



MOORE Advent

TAX FLASH

December 2024

In this Issue

- [Guideline on Application for Green Technology Incentive](#)
- [Guideline on Application for Approval Under Paragraph 17\(1\) of Schedule 2 of the RPGT Act 1976](#)
- [Tax Exemption for Individuals Investing Through Equity Crowdfunding](#)
- [Stamp Duty Exemption on Instrument of Loan or Financing Agreement for Disaster Relief Facility 2022 or Disaster Relief Facility Approved Under Bank Negara Malaysia's Fund for Small and Medium Enterprises](#)
- [Stamp Duty Exemption on Instrument of Loan or Financing Agreement for PENJANA Tourism Financing Facility, Targeted Relief and Recovery Facility, and High Tech and Green Facility](#)
- [Stamp Duty Exemption on Instrument of Agency Agreement for the Special Relief Facility, Targeted Relief and Recovery Facility, Disaster Relief Facility 2021 and Disaster Relief Facility 2022](#)
- [Stamp Duty Exemption on Instrument of Loan or Financing Agreement for Targeted Relief and Recovery Facility](#)
- [Compliance Verification Audit Programme Framework](#)
- [Sales Tax \(Amendment\) Act 2024 and Service Tax \(Amendment\) Act 2024](#)
- [Service Tax \(Amendment\) \(No. 2\) Regulations 2024](#)
- [Sales Tax and Service Tax Regulations and Orders](#)
- [Service Tax Policy No. 6/2024 \(Amendment No. 1\) – Exemption from Payment and Imposition of Service Tax on Maintenance or Repair Services for Maintenance, Repair and Overhaul \["MRO"\] Activities](#)
- [Clarification Regarding Service Tax Exemption for Food and Beverage Preparation Services by Golf Club and Golf Driving Range Operators](#)

- [Moore Malaysia](#)
- [Moore Global](#)
- [Inland Revenue Board](#)

Guideline on Application for Green Technology Incentive

In line with the announcement of the revision of the green technology tax incentive in Budget 2024, the Malaysian Investment Development Authority ["MIDA"] has issued the [Guideline on Application for Green Technology Incentive](#). The tax incentive will be based on "tiering approach" and will be categorised into the following 3 categories:-

- Green Investment Tax Allowance ["GITA"] Project for Business Purposes;
- Green Income Tax Exemption ["GITE"] Solar Leasing; and
- GITA Asset for Own Consumption.

Salient points of the Guideline are as below:-

i. GITA Project for Business Purposes

Qualifying Activities	Tax Incentive	Incentive Period	Criteria/Conditions
<u>Tier 1</u> Green Hydrogen	GITA of 100% on qualifying capital expenditure ["QCE"] to set off against 70% or 100% of statutory income.	Up to 10 years (first 5 + renewable for another 5).	<u>First 5 years</u> <ul style="list-style-type: none"> • Green hydrogen must be produced from renewable energy sources. • Certification for production of green hydrogen must be obtained from the Department of Standards Malaysia or any recognised international certification bodies. • Fixed asset / investment value. • High value / science and technical jobs creation. • Other conditions to be imposed by the National Committee on Investment ["NCI"]. <u>Second 5 years</u> <ul style="list-style-type: none"> • Spillover effect conditions such as high value jobs, local spending, and/or other conditions to be imposed by NCI.
<u>Tier 2</u> <ul style="list-style-type: none"> • Integrated Waste Management ["IWM"] • Electric Vehicle ["EV"] Charging Station 	GITA of 100% on QCE to set off against 100% of statutory income.	5 years	<u>IWM</u> <ul style="list-style-type: none"> • Invest in IWM facilities and undertake activities of waste recycling or waste treatment, and at least 2 of the following activities:- <ul style="list-style-type: none"> ○ recovery; ○ composting; ○ storage; ○ collection; ○ disposal. • Imported waste is not allowed to be used in the IWM projects. Only allowed to utilise waste obtained within Malaysia including Free Zones / Licensed Manufacturing Warehouse.

