

GST-15 Bad Debt

What is 6 Months “Bad Debt” Relief?

A GST registered business can claim bad debt relief (GST Tax amount paid earlier to Kastam) if they have not received any payment or part of the payment from their debtor after 6th months from the date of invoice. The business should also have made sufficient efforts to recover the debt. Look at the scenario A below:

Company issued an Invoice at 15th January 2016. The 6th month expires as at end of 15th June 2016. The bad debt relief must be claimed immediately in July taxable period.

1	2	3	4	5	6	7
15/01/2016	February	March	April	May	June	July
Invoice					Expired	Claim Bad Debt Relief

The definition of “*Bad Debt*” in this scenario is NOT the outstanding amount has been written off from the accounts. It is just a mechanism use by Kastam to help business recover the output tax they have paid earlier, which customer not fully /partially pay the outstanding. In more simple way, is the customer delay their payment.

What happen if the bad debt relief not claimed immediately after the export 6th month? The taxable person must apply in writing for Director General’s (DG) approval on his intention to claim at such later date.

What is 6 Months “Bad Debt” Recover?

When a GST registered business have recovered the amount be it full or partial from their debtor, they must pay back to Kastam the GST Tax amount that have claim as Bad Debt Relief earlier. This GST tax amount will be calculated in proportion to the payment recovered from debtor. Refer scenario B :

Invoice issued at 15th January 2016. The 6th month expires at the end of Jun and the bad debt relief claim in July. Payment recovered from debtor in 20th December 2016. Then Bad Debt recovered GST must be paid immediately in December taxable period.

1	2 3 4 5	6	7	8 9 10 11	12	13
15/01/2016	Feb Mar Apr May	June	July	Aug Sep Oct Nov	20/12/2016	Jan 2017
Invoice		Expired	Claim Bad Debt Relief		Pay Bad Debt Recovered	

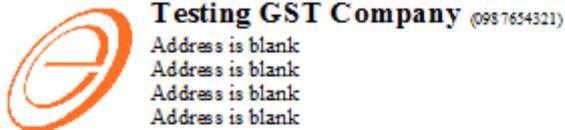
WARNING : “Bad Debt” goes **both** ways. If you dint pay your supplier, then 6 months later you must **payback** Kastam then input tax that your business have claim earlier.

GST 16-Bad Debt Relief

How to be more effort to avoid “bad debt” relief?

We can generate customer statement ([Customer](#) | [Print Customer Statement](#)) email/ send to customer regularly during 6 months before “Bad debt” Relief. Another will be Customer Overdue Letter to remind customer ([Customer](#) | [Due Document Report](#) | [Group by Customer Name](#)).

Let look onto the customer due document and customer statement here,



Date: 31/12/2015
Page: 1 of 1

To: ALPHA & BETA COMPUTER
838 JALAN WORLD
40485 RAWANG
SELANGOR DE

RE : OVERDUE ACCOUNT

Our record shows that an amount of RM

28,512.50 is now overdue. A list of overdue invoices is shown as below :

DATE	TYPE	INV/DN NO.	TERMS	DUE DATE	AGE	AMOUNT DUE
01/01/2013	IV	4	45 Days	15/02/2013	1049	100.00
07/01/2013	PM	OR-00030			1088	(100.00)
12/01/2013	IV	IV-00021	45 Days	26/02/2013	1038	100.00
20/01/2013	DN	DN-00004	45 Days	06/03/2013	1030	12.50
16/02/2013	IV	CS-00010	45 Days	02/04/2013	1003	1,595.00
20/02/2013	IV	IV-00004	45 Days	06/04/2013	999	4,380.00
14/11/2013	CN	CN-00002			777	(2.50)
15/12/2013	PM	MCOR-00011			746	(10.00)
17/12/2013	PM	OR-00014			744	(5.00)
17/12/2013	PM	VCOR-00013			744	(50.00)
18/12/2013	IV	IV-00010	45 Days	01/02/2014	698	2.50
01/04/2015	IV	IV-00099	45 Days	16/05/2015	229	10,450.00
01/07/2015	PM	OR-00056			183	(530.00)
01/08/2015	IV	XXXX	45 Days	15/09/2015	107	1,060.00
01/09/2015	IV	IV-00104	45 Days	16/10/2015	76	10,450.00
01/09/2015	IV	YYYY	45 Days	16/10/2015	76	1,060.00

