



**MOORE** Advent

# TAX FLASH

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## LEGEND

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ACA	Accelerated Capital Allowance
DGIR	Director General of Inland Revenue
DGCE	Director General of Customs and Excise
CA	Capital Allowance
CA 2016	Companies Act 2016
CGT	Capital Gains Tax
FAQ	Frequently Asked Questions
IBA	Industrial Building Allowance
ICT	Information and Communication Technology
IRB	Inland Revenue Board
ITA 1967	Income Tax Act 1967
LBATA 1990	Labuan Business Activity Tax Act 1990
LLP	Limited Liability Partnership
MIDA	Malaysian Investment Development Authority
MITI	Ministry of Investment, Trade and Industry
MOF	Ministry of Finance
MOTAC	Ministry of Tourism, Arts and Culture
MSME	Micro, Small and Medium Enterprise
PIA 1986	Promotion of Investments Act 1986
PR	Public Ruling
RA	Reinvestment Allowance
RMCD	Royal Malaysian Customs Department
RPGT	Real Property Gains Tax
RPGT Act 1976	Real Property Gains Tax Act 1976
SA 1949	Stamp Act 1949
SC	Securities Commission
TP	Transfer Pricing
WT	Withholding Tax
YA	Year of Assessment

# PR No. 3/2026 – Bilateral Credit and Unilateral Credit

The IRB has recently issued *PR No. 3/2026 – Bilateral Credit and Unilateral Credit* to provide guidance on the claim for bilateral credit and unilateral credit by a person who has been subjected to tax on the same income in Malaysia and in another country. This new PR replaces the PR No. 11/2021 issued on 31<sup>st</sup> December 2021 with no significant changes made other than updates to reflect the current legislative provisions and recent tax developments.

The salient updates of the PR include:-

- The definition of "foreign tax" has been updated to clarify that any tax on income (or any other tax of a substantially similar character) must be chargeable or imposed in the territory outside Malaysia in which the same income arose.
- The definition of "foreign income" has been refined to distinguish between bilateral credit and unilateral credit claims. For unilateral credit purposes, foreign income refers only to income derived from outside Malaysia that has been subjected to foreign tax. For bilateral credit purposes, foreign income includes both income derived from outside Malaysia and income derived from Malaysia that has been subjected to foreign tax.
- The PR clarifies that unilateral credit is available only in respect of income derived from outside Malaysia that has been subjected to foreign tax. Accordingly, income derived from Malaysia but subjected to foreign tax is not eligible for unilateral credit claims.
- Following the introduction of the taxation of foreign-sourced income that received in Malaysia with effect from 1<sup>st</sup> January 2022, the PR clarifies that where foreign-sourced income received in Malaysia has been subjected to foreign tax and is also chargeable to Malaysian tax, Malaysian tax residents may claim bilateral credit under Section 132 of the ITA 1967 or unilateral credit under Section 133 of the ITA 1967, subject to the relevant conditions being fulfilled.
- In light of the introduction of CGT with effect from 1<sup>st</sup> January 2024, any profits or gains from the disposal of capital assets situated outside Malaysia and received in Malaysia may be subject to Malaysian tax. Where such profits or gains have also been subjected to foreign tax, Malaysian tax residents may claim bilateral credit or unilateral credit under Sections 132 and 133 of the ITA 1967, where applicable.

**Note:** For further information on the previous PR No. 11/2021, kindly refer to our *Tax Flash – February 2022* issue.

## Updated E-Invoice General Frequently Asked Questions

The IRB has issued the *Updated General FAQ dated 5<sup>th</sup> May 2026* pertaining to the implementation of e-Invoice.

The salient updates of the Updated General FAQ include:-

- The interim relaxation period for Phase 4 taxpayers has been further extended until 31<sup>st</sup> December 2027.
- The IRB has clarified on the determination of “related companies” for e-Invoice purposes under the following scenarios:-
  - Taxpayers with a common corporate shareholder;
  - Taxpayers with a common individual shareholder;
  - Taxpayers with a common director who does not have any shareholding in the taxpayers; and
  - Taxpayers with a common individual shareholder who is also a common director of the taxpayers.



## Remission of Income Tax and Stamp Duty on Short Term Revolving Credit-i Facility

Pursuant to the *Loans Guarantee (Bodies Corporate) (Remission of Tax and Stamp Duty) (Prasarana Malaysia Berhad) Order 2026*, remission of the income tax and stamp duty is granted in respect of the Short Term Revolving Credit-i Facility ["STRC-i Facility"] obtained by Prasarana Malaysia Berhad ["PMB"] from Maybank Islamic Berhad ["MIB"] with the aggregate principal amount not exceeding RM1.914 billion in relation to the guarantee given or to be given by the Government of Malaysia.

The remission applies as follows:-

### i. Remission of Tax

Any tax payable under the ITA 1967 by:-

- PMB or MIB in respect of any money payable under any agreement, note, instrument and document in relation to the STRC-I Facility and the guarantee; or
  - any party to whom the agreement, note, instrument and document in relation to the STRC-i Facility is transferred or assigned,
- shall be remitted in full.

