In preparation for the re-introduction of the Sales and Service Tax (SST) on 1 September 2018, the Royal Malaysian Customs Department (RMCD) has released a list of frequently asked questions (FAQs) and details pertaining to the proposed implementation models for SST.

The table below summarizes the key points of the proposed SST implementation models:

<table>
<thead>
<tr>
<th>Framework</th>
<th>Sales Tax</th>
<th>Service Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope</strong></td>
<td>Levied on:</td>
<td>Charged on any provision of taxable services made in the course or furtherance of any business by a taxable person in Malaysia</td>
</tr>
<tr>
<td></td>
<td>• Taxable goods manufactured in Malaysia by a taxable person and sold by him; and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Taxable goods imported into Malaysia</td>
<td></td>
</tr>
<tr>
<td><strong>Registration and threshold</strong></td>
<td>Person who manufactures taxable goods and the annual turnover exceeds the MYR500,000 (approx. US$123,000) threshold</td>
<td>Service provider who provides taxable services and the value of the taxable services provided for a period of 12 months exceeds the MYR500,000 threshold</td>
</tr>
</tbody>
</table>
Indirect Tax Alert

<table>
<thead>
<tr>
<th>Framework</th>
<th>Sales Tax</th>
<th>Service Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate(s)</td>
<td>5%, 10% or a specific rate</td>
<td>Fixed rate of 6%, and a specific rate of MYR25 (approx. US$6) for the provision of credit card or charge card services</td>
</tr>
<tr>
<td>Filing of returns</td>
<td>Submission on a bi-monthly basis via electronic filing or by post</td>
<td>Submission on a bi-monthly basis via electronic filing or by post</td>
</tr>
</tbody>
</table>

The scope of the Service Tax has been expanded to include provision of IT services, electricity and domestic flights, except Rural Air Services.

Along with the expansion in scope, it is anticipated that certain exemptions from the previous SST legislation will be removed or restricted under the new Acts such as exemption for the provision of services to companies within the same group and certain other exemption facilities.

RMCD has also clarified that it will carry on with Goods and Services Tax (GST) audits for closure purposes after the SST comes into effect.

Access the list of FAQs, the proposed implementation models for SST, and the list of proposed goods exempted from Sales Tax using the links below:

- [Sales Tax FAQ (English)](#) or [Sales Tax FAQ (Bahasa Malaysia)](#)
- [Service Tax FAQ (English)](#) or [Service Tax FAQ (Bahasa Malaysia)](#)
- [Proposed Sales Tax Implementation Model](#)
- [Proposed Service Tax Implementation Model](#)
- [Proposed Goods Exempted from Sales Tax](#)

For additional information with respect to this Alert, please contact the following:

Ernst & Young Tax Consultants Sdn Bhd, Kuala Lumpur

- Aaron Bromley aaron.bromley@my.ey.com
- Lindsey Cruickshanks lindsey.cruickshanks@my.ey.com
- Meynard Lacay Sardalla meynard.sardalla@my.ey.com
About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

Indirect Tax

© 2018 EYGM Limited.
All Rights Reserved.
EYG no. 010455-18Gbl
1508-1600216 NY
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com