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TAX FLASH

September 2026

IN THIS ISSUE

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Moore Advent Tax Consultants Sdn Bhd ["the Firm"] is an independent member firm of Moore Global Network Limited - member firms in principal cities throughout the world.

LEGEND

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

Guidelines on Capital Gains Tax Exemption for Disposal of Shares for the Purpose of Initial Public Offering

The IRB has recently issued the *Guidelines on Capital Gains Tax Exemption for Disposal of Shares for the Purpose of Initial Public Offering under P.U.(A) 290/2024* to provide clarification on the conditions and application procedures for the CGT exemption granted under the Income Tax (Initial Public Offering) (Exemption) Order 2024 [P.U.(A) 290/2024]. The exemption has effect from 1st March 2024 to 31st December 2028.

The salient points of the Guidelines include:-

i. Conditions for CGT exemption

- The disposal of unlisted shares of a company incorporated in Malaysia ["unlisted shares"] is undertaken as part of a restructuring exercise for the purpose of an Initial Public Offering ["IPO"].
- The disposal occurs between 1st March 2024 and 31st December 2028 and within one year prior to the date of the IPO application by the IPO company.
- The IPO application must be submitted to:-
  - The SC for the Main Market listing; or
  - Bursa Malaysia Securities Berhad ["Bursa"] for the ACE Market and the LEAP Market listing.
- Approval for the IPO application from the SC or Bursa must be obtained by 31st December 2028.
- The disposer must submit a written application for the CGT exemption to the DGIR within one year from the date of IPO approval.

ii. Application Procedures

- The exemption application must be submitted to the relevant IRB Office / Special Branch Office managing the disposer's income tax file, together with the relevant supporting information, including details of the disposal, restructuring documents, organisational charts before and after the restructuring, board resolutions and the IPO application and approval documents.

iii. Compliance Requirement Before Exemption is Granted

- Even if the disposer intends to apply for the exemption:
  - The CGT must first be reported through the e-CKM return.
  - Any CGT payable must be paid within 60 days from the disposal date.
- If the exemption is subsequently approved, relief can be sought under Section 131A of the ITA 1967 to amend the CGT assessment and obtain the appropriate tax relief.

iv. Loss on Disposal of Shares

- Where the CGT exemption is granted for a disposal of unlisted shares under a restructuring scheme, any loss arising from another disposal of unlisted shares under the same restructuring scheme will be disregarded and cannot be utilised to offset against future disposals.

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

Updated Guidelines on Incentive Claims for Upstream Petroleum Industry under the Petroleum (Income Tax) Act 1967

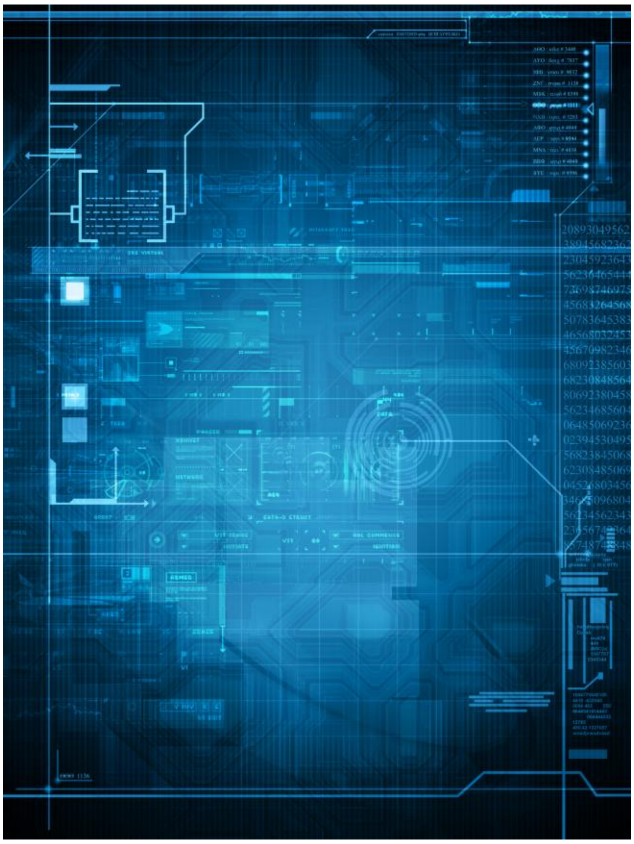
The IRB has recently issued the updated *Guidelines on Incentive Claims for Upstream Petroleum Industry under the Petroleum (Income Tax) Act 1967* to provide further guidance on the incentive claims available to the upstream petroleum industry. This Guidelines replace the previous Guidelines dated 22nd May 2014 and 30th December 2020.

