



## Support Note

### Import GST

This Support note is suitable for:

MYOB Accounting V 21 Malaysia and MYOB Premier V16 Malaysia.

#### Introduction

Businesses who imports goods into Malaysia must be aware that all imported goods into Malaysia are subject to GST.

Since the supplier is not in Malaysia it is not expected that he/she can charge the Businesses in Malaysia for GST. The imported goods will get taxed upon when the goods landed in Malaysia (Import GST).

Malaysia Import GST is computed based on transaction value including insurance and freight, all duties payables and other incidental charges.

GST in Malaysia on imported goods needs to be declared in a specific customs declaration form and the tax must be paid at the point of entry. GST is generally payable before the goods are released from customs control. However, a registered manufacturer is able to recover the GST paid on imports by crediting the amount allowable against the output tax chargeable on the taxable supplies.

#### This support note will cover :

- 1) How to record GST on import goods
- 2) How to add import duties as goods cost of sales

#### 1) How Do I handle Importation of goods into Malaysia in MYOB.

When the purchase is made from Overseas supplier (Trade creditors), the overseas supplier will not charge GST. Hence the purchases is recorded without tax and the tax code can be applied is **N-T** or **OP**.

BILL

Supplier: Abby Printing Pte Ltd      Terms: Net 30       Tax Inclusive

Ship to: Cleanwater Sdn Bhd  
Wisma WIM, 4th Floor,  
No. 7, Jalan Abang Haji Openg,

Import Declaration

Purchase #: 00000032      Date: 16/06/2015      Supplier Inv#:

Bill	Received	Backorder	Item Number	Description	Price	Disc%	Total	Job	Tax
1	1		300	Cooler Set Medium	50,000.00		150,000.00		OP

Comment:

Ship Via:

Promised Date:

Subtotal: RM50,000.00      Freight: RM0.00      Tax: RM0.00      Total Amount: RM50,000.00

Journal Memo: Purchase; Abby Printing Pte Ltd      Paid Today: RM0.00

Bill Delivery Status: To be Printed      Balance Due: RM50,000.00



## Support Note

### Scenario1:

When imported goods reached Malaysia, The Taxable business is liable to pay import GST and is computed based on transaction value including insurance and freight, all duties payables and other incidental charges.

For example:

Transaction value : RM50,000.00

Insurance and freight : RM 5,000.00

Import duty : RM 5,500.00 (Assuming Import Duty 10%)

Value of Import (Tax Basis) : RM60,500.00

Import GST payable =  $RM60,500.00 \times 6\% = RM 3,630.00$

The import GST amount should be recorded as per below :

### Go to Banking > Pay Import GST

The screenshot shows two windows from the MYOB software. The top window is titled "Pay Import GST" and displays the following information:

- Account: 1-2110 Cheque Account Balance: RM0.00
- Card: Royal Malaysian Customs Cheque No.: 1
- Payee: Royal Malaysian Customs Date: 28/5/2015
- GST Paid: RM3,630.00
- Imp Decl. #: (empty)
- Text: Three Thousand Six Hundred Thirty Ringgit Only
- Memo: Royal Malaysian Customs ABC Sdn Bhd

Below this information is a table with columns: Acct #, Name, Tax Basis, Memo, and Tax.

Acct #	Name	Tax Basis	Memo	Tax
6-1100	Purchases	RM60,500.00		IM
Tax Basis Total:		RM60,500.00		
Tax:		RM3,630.00		
Total Paid:		RM3,630.00		
Out of Balance:		RM0.00		

Additional options in the window include:  Cheque Already Printed, Remittance Advice Delivery Status: To be Printed.

The bottom window is titled "Recap Transaction" and shows a recap of the transaction in the Pay Import GST window:

Src	Date	ID#	Account	Debit	Credit	Job
CD	28/5/2015		Royal Malaysian Customs			
	Auto #		1-2110 Cheque Account		RM3,630.00	
	Auto #		6-1100 Purchases			
	Auto #		2-2330 Input Tax	RM3,630.00		

**Important Note:** In GST – 03 Report: Field 6A is the tax basis amount (Value of the imported goods as per K1 form): RM60,500.00 and Field 6B is the Import GST amount : RM3,630.00.



## Support Note

### Scenario2:

If the Taxable Business appoint the Freight Forwarders to release the Goods from Custom control and bill back the taxable business all the clearance charges and Import GST paid on its behalf.

