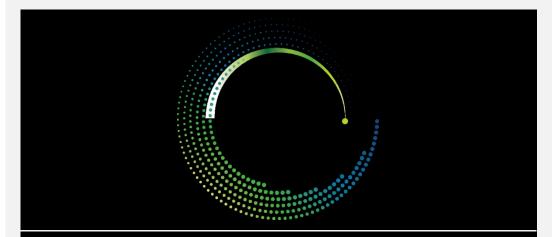
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Malaysia | Tax | 9 June 2025



Indirect Tax Alert

Sales Tax Rate Changes and Service Tax Expansion

Dear valued Client,

The Ministry of Finance ("MoF") has issued a <u>media release</u> (in the National Language) today, 9 June 2025, with regards to the review of Sales Tax rates and expansion of scope of Service Tax. The matters covered are as follows:-

- The Sales Tax rate will remain unchanged for essential goods;
- 5% or 10% Sales Tax will be imposed on certain selected goods and non-essential goods;
- The scope of the Service Tax will be expanded to include new services such as rental or leasing, construction, financial services, private healthcare, education and beauty services.

The amendment Regulations and Orders have been gazetted, and set to take effect from 1 July 2025 (links provided below).

The media release also mentions that for companies who undertake steps to comply with the amended requirements, no legal action and penalties will be imposed until 31 December 2025. However, please note that where applicable, the taxes would still have to be charged/accounted for and paid to Customs.

Below are the links to the relevant orders and regulations.

Sales Tax Legislation

- 1. Sales Tax (Rate of Sales Tax) Order 2025
- 2. Sales Tax (Goods Exempted from Sales Tax) Order 2025

Service Tax Legislation

- 1. Service Tax (Amendment) Regulations 2025
- 2. Service Tax (Rate of Tax) (Amendment) Order 2025
- 3. <u>Service Tax (Persons Exempted from Payment of Tax) (Amendment)</u> Order 2025

Look out for our forthcoming Indirect Tax Alert, where we'll share our insights and commentary on the latest updates.

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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