Total Amount: 28,512.50

Tel : 03-48573689
 Fax : 03-48573690

Closing Balance	28,518.00
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Attention	Sales Executive	Customer Account	Currency	Name	Page No	Terms	Date
MR ALPHA	SY	300-A0002	RM	ADMIN	1 of 1	45 Days	31/12/2015
Date	Reference	Transaction Description	Debit	Credit	Balance		
01/01/2013	4	Cash Sales	100.00		100.00		
07/01/2013	OR-00030 87678868	Payment For Account		100.00	0.00		
12/01/2013	IV-00021	Sales	100.00		100.00		
13/01/2013	CS-00007	Cash Sales	5.50		105.50		P
20/01/2013	DN-00004	Delivery Order	12.50		118.00		
16/02/2013	CS-00010	Cash Sales	1,595.00		1,713.00		
20/02/2013	IV-00004	Sales	4,380.00		6,093.00		P
14/11/2013	CN-00002	Sales Returned		2.50	6,090.50		
15/12/2013	MCOR-00011	Payment For Account		10.00	6,080.50		
17/12/2013	OR-00014	Payment For Account		5.00	6,075.50		
17/12/2013	VCOR-00013	Payment For Account		50.00	6,025.50		
18/12/2013	IV-00010	Sales	2.50		6,028.00		
01/04/2015	IV-00099	Sales	10,450.00		16,478.00		
01/07/2015	OR-00056 CIMB 123456	Payment For Account		530.00	15,948.00		
01/08/2015	XXXX	Sales	1,060.00		17,008.00		
01/09/2015	IV-00104	Sales	10,450.00		27,458.00		
01/09/2015	YYYY	Sales	1,060.00		28,518.00		

RINGGIT MALAYSIA : TWENTY EIGHT THOUSAND FIVE HUNDRED AND EIGHTEEN ONLY

RM: 28,518.00

Current Mth	1 Month	2 Months	3 Months	4 Months	5 Months
-	-	-	11,510.00	1,060.00	(530.00)
6 Months	7 Months	8 Months	9 Months	10 Months	11 Mths & Above
-	-	10,450.00	-	-	6,028.00

[All outstanding without full payment more than 6 months or 180 days can claim for bad debt relief.](#)

Look at the example here,

Invoice No	Date	Code	Company	Curre...	Amount
IV-00003	04/01/2013	300-C0001	CASH SALES	----	5,225.00
IV-00002	19/01/2013	300-A0001	A'BEST TELECOMMUNICATIO...	S\$	7,500.00
IV-00001	11/02/2013	300-K0001	KITTY SECURITY SDN BHD	----	16,000.00
IV-00004	20/02/2013	300-A0002	ALPHA & BETA COMPUTER	----	9,380.00
IV-00006	21/02/2013	300-A0002	ALPHA & BETA COMPUTER	----	360.00
IV-00005	20/04/2013	300-A0003	AB ENTERPRISE SDN BHD	----	8,988.00
IV-00007	25/10/2013	300-A0003	AB ENTERPRISE SDN BHD	----	5,900.00
IV-00008	17/12/2013	300-A0003	AB ENTERPRISE SDN BHD	----	1,595.00
IV-00010	18/12/2013	300-A0002	ALPHA & BETA COMPUTER	----	2.50
IV-00011	22/12/2013	300-A0002	ALPHA & BETA COMPUTER	----	50.00
IV-00099	01/04/2015	300-A0002	ALPHA & BETA COMPUTER	----	10,450.00
IV-00105	01/04/2015	300-K0001	KITTY SECURITY SDN BHD	----	106.00
IV-00106	01/04/2015	300-K0001	KITTY SECURITY SDN BHD	----	206.00
IV-00100	01/05/2015	300-T0001	STAR TRADING SDN BHD	----	10,450.00
IV-00101	01/06/2015	300-A0003	AB ENTERPRISE SDN BHD	----	10,450.00
IV-00102	01/07/2015	300-K0001	KITTY SECURITY SDN BHD	----	10,450.00
IV-00103	01/08/2015	300-T0001	STAR TRADING SDN BHD	----	10,450.00
XXXX	01/08/2015	300-A0002	ALPHA & BETA COMPUTER	----	10,450.00
IV-00104	01/09/2015	300-A0002	ALPHA & BETA COMPUTER	----	10,450.00
YYYY	01/09/2015	300-A0002	ALPHA & BETA COMPUTER	----	10,450.00