Note: **If the freight forwarder is trade creditors** and bill you for the import GST and some other standard rate purchases, you need to enter the supplier bill (freight forwarders bill) and pay the bill later:

Example

Transaction value : RM50,000.00

Insurance and freight : RM 5,000.00

Import duty : RM 5,500.00 (Assuming Import Duty 10%)

Value of Import : RM60, 500.00

Import GST payable =  $RM60,500.00 \times 6\% = RM 3,630.00$

Freight Forwarders Transportation Charges from airport to warehouse: RM1, 000.00 (Inclusive 6% GST)

Total Freight Forwarders Bill is RM4,630.00

This entry has to be recorded as per below:

1. Enter the Freight Forwarders bill under purchases module

Go to Purchases > enter purchases > key in as Bill > Make sure the tax inclusive check box is not checked. The import declaration number field must be filled in.

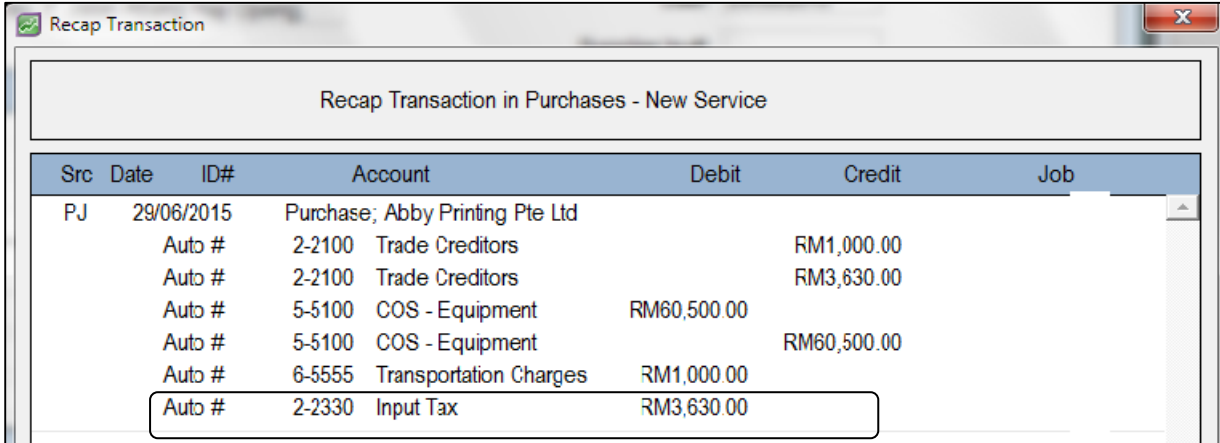
Bill	Received	Backorder	Item Number	Description	Price	Disc%	Total	Job	Tax
1	1		⇒300	Cooler Set Medium	60,500.00		M60,500.00		IM
-1	-1		⇒300	Cooler Set Medium	60,500.00		M60,500.00		N-T
1	1		⇒T001	Transportation charges form airport to	M1,000.00		RM1,000.00		N-T
							Subtotal:	RM1,000.00	
Comment:							Freight:	RM0.00	N-T
Ship Via:							Tax ⇔:	RM3,630.00	
Promised Date:							Total Amount:	RM4,630.00	
Journal Memo: Purchase; Abby Printing Pte Ltd					Paid Today:		RM0.00		
Bill Delivery Status: To be Printed					Balance Due:		RM4,630.00		

For the Import GST portion, it is recorded using Tax basis amount in the first line, (Value of the imported goods as per K1 form) or you can use formula: Import GST amount divided by 6% and the tax code is IM. Followed by second line with same amount as the first line but with negative sign and the tax code is N-T. At the end the net amount is the import GST that needs to be paid. In this example, the tax basis is RM60,500.

