

Question 112

How to capture GST Accounting Treatment for Reverse Charge Mechanism for Service Obtained from Our HQ in Taiwan?

Answer:

Supply of Imported Services (s.13 (4) of the GST Act 2014)

This section provides for the treatment under GST specific to services that are 'imported' subject to the following terms:

1. Imported Services by supplier belongs outside Malaysia
2. Deemed supply by recipient of services to himself
3. Invoice issued by the overseas supplier or payment is made by recipient whichever is earlier
4. Full input tax credit if full tax invoice is directly attributable to taxable supplies.
Apportionment if residual input tax.
5. Invoice received or payment made as proof for input tax claim

In Aplus Accounting, the reverse charge mechanism is available at Imported Services Entry. You only need to key in the supplier's code, date, bill no and amount then click on the [SAVE] button. Aplus will auto generate a journal voucher entry. In **GST03 Return**, Aplus will auto declare the supply of imported services in Item 5(a) & 5(b) and 6(a) and 6(b)

JOURNAL VOUCHER ENTRY:

DR: 3500-TX GST INPUT TAX 6% RM 2,520.00

CR: 3600-DS-IS GST OUTPUT TAX DS-IS 6% RM 2,520.00

GST 03 RETURN

The GST amount will be automatically captured in the GST Return as shown below:

The screenshot shows the 'GST-03 Submission' window. At the top, there are fields for 'Form' (01/11/2016) and 'To' (30/11/2016), and buttons for 'D.O. & Bad Debt.', 'Unpost Bill', 'Save', 'Print', 'Confirm', 'Close', and a checked 'Back' button. Below this, there are tabs for 'Input/Output', 'Goods And Services Tax Return', and 'Person in Charge'. The main area contains fields for 'GST No.' (001904123904), 'Starting Date' (01/11/2016), 'Ending Date' (30/11/2016), and 'Due Date' (31/12/2016), with a 'Change Period' button. Under the heading 'OUTPUT TAX', there are two rows: '5a. Total Value of Standard Rated Supply:' with a value of 42,000.00, and '5b. Total Output Tax(Supply x GST Rate):' with a value of 2,520.00. Under the heading 'INPUT TAX', there are two rows: '6a. Total Value of Standard Rated Acquisition:' with a value of 42,000.00, and '6b. Total Input Tax(Acquisition x GST Rate):' with a value of 2,520.00. Each value field has a magnifying glass icon.