The salient updates of the Guidelines include:-

- The updated Guidelines cover the incentive claims under the Petroleum (Income Tax) (Investment Allowance) (Amendment) Regulations 2024, which effective 1st January 2024, including the investment allowance incentive for qualifying projects involving high hydrogen sulfide gas.

- The updated Guidelines provide clarification on the interpretation of the relevant terms used in the Principal Regulations and the Amendment Regulations covered by the Guidelines.

Note: *For further details, kindly refer to our Tax Flash – January 2021 issue.*



Income Tax Exemption on Sovereign Global Sukuk 2026

Pursuant to the *Income Tax (Sovereign Global Sukuk 2026) (Exemption) Order 2026*, an income tax exemption is granted in respect of gains or profits derived, in lieu of interest, from the Sovereign Global Sukuk 2026 ["SGS 2026"].

The salient points of the above Order include:-

- The exemption applies to the SGS 2026 of a nominal value of up to USD 3 billion, other than convertible loan stock, issued in accordance with the principle of *Wakalah Manafae*, by the Malaysia Sovereign Sukuk Berhad.
- Under the Order, any person is exempted from the payment of income tax in respect of gains or profits derived, in lieu of interest, from the SGS 2026 during the basis period for a year of assessment.
- Section 109 of the ITA 1967 shall not apply to the income exempted under the Order.
- The above Order has effect from the YA 2026.

Extension of Tax Exemption Period for Foreign-Sourced Income for Unit Trust and Gains or Profits from Disposal of Foreign Capital Asset

Following the Budget 2026 announcement, the following Orders have been gazetted to extend the respective tax exemption periods for qualifying taxpayers:-

- *Income Tax (Unit Trust in relation to Income Received in Malaysia from Outside Malaysia) (Exemption) 2024 (Amendment) Order 2026*; and
- *Income Tax (Exemption) (No. 3) Order 2024 (Amendment) Order 2026*.

Under the respective Amendment Orders, the tax exemption period for Foreign-Sourced Income received in Malaysia by qualifying unit trusts and gains or profits from the disposal of foreign capital assets received in Malaysia by qualifying companies, LLPs, trust bodies and co-operatives societies resident in Malaysia has been extended for another 4 years, i.e. up to 31st December 2030 (existing exemption period : 1st January 2024 to 31st December 2026).

The above Orders take effect from 1st January 2027.

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

Determination of Chargeable Income of an Individual in respect of Limited Liability Partnership's Profit

Following the Budget 2026 announcement, the IRB has recently issued the *Income Tax (Determination of Chargeable Income of an Individual in respect of Limited Liability Partnership's Profit) Rules 2026* which takes effect from the YA 2026 onwards.

The salient points of the above Rules are as follows:-

- A 2% tax is imposed on the chargeable income of an individual partner (residents and non-residents) of a LLP in respect of profits derived from Malaysia paid, credited or distributed by the LLP, whether in cash or in kind, in which the profit distributions exceeds RM100,000.

- The prescribed formula to determine the chargeable income in respect of profits of the LLP (where the individual partner has profits from the LLP and other income) is as follows:-

  $$\frac{A}{B} \times C$$

  Where

  A is the statutory income in respect of LLP's profit in the basis period for that year of assessment.

  B is the aggregate income in the basis period for that year of assessment.

  C is the chargeable income in the basis period for that year of assessment which is subject to tax as specified in paragraph 1 or paragraph 1A of Part I and Part XXIII of Schedule 1 to the ITA 1967.

- In the event of combined assessment, the aggregate income (B) shall include the income of the wife or husband.