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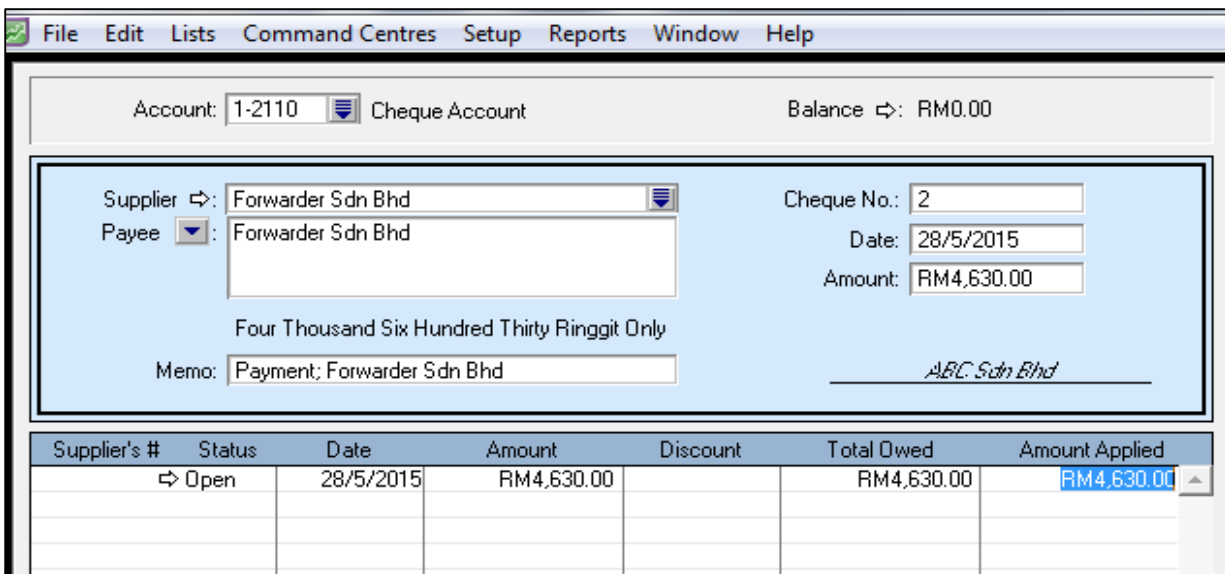
**Note:** From the pay Import GST screen above, Please go to edit > recap transactions to see the posting of the import GST into Input GST control account.

This entry will Debit Input GST, and Credit Trade Creditors



Src	Date	ID#	Account	Debit	Credit	Job
PJ	29/06/2015		Purchase; Abby Printing Pte Ltd			
		Auto #	2-2100 Trade Creditors		RM1,000.00	
		Auto #	2-2100 Trade Creditors		RM3,630.00	
		Auto #	5-5100 COS - Equipment	RM60,500.00		
		Auto #	5-5100 COS - Equipment		RM60,500.00	
		Auto #	6-5555 Transportation Charges	RM1,000.00		
		Auto #	2-2330 Input Tax	RM3,630.00		

2. When you want to pay the supplier bill, you can go back to purchases > pay bill and pay the supplier bill.



Account: 1-2110 Cheque Account Balance ⇄: RM0.00

Supplier ⇄: Forwarder Sdn Bhd Cheque No.: 2  
 Payee ▾: Forwarder Sdn Bhd Date: 28/5/2015  
 Amount: RM4,630.00

Four Thousand Six Hundred Thirty Ringgit Only

Memo: Payment; Forwarder Sdn Bhd *ABC Sdn Bhd*

Supplier's #	Status	Date	Amount	Discount	Total Owed	Amount Applied
⇄ Open		28/5/2015	RM4,630.00		RM4,630.00	RM4,630.00

3. Please check the posting in GST 3, the purchases is in field 6a and the import GST is field 6b.



## Support Note

### How do I add import duty into goods cost of sales (COS).

Based on the scenario 1 above, the import duty paid is RM5500. If you consider this import duty as part of the item COS, the item COS should be RM55.50

