01 Jan 2016 - 31 Dec 2016	12
< 12 months	31 Dec 2016	01 Apr 2016	01 Apr 2016 - 31 Dec 2016	9
> 12 months	31 Dec 2016	02 Jul 2016	02 Jul 2016 - 31 Dec 2017	18

Subsequent Tax Year

	Financial Year	GST Reg.	Tax Year	No of month
First Tax Year	31 Dec 2016	02 Jul 2016	02 Jul 2016 - 31 Dec 2017	18
First Tax Year	31 Dec 2017	02 Jul 2016	-	-
Subsequent Tax Year	31 Dec 2018	02 Jul 2016	01 Jan 2018 - 31 Dec 2018	12

Financial Year vs Tax Year

Assume this company the GST Registration at 1 April 2015.



1. GST | Open GST Return...
2. Highlight the final taxable period, eg. final taxable period 01 Dec - 31 Dec 2016.
3. Double click on the GST Returns highlight in step 2.
4. Tick on the Tax Year.

SQL Account Payable

www.SQL.com.my

Set a Tax Year Point

Process Date **31/12/2016**

Date From 01/12/2016 To 31/12/2016

User ADMIN

☒ Closed

☐ LPA for Partial Exemption

☐ De-register

☐ Amendment

☐ C/F Refund for GST

☒ Process Net Realised Exchange Gain/Loss

☒ Tax Year

☐ De Minimis Rule

Residual Input Tax Recovery Rate (%) 89.19

Description GST Return - 01 Dec 2016 to 31 Dec 2016

Ref 1

Ref 2

Tips:

Direct set the tax year on the GST Return processed without re-process the GST Return.

5. Tax Year column in GST Returns.

Open GST Return

Status	Date From	Date To	Description	Tax Year	Σ Output...	Σ Input T...	GST Amount Pa...	Journal No.
	01/01/2016	31/01/2016	GST Return - 01 J...	<input type="checkbox"/>	14,940.00	12,499.50	2,440.50	JVGST-2... GST-03
	01/02/2016	29/02/2016	GST Return - 01 F...	<input type="checkbox"/>	13,200.00	10,106.25	3,093.75	JVGST-2... GST-03
	01/03/2016	31/03/2016	GST Return - 01 M...	<input type="checkbox"/>	9,000.00	7,652.50	1,347.50	JVGST-2... GST-03
	01/04/2016	30/04/2016	GST Return - 01 A...	<input type="checkbox"/>	12,600.00	13,440.00	Claimable: 840.00	JVGST-2... GST-03
	01/05/2016	31/05/2016	GST Return - 01 M...	<input type="checkbox"/>	12,000.00	7,647.00	4,353.00	JVGST-2... GST-03
	01/06/2016	30/06/2016	GST Return - 01 J...	<input type="checkbox"/>	13,800.00	11,896.50	1,903.50	JVGST-2... GST-03
	01/07/2016	31/07/2016	GST Return - 01 J...	<input type="checkbox"/>	30,000.00	28,672.75	1,327.25	JVGST-2... GST-03
	01/08/2016	31/08/2016	GST Return - 01 A...	<input type="checkbox"/>	30,500.15	20,815.36	9,684.79	JVGST-2... GST-03
	01/09/2016	30/09/2016	GST Return - 01 S...	<input type="checkbox"/>	29,300.00	20,436.15	8,863.85	JVGST-2... GST-03
	01/10/2016	31/10/2016	GST Return - 01 O...	<input type="checkbox"/>	32,800.00	25,666.20	7,133.80	JVGST-2... GST-03
	01/11/2016	30/11/2016	GST Return - 01 N...	<input type="checkbox"/>	29,200.00	11,128.60	18,071.40	JVGST-2... GST-03
	01/12/2016	31/12/2016	GST Return - 01 D...	<input checked="" type="checkbox"/>	34,800.00	11,594.70	23,205.30	JVGST-2... GST-03