### ii. Remission of Stamp Duty

- Any stamp duty payable under the SA 1949 in respect of any agreement, note, instrument and document in relation to the STRC-i Facility and the guarantee shall be remitted in full.



## Guide on Management Services

The RMCD has published the *Guide on Management Services* dated 6<sup>th</sup> May 2026. For clarification purposes, Example 10 has been included in the guide while No. 5 of the FAQ has been amended.

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

## Service Tax Policy No. 1/2026 – Service Tax Treatment on Health Examination Management Services

The RMCD has published *Service Tax Policy No. 1/2026 – Service Tax Treatment on Health Examination Management Services* dated 4<sup>th</sup> May 2026.

**Note:** For further details, kindly refer to our *Tax Flash – May 2026* issue.

## Guide on Rental or Leasing Services

The RMCD has published the *Guide on Rental or Leasing Services* dated 14<sup>th</sup> May 2026 (in *Bahasa Malaysia*). The salient points extracted from the guide are as follows:-

- Rental services provided to an MSME holding a MyPMK registration certificate for personal use and not for business purposes are not eligible for the MSME service tax exemption. No. 19 of the FAQ has reference.
- Fees such as display fees, space buy fees, display rental and home shelf rental charged by supermarkets to retailers are subject to service tax under Group K – Rental or Leasing Services. No. 20 of the FAQ has reference.
- Server colocation space rental and any bundled services such as waste disposal, remote hands services, cross-connect services, portal access and the recharging of electricity consumption, are subject to service tax under Group K – Rental or Leasing Services. Please refer to no. 21 and no. 22 of the FAQ.
- For a lease to be categorised as a "Finance Lease" and therefore not subject to service tax, there must be an explicit clause transferring legal ownership of the property/asset to the lessee at the end of the contract. Even if the agreement contains features such as a long lease term and the transfer of risks and benefits in a manner that resembles the characteristics of a financial lease, it would not automatically be categorised as a finance lease in the absence of a definitive ownership transfer clause. No. 23 of the FAQ has reference.
- Utility payments (in respect of bills issued in the name of the landlord) made by a tenant directly to the utility provider are not subject to service tax. However, where the landlord pays the utility provider first and subsequently re-bills or back-charges the tenant for reimbursement, whether with or without a mark-up, the entire reimbursed amount is treated as part of the rental service and is subject to service tax.

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

## Public Ruling No. 2/2026 – Clarification on the Meaning of The Word “Digunakan” or “Used” under Regulation 17(1)(g) of the Sales Tax Regulations 2018

The RMCD has published *Public Ruling No. 2/2026 – Clarification on the Meaning of The Word “Digunakan” or “Used” under Regulation 17(1)(g) of the Sales Tax Regulations 2018* dated 18<sup>th</sup> May 2026 (in *Bahasa Malaysia*). The salient points extracted from the public ruling are as follows:-

- Regulation 17(1)(g) of the Sales Tax Regulations 2018 [“SATR 2018”] explains that a drawback of sales tax is allowed under Section 40 of the Sales Tax Act 2018 provided that the taxable goods for which the drawback of sales tax is claimed have not been used after importation or after purchasing them from registered manufacturers.
- The word “used” as mentioned in Regulation 17(1)(g) of the SATR 2018 refers to taxable goods that have undergone any form of processing, including manufacturing or value-added operations.
- Labelling, packaging or re-packaging activities do not fall within the meaning of “used” provided that such activities do not add any value to the taxable goods.

## Service Tax Policy No. 5/2025 (Amendment No. 3) – Private Healthcare Services

The RMCD has published *Service Tax Policy No. 5/2025 (Amendment No. 3) – Private Healthcare Services* dated 22<sup>nd</sup> May 2026. The salient points extracted from the policy are as follows:-

- Where the issued invoice does not separately specify the value of consultation fee, the total value of the entire invoice will be subject to service tax.
- The service tax exemption previously granted to international organisations and their dependents under item 5 of the policy as set out in Amendment No. 2 has been removed.

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

## Sales Tax Policy No. 3/2026 – Sales Tax Policy on Ships under Tariff Codes HS 8901 to HS 8908

The RMCD has published *Sales Tax Policy No. 3/2026 – Sales Tax Policy on Ships under Tariff Codes HS 8901 to HS 8908* dated 25<sup>th</sup> May 2026 (in *Bahasa Malaysia*). The salient points extracted from the policy are as follows:-

- While the official subsidiary legislation is pending gazettelement, the Minister of Finance has, pursuant to the power granted under Section 35(3)(a) of the Sales Tax Act 2018, agreed to exempt sales tax on all types of ships under the tariff codes HS 8901 to HS 8908. Further details are as follows:-
  - The exemption is effective from 1<sup>st</sup> July 2026 and no refund is allowed for any sales tax that has already been paid; and
  - This decision is granted under the Sales Tax (Goods Exempted from Sales Tax) Order 2025.