20 Invoices

April + 6 mth = Oct
 May + 6 Mth = Nov
 Jun + 6 mth = Dec

Now, we go to proceed the 1st cycle of GST which is fro, April to June. Step as below:

File Edit View GL Customer Supplier Sales Purchase Stock Production GST Inquiry Tools Window Help

57 9 3 5 1

New GST Return... 1

Open GST Return...

Maintain Tax...

GST Effective Date...

Gift / Deemed Supply...

Print GST Listing...

Print GST-03...

Print GST Audit...

Sales Order

New GST Return

GST Return

Process From 01/04/2015 To 30/06/2015 2

Process Date 02/02/2015

Amendment

C/F Refund for GST

Longer Period Adjustment

Description

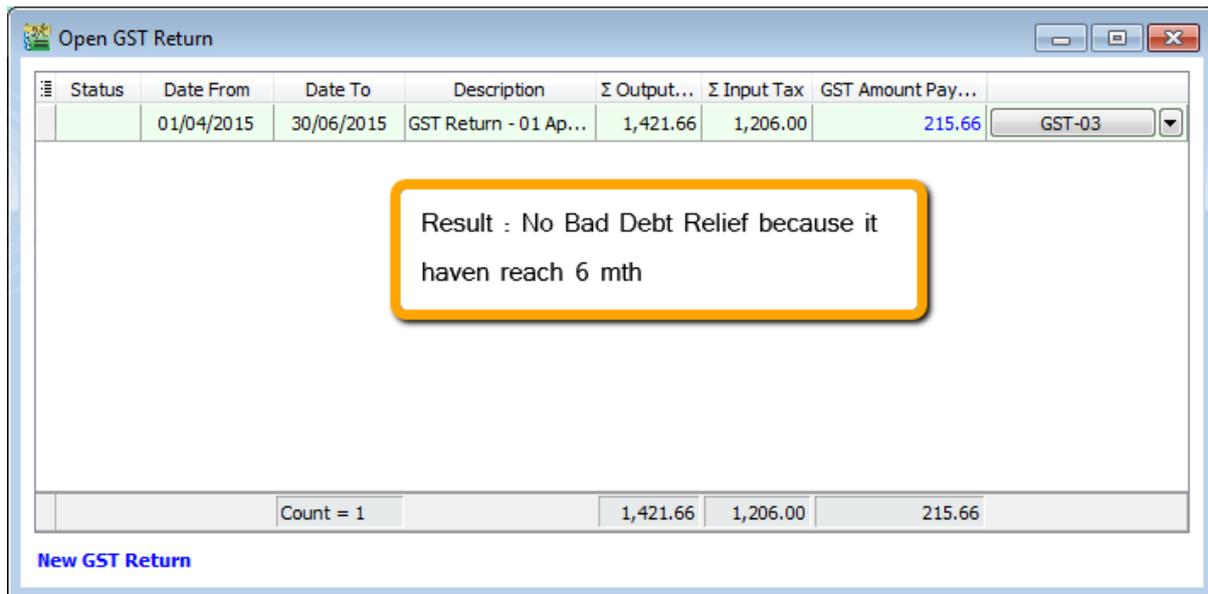
Description GST Return - 01 Apr 2015 to 30 Jun 2015