Count = 12 262,140.15 181,555.51 80,584.64

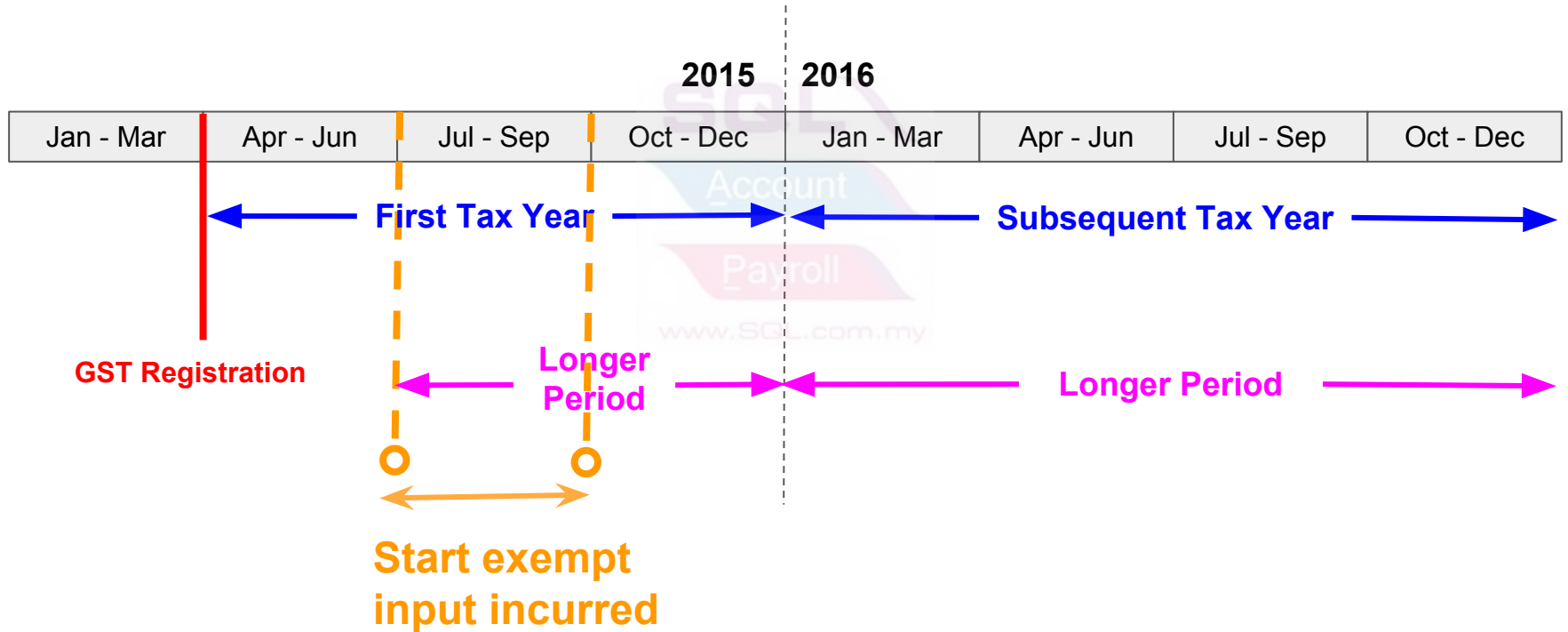
New GST Return

Longer Period Adjustment (LPA)

