

Tax Update : Service Tax Policy No. 1/2024

On 28 February 2024, the Royal Malaysian Customs Department (RMCD) released the Service Tax Policy No. 1/2024.

We summarise the salient points of the Policy as follows:-

Effective **1 March 2024**, the service tax rate will increase to 8% for all taxable services, except for the following taxable services:-

Group B:
Food and
beverage

Group I:
Telecom-
munication
services

Group I:
Vehicle parking
space services

Group J:
Logistic (new
taxable
service)

The credit card and charge card remain at RM25 per card per year.

The scope of taxable services will expand to include the following:-

- (1) Karaoke center services under Group C - 8%;
- (2) Maintenance or repair services under Group G, Item 13 - 8%; (i.e. inclusive of maintenance management, corrective maintenance, preventive maintenance, calibration, adjustment, recondition, reconfigure or overhaul)
- (3) Brokerage and underwriting services for services other than finance under Group I, Item 12 - 8%; and
- (4) Logistic services under Group J (New Group) - 6%. (i.e. logistic management, port and airport management, warehousing or warehousing management, freight forwarding, shipping services, aviation services, cold chain facilities services)

The effective date for imposing service tax on the new taxable services are as follows:

Existing Service Tax Registrant

For existing service tax registrant, who is providing the new taxable services, please take note of the following:-

- To update its registration details in the MySST portal latest by **29 February 2024**;
- The effective date of imposing service tax is from **1 March 2024**; and
- The Minister of Finance has given exemption from charging service tax on the new taxable services provided from **26 February 2024 to 29 February 2024**.

However, please note that existing service tax registrant, who provide maintenance management and warehousing management services under Group G, item 9 is not entitled for the Minister's exemption mentioned above in respect of the services provided from 26 February 2024 to 29 February 2024.

Persons liable to register for Service Tax (new registrant)

Any person, who is liable to be registered for service tax for providing the new taxable services, please take note of the following:-

- To submit the application for registration from **1 March 2024 to 31 March 2024**;
- The effective date of imposing service tax is from **1 April 2024**; and
- The Minister of Finance has given exemption from charging service tax on the new taxable services provided from **26 February 2024 to 31 March 2024**.