Qualifying Activities	Tax Incentive	Incentive Period	Criteria/Conditions
			<ul style="list-style-type: none"> Compliance with the guidelines/ conditions of the relevant Acts, Rules and Regulations under the respective ministries and agencies. Other conditions to be imposed by NCI. <p><u>EV Charging Station</u></p> <ul style="list-style-type: none"> The company or charge point operators ["CPO"] must invest in equipment, or a combination of equipment, which provides dedicated functions to supply electric energy from a fixed electrical installation or supply network to an EV. The CPO of the EV charging station must obtain an Electric Vehicle Charging System ["EVCS"] licence from Energy Commission ["EC"] and approval for the installation of Electric Vehicle Charging Bays ["EVCB"] from local councils. Other conditions to be imposed by NCI.
<p><u>Tier 3</u> Generation of energy from renewable sources:-</p> <ul style="list-style-type: none"> biomass; biogas; mini hydro; geothermal; solar; wind energy. 	GITA of 100% on QCE to set off against 70% of statutory income.	5 years	<ul style="list-style-type: none"> Generate energy from the proposed renewable sources. Obtain an award letter from Sustainable Energy Development Authority ["SEDA"] / EC for the proposed project. Equipment/assets used in the GITA projects must be owned by the company, recognised and registered under MYHijau Mark or have product verification that is recognised by the Malaysian Green Technology and Climate Change Corporation ["MGTC"]. Other conditions to be imposed by NCI.

ii. GITE Solar Leasing

Installed Capacity	Tax Incentive	Incentive Period	Criteria/Conditions
<p><u>Tier 1</u> > 10MW - ≤ 30MW</p>	Tax exemption of 70% of the statutory income.	10 years	<ul style="list-style-type: none"> Assets used for the solar leasing project must be incorporated in the Registered Solar PV Investor ["RPVI"] balance sheet. Employ at least 5 full-time employees working in Malaysia including at least 2 competent personnel who are either registered with a professional body or qualification agency, certified with Continuing Professional Development points or actively practising in green technology field.
<p><u>Tier 2</u> > 3MW - ≤ 10MW</p>	Tax exemption of 70% of the statutory income.	5 years	

Installed Capacity	Tax Incentive	Incentive Period	Criteria/Conditions
			<ul style="list-style-type: none"> • Project must generate income from sales of electricity or solar PV system leasing; income derived from other activities is not eligible for tax exemption. • Exemption is only granted to income generated within the capacity of each tier; income derived from excess capacity is not eligible for tax exemption and the company shall keep separate accounts. • Incur adequate amount of annual operating expenditure in Malaysia, including local services for insurance, legal, banking, Information and Communication Technology and transportation, but excluding cost of goods sold, depreciation, interest on borrowings and expenses that are not directly involved for the proposed activities. • Other conditions to be imposed by NCI.

The table below outlines the key eligibility criteria and the tax incentive mechanism:-

i. GITA Project for Business Purposes

Subject	Eligibility and Tax Incentive Mechanism
Eligible Company	<p>A company incorporated under the Companies Act 2016 ["CA 2016"] and resident in Malaysia which is:-</p> <ul style="list-style-type: none"> • a newly established company undertaking qualifying activities which may have related entity in Malaysia carrying on the same qualifying activities in Malaysia; or • an existing company which is already operating in Malaysia and:- <ul style="list-style-type: none"> ○ has yet to undertake any qualifying activities under the GITA Project; ○ has undertaken qualifying activities but has not been approved for the Green Technology Incentive (note : the company is only eligible for diversification projects); or ○ has been approved for the incentive previously based on the qualifying activities undertaken and plan to undertake expansion and/or diversification projects, subject to conditions.
Related Company Undertaking the Same Qualifying Activities	<p>Companies within the same group undertaking the same qualifying activity as their holding company or related companies will be imposed with the following conditions:-</p> <ul style="list-style-type: none"> • the project shall be implemented in a building/location separate from the other activities carried out by the holding company or the related companies; • the plant, machinery and equipment used shall be separate plant, machinery and shall not be transferred from holding company or related companies;