- The excess of chargeable income apart from the chargeable LLP's profit (derived via the formula shown above) shall be subject to tax at the prevailing tax rate as prescribed under Schedule 1 to the ITA 1967.

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

Further Deduction for Employers Providing Caregiving Leave Benefit

Following the Budget 2025 announcement, the *Income Tax (Deduction for Payment of Additional Paid Leave for the Care of Child or Sick or Disabled Immediate Family Member) Rules 2026* have been gazetted to provide a further deduction to qualifying employers for remuneration paid to employees who are given additional paid leave to provide caregiving for a child or an immediate family member who is sick or disabled.

The salient points of the above Rules include:-

i. Further Tax Deduction

- A qualifying employer is entitled to a further tax deduction equivalent to 50% of the remuneration paid to a full-time employee for the additional paid leave granted for the following caregiving purposes:-
  - the care of a child under the age of 2 years;
  - the care of an immediate family member who is sick; or
  - the care of an immediate family member who is disabled.

- The further deduction is available for a period of not exceeding 12 consecutive months for a year of assessment.

ii. Eligible Conditions

- The further deduction is subject to the following conditions:-
  - The employee must be employed on a full-time basis;
  - Care of a sick immediate family member must be supported by a certification issued by a medical practitioner registered with the Malaysian Medical Council, which states that the condition of the immediate family member requires a carer; and
  - Care of a disabled immediate family member must be supported by a certification issued by the Department of Social Welfare, which states that the immediate family member is a person with disability.

- Compliance with the prescribed conditions is required to be verified by Talent Corporation Malaysia Berhad for the period from 1st January 2025 to 31st December 2027.

iii. Qualifying Employer and Immediate Family Member

- A qualifying employer means any person excluding:-
  - a company directly or indirectly controlled by the employee,
  - a sole proprietorship, or
  - a relative of the employee, including a parent, child, sibling, grandparent, grandchild or spouse.

- An immediate family member includes the employee's spouse, parent, child, sibling or grandparent, including their respective step, adoptive or in-law relationships, where applicable.

iv. Effective Period

- The Rules shall have effect from the YA 2025 to YA 2027.

E-Invoice Guidelines Version 4.8 – Key Updates

The IRB has recently issued the *Updated e-Invoice Guidelines dated 30th August 2026 (Version 4.8),* which provides updates to the turnover or revenue threshold applicable to new businesses or operations and the exemption for taxpayers with lower annual turnover or revenue.

The salient updates of the above Guidelines include:-

i. General Exemption

- The exemption threshold for taxpayers issuing e-Invoices has been increased from annual turnover or revenue of less than RM1 million to less than RM3 million.

ii. New Businesses or Operations

- For new businesses or operations commencing from the years 2023 to 2025, the annual turnover or revenue threshold for determining the e-Invoice implementation date (i.e. 1st July 2026) has been increased from RM1 million to RM3 million.

- For new businesses or operations commencing from year 2026 onwards, the e-Invoice implementation date is 1st July 2026 or upon the operation commencement date. However, if the first year's turnover or revenue is expected to be less than RM3 million, the e-Invoice implementation date would be 1st January of the second year following the year in which the total annual turnover or revenue reaches RM3 million.

iii. Statutory Body, Statutory Authority, Local Authority and International Organisation are required to implement e-invoice from 1st July 2025 onwards in respect of goods sold or services performed.

iv. Ownership and Corporate Relationship Conditions

- Although taxpayers with annual turnover or revenue of less than RM3 million are generally exempted from issuing e-Invoices, the exemption does not apply where any of the following conditions are met:-
  - the taxpayer with non-individual shareholder(s) (or equivalent) with annual turnover or revenue of at least RM3 million;
  - the taxpayer is a subsidiary of a holding company with annual turnover or revenue of at least RM3 million; or
  - the taxpayer has a related company (as defined under Section 2 of the PIA 1986) or joint venture with annual turnover or revenue of at least RM3 million.

