

GST Work Plan

Purpose and Limitation

This document serves as a framework for an identified work plan detailing action steps to be taken by the project team. This document may draw information from previous deliverables to describe areas of review and sets out the scope in which the project will operate within.

*Penang Global Tourism
Sdn Bhd ("PGT")*

Work Plan:

GST 17 – Blocked Input Tax; and

GST 18 – Entertainment Expenditures

Work Stream Lead	Hooi Leng / Jason / Pauline / Michelle
Team Members	<i>[To complete]</i>



Work to be done

GST 17 – Blocked Input Tax

1. Identify all potential blocked input tax expenditure items that PGT will incur.
2. Assess the GST financial impact on PGT's bottom line and whether any changes in policies required.
3. Review current accounting and recording of these blocked input tax expenditures and apply the appropriate tax codes so that no input tax credit is claimed in respect of these expenses.

GST 18 – Entertainment Expenditures

1. Identify expenditures which would falls to be regarded as "entertainment expense" for GST purposes.
2. Categories the various entertainment expenses into the following:-
 - own employees;
 - existing customers;
 - mix of employees/customers and others;
 - all others
3. Establish controls and procedures to ensure that entertainment expenses incurred or claimed are correctly categorised with input tax incurred segregated between blocked and claimable amount.
4. Establish process and procedures to review and verify the status of employees and existing customers for which input tax incurred on entertainment expenses is claimed.
5. Establish process and procedures to ensure that invoices and documentation relating to input tax claim on entertainment expenses are complete, correct and in order. Full or simplified tax invoice, name of company, name of persons entertained and other key details need to be maintain and kept to support the input tax claimed.
6. Review current procedures and processes for accounting for entertainment expenses and determine the changes in procedures, processes and systems required to cater for the new GST impact and its implications.
7. Consider if general ledger accounts need to be split and new accounts established. Proper tax coding should be assigned to each account, if account coding method is adopted.
8. Implement procedures, processes and systems changes required to support a proper claim of input tax incurred on entertainment expenses.
9. Educate employees on the procedures, processes and systems changes.

Appendix 1

List of specified blocked input tax

Items blocked from input tax claim	Exceptions
- The purchase or hire of a passenger motor car¹ - Supply of goods or services relating to repair, maintenance and refurbishment of a passenger motor car.	- Purchase of car to be used exclusively for the purposes of business¹. - Purchase of vehicles other than motorcars (e.g. motorcycles, lorries etc)
- Recreational or sporting club fees: - subscription fee - joining fee - membership fee - transfer fee - other consideration in relation to the above	- Professional membership fees - Trade association fees
Medical insurance & personal accident insurance premium for any person	Insurance contracts that are incurred due to the Employees' Social Security Act 1969, Workmen's Compensation Act 1952 or the Industrial Relations Act 1967
Medical expenses for employees	- Medical expenses incurred under the provisions of the Employees' Social Security Act 1969, Workmen's Compensation Act 1952 or the Industrial Relations Act 1967 - Fees to panel doctor for medical report on policyholders
- Family benefits - Benefit for - Spouse; - Child; or - Relative of an employee	The portion of these transactions which may be attributable to employees can be claimed

Entertainment expenses² for persons other than employees³ or clients⁴	Entertainment expenses for employees and current clients
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Notes:

¹ Conditions for motor car which is exclusively for the purposes of business as may be approved by the Director General subject to the following conditions:

- The motor car is registered in the name of the company;
- The motor car is not let on hire;
- There is no intention to make the motor car available for private use;
- The motor car is kept at business premises, used for business trips and must not be taken home overnight by any employees; and
- The motor car has the business's name.

² "Entertainment expense" includes –

- The provision of any food, drink, recreation or hospitality of any kind, or
- The provision of accommodation or travel associated with the provision of food, drink or recreation

by a person or an employee of his to anyone in connection with a trade or business carried on by that person.

"recreation or hospitality" would include:

- A trip to a theme park or recreation centre
- A stay at a holiday resort
- Tickets to a show or theatre; and
- Entry to sporting activities/events.

³ "Employee" will exclude agents.

⁴ "Clients" is restricted to current clients and would exclude potential clients.