



# MOORE Advent

## TAX FLASH

March 2024 (Special Edition)

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### Guide on Exemption from Registration Under the Sales Tax Act 2018

The Royal Malaysian Customs Department ["RMCD"] has published the *Guide on Exemption from Registration Under the Sales Tax Act 2018* ["the Exemption Guide"] dated 5<sup>th</sup> February 2024 (currently only made available in *Bahasa Malaysia*).

The Exemption Guide provides clarity on the exemption from registration of sales tax under the Sales Tax (Exemption from Registration) Order 2018 and the Sales Tax (Exemption from Registration) Order 2023.

**Note:** For further details, kindly refer to our *Tax Flash – September 2022* and *Tax Flash – May 2023* issues.

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

## Guide on Transitional Rules for the Change in Service Tax Rate

The *Guide on Transitional Rules for the Change in Service Tax Rate* [“the Transitional Guide”] has been published on 26<sup>th</sup> February 2024 (currently only made available in *Bahasa Malaysia*). In finalising the Transitional Guide, some typographical errors noted in the draft transitional guide dated 7<sup>th</sup> February 2024 have been rectified. Other than that, the final guide is similar to the draft guide issued earlier.

**Note:** For further details, kindly refer to our *Tax Flash – February 2024 (Special Edition)* issue.

## Service Tax Orders

The following Orders have been gazetted on 26<sup>th</sup> February 2024 and took effect from 1<sup>st</sup> March 2024:-

- *The Service Tax (Rate of Tax) (Amendment) Order 2024*;
- *The Service Tax (Imposition of Tax for Taxable Service in respect of Designated Areas and Special Areas) (Amendment) Order 2024*;
- *The Service Tax (Persons Exempted from Payment of Tax) (Amendment) Order 2024*; and
- *The Service Tax (Rate of Digital Services Tax) (Amendment) Order 2024*.

## Guide on Logistics Services

The RMCD has published the *Guide on Logistics Services* [“the Logistics Guide”] dated 26<sup>th</sup> February 2024 (currently only made available in *Bahasa Malaysia*). The salient points extracted from the Logistics Guide are as follows:-

- Any person who provides logistics services will be a taxable person under Group J to First Schedule of the Service Tax Regulations 2018.
- The service tax rate will be levied at 6%.
- The effective date for the taxable services under Group J are as follows:-

<b>Taxable Services</b>	<b>Effective Date</b>
Warehousing management services	1 <sup>st</sup> September 2018
Courier services under Section 10 of the Postal Services Act 2012	1 <sup>st</sup> September 2018
Customs agent services	1 <sup>st</sup> September 2018
Logistics services	26 <sup>th</sup> February 2024 [*]

[\*Please refer to the detailed elaboration on this effective date in the Service Tax Policy No. 1/2024 section below]

- Delivery of food or beverages prepared by a taxable person specified in column (1) of Group B to First Schedule of the Service Tax Regulations 2018 is not a taxable service under the logistics services.
- A registered person who provides logistics services (as specified in Group J) shall be exempted from payment of service tax (i.e. shall be entitled to the B2B exemption), subject to fulfillment of all the following conditions:-
  - he is a registered person;
  - the taxable services (i.e. logistics services) acquired are provided by the registered person who is a taxable person as specified in Group J;

- the logistics services acquired that qualify for exemption are the same services as that provided by the registered persons; and
- the taxable services acquired by the registered person that qualify for exemption are not for personal consumption by him.

Further, the RMCD has published the [Media Release on Further Explanation in respect of Imposition of Service Tax on Ferry Fare](#) dated 2<sup>nd</sup> March 2024 (currently only made available in *Bahasa Malaysia*) to clarify that passenger transport services via train, bus, ferry, cruise and other modes of transportation (except for domestic flight services) will not be subject to service tax. In addition, the provision of logistics services to passengers including the transportation of luggage, goods or vehicles as part of the movement from one location to another location using these transportation modes will also be exempted from service tax.

In addition, the Ministry of Finance has published the [Media Release on the Expanded Scope of Tax Exemption for Logistics Services to Reduce the Cascading Effect](#) dated 11<sup>th</sup> March 2024. The Government has now consented to broaden the applicability of the B2B exemption concerning procurement of logistics services to include a wider range of services under the same heading. For example, freight forwarders will not only qualify for the B2B exemption when acquiring freight services for onward supply but will also be eligible for the B2B exemption when acquiring the related services under the same heading as the freight forwarding services such as warehousing, ports, shipping and cold chain facilities or services for the purpose of providing such services to their clients.

### **Guide on Maintenance or Repair Services**

The RMCD has published the [Guide on Maintenance or Repair Services](#) [“the M&R Guide”] dated 26<sup>th</sup> February 2024 (currently only made available in *Bahasa Malaysia*). The salient point extracted from the M&R Guide is as follows:-

- The provision of any maintenance or repair services including maintenance management, corrective maintenance, preventive maintenance, calibration, adjustment, reconditioning, reconfiguration or overhauling will be regarded as a taxable service under Item (n) to column (2) of Group G to First Schedule of the Service Tax Regulations 2018 with effect from 26<sup>th</sup> February 2024.