Stamp Duty Remission for Individual Purchasers of Commercial Units in the Johor-Singapore Special Economic Zone

The following Stamp Duty Remission Orders 2026 in relation to the purchase of commercial units located within the Johor-Singapore Special Economic Zone ["JS-SEZ"] by individuals have recently been gazetted:-

- *Stamp Duty (Instrument of Transfer in relation to Individual) (Johor-Singapore Special Economic Zone) (Remission) Order 2026*; and
- *Stamp Duty (Instrument of Loan or Financing Agreement in relation to Individual) (Johor-Singapore Special Economic Zone) (Remission) Order 2026*.

The salient points of the above Orders include:-

i. Instrument of Transfer

A 40% stamp duty remission is granted on the stamp duty chargeable on any instrument of transfer relating to a commercial unit in Flagship A (Johor Bahru Waterfront) or Flagship B (Iskandar Puteri) which is located in the JS-SEZ executed between a developer and one or more individuals.

ii. Instrument of Loan or Financing Agreement

A 40% stamp duty remission is granted on the stamp duty chargeable on any instrument of loan or financing agreement relating to purchase of a commercial unit in Flagship A (Johor Bahru Waterfront) or Flagship B (Iskandar Puteri) which is located in the JS-SEZ executed between one or more individuals and

- a licensed bank under the Financial Services Act 2013 ["FSA 2013"];
- a licensed Islamic bank under the Islamic Financial Services Act 2013 ["IFSA 2013"];
- a development financial institution prescribed under the Development Financial Institutions Act 2002 ["DFIA 2002"];
- a co-operative society registered under the Co-operative Societies Act 1993 ["CSA 1993"];
- Borneo Housing Mortgage Finance Bhd incorporated under the CA 2016; or
- Mutiara Mortgage & Credit Sdn Bhd incorporated under the CA 2016.

iii. Common Qualifying Conditions

- The sale and purchase agreement ["SPA"] for the purchase of the commercial unit is executed between a developer and one or more individuals;
- The SPA is executed between 1st January 2025 and 31st December 2034;
- The SPA of the commercial unit shall be in relation to a commercial unit the construction of which is completed before 1st January 2025; and
- The SPA of the commercial unit shall not be in relation to the same commercial unit where a SPA for such commercial unit had been executed before 1st January 2025 and was subsequently cancelled by the same individual.

The Iskandar Regional Development Authority ["IRDA"] shall verify that the above prescribed conditions are complied with.

iv. Effective Period

The above Orders shall have effect from 1st January 2025 to 31st December 2034.

Note : *For further information on Tax Incentive for JS-SEZ, kindly refer to our Tax Flash - March 2025 and Tax Flash - May 2025 issues.*

Stamp Duty Remission for Qualifying Person Purchasing Commercial Units in the Johor-Singapore Special Economic Zone

The following Stamp Duty Remission Orders 2026 in relation to the purchase of commercial units located within the JS-SEZ by qualifying persons have recently gazetted:-

- *Stamp Duty (Instrument of Transfer in relation to Qualifying Person) (Johor-Singapore Special Economic Zone) (Remission) Order 2026*; and
- *Stamp Duty (Instrument of Loan or Financing Agreement in relation to Qualifying Person) (Johor-Singapore Special Economic Zone) (Remission) Order 2026*.

For the purpose of the above Orders, a "**qualifying person**" refers to a company which is incorporated under the CA 2016 and resident in Malaysia named in the sale and purchase agreement.

The salient points of the above Orders include:-

i. Instrument of Transfer

A 40% stamp duty remission is granted on the stamp duty chargeable on any instrument of transfer relating to a commercial unit in Flagship A (Johor Bahru Waterfront) or Flagship B (Iskandar Puteri) which is located in the JS-SEZ executed between a developer and a qualifying person.

ii. Instrument of Loan or Financing Agreement

A 40% stamp duty remission is granted on the stamp duty chargeable on any instrument of loan or financing agreement relating to purchase of a commercial unit in Flagship A (Johor Bahru Waterfront) or Flagship B (Iskandar Puteri) which is located in the JS-SEZ executed between a qualifying person and

- a licensed bank under the FSA 2013;
- a licensed Islamic bank under the IFSA 2013;
- a development financial institution prescribed under the DFIA 2002;
- a co-operative society registered under the CSA 1993;
- Borneo Housing Mortgage Finance Bhd incorporated under the CA 2016; or
- Mutiara Mortgage & Credit Sdn Bhd incorporated under the CA 2016.