Subject	Eligibility and Tax Incentive Mechanism
	<ul style="list-style-type: none"> • the company's employees (except management staff and directors) shall be separated from those of the parent company or related companies; and • the project must not result in a reduction in the investment of the parent company or related companies.
Not Eligible	<p>The incentive is not applicable if the company:-</p> <ul style="list-style-type: none"> • has incurred the first QCE before the date of submission of the application to MIDA (except for green hydrogen projects where the QCE incurred earlier than the date of submission of application to MIDA is not deemed as QCE); • has made a claim for reinvestment allowance under Schedule 7A / investment allowance under Schedule 7B of the Income Tax Act 1967 ["ITA 1967"]; • has been granted any incentives under the Promotion of Investments Act 1986 ["PIA 1986"] / exemptions under Section 127(3)(b) or Section 127(3A) of the ITA 1967; • has been approved by the Minister for an incentive scheme under any rules made under Section 154 of the ITA 1967; or • has made a claim for deduction under any other rules made under Section 154 of the ITA 1967, except for:- <ul style="list-style-type: none"> ○ the rules in relation to allowances under Schedule 3 of the ITA 1967; ○ the Income Tax (Deduction for Audit Expenditure) Rules 2006 [P.U.(A) 129/2006]; or ○ the Income Tax (Deduction for Expenses in relation to Secretarial Fee and Tax Filing Fee) Rules 2014 [P.U.(A) 336/2014].
Effective Date of Tax Incentive	Date of the first QCE incurred after the date of application is received by MIDA. For Green Hydrogen, if the QCE was incurred before the submission of application, the effective date is determined based on the date of QCE incurred after the date of application received by MIDA.
Tax Incentive Mechanism	<ul style="list-style-type: none"> • Submit the application to MIDA before incurring any QCE (except for Green Hydrogen projects as explained above). • Application for determination of effective date must be submitted to MIDA within 24 months from the date of approval letter. • QCE of green technology assets must be new and verified by MGTC. • Application for compliance with all the conditions imposed duly verified by external auditors must be submitted to MIDA within the tax incentive period. • No claim shall be made to the Inland Revenue Board ["IRB"] prior to the issuance of a confirmation letter on compliance with all the conditions by MIDA. • Unabsorbed allowances can be carried forward until fully utilised. • Surrendering the approved incentive is allowed by notifying MIDA, provided that the company is not subjected to any non-compliance. • Approval may be withdrawn if the company fails to comply with any of the requirements stated in the approval letter.

ii. GITE Solar Leasing

Subject	Eligibility and Tax Incentive Mechanism
Eligible Company	<p>A company incorporated under the CA 2016 and resident in Malaysia which is:-</p> <ul style="list-style-type: none"> • verified by SEDA (verification letter to be submitted to MIDA); • listed under RPVI Directory; • at least 60% of the company's equity must be held by Malaysians; • minimum installed capacity of 3MW solar PV projects aggregated under Net Energy Metering ["NEM"] or Self-Consumption ["SelCo"] programs, which have achieved the Commercial Operation Date.
Income Eligible for Exemption	<ul style="list-style-type: none"> • Solar Power Purchase Agreement ["PPA"] <ul style="list-style-type: none"> - Income from sales of energy. - Tariff rate (RM/kWj) is based on agreement between NEM and investors. • Solar Leasing <ul style="list-style-type: none"> - Income from fixed monthly payment (RM/month) in return for the lease of Solar PV system.
Related Company Undertaking the Same Qualifying Activities	<p>Only one company in the same group is eligible for GITE solar leasing. Related companies undertaking the same solar leasing activity are not eligible for this incentive.</p>
Not Eligible	<p>Incentive is not applicable if the company has issued the first sale invoice of solar leasing project before the application is made to MIDA.</p>
Effective Date of Tax Incentive	<p>Year of assessment in which the first sales invoice of the proposed project is issued.</p>
Tax Incentive Mechanism	<ul style="list-style-type: none"> • Submit the application to SEDA to verify the compliance of pre-requisite conditions (a verification letter will be issued by SEDA). • Verification letter from SEDA to be submitted together with the application for tax incentive to MIDA within 12 months from the date of verification letter and before the issuance of the first sales invoice for the proposed project. • Application for determination of effective date and compliance with all the conditions imposed duly verified by external auditor must be submitted to SEDA within 24 months from the date of approval letter. • No claim shall be made to the IRB prior to the issuance of letter on determination of effective date and compliance with all the conditions by SEDA. • Application for compliance with all the conditions imposed (annual verification by external auditor) is to be submitted to SEDA within 7 months after the end of each year of assessment throughout the incentive period. • Surrendering the approved incentive is allowed by notifying MIDA, provided that the company is not subjected to any non-compliance. • Approval may be withdrawn if the company fails to comply with any of the requirements stated in the approval letter.

