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## Indirect Tax Chat

Keeping you updated on the latest news  
in the Indirect Tax world

*April 2025*



# Issue 04.2025

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Key takeaways:

1. [Free Trade Agreement \(“FTA”\) between Malaysia and the United Arab Emirates \(“UAE”\)](#)
2. [Amendments to the Custom Duties \(Exemption\) Order 2017](#)

## Greetings from Deloitte Malaysia's Indirect Tax team

Greetings readers, and welcome to the April 2025 edition of our Indirect Tax Chat.

At the time of writing, the Law relating to the expansion of the service tax and adjustments to sales tax have yet to be published. Our understanding is that the Law most likely will take effect on 1 May 2025 but with a grace period and staggered implementation timeframes. We will be covering this in detail once the information becomes publicly available.

The recent announcement from the United States of America ("US") in relation to tariff adjustments has impacted many countries, including Malaysia. Goods originating from Malaysia are proposed to be imposed with an additional 10% tariff before an initial period, and then increased to 24%. However, there are some exempted goods, including qualifying electronic goods. Though the increase in tariffs have been temporarily delayed, impacted businesses should start evaluating counter measures in managing or mitigating the impact of these tariffs.

Additionally, here are some recent news that may interest you:

- MCA president Datuk Seri Dr Wee Ka Siong has urged the government to clarify if the revised Sales Tax and Service Tax ("SST") which was planned for 1 May 2025 will proceed as planned, be postponed, or be cancelled altogether. Dr Wee expressed concern that the government might push forward with the implementation without addressing market concerns or allowing sufficient time for planning and adjustment. He stressed that further clarity from the government is crucial in helping businesses plan ahead and reduce market uncertainty, especially those within the manufacturing and export sectors. For more information, please click [here](#).
- Prime Minister Datuk Seri Anwar Ibrahim shared that the Ministry of Investment, Trade and Industry ("MITI") is still assessing the impact of the latest US tariff measures on Malaysia's economy. He emphasised the need for a carefully drafted response, stating that there is still room for discussion and dialogue with the country's major trading partners. The US tariffs, effective 9 April 2025, affect ASEAN nations differently, with Malaysia facing a 24% tariff. For more information, please click [here](#).

We hope you're keeping well.

Best regards,

**Tan Eng Yew**

Indirect Tax Leader

Deloitte Malaysia



## 1. Free Trade Agreement (“FTA”) between Malaysia and the United Arab Emirates (“UAE”).

On 14 January 2025, Malaysia and the UAE signed the Malaysia – UAE Comprehensive Economic Partnership Agreement (“CEPA”) (“Malaysia – UAE CEPA”) or (“the Agreement”).

Since the date the Agreement was signed, there were no further rules and / or guidelines published.

### Deloitte’s comments

Despite the lack of guidelines or literature on the Agreement, this is an encouraging update as this spells the opening of more trade opportunities between the Malaysian and UAE markets.

Like with most Free Trade Agreements, businesses should take note of specific technical areas if they intend to avail themselves to preferential duty treatments. These can include:

- The goods which fall within the scope of the Agreement’s preferential duty treatment.
- The rules of origin which may apply.
- The businesses’ ability to comply with the relevant rules of origin of said Agreement.

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## 2. Amendments to the Custom Duties (Exemption) Order 2017

On 28 February 2025, the [Customs Duties \(Exemption\) \(Amendment\) \(No. 2\) Order 2025](#) was gazetted and came into effect on 3 March 2025. Notable amendments were made to Part 1 of the Schedule, Customs Duties (Exemption) Order 2017 as below: -

- Item 14A has been inserted after Item 14, as follows:

(1) Item no.	(2) Persons exempted	(3) Goods exempted	(4) Conditions	(5) Certificate to be signed by
14A	The driver	(i) Motor vehicle for the transport of goods under heading 87.04 of the Customs Duties Order 2022 [P.U. (A) 114/2022]; and  (ii) fuel supply, lubricating oil, maintenance supplies and spare parts for the use of the motor vehicle.	(i) That the motor vehicle has a valid ASEAN goods vehicle cross-border permit issued by the relevant authority of any ASEAN member country;  (ii) that the fuel supply is contained within the supply tank of the motor vehicle;  (iii) that the person approved in column (2) shall comply with any public ruling issued by the Director General.	Certificate not required

### Deloitte's comments

The newly-introduced import duty exemption benefits businesses that engage with cross-border goods transportation within ASEAN. Under this provision, goods vehicles entering Malaysia are exempt from import duty, provided they comply with the stipulated conditions.

In line with the ASEAN Framework Agreement on the Facilitation of Goods in Transit, this exemption offers a streamlined administrative process and cost advantageous for transporters, enabling them to move goods across Customs territories without the usual import and export procedures.

In Malaysia, the ASEAN Goods Vehicle Cross-Border Permit is issued by the Land Public Transport Agency (Agensi Pengangkutan Awam Darat, APAD) under the Ministry of Transport. It authorises Malaysian commercial goods vehicles to operate across ASEAN member states in compliance with ASEAN transport agreements.

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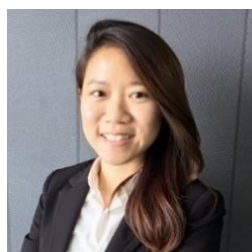


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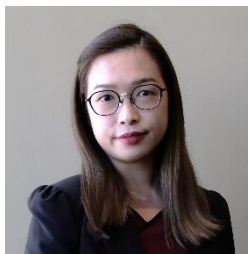
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