

# Update

Governance, Risk &amp; Assurance

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## Case study: Malaysia's introduction of the GST

The introduction of a Goods and Services Tax (GST) in Malaysia in 2015 posed significant challenges for businesses. Moore Stephens provided vital support in the run-up to the GST adoption date, and continues to offer advice as the new tax model becomes more embedded.

### The challenge

Although the idea of a GST in Malaysia was first raised in 2005 and subsequently debated, organisations only had 18 months' notice before the GST was finally introduced in April 2015. The model was based on the VAT principles used in the UK and Singapore. However, there were only 2,000 GST consultants (public and private) in Malaysia, whereas an estimated 5,000 were needed in order to help all affected businesses prepare for the 'go live' deadline. The fact that the GST would apply to all businesses from the same date increased the challenge for companies, many of which found the new system confusing to understand. Companies' concerns were increased by the knowledge that once the GST had been introduced, compliance failures and errors could result in financial penalties.

### Moore Stephens' role

Moore Stephens responded to the challenge, working with major companies throughout their preparatory period.

- We drew on the expertise of our assurance and consultancy teams to provide advice, guidance at every stage.
- We developed practical and pragmatic solutions to ensure that companies could meet the implementation deadline.
- We recognised client concerns about potential penalties, applying our expertise in developing compliant systems that mitigate the reputational and financial risks associated with GST errors.
- Given the shortage of GST expertise in Malaysia, we realised the importance of co-sourcing as well as up-skilling client staff.

### Ongoing support

Since its introduction in 2015, the GST and the market have continued to evolve. Clear guidance is not always available as companies respond to the requirements and implications of the new model. At Moore Stephens, we monitor events closely and encourage dialogue between the public and private sectors, not only in Malaysia but internationally. We continue to advise our clients on relevant GST developments, as well as following international developments in relation to VAT systems and regulations. We also help clients with the ongoing processes associated with GST, including registering, filing returns and collecting and paying the tax.

### Support for other jurisdictions

We look to share our insights and experience with other jurisdictions as they move towards the introduction of a GST. In Malaysia, for example, 80% of VAT-registered businesses are SMEs. Given the announcement of the \$100,000 threshold by the Gulf Cooperation Council as it moves towards GST introduction, the majority of GCC businesses affected by the new tax are again likely to be SMEs. Our connections with the Ministry of Finance in the different jurisdictions will ensure we keep GCC businesses informed about and on top of any further developments.

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