Existing companies which were approved for GITA Project under Section 4D of PIA 1986 or Sections 127(3A) or 127(3)(b) of the ITA 1967 are eligible for the green technology tax incentives, provided that:-

- i. the companies do not incur capital expenditure on the approved project; and
- ii. the companies have surrendered their existing tax incentive approval.

Companies with expired tax incentive periods or companies whose approval for tax incentive were withdrawn due to non-compliance are not eligible for these incentives.

The Guideline on Application for Green Technology Incentive is applicable for applications for GITA Project for Business Purposes and GITE Solar Leasing received by MIDA from 1st January 2024 until 31st December 2026.

Guideline on Application for Approval Under Paragraph 17(1) of Schedule 2 of the RPGT Act 1976

Pursuant to Paragraph 17(1) of Schedule 2 of the Real Property Gains Tax Act 1976 ["RPGT Act 1976"], any transfer of assets between companies in the same group shall be treated as a disposal on which the disposer receives no gain and suffer no loss. However, the transfer of assets under this provision of the RPGT Act 1976 must obtain a prior approval from the Director General of Inland Revenue ["DGIR"] to avail the companies of the treatment. In line with this, the IRB has recently issued the [Guideline on Application for Approval under Paragraph 17\(1\) of Schedule 2 of the RPGT Act 1976](#) on 11th November 2024 (in *Bahasa Malaysia*) to provide guidance on the application procedure for obtaining the approval under Paragraph 17(1) of Schedule 2 of the RPGT Act 1976.

Salient points of the abovementioned Guidelines include:-

i. Eligibility Criteria Under Paragraph 17(1) of Schedule 2 of the RPGT Act 1976

- Company or company under liquidation may submit the application, subject to conditions.
- Application for approval must be obtained from DGIR prior to the disposal of an asset.
- "Dispose" means the asset has been sold, conveyed, transferred, assigned, settled or alienated whether by agreement or by the force of law.
- The acquirer of the asset must be a company incorporated and resident in Malaysia.

ii. Specific Criteria Under Paragraph 17(1)(a) of Schedule 2 of the RPGT Act 1976

- For asset disposed of between companies in the same group.
- A parent company and all its subsidiary companies are referred to as companies in the same group. A subsidiary company and another subsidiary company owned by the same parent company are also referred to as companies in the same group.
- The disposal of asset between companies in the same group is to bring about greater efficiency in operation and the consideration should consist entirely of shares in the acquirer company or at least 75% of the shares in the acquirer company with the balance in money payment.

iii. Specific Criteria Under Paragraph 17(1)(b) of Schedule 2 of the RPGT Act 1976

- For asset disposed of between any companies.
- The disposal of asset is pursuant to any scheme of reorganisation, reconstruction or amalgamation where the acquirer company is being restructured under such scheme to comply with the government's policy on capital participation in the industry.

iv. Specific Criteria Under Paragraph 17(1)(c) of Schedule 2 of the RPGT Act 1976

- For asset distributed by a liquidator of a company.
- The company under liquidation and distribution of asset are made under a scheme of reorganisation, reconstruction or amalgamation where the acquirer company is being restructured under such scheme to comply with the government's policy on capital participation in the industry.

v. Information and Documents Required

- The application must be submitted together with the relevant supporting documents which include, among others:-
 - organisation chart of the company before and after the reorganisation, reconstruction or amalgamation, where applicable;
 - disposal price and the basis of determining the disposal price;
 - a copy of the relevant audited financial statements of the disposer and the acquirer companies;
 - a copy of the Director's Resolution on the disposal of the asset;
 - a draft copy of the Sale and Purchase Agreement relating to the asset to be disposed of;
 - detailed explanation of how the disposal of the asset will bring about greater efficiency in the operation of the company, where applicable.

vi. Withdrawal of Approval

- The DGIR has the discretion to withdraw any approval granted within 3 years after granting it if:-
 - the disposal was made wholly or partly for purposes other than the those mentioned in Paragraph 17(1) of Schedule 2 of the RPGT Act 1976, which includes, among others:-
 - transfer of assets for the purpose of obtaining loan facilities / financing or maintaining the credibility of the acquirer company;
 - transfer of assets for the purpose of maintaining a prescribed condition imposed on the acquirer company such as retaining the incentive status;
 - In the case of approval under Paragraph 17(1)(a) of the RPGT Act 1976, the acquirer company ceases to be in the same group of companies as the disposer company;
 - The acquirer company ceases to be resident in Malaysia.

vii. Requirement to Submit a Real Property Gains Tax ["RPGT"] Return

- The disposer or the liquidator of a company is not exempted from the submission of the RPGT return or any information related to obtaining prior approval under Paragraph 17(1) of Schedule 2 of the RPGT Act 1976.
- The RPGT return form must be submitted to the IRB within 60 days from the date of disposal.