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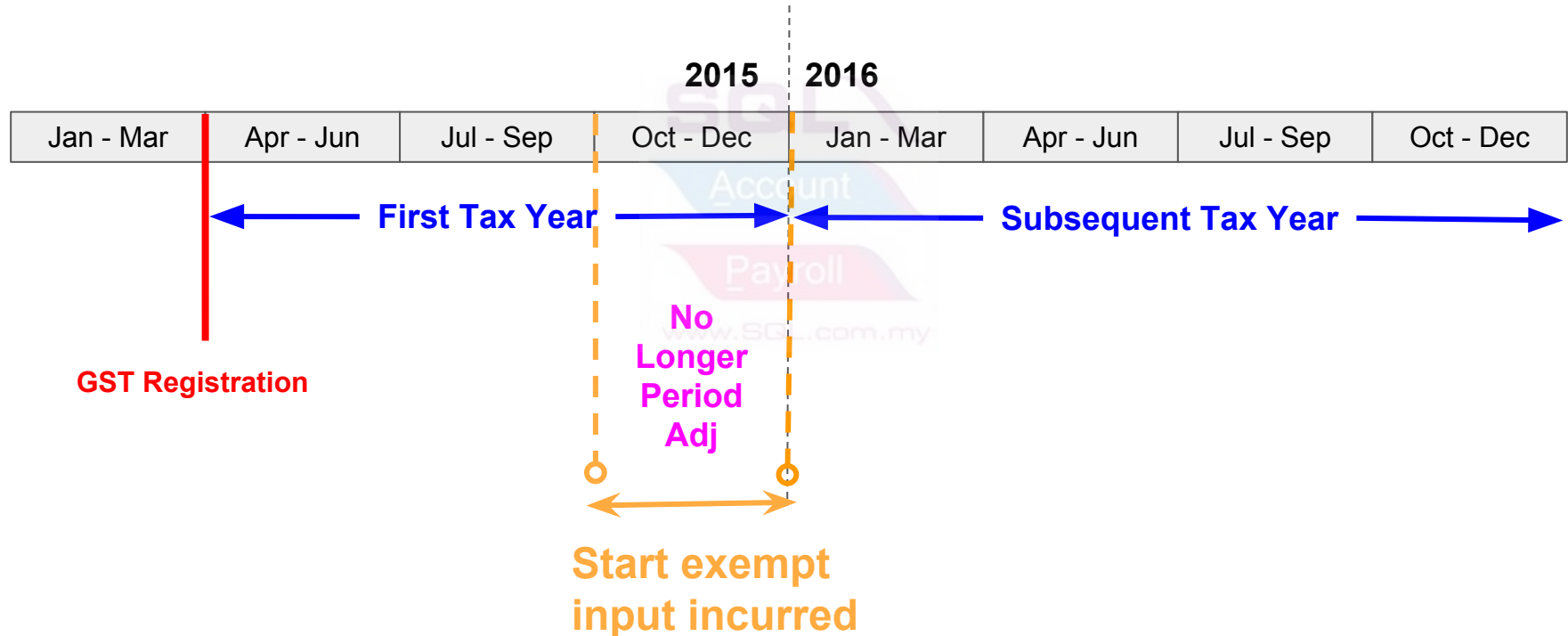
Longer Period

Assume this company is a quarterly taxable and first exempt input incurred on April - Jun 2015.



Longer Period

Assume this company is a quarterly taxable and first exempt input incurred on April - Jun 2015.



When to declare the Longer Period Adjustment (LPA) in GST Returns?

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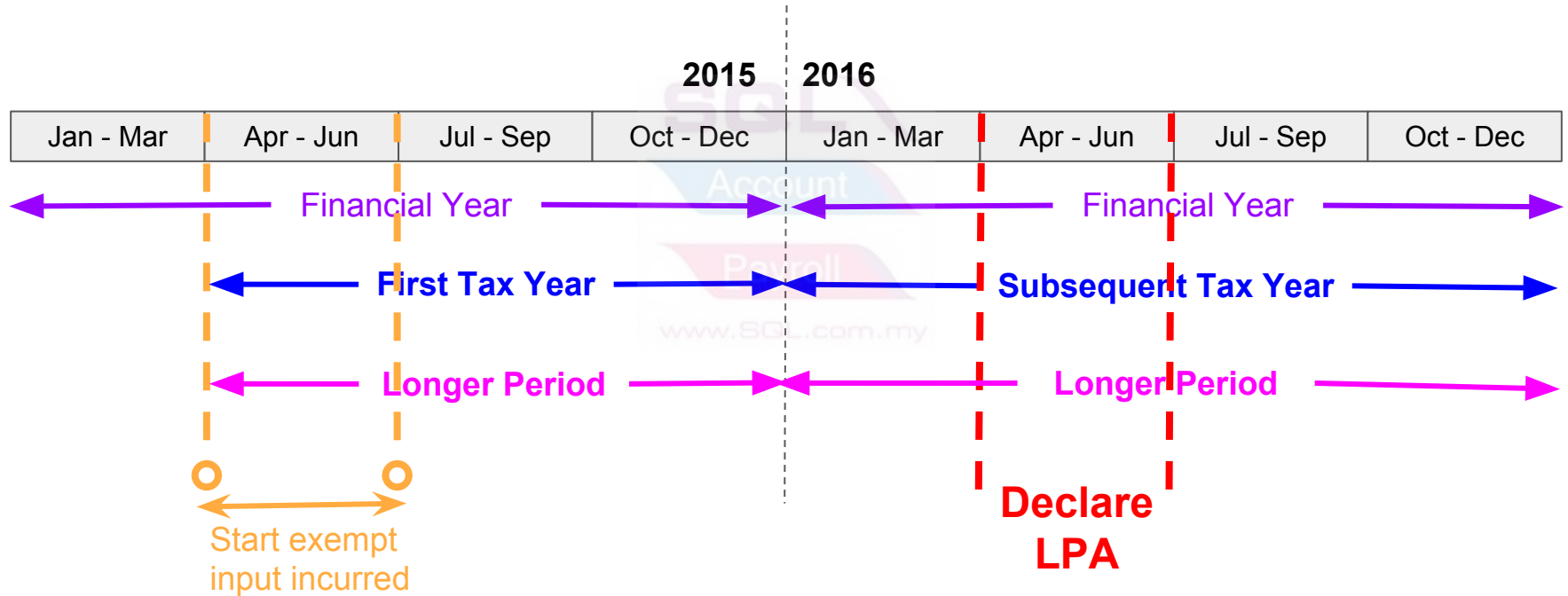
Regulation 43 – in a GST Return for the second taxable period next following the longer period.