iii. Common Qualifying Conditions

- The SPA for the purchase of the commercial unit is executed between a developer and a qualifying person;
- The SPA is executed between 1st January 2025 and 31st December 2034;
- The SPA of the commercial unit shall be in relation to a commercial unit the construction of which is completed before 1st January 2025; and
- The SPA of the commercial unit shall not be in relation to the same commercial unit where a SPA for such commercial unit had been executed before 1st January 2025 and was subsequently cancelled by the same qualifying person.

The IRDA shall verify that the above prescribed conditions are complied with.

iv. Effective Period

The above Orders shall have effect from 1st January 2025 to 31st December 2034.

Note : *For further information on Tax Incentive for JS-SEZ, kindly refer to our Tax Flash - March 2025 and Tax Flash - May 2025 issues.*

Remission of Income Tax and Stamp Duty in Relation to DanaInfra Nasional Berhad's Financing Programme

The *Loans Guarantee (Bodies Corporate) (Remission of Tax and Stamp Duty) (DanaInfra Nasional Berhad) Order 2026 ["P.U.(A) 295"]* and the *Loans Guarantee (Bodies Corporate) (Remission of Tax and Stamp Duty) (DanaInfra Nasional Berhad) (No. 2) Order 2026 ["P.U.(A) 296"]* provide income tax and stamp duty remission for the following in relation to the guarantee given or to be given by the Government of Malaysia:-

- Syndicated Revolving Credit-i Facility ["RC-i Facility"] obtained by the DanaInfra Nasional Berhad ["DNB"] with an aggregate principal amount not exceeding RM1 billion; and
- Islamic Commercial Papers ["ICP"] and Islamic Medium Term Notes ["IMTN"] issued or to be issued by the DNB pursuant to the ICP and IMTN Programme with a nominal value of up to:-
  - RM8,988,500,000, under P.U.(A) 295; or
  - RM8,681,120,000, under P.U.(A) 296,

  including the aggregate principal amount obtained under the RC-i Facility.

The remission applies as follows:-

i. Remission of Tax

Any tax payable under the ITA 1967 by:-

- DNB, any financier of the RC-i Facility or any other party in respect of any money payable under any agreement, note, instrument and document in relation to the RC-i Facility and the guarantee;
- DNB or any holder of the ICP or IMTN or any other party in respect of any money payable under any agreement, note, instrument and document in relation to the ICP and IMTN Programme and the guarantee; or
- any party to whom the agreement, note, instrument and document in relation to the funding obtained by DNB under the Orders 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 ICP and IMTN Programme, RC-i Facility and the guarantee shall be remitted in full.

Announcements on Service Tax Treatment in Relation to Employment Services

The RMCD has on 13th August 2026 and 8th September 2026 published announcements concerning the *Service Tax Treatment in Relation to Employment Services*.

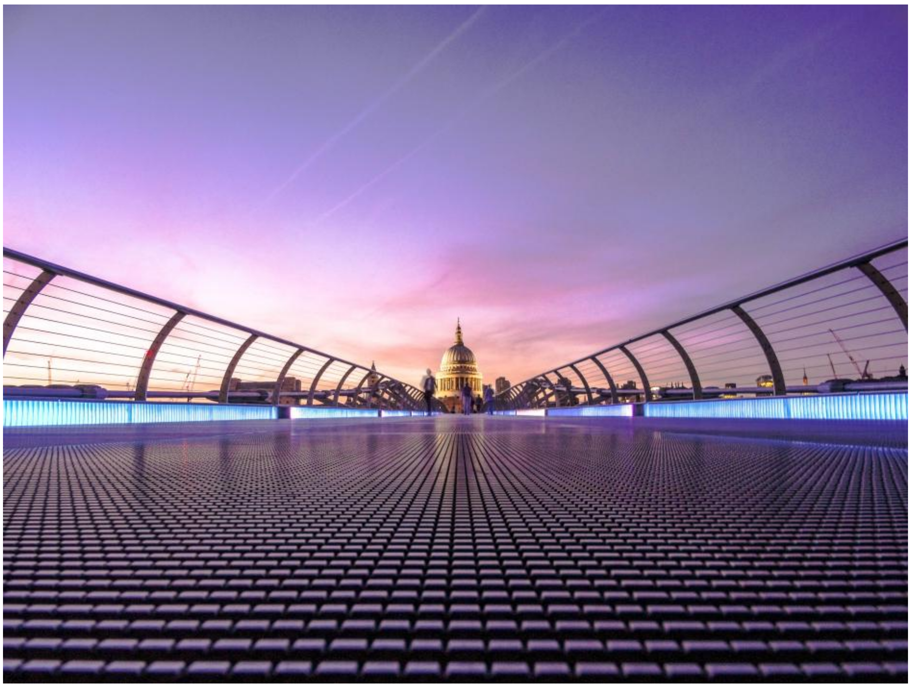
Based on the RMCD's revised position, service tax is imposed only on employment service fees or management fees. Any pass-through costs or expenses that constitute disbursements are not subject to service tax.