Tax Exemption for Individuals Investing Through Equity Crowdfunding

Pursuant to the Income Tax (Exemption) (No. 4) Order 2022, tax exemption on the aggregate income is given to a qualifying individual for investment made in an investee company through an equity crowdfunding platform or a nominee company. The exemption is granted to a qualifying individual in the second year of assessment following the initial year of assessment in which an investment is made. The qualifying person is given a tax exemption on his aggregate income:-

- equivalent to 50% of the investment amount made (restricted to RM50,000) for each year of assessment; and
- limited to 10% of the aggregate income of the qualifying individual for the year of assessment in which the exemption is granted.

To qualify for the above exemption, the qualifying individual must make the investment in an investee company:-

- between 1st January 2021 and 31st December 2023; and
- in the form of holding shares which are paid in cash to the investee company through an equity crowdfunding platform or through a nominee company.

Following the Budget 2024 announcement, the *Income Tax (Exemption) (No. 4) Order 2022 (Amendment) Order 2024* has been gazetted to provide that:-

- the scope of the tax incentive has been expanded to include investment made by a qualifying individual through a nominee limited liability partnership; and
- the investment period be extended for another 3 years, i.e. from 1st January 2024 to 31st December 2026.

Note: For further information on the previous *Income Tax (Exemption) (No. 4) Order 2022*, kindly refer to our *Tax Flash – June 2022* issue.

Stamp Duty Exemption on Instrument of Loan or Financing Agreement for Disaster Relief Facility 2022 or Disaster Relief Facility Approved Under Bank Negara Malaysia’s Fund for Small and Medium Enterprises

The following Orders have been gazetted to provide exemption from stamp duty in relation to loan or financing agreement executed between a financial institution and small and medium enterprises [“SME”] in respect of the following facilities:-

- *Stamp Duty (Exemption) (No. 2) Order 2024*
 - Disaster Relief Facility 2022 or Disaster Relief Facility approved under the Bank Negara Malaysia’s [“BNM”] Fund for SME
- *Stamp Duty (Exemption) (No. 5) Order 2024*
 - Loan or financing facility approved under the BNM Fund for SME in respect of all Economic Sectors Facility, SME Automation and Digitalisation Facility or Agrofood Facility

The above exemptions shall apply to the instrument of loan or financing agreement which is executed pursuant to a letter of offer issued by the financial institution on or after 1st January 2022 but not later than 31st December 2023.

Application for the above exemptions shall be accompanied by a letter of offer from the financial institution to the SME which states the approval of the loan or financing facility.

For the purposes of the above Orders, “SME” has the meaning assigned to it in Section 2 of the SME Corporation Malaysia Act 1995.

The above Orders are deemed to have come into operation on 1st January 2022.

Stamp Duty Exemption on Instrument of Loan or Financing Agreement for PENJANA Tourism Financing Facility, Targeted Relief and Recovery Facility, and High Tech and Green Facility

The following Orders have been gazetted to provide exemption from stamp duty in relation to loan or financing agreement executed between a participating financial institution and SME for a facility approved under the BNM’s Fund for SME:-

- *Stamp Duty (Exemption) (No. 3) Order 2024*
 - PENJANA Tourism Financing Facility
- *Stamp Duty (Exemption) (No. 4) Order 2024*
 - Targeted Relief and Recovery Facility
- *Stamp Duty (Exemption) (No. 7) Order 2024*
 - High Tech and Green Facility

The above exemptions shall apply to the instrument of loan or financing agreement which is executed pursuant to a letter of offer issued by the participating financial institution on or after 1st January 2022 but not later than 31st December 2023.

Application for the above exemptions shall be accompanied by a letter of offer from the participating financial institution to the SME which states the approval of the loan or financing facility.

The list of participating financial institution is provided in the above Orders.

For the purposes of the above Orders, “SME” has the meaning assigned to it in Section 2 of the SME Corporation Malaysia Act 1995.

The above Orders are deemed to have come into operation on 1st January 2022.