1000 pcs bought from oversea supplier at RM50,000 : RM50/item

Import Duty Charged by the Customs, RM5,500.00 : RM5.50/item

1. Create a new account as Import Duty under Expense

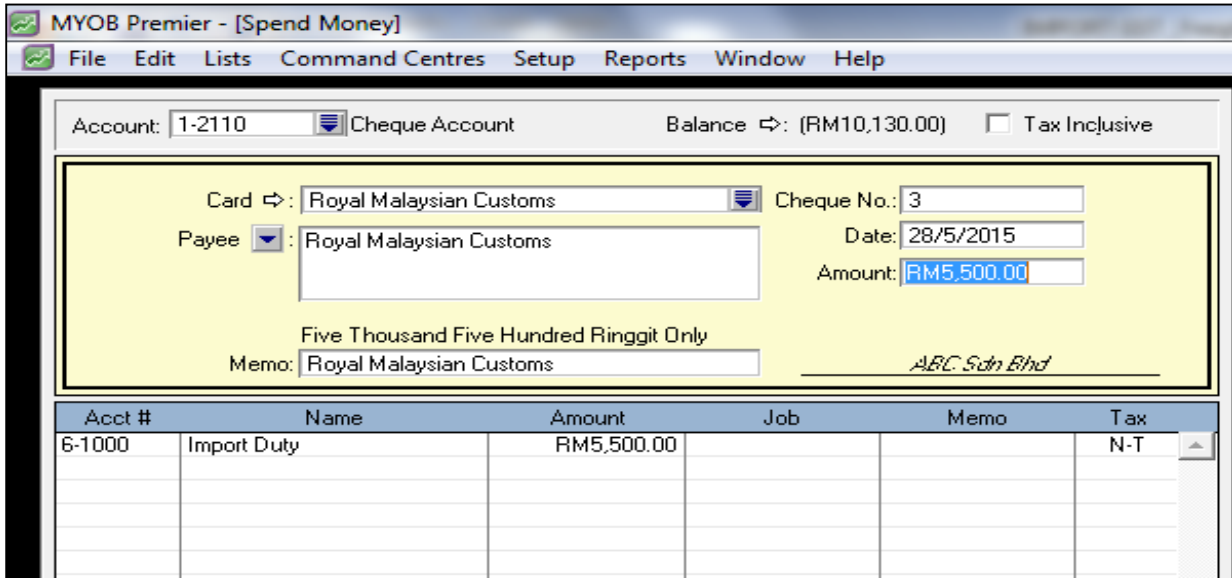
The screenshot shows the 'Profile' tab for the 'Import Duty' account. The account is set as a 'Detail Account' and is classified as an 'Expense'. The account number is '6-1000' and the name is 'Import Duty'. The opening balance is 'RM0.00'. The current balance is also 'RM0.00'. There are checkboxes for 'Header Account' (unchecked) and 'Inactive Account' (unchecked).

2. Create an item for 'Import Duty'  
-mark 'I inventory this item' and link it to 'inventory asset account'

The screenshot shows the 'Item Details' tab for the 'Import Duty' item. The item number and name are both 'Import Duty'. The item is marked as 'I Inventory This Item' (checked). The asset account for item inventory is '1-4100 Inventory'. The quantity on hand, current value, average cost, committed, on order, and available are all 0. There is an unchecked checkbox for 'Inactive Item'.

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3. Record the payment of Import Duty at Banking > Spend money as per below :-
  - Acct # : *select the Import Duty Expense account*
  - Amount : *Key the amount of the Import Duty*



