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TAX FLASH

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Introduction of *e-Derma* System to Facilitate Online Applications for Tax Exemption under Section 44(6) of the ITA 1967

In line with the government's aspiration to drive the nation's digital transformation, the Inland Revenue Board [“IRB”] has issued a media release on 20th August 2025 announcing the launch of *e-Derma*, an online system designed to facilitate the application for tax exemption under Section 44(6) of the Income Tax Act 1967 [“ITA 1967”].

At this stage, *e-Derma* can only be accessed by institutions or organisations through the MyTax portal. The system will be enhanced in the next phase to include applications under the Fund category. The introduction of *e-Derma* is intended to streamline the submission of applications and provide applicants with the ability to monitor the approval status in a more convenient, systematic and efficient manner. Until the next phase is implemented, applications for tax exemption for the Fund category will continue to be processed manually under the existing procedure.

Updated E-Invoice Guidelines and Industry Specific FAQ

The IRB has recently issued the following documents with further clarifications and amendments pertaining to the implementation of e-Invoice:-

- *Updated e-Invoice Specific Guideline dated 12th September 2025 [Version 4.4]*; and
- *Updated Frequently Asked Questions for Financial Services, Stockbroking and Unit Trust dated 2nd September 2025.*

Filing Programme for Specified Documents Through MITRS for Labuan Entities

With the gazettement of the Labuan Business Activity Tax (Amendment) (No. 2) Act 2024, a new Section 22EB of the Labuan Business Activity Act 1990 ["LBATA 1990"] has been introduced to provide that a person who has furnished a Return of Profits under Section 5 or Section 10 of the LBATA 1990 shall provide information and furnish documents as determined by the Director General of Inland Revenue ["DGIR"] for the purpose of ascertaining chargeable profit and tax payable or net profit, as the case may be, with effect from the year of assessment 2025.

Following this, the IRB has issued the filing programme on the implementation of the submission of the specified documents for Labuan entities. The salient points of the filing programme are as follows:-

- The submission of specified documents through Malaysian Income Tax Reporting System ["MITRS"] shall be made within 30 days after the due date for submission of Return of Profits for the relevant year of assessment.
- The following represents the specified documents that need to be submitted through MITRS for the relevant year of assessment:-
  - audited financial statements / settlement account;
  - zakat payment receipt under Section 8A of the LBATA 1990 (if applicable); and
  - complete computation of incentive claimed (if applicable).
- The list of specified documents above may be amended or supplemented at the discretion of the DGIR.
- Failure to comply with Section 22EB of the LBATA 1990 is an offence under Section 23(1)(c) of the LBATA 1990 and shall on conviction, be liable to a fine not less than RM20,000 and not more than RM1,000,000 or to imprisonment for a term not exceeding six months or both.
- The filing programme is available on IRB's website www.hasil.gov.my *(Forms/Filing Programme for Documents Specified under Section 22EB of LBATA 1990 through MITRS).*

Service Tax Policy No. 1/2025 (Amendment No. 2) – Financial Services

The Royal Malaysian Customs Department ["RMCD"] has published the *Service Tax Policy No. 1/2025 (Amendment No. 2) – Financial Services* dated 17th September 2025. The salient points extracted from the policy are as follows:-

- Provision of all financial services that are subject to fees, commissions, or similar charges will be subject to service tax effective 1st October 2025.
- The Federal and State Governments are exempted from charging and paying service tax provided that the exemption only applies to services falling within the newly expanded scope. The exemption does not extend to services that were already subject to service tax prior to 1st July 2025.

Note: *For further details, kindly refer to our Tax Flash – September 2025 issue.*

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

The RMCD has published the *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 26th September 2025. The salient points extracted from the guide are as follows:-

- Additional tariff codes for machinery, equipment and spare parts have been included in the list of machinery, equipment and spare parts entitled to sales tax exemption as listed in Appendix 1 to the guide.
- Note 1 of Appendix 1 which previously stated that the exemption may be granted if the RMCD officer confirms and is satisfied that the goods are directly used in the manufacturing process of the company's finished products has been removed from the guide.