Stamp Duty Exemption on Instrument of Agency Agreement for the Special Relief Facility, Targeted Relief and Recovery Facility, Disaster Relief Facility 2021 and Disaster Relief Facility 2022

The *Stamp Duty (Exemption) (No. 6) Order 2024* has been gazetted to provide exemption from stamp duty in relation to the agency agreement executed between the Central Bank of Malaysia and Credit Guarantee Corporation Malaysia Berhad for the following facilities approved under the BNM’s Fund for SME:-

- Special Relief Facility;
- Targeted Relief and Recovery Facility;
- Disaster Relief Facility 2021; and
- Disaster Relief Facility 2022.

The above exemption shall apply to the instrument of agency agreement which is executed on or after 1st January 2022 but not later than 31st December 2023.

The above Orders are deemed to have come into operation on 1st January 2022.

Stamp Duty Exemption on Instrument of Loan or Financing Agreement for Targeted Relief and Recovery Facility

The *Stamp Duty (Exemption) (No. 8) Order 2024* has been gazetted to provide exemption from stamp duty in relation to loan or financing agreement between the Central Bank of Malaysia and a participating financial institution for the Targeted Relief and Recovery facility approved under the BNM’s Fund for SME.

The above exemption shall apply to the instrument of loan or financing agreement which is executed pursuant to a letter of offer issued by the participating financial institution on or after 1st January 2022 but not later than 31st December 2023.

The list of participating financial institution is provided in the above Orders.

The above Orders are deemed to have come into operation on 1st January 2022.

Compliance Verification Audit Programme Framework

The Royal Malaysian Customs Department ["RMCD"] has published the *Compliance Verification Audit Programme ["AViP"] Framework* ["the Framework"] on 14th November 2024 in our national language – *Bahasa Malaysia*. The salient points extracted from the Framework are as follows:-

- The Framework outlines the implementation of verification audits introduced by the Compliance Management Division as a series of comprehensive audits on business entities ["BE"] to ensure compliance with the relevant legislations, procedures and tax policies administered by the RMCD.
- BE refers to:-
 - taxable person;
 - registrant;
 - manufacturer;
 - importer;
 - exporter; or
 - person enjoying facilities/exemptions.
- The Framework serves as a guidance for the BE to fulfill their responsibilities with a high level of compliance.
- The objectives of the Framework are as follows:-
 - to ensure comprehensive audit is conducted on BE to avoid repeated audits;
 - to enhance the level of compliance among BE through AViP actions; and
 - to provide BE an opportunity to voluntarily disclose any non-compliance by amending or submitting Supplementary Tax Return / Form SST-ADM / Form SST-ADM No. 2 / TTx-03A / TTx-ADM or by submitting any document showing the computation of under-payment of duty/tax/levy.
- The AViP covers many types of audits including audit on sales and service tax compliance.
- The incentives offered under the AViP include:-
 - penalty remission (blanket approval)

Category	Amount of Tax Paid	Tax Payment Period	Offer for Penalty Remission
1	100%	Within 6 months from the date of submission of the amended tax return / supplementary return	100%
2	100%	After 6 months but not exceeding 12 months from the date of submission of the amended tax return / supplementary return	50%
3	100%	After 12 months from the date of submission of the amended tax return / supplementary return	No remission

- a Bill of Demand issued as a result of any amendment made by the BE to any tax return / supplementary return within the specified period following participation in the AViP programme will be eligible for tax instalment scheme.

Sales Tax (Amendment) Act 2024 and Service Tax (Amendment) Act 2024

Both of the *Sales Tax (Amendment) Act 2024* and the *Service Tax (Amendment) Act 2024* ["the Amended Acts"] have been gazetted on 25th September 2024.

The Minister of Finance has, via the following gazette orders (gazetted on 27th November 2024), determined 1st December 2024 as the effective date on which the Amended Acts come into operation:-

- [Appointment of Date of Coming into Operation of the Sales Tax \(Amendment\) Act 2024](#); and
- [Appointment of Date of Coming into Operation of the Service Tax \(Amendment\) Act 2024](#).