Ref 1

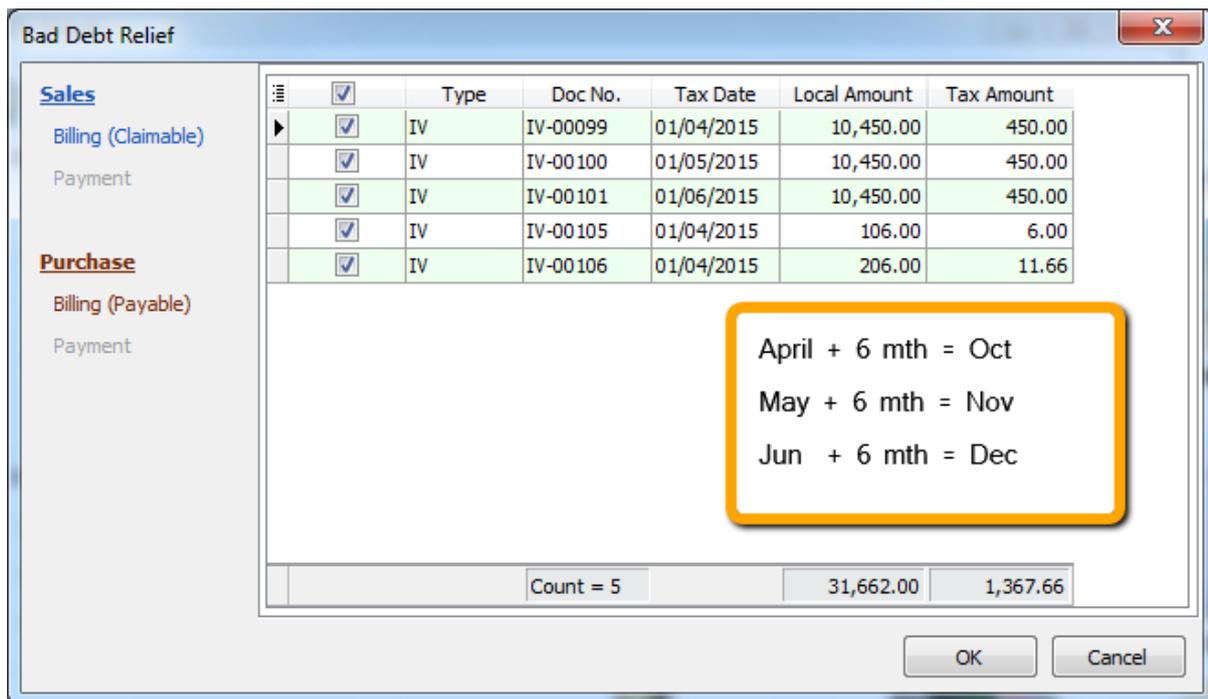
Ref 2

3 Process

1. GST | New GST Return
2. Set the date 1/4/2015 until 30/6/2015
3. Process



and now continue process 2nd cycle : 1/7/2015 until 30/9/2015 (repeat the same step 1,2,3), still there is no bad debt relief...Now we proceed to 3rd process which is from 1/10/2015 until 31/12/2015 (repeat the same step 1,2,3), look at the result now...



System will AUTO calculate 6 months bad debt relief.

Bad Debt Relief

Sales

Billing (Claimable)

Payment

Purchase

Billing (Payable)

Payment

<input checked="" type="checkbox"/>	Type	Doc No.	Tax Date	Local Amount	Tax Amount
<input checked="" type="checkbox"/>	IV	IV-00099	01/04/2015	10,450.00	450.00
<input checked="" type="checkbox"/>	IV	IV-00100	01/05/2015	10,450.00	450.00
<input checked="" type="checkbox"/>	IV	IV-00101	01/06/2015	10,450.00	450.00
<input checked="" type="checkbox"/>	IV	IV-00105	01/04/2015	106.00	6.00
<input checked="" type="checkbox"/>	IV	IV-00106	01/04/2015	206.00	11.66

Count = 5 31,662.00 1,367.66

OK Cancel

1. This is the total amount, you can claim back from Kastam for “bad debt” relief.
2. If user decide not to claim the GST bad debt relief, they can choose to untick it.

