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Indirect Tax Chat

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

May 2025



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Key takeaways:

1. [Amendments to the Excise Duties \(Exemption\) Order 2017](#)
2. [Amendments to the Customs \(Prohibition of Imports\) Order 2023](#)

Greetings from Deloitte Malaysia's Indirect Tax team

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

At the time of writing, the legislative amendments to the expanded service tax scope have yet to be published. While there is much speculation, there is also no formal date for when these changes will begin. Our expectation is that it will take effect in the near future, in some shape or form. While it is difficult for businesses to take concrete action without formal law or guidelines, we encourage you to start the initial preparatory work so that once the law is published, you will be able to move quickly with updating or enhancing systems, processes as well as internal and external stakeholders.



In this edition, we will discuss the amendments to Excise Duties (Exemption) Order 2017 and Customs (Prohibition of Imports) Order 2023.

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

- Two steel industry groups in Malaysia, the Malaysian Iron and Steel Industry Federation (“MISIF”) and the Malaysia Steel Association (“MSA”), have called for a further delay to the sales tax and service tax (“SST”) expansion beyond the revised June 1 date, citing extreme market difficulty including rising energy and raw material costs, as well as slow domestic demand. They cite additional compliance burdens, such as the 2% EPF contribution for foreign workers and SST expansion, risk further burdening the industry. They also urged the government to implement anti-dumping measures, special industrial electricity tariffs for steelmakers, and a "Buy Malaysia First" policy to support local steelmakers and safeguard jobs. For more information, please click [here](#).
- Business groups, including the Federation of Malaysian Manufacturers (“FMM”) and Small and Medium Enterprises (“SMEs”), are urging the government to defer the expanded SST expansion scheduled for 1 June 2025, citing concerns over rising business costs, inflation, and a volatile economic climate. The groups claim that the tax will reduce industrial competitiveness, burden consumers, and derail economic recovery efforts, and have urged authorities for exemption of taxable services rendered to licensed manufacturers. This includes a 12-month grace period and better support for exporters. For more information, please click [here](#).

To our Muslim readers celebrating, we wish you *Selamat Hari Raya Haji*, and to everyone else, a happy holiday.

Best regards,

Tan Eng Yew

Indirect Tax Leader

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1. Amendments to the Excise Duties (Exemption) Order 2017

The [Excise Duties \(Exemption\) \(Amendment\) Order 2025](#) was gazetted on 21 March 2025 and came into operation on 2 April 2025.

The abovementioned Order had specifically amended Item 41, Part 1 of the Schedule to the Excise Duties (Exemption) Order 2017 (“the Order”). The notable amendments are as follows:

- In relation to column (3) – goods exempted:
 - For subitem (c) – formulated milk powder and formula dietary food and (d) – Follow-up formula for an infant, the words “nine years” has been replaced to “or within the recommended age group”.
 - For subitem (e), the word “Plain milk powder” has been replaced to “Milk powder”.
- In relation to column (4) – conditions:
 - A new condition was inserted under subpoint (g) whereby *“the conditions specified in subitems (b), (c) and (d) only apply to the goods exempted in subitems (a), (e) and (f) in column (3)”*

Deloitte’s comments

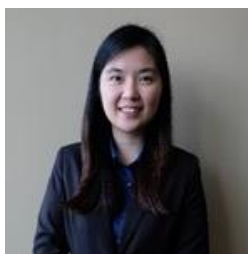
The amendments to Item 41 of the Order should provide more clarity on the exemption conditions. The exemption condition with respect to total sugar content and lab analysis report now would only be applicable to the relevant exempted goods.

For the rest of the goods exempted (e.g. Infant formula milk for newborn, formulated milk powder and formula dietary food for children, follow-up formula for an infant, food preparation of goods of specific subheadings), as the determining factor for applying for exemption does not rely on the total sugar content. Based on this, the conditions specified under subitems (b), (c), (d), Item 41 of the said Order now should not be applicable.

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2. Amendments to the Customs (Prohibition of Imports) Order 2023

On 30 April 2025, the [Customs \(Prohibition of Imports\) \(Amendment\) Order 2025](#) was gazetted and came into effect on 1 July 2025. Notable amendments were made to Part I of the Second Schedule and Part I of the Fourth Schedule of the Customs (Prohibition of Imports) Order 2023 as follows: -

- Item 12 (Waste, parings and scrap of plastics) has been deleted from Part I of the Second Schedule.
- Item 6 – the similar goods as above, has now been inserted after Item 5 in Part I of the Fourth Schedule, as follows:

(1) Item no.	(2) Description of goods	(3) Chapter / Heading / Subheading	(4) Country	(5) Manner of import
6.	Waste, parings and scrap of plastics	39.15	All countries	That the import is accompanied by a Certificate of Approval by or on behalf of SIRIM Berhad as defined under the Guidelines for Importation and Inspection of Waste Plastic

Deloitte's comments

The recategorisation of goods described as "waste, parings and scrap of plastics" under HS code 39.15 — from the Second Schedule to the Fourth Schedule of the Customs (Prohibition of Imports) Order 2023 — represents a shift in regulatory approach. Previously listed under the Second Schedule, these goods were prohibited from import into Malaysia except under an import license. Their inclusion in the Fourth Schedule still permits importation of the above goods, subject to requirements prescribed in the Guidelines for Importation and Inspection of Waste Plastic which can be obtained from SIRIM QAS.

The implications of this change include the introduction of stricter quality, safety, and environmental controls for plastic waste imports which aligns with Malaysia's broader objectives to improve the management of plastic waste.

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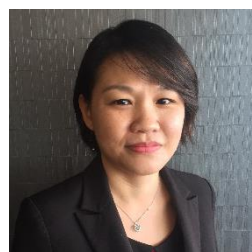


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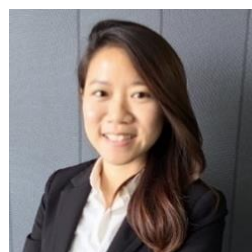


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