The salient points extracted from the Amended Acts are as follows:-

- The definition of “**designated areas**” has been extended to include “Pulau 1”.
- “**Pulau 1**” is defined in Section 2(1) of the Customs Act 1967 to mean “Pulau 1, Forest City situated in the Mukim of Tanjung Kupang, District of Johor Bahru, Johor”.
- For sales tax purposes, the special provisions relating to designated areas shall apply to any taxable goods manufactured in Pulau 1, other than those goods declared by the Minister under Section 50(2)(a) of the Sales Tax Act 2018 [“SAT Act”].
- For sales tax purposes, no person is allowed to sell by retail any goods declared by the Minister under Section 50(2)(a) of the SAT Act in Pulau 1 without the approval of the Minister.
- Sales tax shall be levied and payable on goods imported into Pulau 1 or transported from Malaysia, designated areas or special areas to Pulau 1 or from Pulau 1 to Malaysia, designated areas or special areas.
- No sales tax shall be levied and payable on any taxable goods declared by the Minister under Section 50(2)(a) of the SAT Act if such goods are transported from special areas to Pulau 1.

Service Tax (Amendment) (No. 2) Regulations 2024

The [Service Tax \(Amendment\) \(No. 2\) Regulations 2024](#) [“the SET Regulations”] has been gazetted on 25th November 2024 and took effect from 27th November 2024 except for certain provisions with specified effective dates. The salient points extracted from the SET Regulations are as follows:-

- With effect from 1st May 2024, group relief for intragroup services has been extended to include services related to maintenance or repair.
- Any premises or healthcare facilities managed or operated by a registered practitioner under the Traditional and Complementary Medicine Act 2016 [Act 775] who practices traditional and complementary medicine in a recognised practice area are excluded from being a taxable person under Group C to First Schedule of the SET Regulations.

Note: For further details, kindly refer to our [Tax Flash – March 2024 \(Special Edition\)](#) and [Tax Flash – April 2024](#) issues.

Sales Tax and Service Tax Regulations and Orders

The following Regulations and Orders have been gazetted on the following dates and took effect from 1st December 2024: -

No.	Subject	Date Gazetted
1.	Sales Tax (Amendment) Regulations 2024	27 th November 2024
2.	Sales Tax (Compounding of Offences) (Amendment) (No. 2) Regulations 2024	
3.	Sales Tax (Imposition of Sales Tax in Respect of Designated Areas) (Amendment) Order 2024	
4.	Service Tax (Imposition of Tax for Taxable Service in Respect of Designated Areas Relating to Pulau 1 and Special Areas) Order 2024	28 th November 2024
5.	Service Tax (Imposition of Tax for Taxable Service in Respect of Designated Areas and Special Areas) (Amendment) (No. 2) Order 2024	

Service Tax Policy No. 6/2024 (Amendment No. 1) – Exemption from Payment and Imposition of Service Tax on Maintenance or Repair Services for Maintenance, Repair and Overhaul Activities

The *Service Tax Policy No. 6/2024 (Amendment No. 1) – Exemption from Payment and Imposition of Service Tax on Maintenance or Repair Services for Maintenance, Repair and Overhaul Activities* dated 29th November 2024 (in our national language – *Bahasa Malaysia*) has been published to provide further clarification.

Note: For further details, kindly refer to our *Tax Flash – May 2024* issue.

Clarification Regarding Service Tax Exemption for Food and Beverage Preparation Services by Golf Club and Golf Driving Range Operators

The RMCD has published the *Clarification Regarding Service Tax Exemption for Food and Beverage Preparation Services by Golf Club and Golf Driving Range Operators* dated 5th December 2024 in our national language – *Bahasa Malaysia*. The salient points extracted from the announcement are as follows:-

- Food and beverage or catering services provided by golf clubs and golf driving range operators are subject to service tax at the rate of 6%.
- Effective 27th November 2024, food products that have been processed and packed by manufacturers such as crackers, dry biscuits and sweets, and sold by golf club operators or golf driving ranges will not be subject to service tax.

For other issues of our Tax Flash, please go to:

www.moore.com.my/publications



www.moore.com.my

This publication is provided gratuitously and without liability. It is intended as a general guide only and the application of its contents to specific situations will depend on the particular circumstances involved. Readers should seek appropriate professional advice regarding any particular problems that they encounter, and this tax update should not be relied on as a substitute for advice. Accordingly, Moore Advent Tax Consultants Sdn Bhd assumes no responsibility for any errors or omissions it may contain, whether caused by negligence or otherwise, or for any losses, however caused, sustained by any person that relies on it. Should further information, clarification or advice be required on any of the contents stated herein, please feel free to contact our tax team at tax@moore.com.my.