Bad Debt Relief

Sales

Billing (Claimable)

Payment

Purchase

Billing (Payable)

Payment

Type	Doc No.	Tax Date	Local Amount	Tax Amount
PI	PI-00029	01/04/2015	5,300.00	300.00
PI	PI-00030	01/05/2015	10,600.00	600.00
PI	PI-00031	01/06/2015	5,300.00	300.00

Count = 3 21,200.00 1,200.00

OK Cancel

Under purchase, there is also “bad debt” relief, where business did not do payment for supplier more than 6 months, there for the input tax claim from 6 months ago will have to be return to Kastam, so, bad debt relief goes both ways...this is a fair rules.

Status	Date From	Date To	Description	Σ Output...	Σ Input Tax	GST Amount Pay...	
	01/04/2015	30/06/2015	GST Return - 01 Ap...	1,421.66	1,206.00	215.66	GST-03
	01/07/2015	30/09/2015	GST Return - 01 Jul...	1,470.00	906.00	564.00	GST-03
LPA	01/10/2015	31/12/2015	GST Return - 01 Oc...	1,200.00	1,367.66	Claimable: 167.66	GST-03
Count = 3				4,091.66	3,479.66	612.00	

claimable - payable = 1367.66 - 1200 = RM167.66

New GST Return

This will be the results RM 167.66 , how about GST-03 Report? Refer the item No.8

	Amaun (Amount)
6) Cukai Input /Input Tax	
a) Jumlah Nilai Perolehan Berkadar Standard * Total Value of Standard Rated Acquisition	RM 0.00
b) Jumlah Cukai Input (Termasuk Hutang Lapuk dan Pelarasan lain) * Total Input Tax (Inclusive of Bad Debt Relief & other Adjustments) *	RM 1,367.66
7) Amaun CBP Kena Dibayar (Butiran 5b - Butiran 6b) * GST Amount Payable (Item 5b - Item 6b) *	RM 0.00
ATAU / OR	
8) Amaun CBP Boleh Dituntut (Butiran 6b - Butiran 5b) * GST Amount Claimable (Item 6b - Item 5b) *	RM 167.66
9) Adakah anda memilih untuk membawa ke hadapan pembayaran balik CBP? Do you choose to carry forward refund for GST?	<input type="checkbox"/> Ya Yes <input checked="" type="checkbox"/> Tidak No

Lastly, refer item No.9, you can choose either to c/f to the next GST, if you choose No, it will be deposited with Kastam for future refund, vice versa.

GST-17 Bad Debt Recover

As we mentioned earlier, "bad debt" is After 6 months later, customer decided to pay the money back to your company.

Let's say, customer pay partial RM 5,300 on 1/1/2016 and also another full payment as at 1/2/2016, refer below:

Customer Payment Entry

Customer Code: 300-A0002 Currency: ---

Project: ---

Customer Payment

Cancelled

Paid By: ALPHA & BETA COMPUTER

Received In: MAYBANK

Bank Charge: 0.00

Cheque No: PBB 1234567

O/R No: OR-00060

Next No: OR-00061

Date: 01/01/2016

Agent: SY

Area: RAWANG

Paid Amount: 5,300.00

Description: Payment For Account Unapplied Amt: 0.00

Knock-off Invoices / Debit Notes

Type	Date	Doc No.	Amount	Outstanding	Pay
IV	01/01/2013	4	100.00	100.00	0.00
IV	12/01/2013	IV-00021	100.00	100.00	0.00
IV	13/01/2013	CS-00007	7.50	5.50	0.00
DN	20/01/2013	DN-00004	12.50	12.50	0.00
IV	16/02/2013	CS-00010	1,595.00	1,595.00	0.00
IV	20/02/2013	IV-00004	9,380.00	4,380.00	0.00
IV	18/12/2013	IV-00010	2.50	2.50	0.00
IV	01/04/2015	IV-00099	10,450.00	5,150.00	5,300.00
IV	01/08/2015	XXXX	1,060.00	1,060.00	0.00
11 doc			Total:	34,217.50	23,915.50