## Guide on Vehicle Parking Space Services

The RMCD has published the *Guide on Vehicle Parking Space Services* dated 4<sup>th</sup> June 2026 (in *Bahasa Malaysia*). For clarification purposes, Examples 1 and 2 as well as no. 17 and no. 18 of the FAQ have been included in the guide.

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

## Guide on SST-02 Return (Manual Submission)

The RMCD has published the *Guide on SST-02 Return (Manual Submission)* dated 31<sup>st</sup> May 2026 (in *Bahasa Malaysia*). The salient points extracted from the guide are as follows:-

- The manually completed SST-02 return must be printed and submitted to *Cawangan Pusat Pemerosesan SST (CPPS)* via post, courier or P-Hailing.
- Where a credit note is issued in respect of any service tax declared in a previous SST-02 return, the amount can be carried forward as an adjustment or deduction in Column 13(a) of the SST-02 return for the subsequent taxable period.
- The value of taxable services under Group K or non-taxable services under Group G which qualifies for group relief is required to be declared in Column 18(c)(2) of the SST-02 return.

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

## Announcement Notice – Requirement to Update Annual Sales Information in the MyPMK Portal

The RMCD has published an *Announcement Notice – Requirement to Update Annual Sales Information in the MyPMK Portal* informing all MyPMK registrants to update their latest annual sales information in the MyPMK Portal for verification and issuance of the Registration Update Letter.

Accordingly, MyPMK registrants are required to:-

- Access to the MyPMK Portal (Public User Login);
- Update the actual and latest annual sales information;
- Save the updated information; and
- Download the Registration Update Letter via the User Dashboard.

## Guide on Motor Vehicle General Service or Repair Service

The RMCD has published the *Guide on Motor Vehicle General Service or Repair Service* dated 10<sup>th</sup> June 2026 (in *Bahasa Malaysia*). The salient points extracted from the guide are as follows:-

- Charges imposed on motor vehicle general service or repair service carried out on a mobile basis from any location (i.e. without a physical workshop) are subject to service tax.

- Where a service provider whose principal place of business is located in Malaysia opens a branch or office in a Designated Area ["DA"] or Special Area ["SA"], service tax must be charged on such services provided by that branch or office. This is because the determination of service tax treatment is based on the principal place of business in Malaysia and not the location of the branch or office.
- General service or repair service for non-motor vehicles such as aircraft / ships / trains / buggies are not included as taxable services under general service or repair of motor vehicles. However, such services for non-motor vehicles are taxable services under Item (n) of Group G – Maintenance or Repair Services.
- Towing services are not taxable services under general service or repair of motor vehicles. However, towing services are taxable services under Group J – Logistics Services.
- Electric vehicle ["EV"] repair services are taxable services under general service or repair of motor vehicles and are subject to service tax at the rate of 8%.

**Note:** For further details, kindly refer to our [Tax Flash – January 2022 issue](#).

## Guide on Employment Services

The RMCD has published the [Guide on Employment Services](#) dated 9<sup>th</sup> June 2026 (in *Bahasa Malaysia*). The salient points extracted from the guide are as follows:-

- Employment service providers within DA and SA are not subject to service tax if the principal place of business of the employment service provider is located within the DA or SA, and the service is provided to a customer within the DA or SA.
- The following conditions must be fulfilled in order to meet the definition of temporary placement of staff (i.e. secondment of staff) and to qualify as a non-taxable service:-
  - in the provision of employment services (including employment agencies and professional employer organisations);
  - The employee is transferred temporarily by the original employer to perform duties elsewhere for a specified period of time and upon completion of the duties, the employee will return to the original employer to resume his employment;
  - The employee continues to work for the original employer and the continuity of employment remains ongoing and uninterrupted;
  - During the secondment period, the employee works exclusively for the company to which he is seconded;
  - The company to which the employee is seconded has full control over the employee; and
  - Salary and any other allowance (at cost value) are paid by the company to which the employee is seconded, either directly or indirectly, and no additional charges are imposed.
- All employee-related costs such as salaries, wages, SOCSO, EPF, levies and permits are regarded as part of the value of employment services. Accordingly, the entire amount billed is subject to service tax, even if the expenses are merely passed through to the client at cost (i.e. without any mark-up). Please refer to Paragraph 15 and no. 10 of the FAQ.
- The guide clarifies that employment service providers are not eligible for the business-to-business exemption. Please refer to no. 12 of the FAQ.
- The guide explicitly states that employment services do not qualify for group relief. Please refer to no. 13 of the FAQ.

**Note:** For further details, kindly refer to our [Tax Flash – June 2024 issue](#).

# ABOUT US

**Moore Global Network Limited ["MGNL"]** is a prominent accounting and consulting network with over 37,000 professionals operating in more than 119 countries worldwide. Moore Malaysia is an independent firm proudly associated with MGNL and **Moore Advent Tax Consultants Sdn Bhd**, being the tax division of Moore Malaysia, offers a wide range of tax services which can be categorised into the following:-

- Tax compliance
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- Tax audit and investigation
- Transfer pricing
- SST and other indirect taxes
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