For this purpose, the pass-through costs refer to expenses recovered from the customers at cost, without any mark-up and are limited to the following types of recovery:-

- Emoluments;
- Workers' levies;
- Travel fares to Malaysia;
- Work permit fees;
- Insurance fees; and
- Mandatory medical examination fees for workers.

The Guide on Employment Services (Version 4) dated 9th June 2026 was withdrawn effective 13th August 2026. Please note that no refund will be granted in respect of any service tax paid to the RMCD on such employment services up to 13th August 2026.

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



PR No. 4/2026 – Application for Review

The RMCD has published the *PR No. 4/2026 – Application for Review* dated 13th August 2026 (in *Bahasa Malaysia*). The salient points extracted from the PR are as follows:-

- All decisions made by the DGCE under the relevant sections of the Customs Act 1967 [Act 235], Excise Act 1967 [Act 176], Goods and Services Tax Act 2014 [Act 762], Tourism Tax Act 2017 [Act 791], Sales Tax Act 2018 [Act 806], Service Tax Act 2018 [Act 807] and Departure Levy Act 2018 [Act 813] are eligible for review except for:-
  - matters relating to compounds;
  - matters falling under Section 128(3A) of Act 235; or
  - matters falling under Section 67(3) of Act 176.

- Notification letters concerning tax treatment issued by the RMCD Headquarters or State Customs Directors in response to queries raised by any party do not constitute final decisions of the DGCE. The applicant must first obtain a Customs Ruling and if he is still dissatisfied with the Customs Ruling issued, he may then submit an application for review.

- An application for review must be submitted within 30 days from the date on which the applicant is notified of the DGCE's decision, provided that no appeal against the same decision has been filed with the Tribunal or the High Court.

- A review decision is final and cannot be reviewed for a second time. Where practicable, the review decision will be issued within 60 days from the date of receipt of the review application, subject to the submission of complete documents or information by the applicant.

- The applicant who remains dissatisfied with the review decision may appeal to the Tribunal or the High Court.

- An application for review must be submitted via online through https://esemakan.customs.gov.my/.

- If an applicant intends to withdraw any application that has been submitted, the applicant must provide a written notice of the withdrawal to the Review Unit, Enforcement Division at the RMCD Headquarters via email at semakan@customs.gov.my.

- Any duty, tax or levy that is due and payable must be paid before the application for review is submitted.

- The submission for an application for review does not prevent the RMCD from proceeding with any enforcement action prescribed under the relevant legislation.

