



Indirect Tax Alert

Service Tax Updates

Dear valued client,

The Service Tax Amendment Regulations and Orders are now officially published in the gazette. The Royal Malaysian Customs Department ("RMCD") has also released a series of policies and guides on the details of the service tax changes.

Service Tax Legislation

1. [Service Tax \(Amendment\) Regulations 2024](#)

The Service Tax Regulations 2018 ("STR 2018") have been amended as follows, effective 26 February 2024:

- The amendments are made to First Schedule of the STR 2018 on the following services:
 - Group A: Accommodation
 - Group B: Food and Beverage

- Group C: Night Clubs, Dance Halls, Cabarets, Karaoke Centre Health and Wellness Centres, Massage Parlours, Public Houses and Beer Houses
- Group E: Golf Club and Golf Driving Range
- Group G: Professionals or Skills
 - Maintenance and Repair Services
 - Consultancy, Training or Coaching Services
- Group I: Other Services
 - Brokering Or Underwriting Services
- Group J: Logistic Services

2. [Service Tax \(Rate of Tax\) \(Amendment\) Order 2024](#)

The Service Tax (Rate of Tax) Order 2018 have been amended to reflect the applicable service tax rate (i.e., 8% or 6%) on the taxable services, effective 1 March 2024.

3. [Service Tax \(Rate of Digital Services Tax\) \(Amendment\) Order 2024](#)

The Service Tax (Rate of Digital Services Tax) Order 2019 have been amended to reflect the applicable service tax rate (i.e., 8% or 6%) on the taxable digital services provided by foreign service providers, effective 1 March 2024.

4. [Service Tax \(Persons Exempted from Payment of Tax\) \(Amendment\) Order 2024*](#)

The Service Tax (Persons Exempted from Payment of Tax) Order 2018 have been amended to include the exemption on the taxable services provided under Group J, logistics services, effective 1 March 2024.

5. [Service Tax \(Imposition of Tax for Taxable Service in Respect of Designated Areas and Special Areas\) \(Amendment\) Order 2024*](#)

The Service Tax (Imposition of Tax for Taxable Service in Respect of Designated Areas and Special Areas) Order 2018 have been amended to include the treatment of service tax for taxable logistic services provided in Designated Areas (“DA”) and Special Areas (“SA”) effective 1 March 2024.

6. [Service Tax Policy No 1/2024: Service tax effective date on the new taxable services*](#)

The Service Tax Policy No 1/2024 specifies the following:

For service tax registrants providing new taxable service and is required to add in February 2024:

- The new taxable service must be included between 26 February 2024 and 29 February 2024.
- To only charge service tax on the new taxable service from 1 March 2024 as the taxable services provided between 26 February 2024 and 29 February 2024 are exempted.

For non-service tax registrants providing new taxable services and is required to register in February 2024:

- Service tax registration to be submitted between 1 March 2024 and 31 March 2024.
- Service tax should be charged on the new taxable service based on the effective registration date.

7. [Service Tax Policy No 2/2024: Treatment of Service Tax on Traditional and Complementary Medicine Services \(TCM\)](#)

The Service Tax Policy No 2/2024 specifies that the traditional and complementary medicine (TCM) services provided by practitioners is excluded from being subject to service tax, effective 1 March 2024.

8. [Service Tax Policy No 3/2024: Service Tax Rate for Provision of Multiple Taxable Services by The Same Service Provider](#)

The Service Tax Policy No 3/2024 specifies on the determination of service tax rate on the provision of various taxable services by the same service provider for Group A, B, C, D, E, and I under the First Schedule, STR 2018.

Service Tax Guides

1. [Guide on Accommodation Services*](#)

The scope of accommodation services is subject to 8% service tax, except for food and beverages, parking services and telecommunication services provided by hotel operators are subject to 6% service tax subject to conditions.

2. [Guide on Brokerage or Underwriting Services*](#)

The scope of brokerage and underwriting services are subject to 8% and has been expanded to include services related to ships or airplanes, commodities, real estate, and any other brokerage and underwriting services.

3. [Guide on Maintenance or Repair Services*](#)

The scope of maintenance or repair services, including corrective maintenance services that was not previously within the scope of taxable services, have been added as a new item under Group G of the First Schedule of STR 2018, subject to 8% service tax.

4. [General Guide on Service Tax*](#)

The general guide on service tax incorporates the pertinent changes, including rates, scope, effective dates, etc., into the guide.

5. [Guide on Electricity*](#)

The scope of provision of electricity transmission and distribution services to domestic consumers exceeding 600kwh in a minimum period of 28 days are subject to 8% service tax.

6. [Guide on Telecommunication Services](#)*

The scope of telecommunication services is subject to 6% service tax, and the services expanded to include the following:

- subscription broadcasting service.
- digital service

Additionally, the provision of bundled telecommunications services with added-value services, such as digital services, information technology services or cloud storage, etc. which are not offered separately, is subject to a 6% service tax.

7. [Guide on Consultancy, Training or Coaching Services](#)*

The scope of consultancy, training and coaching are subject to service tax at 8%.

8. [Guide on Parking Services](#)*

The provision of parking services by parking operators is subject to the service tax at 6%.

9. [Guide on Service for Group C, D and E](#)*

The provision of services under the following groups is subject to service tax at 8%:

- Group C: Night Clubs, Dance Halls, Cabarets, Karaoke Center, Health and Wellness Centres, Massage Parlours, Public Houses And Beer Houses
- Group D: Private Club
- Group E: Golf Club and Golf Driving Range

** Only available in Malay language/version*

Catch our [Indirect Tax Chat](#) later this month, which will include our analysis of these updated service tax matters.

Note:

Deloitte would be running a webinar to provide more insights into the service tax updates. We will keep you updated on the details.

Contacts

If you would like to have further discussions on any of the above, please reach out to your usual Deloitte indirect tax contact or to any of our leaders below:

Name	E-mail	Telephone
Tan Eng Yew Indirect Tax Country Leader	etan@deloitte.com	+603 7610 8870
Senthuran Elalingam Executive Director	selalingam@deloitte.com	+603 7610 8879
Chandran TS Ramasamy Director	ctsramasamy@deloitte.com	+603 7610 8873
Larry James Sta Maria Director	lstamaria@deloitte.com	+603 7610 8636
Nicholas Lee Pak Wei Director	nichlee@deloitte.com	+603 7610 8361

Alternatively, please reach out to anyone from the team [here](#).



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