Payroll

www.SGL.com.my

When should declare the Longer Period Adjustment?

Assume this company is a quarterly taxable.



Question 1:

Assumed the tax year set on 31 Dec 2016, when the LPA should be declared for monthly taxable period?

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Answer 1:

For monthly taxable period , the second taxable period is Feb 2017 and the submission is before or on 31/3/2017

SQL

Account

Payroll

www.SQL.com.my

Question 2:

Assumed the tax year set on 31 Dec 2016, when the LPA should be declared for quarterly taxable period?

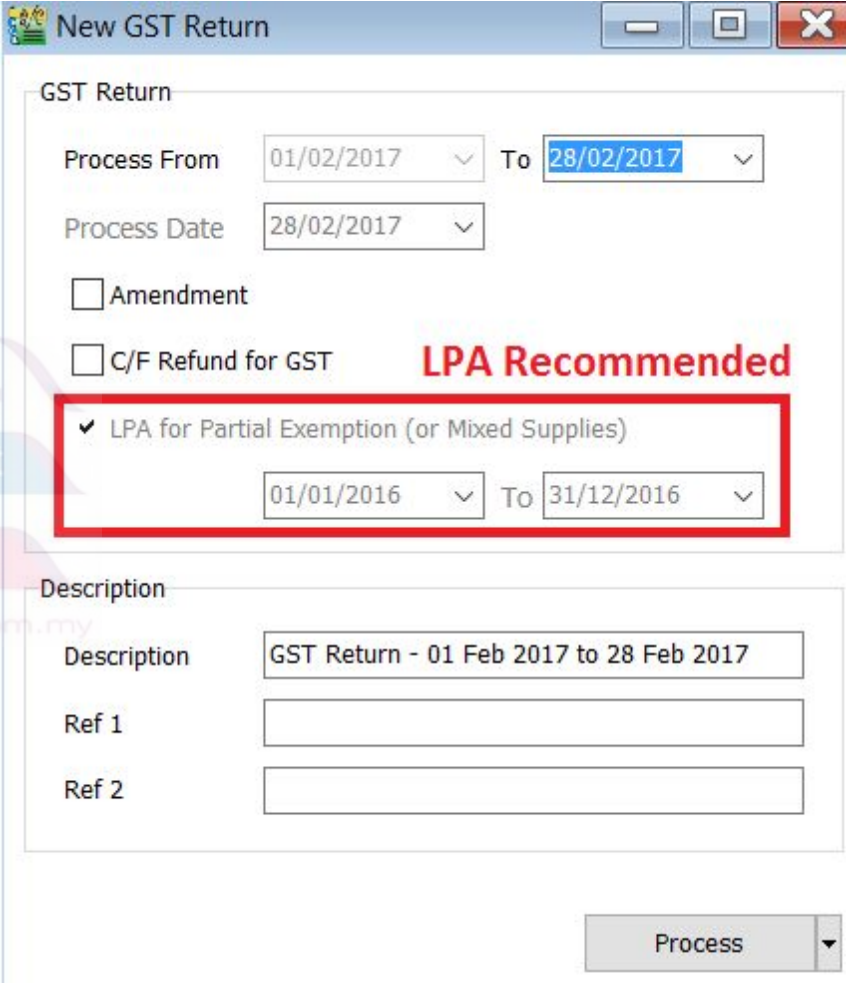
SQL

www.SQL.com.my

Answer 2:

For quarterly taxable period, the second taxable period is Apr-Jun 2017 and the submission is before or on 31/7/2017.