PR No. 5/2026 – Determination of the Meaning of Temporary Placement of Employees (Secondment of Employees) for Employment Services

The RMCD has published the *PR No. 5/2026 – Determination of the Meaning of Temporary Placement of Employees (Secondment of Employees) for Employment Services* dated 12th August 2026 (in *Bahasa Malaysia*). The salient points extracted from the PR are as follows:-

- Employment services have been prescribed as taxable services that are subject to service tax under Item (j), Column (2) of Group G to the First Schedule of the Service Tax Regulations 2018 ["SETR 2018"] effective 1st September 2018. Under the prevailing regulations, the following employment services are excluded from the scope of taxable services:-
  - the provision of employment services in the form of temporary secondment of employees; and
  - the provision of employment services for employment outside Malaysia.
- To qualify as a temporary secondment of employees, all the following conditions must be satisfied:-
  - A secondment contract exists between the original employer and the company to which the employee is seconded;
  - The business activity of the original employer is other than 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 specific 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 his employment remains continuous and unbroken;
  - 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;
  - Salary and any other allowances (at cost value) are paid by the company to which the employee is seconded, either directly or indirectly, and no additional charges are imposed; and
  - The secondment period of the employee is less than 6 months within a secondment year and does not extend into the following year.
- Any temporary secondment of employees that fails to satisfy all the abovementioned conditions will be treated as a taxable service and subject to service tax.

Service Tax Policy No. 5/2025 (Amendment No. 4) – Private Healthcare Services

The RMCD has published *Service Tax Policy No. 5/2025 (Amendment No. 4) – Private Healthcare Services* dated 17th August 2026. With effect from 1st July 2025, the service tax exemption on private healthcare services has been extended to include newborns who have not obtained Malaysian citizenship status, subject to the following conditions:-

- One of the parents must be a Malaysian citizen and holds valid identification documents issued by the National Registration Department; and
- The relevant supporting documents are submitted to the private healthcare service provider during the registration process.

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

Sales Tax (Persons Exempted from Payment of Tax) (Amendment) (No. 2) Order 2026

The *Sales Tax (Persons Exempted from Payment of Tax) (Amendment) (No. 2) Order 2026* Order has been gazetted on 28th August 2026 and took effect from 1st September 2026.

Announcement on Application for Sales Tax Exemption Certificate under Items 5, 6 and 7 of Schedule B of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018

The RMCD has published an announcement on 8th September 2026 regarding the *Application for Sales Tax Exemption Certificate under Items 5, 6 and 7 of Schedule B of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018*.

Effective 1st September 2026, applications for sales tax exemption certificates for raw materials used in the manufacture of animal feed, fertilisers or pesticides must be submitted through the MySST portal.

The Sales Tax Policy No. 1/2026 (Amendment No. 1) can no longer be relied upon as the basis or supporting document for obtaining the sales tax exemption.

Please refer to https://mysst.customs.gov.my/about-exemption/ for the applicable procedures for applying for an exemption certificate.

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

Service Tax Policy No. 5/2026 – Service Tax Facility on Construction Work Services for Offshore and Onshore Facilities and Ship-To-Floating Structure Conversion Services Provided to Customers Outside Malaysia

The RMCD has published *Service Tax Policy No. 5/2026 – Service Tax Facility on Construction Work Services for Offshore and Onshore Facilities and Ship-To-Floating Structure Conversion Services Provided to Customers Outside Malaysia* dated 8th September 2026. Construction works services relating to offshore and onshore facilities and structures as well as services involving conversion of vessels into floating structures, provided to clients outside Malaysia are exempted from payment of service tax, subject to the following conditions:-

- The service provider is a service tax registered person under Group L to the First Schedule of the SETR 2018;
- Each contract shall be made in writing, signed with the client outside Malaysia and duly stamped by the IRB;
- The service tax exemption applies retrospectively from 1st July 2025 and remains effective until the relevant project is completed or upon expiration of the contract, as the case may be;
- The Malaysian construction service providers must ensure that every invoice issued contains the following statement:-
  "*Service tax exemption under Sections 34(3)(a) and 34(4) of the Service Tax Act 2018 pursuant to Service Tax Policy No. 5/2026 dated 8th September 2026.*"
- Any service tax collected from customers on or after 1st July 2025 must be remitted to the RMCD pursuant to Section 26 of the Service Tax Act 2018. No refund of the service tax collected and paid will be granted to any party that has paid the said service tax to the RMCD;
- The Malaysian service providers must retain all the relevant documents for audit and verification purposes by the RMCD; and
- The recipient of the services relating to the construction of offshore and onshore facilities or the conversion of a ship into a floating structure must be an entity or company that is not established in Malaysia.

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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:-

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- Tax audit and investigation
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