Customer Payment Entry

Customer Code: 300-A0002 Currency: ---

Project: ---

Customer Payment

Cancelled

Paid By: ALPHA & BETA COMPUTER

Received In: MAYBANK

Bank Charge: 0.00

Cheque No: PBB 12380

O/R No: OR-00061

Next No: OR-00062

Date: 01/02/2016

Agent: SY

Area: RAWANG

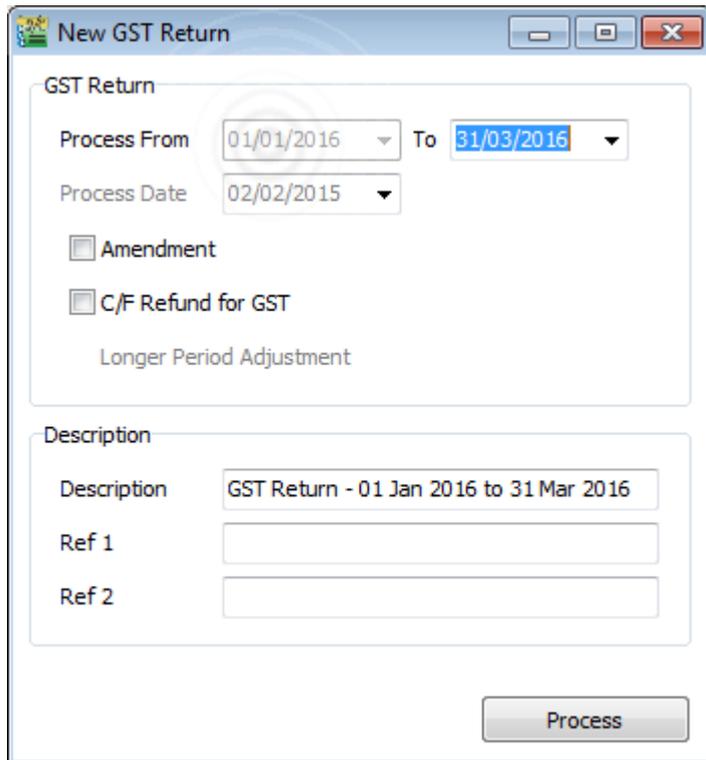
Paid Amount: 5,150.00

Description: Payment For Account Unapplied Amt: 0.00

Knock-off Invoices / Debit Notes

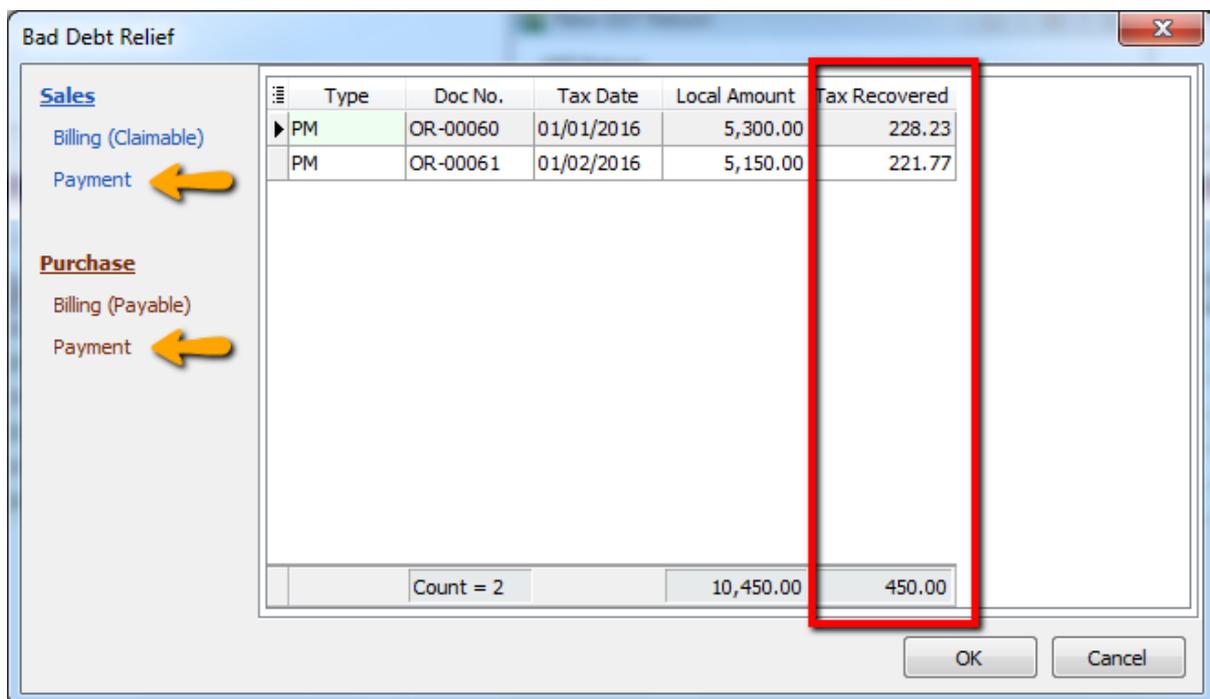
Type	Date	Doc No.	Amount	Outstanding	Pay
IV	01/01/2013	4	100.00	100.00	0.00
IV	12/01/2013	IV-00021	100.00	100.00	0.00
IV	13/01/2013	CS-00007	7.50	5.50	0.00
DN	20/01/2013	DN-00004	12.50	12.50	0.00
IV	16/02/2013	CS-00010	1,595.00	1,595.00	0.00
IV	20/02/2013	IV-00004	9,380.00	4,380.00	0.00
IV	18/12/2013	IV-00010	2.50	2.50	0.00
IV	01/04/2015	IV-00099	10,450.00	0.00	5,150.00
IV	01/08/2015	XXXX	1,060.00	1,060.00	0.00
IV	01/09/2015	IV-00104	10,450.00	10,450.00	0.00
11 doc			Total:	34,217.50	18,765.50

Repeat the same for supplier side...After this, we proceed to GST Return from 1/1/2016 until 31/3/2016.



The 'New GST Return' dialog box contains the following fields and options:

- GST Return** section:
 - Process From: 01/01/2016
 - To: 31/03/2016
 - Process Date: 02/02/2015
 - Amendment
 - C/F Refund for GST