Sales Tax Policy No. 1/2025 – Sales Tax Exemption on Motorcycles

The RMCD has published the *Sales Tax Policy No. 1/2025 – Sales Tax Exemption on Motorcycles* dated 27th September 2025. With effect from 27th September 2025, motorcycles classified under the tariff codes of 8711.20.9600 and 8711.20.9900 that are imported or manufactured by a registered manufacturer will be exempted from sales tax.

Sales Tax Policy No. 2/2025 – Sales Tax Exemption on Importation of Soya Beans

The RMCD has published the *Sales Tax Policy No. 2/2025 – Sales Tax Exemption on the Importation of Soya Beans* dated 27th September 2025. The salient points extracted from the policy are as follows:-

- With retrospective effect from 1st July 2025, the importation of soya beans under the tariff codes of 1201.10.0000 and 1201.90.0000 is exempted from sales tax.
- Any importer who has borne the sales tax payment may apply for a refund by completing the Form *Jabatan Kastam Diraja Malaysia ["JKDM"]* No. 2 and submitting it to the Technical Services Division of RMCD at the respective state office no later than 30th November 2025.

Sales Tax Policy No. 3/2025 – Sales Tax Exemption on Raw Materials, Components, Packing and Packaging Materials, Manufacturing Aids and Cleanroom Equipment

The RMCD has published the *Sales Tax Policy No. 3/2025 – Sales Tax Exemption on Raw Materials, Components, Packing and Packaging Materials, Manufacturing Aids and Cleanroom Equipment* dated 29th September 2025. The salient points extracted from the policy are as follows:-

- Any manufacturer who has incurred sales tax on raw materials, components, packing and packaging materials, manufacturing aids and cleanroom equipment used in the manufacturing of taxable goods which were exempted from sales tax before 1st July 2025 and became taxable goods effective 1st July 2025 may apply for a refund by completing the Form *JKDM* No. 2 and submitting it to the *Cawangan Perakaunan Hasil*, *Bahagian Perkhidmatan Teknik* of RMCD at the respective state office no later than 30th November 2025.
- The application for refund is subject to the following conditions:-
  - the manufacturer must have applied for registration as a registered manufacturer no later than 31st August 2025;
  - the goods must have been imported or purchased from a registered manufacturer during the period from 1st July 2025 to 31st August 2025;
  - sales tax must have been paid on the said goods; and
  - the goods must still be under the manufacturer's control at the time of making the refund application.
- Manufacturers approved for the refund will be subject to the exemption conditions stipulated under the Sales Tax (Persons Exempted from Payment of Tax) Order 2018.

Sales Tax Policy No. 4/2025 – Sales Tax Exemption on Machinery, Equipment and Spare Parts under Item 55 to Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018

The RMCD has published the *Sales Tax Policy No. 4/2025 – Sales Tax Exemption on Machinery, Equipment and Spare Parts under Item 55 to Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018* dated 10th October 2025. The salient points extracted from the policy are as follows:-

- Any manufacturer who has incurred sales tax on machinery, equipment and spare parts used in the manufacturing of finished goods, on or after 1st July 2025 may apply for a refund by completing the Form *JKDM* No. 2 and submitting it to the *Cawangan Perakaunan Hasil*, *Bahagian Perkhidmatan Teknik* of RMCD at the respective state office no later than 30th November 2025.
- The application for refund is subject to the following conditions:-
  - the goods must have been imported or purchased during the period from 1st July 2025 to 26th September 2025;
  - the goods must fall within the category approved by the Secretary General of Treasury as specified in the Appendix 1 to the Guide on Sales Tax Exemption under Items 33A, 33B, 55, 63 and 65 to Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018;
  - the manufacturer must obtain a confirmation letter issued by the Malaysian Investment Development Authority; and
  - sales tax must have been paid on the said goods.
- Manufacturers approved for the refund will be subject to the exemption conditions under Item 55 to Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018.

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.