1. After set the tax year,
system will recommend the
LPA period.



The screenshot shows a software window titled "New GST Return". It contains several input fields and checkboxes. The "Process From" date is 01/02/2017 and the "To" date is 28/02/2017. The "Process Date" is 28/02/2017. There are checkboxes for "Amendment" and "C/F Refund for GST", both of which are unchecked. A red box highlights the "LPA for Partial Exemption (or Mixed Supplies)" option, which is checked. Below this, the LPA period is set from 01/01/2016 to 31/12/2016. To the right of this section, the text "LPA Recommended" is displayed in red. At the bottom, there is a "Description" field with the text "GST Return - 01 Feb 2017 to 28 Feb 2017", and two empty fields for "Ref 1" and "Ref 2". A "Process" button is located at the bottom right.

New GST Return

GST Return

Process From 01/02/2017 To 28/02/2017

Process Date 28/02/2017

☐ Amendment

☐ C/F Refund for GST

LPA Recommended

☒ LPA for Partial Exemption (or Mixed Supplies)

01/01/2016 To 31/12/2016

Description

Description GST Return - 01 Feb 2017 to 28 Feb 2017

Ref 1

Ref 2

Process

2. Suggested period to be adjusted for Longer Period.

New GST Return

GST Return

Process From 01/02/2017 To 28/02/2017

Process Date 28/02/2017

☐ Amendment

☐ C/F Refund for GST

☒ LPA for Partial Exemption (or Mixed Supplies)

01/01/2016 To 31/12/2016

LPA to be adjusted period

Description

Description GST Return - 01 Feb 2017 to 28 Feb 2017

Ref 1

Ref 2

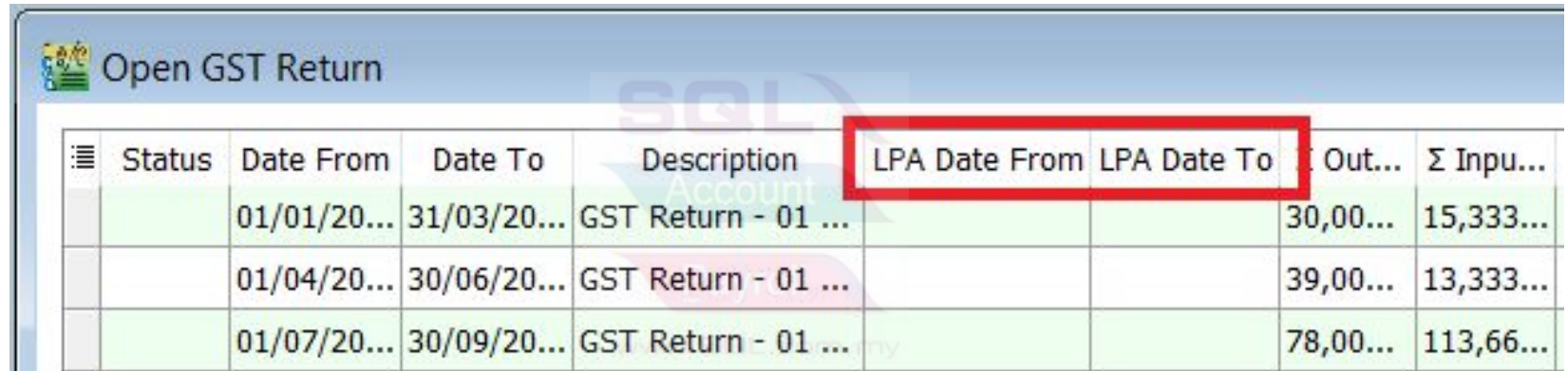
Process

Note:

User are allow to overwrite the suggested period
for Longer Period.



3. **LPA Date From** and **LPA Date To** columns available to insert.