### **Service Tax Guides**

The RMCD has published the following service tax guides:-

- [Guide on Transitional Rules for the Change in Service Tax Rate to 8% on Digital Service Provided by Foreign Registered Person](#) dated 14<sup>th</sup> February 2024;
- [Guide on Accommodation](#) dated 26<sup>th</sup> February 2024 (currently only made available in *Bahasa Malaysia*);
- [Guide on Brokerage and Underwriting Services](#) dated 26<sup>th</sup> February 2024 (currently only made available in *Bahasa Malaysia*);
- [General Guide on Service Tax](#) dated 27<sup>th</sup> February 2024 (currently only made available in *Bahasa Malaysia*);
- [Guide on Services in relation to Transmission and Distribution of Electricity](#) dated 27<sup>th</sup> February 2024 (currently only made available in *Bahasa Malaysia*);
- [Guide on Telecommunication Services](#) dated 27<sup>th</sup> February 2024 (currently only made available in *Bahasa Malaysia*);
- [Guide on Sales Tax Exemption under Items 33A, 33B, 55, 63, 64 and 65 to Schedule A of the Sales Tax \(Persons Exempted from Payment of Tax\) Order 2018](#) dated 28<sup>th</sup> February 2024;

- [Guide on Consultancy, Training or Coaching Services](#) dated 29<sup>th</sup> February 2024 (currently only made available in *Bahasa Malaysia*);
- [Guide on Parking Services](#) dated 29<sup>th</sup> February 2024 (currently only made available in *Bahasa Malaysia*); and
- [Guide on Clubs etc under Groups C, D and E to First Schedule of the Service Tax Regulations 2018](#) dated 29<sup>th</sup> February 2024 (currently only made available in *Bahasa Malaysia*).

## **Service Tax Policy No. 1/2024 – Determination of the Date of Imposition of Service Tax on New Taxable Services**

The [Service Tax Policy No. 1/2024 – Determination of the Date of Imposition of Service Tax on New Taxable Services](#) [“STP 1/2024”] dated 28<sup>th</sup> February 2024 (currently only made available in *Bahasa Malaysia*) has been published. The salient points extracted from the STP 1/2024 are as follows:-

- The Finance Minister has prescribed the following services as taxable services with effect from 26<sup>th</sup> February 2024:-
  - Karaoke centre services under Group C at the rate of 8%;
  - Maintenance or repair services under Group G (Item 13) at the rate of 8%;
  - Brokerage and underwriting services for non-financial services under Group I (Item 12) at the rate of 8%; and
  - Logistics services under Group J at the rate of 6%.
- Existing registered persons who provide new taxable services [“the Existing Registrant(s)”] as mentioned above are required to:-
  - add the new taxable services in the MySST portal during the period from 26<sup>th</sup> February 2024 to 29<sup>th</sup> February 2024; and
  - impose service tax on the new taxable services from 1<sup>st</sup> March 2024 onwards.
- Ministerial exemption is given to:-
  - any service recipient (who is the Existing Registrant) that acquires the new taxable services during the period from 26<sup>th</sup> February 2024 to 29<sup>th</sup> February 2024 from payment of service tax; and
  - existing service providers (who are the Existing Registrants) that provide the new taxable services during the period from 26<sup>th</sup> February 2024 to 29<sup>th</sup> February 2024 from charging service tax.
- Any person that is liable to be registered for service tax in February 2024 due to the provision of the new taxable services [“The New Registrant”] is required to:-
  - make an application to register for service tax within the period from 1<sup>st</sup> March 2024 to 31<sup>st</sup> March 2024; and
  - charge service tax for the provision of the new taxable services effective 1<sup>st</sup> April 2024.
- Ministerial exemption is given to:-
  - any service recipient (who is the New Registrant) that acquires the new taxable services during the period from 26<sup>th</sup> February 2024 to 31<sup>st</sup> March 2024 from payment of service tax; and
  - the New Registrant that provides the new taxable services during the period from 26<sup>th</sup> February 2024 to 31<sup>st</sup> March 2024 from charging service tax.

## **Service Tax Policy No. 2/2024 – Service Tax Treatment on Traditional and Complementary Medicine Services**

The [Service Tax Policy No. 2/2024 – Service Tax Treatment on Traditional and Complementary Medicine \[“TCM”\] Services](#) dated 28<sup>th</sup> February 2024 (currently only made available in *Bahasa Malaysia*) has been published. The primary objective of this policy is to offer clear guidance to TCM practitioners in respect of the service tax treatment and transitional rules in relation to the TCM services.

## Service Tax Policy No. 3/2024 – Determination of Service Tax Rate for Provision of Multiple Taxable Services by the Same Service Provider

The *Service Tax Policy No. 3/2024 – Determination of Service Tax Rate for the Provision of Multiple Taxable Services by the Same Service Provider* dated 28<sup>th</sup> February 2024 (currently only made available in *Bahasa Malaysia*) has been published. This policy clarifies the approach to impose service tax rates by providers offering multiple taxable services.

The service tax rate is determined by the specific type of service rendered rather than the primary taxable services offered. However, in cases where taxable services are combined and offered as a package, the applicable service tax rate will be determined based on the category of the primary taxable services included in the package.

## Hotline for Control Room to Address Public's Concern in respect of the Recent Amendments on the Service Tax Legislations

The RMCD has made an *Announcement* on 2<sup>nd</sup> March 2024 that the following dedicated hotline and email service have been setup as an initiative to assist the public and the relevant industries in understanding the service tax updates in light of the recent legislative amendments to the Service Tax Act 2018:-

Dedicated Hotline Number	Email Address
03 – 8323 7542	gerak.dasarcp@customs.gov.my

For other issues of our Tax Flash, please go to:  
[www.moore.com.my/publications](http://www.moore.com.my/publications)



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