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The following Bills were passed in the Senate on 20th August 2018:-

- i. Goods and Services Tax (Repeal) Bill 2018;
- ii. Sales Tax Bill 2018;
- iii. Service Tax Bill 2018;
- iv. Customs (Amendment) Bill 2018; and
- v. Free Zones (Amendment) Bill 2018.

Note : Please refer to our Tax Flash – August 2018 (Special Edition No. 1) if you wish to refer to the contents of the above Bills.

As the SST regime will kick off on 1st September 2018, Royal Malaysian Customs Department ["RMCD"] has on 21st August 2018 released the following proposed SST regulations and statutory orders for public consumption:-

The Proposed Sales Tax Regulations and Statutory Orders

- i. The Proposed Sales Tax Regulations 2018;
- ii. The Proposed Order for Appointment of Date of Coming into Operation;

Hyperlinks

- [Moore Stephens Malaysia](#)
- [Moore Stephens International](#)

- [Tax Flash – August 2018 \(Special Edition No. 1\)](#)

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- iii. The Proposed Sales Tax (Amount of Sale Value of Taxable Goods Manufactured) Order 2018;
- iv. The Proposed Sales Tax (Compounding of Offences) Regulations 2018;
- v. The Proposed Sales Tax (Customs Ruling) Regulations 2018;
- vi. The Proposed Sales Tax (Imposition of Tax in Respect of Designated Area) Order 2018;
- vii. The Proposed Sales Tax (Imposition of Tax in Respect of Special Area) Order 2018;
- viii. The Proposed Sales Tax (Rules of Valuation) Regulations 2018;
- ix. The Proposed Sales Tax (Person Exempted from Payment of Tax) Order 2018; and
- x. The Proposed Sales Tax (Exemption from Registration) Order 2018.

The Proposed Service Tax Regulations and Statutory Orders

- i. The Proposed Service Tax Regulations 2018;
- ii. The Proposed Order for Appointment of Date of Coming Into Operation;
- iii. The Proposed Service Tax (Compounding of Offences) Regulations 2018;
- iv. The Proposed Service Tax (Customs Ruling) Regulations 2018;
- v. The Proposed Service Tax (Imposition of Tax for Taxable Service in Respect of Designated Areas and Special Areas) Order 2018; and
- vi. The Proposed Services Tax (Rate of Tax) Order 2018.

The Proposed Sales Tax (Person Exempted from Payment of Tax) Order 2018

The exemption from payment of sales tax can be broadly categorised into three categories as below: -

- i. Schedule A Exemption – Approved persons such as The Yang di-Pertuan Agong, the Ruler of any state, Federal and State Government, airline operators, oil and gas operators, etc.;
- ii. Schedule B Exemption - Any manufacturer approved by the Director General of RMCD in respect of the following:-
 - acquisition of all goods (including packing materials but excluding petroleum) solely for use in the manufacture of:-
 - controlled articles (goods) under the Control of Supplies Act 1961 and subject to price control;
 - pharmaceutical products falling under Chapter 30 of the prevailing Customs Duties Order;
 - certain prescribed milk products; and
 - acquisition of all taxable raw materials and components (including packing materials but excluding petroleum) solely for use in the manufacture of exempted goods for export.

➤ [The Proposed Sales Tax \(Person Exempted from Payment of Tax\) Order 2018](#)

Hyperlinks

iii. Schedule C Exemption - The following goods imported or purchased by the following person will be exempted from sales tax:-

- Any registered manufacturer who imports or acquires raw materials, components and packaging materials (excluding petroleum) from another registered manufacturer / a warehouse licensed under Section 65 or licensed manufacturing warehouse under Section 65A of the Customs Act 1967 and those goods are used solely in the manufacturing of his finished goods;
- Any registered manufacturer of petroleum products who imports or acquires raw materials, components and packaging materials (including petroleum to be used as raw materials) from another registered manufacturer / a warehouse licensed under Section 65 or licensed manufacturing warehouse under Section 65A of the Customs Act 1967 and those goods are used solely in the manufacturing of his finished goods;
- Any person acting on behalf of a registered manufacturer to import or acquire raw materials, components and packaging materials (excluding petroleum) from another registered manufacturer / a warehouse licensed under Section 65 or licensed manufacturing warehouse under Section 65A of the Customs Act 1967 and that the goods are delivered and used solely in the manufacturing of the registered manufacturer's products;
- Any person acting on behalf of a registered manufacturer of petroleum products to import or acquire raw materials, components and packaging materials (including petroleum to be used as raw materials) from another registered manufacturer / a warehouse licensed under Section 65 or licensed manufacturing warehouse under Section 65A of the Customs Act 1967 and that the goods are delivered and used solely in the manufacturing of the registered petroleum manufacturer's products;
- Any registered manufacturer who imports or acquires semi-finished taxable goods or finished taxable goods for sub-contract work to be done by another registered manufacturer where the aforesaid goods will subsequently be returned by his sub-contractor after completion of work.

The Proposed Sales Tax (Exemption from Registration) Order 2018

Any person who solely carrying on manufacturing operations as listed in Schedule A of the Order is exempted from registration of sales tax irrespective of the total value of sales of taxable goods attained by such person. Examples of the manufacturing operations listed therein are:-

- Manufacturing of ready mixed concrete;
- Repairing second hand or used goods;
- Developing and printing of photographs and producing film slides.

- [The Proposed Sales Tax \(Exemption from Registration\) Order 2018](#)

The Proposed Service Tax Regulations 2018

A detailed list of taxable service, person and total value of taxable service is shown in First Schedule of the proposed Service Tax Regulations 2018. The Regulations have categorised the taxable services into Group A to I. A person will be required to be registered for service tax purposes if the prescribed threshold is exceeded within the same grouping. The default threshold for registration is RM500,000 except for the following:-

- Threshold for registration of RM1,000,000
 - Provision of prepared or served foods or drinks and sale of tobacco products, alcoholic and non-alcoholic beverages by any person operating restaurant, bar, coffee house, food court, catering services, etc.
- No threshold is set
 - Provision of credit card or charge card services by any person who is regulated by Bank Negara Malaysia.
 - Provision of services for clearing of goods from Customs control by any approved agent under Section 90 of the Customs Act 1967.

This publication is provided gratuitously and without liability. It is intended as a general guide only and the application of its contents to specific situations will depend on the particular circumstances involved. Readers should seek appropriate professional advice regarding any particular problems that they encounter, and this tax update should not be relied on as a substitute for advice. Accordingly, Advent MS Tax Consultants Sdn Bhd assumes no responsibility for any errors or omissions it may contain, whether caused by negligence or otherwise, or for any losses, however caused, sustained by any person that relies on it. Should further information, clarification or advice be required on any of the contents stated herein, please feel free to contact our tax team.

Hyperlinks

- [The Proposed Service Tax Regulations 2018](#)