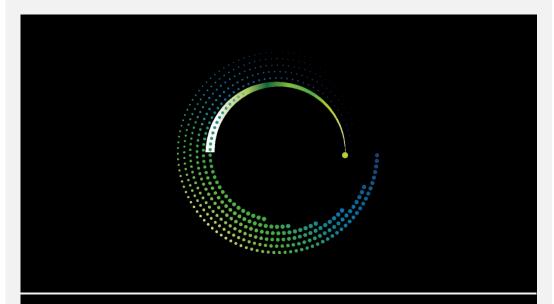
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Malaysia | Tax | 15 May 2025



Indirect Tax Alert

Key updates: SST scope expansion, MITI announcement on NPCO & adapting to a shifting tariff landscape

Dear valued client,

We are pleased to share important updates regarding the expansion of the Sales Tax and Service Tax ("SST") scope, as well as a recent media statement issued by the Ministry of Investment, Trade & Industry ("MITI"). These developments, along with other indirect tax matters, may have significant implications for your business operations.

1. Postponement of the SST scope expansion

Previously scheduled for implementation on 1 May 2025, the Malaysian government has announced that the planned SST expansion will be postponed (as seen here and here). According to the Director General of the Royal Malaysian Customs Department ("RMCD"), the changes to the SST are now expected to be gazetted on 1 June 2025.

As announced in Budget 2025, the proposed expansion of taxable services will be expanded to include new services, such as commercial service transactions between businesses, including fee-based financial services. The sales tax rates will be increased for non-essential items such as imported premium goods, while sales tax exemption will continue to apply to basic food items.

2. MITI streamlines NPCO issuance process for US exports

To combat potential transshipment to the US via Malaysia's entry and exit points, MITI has released a <u>media statement</u> on the issuance of Non-Preferential Certificates of Origin ("NPCO") for shipments to the US. Effective 6 May 2025, MITI will be the sole issuer of NPCO. Consequently, business councils, chambers, and associations previously authorised by MITI to issue NPCOs will no longer be permitted to do so. MITI will also intensify audits of NPCO applicants and collaborate with the RMCD to investigate and address any transshipment offences to the US.

3. Deloitte Asia Pacific webinar – Managing tariffs: Adapting supply chains to a shifting tariff landscape

On 28 April 2025, Deloitte held the "Leading in volatile times" webinar, where we explored the evolving landscape of global trade and its impact on supply chains in the Asia Pacific region. Experts and client panellists discussed the challenges posed by shifting tariffs, the key topics included the importance of supply chain diversification to mitigate tariff-related risks, strategies businesses can adopt to stay competitive despite rising costs, and lessons learned from previous tariff rounds. If you missed the session, we encourage you to visit our indirect tax webpage here and scroll to our 'Recent Events' to watch the video recording.

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:

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