Open GST Return

	Status	Date From	Date To	Description	LPA Date From	LPA Date To	Out...	Σ Inpu...
		01/01/20...	31/03/20...	GST Return - 01 ...			30,00...	15,333...
		01/04/20...	30/06/20...	GST Return - 01 ...			39,00...	13,333...
		01/07/20...	30/09/20...	GST Return - 01 ...			78,00...	113,66...

EXAMPLE:

ABC Sdn. Bhd. current tax year ends on 31 st December 2016, and incurred the following supplies and input tax. Compute the longer period adjustment amount.

	Q1	Q2	Q3	Q4	Total
Taxable Supplies	400,000	650,000	800,000	1,000,000	2,850,000
Exempt Supplies	50,000	15,000	40,000	100,000	205,000
Excluded Supplies	0	80,000	0	50,000	130,000
Input Tax Attrib to Exempt (TX-N43)	2,000	1,500	3,000	10,000	16,500
Residual Input Tax (TX-RE)	4,000	4,000	20,000	60,000	88,000

	Q1	Q2	Q3	Q4	Total
Taxable Supplies	400,000	650,000	800,000	1,000,000	2,850,000
Exempt Supplies	50,000	15,000	40,000	100,000	205,000
Excluded Supplies	0	80,000	0	50,000	130,000
DMR	x	√	x	x	x
IRR %	88.89	100%	95.24	90.48	92.99
Input Tax to Exempt (TX-ES)	2,000	1,500	3,000	10,000	16,500
RE Input Tax (TX-RE)	4,000	4,000	20,000	60,000	88,000
Input Tax Claimable Σ(Q1-Q4) = 82,391.60	3,555.60	5,500.00	19,048.00	54,288.00	81,831.20

Total Residual Input Tax Claimed in pass 4
quarters = Rm82,391.60

Annual Residual Input Tax Claimable =
Rm88,000.00 x 92.99% =
Rm81,831.20

An adjustment of

Rm82,391.60 - Rm81,831.20 =
Rm560.40 (as Output Tax)

Due to:

- Regulation 43 – in a GST Return for the second taxable period next following the longer period.

Therefore, LPA (Jan - Dec 2016) will be declared in GST Returns for Taxable Period (April - June 2017) :

LPA = Rm560.40


Therefore the double entry for the example:

DR	GST - Unclaimable	560.40	
CR	GST - Payable		560.40



Annual RITC < Total RITC = Output Tax

Double Entry:



DR GST - Unclaimable
CR GST - Payable

**RITC = Residual Input Tax Claimable

Annual RITC < Total RITC = Output Tax

GST-03:

5b : AJS-OA



**RITC = Residual Input Tax Claimable

Annual RITC > Total RITC = Input Tax

Double Entry:

DR GST - Claimable

CR GST - Unclaimable

**RITC = Residual Input Tax Claimable

Annual RITC > Total RITC = Input Tax

GST-03:

6b : AJP-OA



**RITC = Residual Input Tax Claimable



Bonus Tips...

Indicators of Transactions related to Partial Exemption (PE)

In Journal of Transaction Listing & GST Listing,

1. **Account Code:** GST-301 (GST Unclaimable)

2. **Transaction Description:**

Unclaimable GST Adjustment for TX-RE / TX-ES.

3. **Tax Code:**

a. TX-RE

b. TX-ES

6. **Posting Date:** Month End, eg. 31 Jan

7. **From Doc Types in GST Listing Detail are:**

From Doc Types	Explanation
_A	Unclaimable Non-Incidental Exempt Supplies (TX-ES)
_B	Unclaimable (TX-RE)

Indicators of Transactions related to Longer Period Adjustment

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In Journal of Transaction Listing & GST Listing,

1. **Account Code:** GST-301 (GST Unclaimable)
2. **Transaction Description:**
GST Annual Adjustment for the year YYYY:
 - a. TX-RE
 - b. TX-ES
3. **Tax Code:** AJS-OA / AJP-OA

4. **Posting Date:** Month End (2nd Taxable Period)

5. **From Doc Types in GST Listing Detail are:**

From Doc Types	Explanation
_C	Annual Adjustment Non-Incidental Exempt Supplies (TX-ES)
_D	Annual Adjustment (TX-RE)

Thank you for joining with us