Account: 1-2110 Cheque Account Balance ⇄: (RM10,130.00)  Tax Inclusive

Card ⇄: Royal Malaysian Customs Cheque No.: 3

Payee: Royal Malaysian Customs Date: 28/5/2015

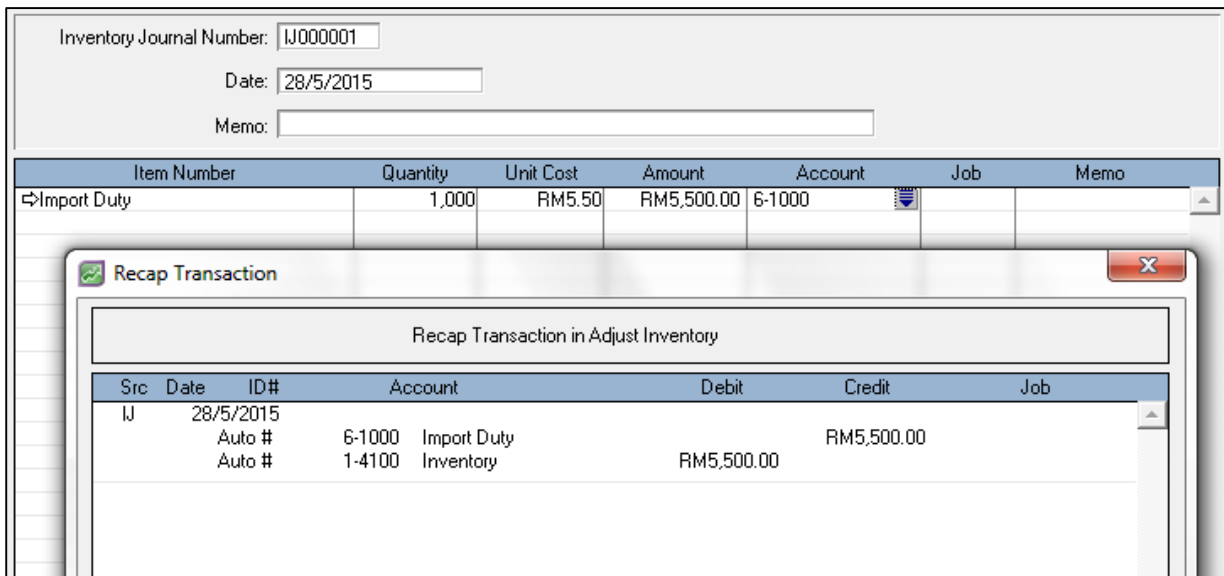
Amount: RM5,500.00

Five Thousand Five Hundred Ringgit Only

Memo: Royal Malaysian Customs *ABC Sdn Bhd*

Acct #	Name	Amount	Job	Memo	Tax
6-1000	Import Duty	RM5,500.00			N-T

4. Adjustment on Inventory is require in order to *credit* this import duty value into Import Duty expense account. Go to Inventory > Adjust Inventory.



Inventory Journal Number: IJ000001

Date: 28/5/2015

Memo:

Item Number	Quantity	Unit Cost	Amount	Account	Job	Memo
⇒Import Duty	1,000	RM5.50	RM5,500.00	6-1000		

Recap Transaction

Recap Transaction in Adjust Inventory

Src	Date	ID#	Account	Debit	Credit	Job
IJ	28/5/2015					
		Auto #	6-1000 Import Duty		RM5,500.00	
		Auto #	1-4100 Inventory	RM5,500.00		

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- Another inventory adjustment need to be recorded to add in the COS value into the item COS as per below :-

Inventory Journal Number:

Date:

Memo:

Item Number	Quantity	Unit Cost	Amount	Account	Job	Memo
⇨ Import Duty	-1,000	RM5.50	(RM5,500.00)	5-1100		
⇨ Item	0	RM0.00	RM5,500.00	5-1100		

**Recap Transaction**

Recap Transaction in Adjust Inventory

Src	Date	ID#	Account	Debit	Credit	Job
IJ	28/5/2015		Add in COS			
		IJ000002	5-1100 COS	RM5,500.00		
		IJ000002	5-1100 COS		RM5,500.00	
		IJ000002	1-4100 Inventory		RM5,500.00	
		IJ000002	1-4100 Inventory	RM5,500.00		

- When you sell this item, the COS is already RM55.50 in Average Cost.

**Profile** | Item Details | Buying Details | Selling Details | History | Auto-Build | Locations

Item Number:

Name:

Inactive Item

Quantity On Hand ⇄:

Current Value ⇄:

Average Cost:

Committed ⇄:

On Order ⇄:

Available ⇄:

I Buy This Item      Cost of Sales Account ⇄:

I Sell This Item      Income Account for Tracking Sales ⇄:

I Inventory This Item      Asset Account for Item Inventory ⇄:



## Support Note

- When invoicing to the customer, recap the transaction ; *Edit > Recap transaction*
  - The item COS value will be credited into COS account.

The screenshot shows the MYOB Premier interface for creating a new sales invoice. The main window is titled "MYOB Premier - [Sales - New Item]". The invoice form includes fields for Customer (XYZ Customer), Invoice # (00000001), Date (28/5/2015), and Terms (Net 30th after EOM). A table lists the invoice items:

Ship	Backorder	Item Number	Description	Price	Disc%	Total	Job	Tax
1			Item with Import Duty	RM100.00		RM100.00		SR

A "Recap Transaction" dialog box is open, displaying a table of transactions to be recapped:

Src	Date	ID#	Account	Debit	Credit	Job
SJ	28/5/2015		Sale; XYZ Customer			
		Auto #	1-2200 Trade Debtors	RM100.00		
		Auto #	1-2200 Trade Debtors	RM6.00		
		Auto #	4-2100 Item Sale		RM100.00	
		Auto #	2-2310 Output Tax		RM6.00	
		Auto #	5-1100 COS	RM55.50		
		Auto #	1-4100 Inventory		RM55.50	

The dialog box also features a "Help F1" button and an "OK" button. The main invoice form includes summary fields for Subtotal (RM100.00), Freight (RM0.00), Tax (RM6.00), and Total Amount (RM106.00). It also has fields for Salesperson, Comment, Ship Via, and Promised Date. At the bottom, there are buttons for "Save as Recurring", "Use Recurring", "Reinburse", and "Spell", along with a toolbar with icons for Help, Print, Send To, Journal, Layout, and Register.