 - Longer Period Adjustment
- Description** section:
 - Description: GST Return - 01 Jan 2016 to 31 Mar 2016
 - Ref 1: [Empty field]
 - Ref 2: [Empty field]
- Process** button



The 'Bad Debt Relief' dialog box displays a table of transactions. The 'Tax Recovered' column is highlighted with a red box. The table data is as follows:

Type	Doc No.	Tax Date	Local Amount	Tax Recovered
PM	OR-00060	01/01/2016	5,300.00	228.23
PM	OR-00061	01/02/2016	5,150.00	221.77

Summary at the bottom of the table:

Count = 2	10,450.00	450.00
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Buttons: OK, Cancel

So, system will auto list you the both payment with the tax recover figure, it's the total amount you will need to pay back, supplier side payment where will list you too... as well as GST-03, refer item no 7 & 8.

14) Jumlah Nilai Pengimportan Barang Dibawah Skim Pedagang Diluluskan * <i>Total Value of Goods Imported Under Approved Trader Scheme *</i>	RM	0.00
15) Jumlah Nilai CBP Import Digantung dibawah butiran 14 * <i>Total Value of GST Suspended under item 14 *</i>	RM	0.00
16) Jumlah Nilai Perolehan Harta Modal * <i>Total Value of Capital Goods Acquired *</i>	RM	0.00
17) Pelepasan Hutang Lapuk * <i>Bad Debt Relief *</i>	RM	33,470.00
18) Hutang Lapuk Dibayar Balik * <i>Bad Debt Recovered *</i>	RM	10,450.00