



MOORE Advent

TAX FLASH

June 2023

In this Issue

- [Finance Act 2023](#)
- [Synthesised Texts of the MLI and the Agreement Between Malaysia and Australia, Ireland, Romania and South Africa for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income](#)
- [Service Tax \(Amendment\) Regulations 2023](#)
- [Guideline on the Application for Import Duty and Sales Tax Exemption on Studio and Filming Production Equipment](#)
- [Revocation of Appointment of Effective Date for Charging and Levying of Sales Tax on Low Value Goods](#)

- [Moore Malaysia](#)
- [Moore Global](#)
- [Inland Revenue Board](#)

Finance Act 2023

The *Finance Act 2023* has been gazetted on 31st May 2023 to take effect the proposed amendments made in the Finance Bill 2023 with no material changes.

Synthesised Texts of the MLI and the Agreement Between Malaysia and Australia, Ireland, Romania and South Africa for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income

The Inland Revenue Board has recently uploaded on its website the Synthesised Text of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ["MLI"] and the Agreement Between Malaysia and *Australia, Ireland, Romania* and *South Africa* for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income ["DTA"]. This document represents the synthesised text for the application of the Malaysia's DTA with these countries as modified by the MLI which have effect as set out in the following table:-

Synthesised Texts of Malaysia's DTA with	Entry into Effect of the Modifications Made by MLI (in Synthesised Texts) with Respect to	
	Withholding Tax	All Other Taxes
	Where the event giving rise to such taxes occurs on/after:-	For taxes levies with respect to taxable period beginning on/after:-
Australia	1 st January 2022	1 st December 2021
Ireland	1 st January 2022	1 st December 2021
Romania	1 st January 2024	5 th October 2023 (for taxes levied by Malaysia) 1 st January 2024 (for taxes levied by Romania)
South Africa	1 st January 2023	1 st July 2023

Note: The above effective dates apply unless it is stated otherwise elsewhere in the Synthesised Texts.

Service Tax (Amendment) Regulations 2023

The *Service Tax (Amendment) Regulations 2023* was gazetted and took effect from 15th May 2023. The salient points extracted from the aforesaid Regulations are as follows:-

- Upon request made in writing by any registered person and subject to any conditions as the Director General of Customs and Excise ["DG"] deems fits, the DG may allow omission of any particulars specified under Regulation 11(3) on the credit note or debit note issued by the registered person.
- SST-02 return shall be furnished to the DG and deemed to be received by the DG through electronic service or in any manner as the DG may determine. Following this amendment, it is unclear as to whether the DG will still allow a registered person to submit the SST-02 return by post or courier services to the Customs Processing Centre or not.
- Payments of service tax (including surcharge, penalty, fee and etc) shall be made by electronic banking or in any manner as the DG may determine. Similar to the above, further clarification will need to be sought from Royal Malaysian Customs Department as to whether a registered person will still be allowed to make such payments via non-electronic means, such as sending cheques or bank drafts for payments of service tax to the Customs Processing Centre by post or courier services.
- The amount of such payment shall be deemed not to have been received by the DG until it is lodged to the credit of the DG.

- Any private educational institution registered under the Education Act 1996 [*Act 550*] that operates accommodation premises including hotel, inns, lodging house, service apartment, homestay and any other similar establishment is no longer deemed as a taxable person under Group A to the First Schedule of the Service Tax Regulations 2018 [“the Regulations”].
- One of the taxable services, i.e. “provision or sale of tobacco products and alcoholic and non-alcoholic beverages” stated in the Groups A to E to First Schedule of the Regulations has been rephrased and expanded to include “provision or sale of—
 - (i) cigarettes;
 - (ii) tobacco products;
 - (iii) smoking pipes (including pipe bowls);
 - (iv) electronic cigarettes and similar personal electric vaporizing devices;
 - (v) preparation of a kind used for smoking through electronic cigarettes and electric vaporizing device, in form of liquid or gel, whether or not containing nicotine; or
 - (vi) alcohol and non-alcoholic beverages”.
- The provision of training services or coaching services to a person who holds a valid Kad OKU (*Orang Kurang Upaya*) issued under the Persons with Disabilities Act 2008 [*Act 685*] will only be excluded as taxable services if such services are prepared by the following training centre or coaching centre service provider:-
 - registered with the Ministry of Health;
 - registered with the Social Welfare Department; or
 - recognised by any national association for person with disabilities which is registered with the Registrar of Societies Malaysia.
- Any person who—
 - is granted an operator’s licence under Section 18 or 38 of the Land Public Transport Act 2010 [*Act 715*] for Peninsular Malaysia;
 - is licensed under Section 16 of the Commercial Vehicles Licensing Board Act 1987 [*Act 334*] for Sabah, Sarawak and Federal Territory of Labuan; or
 - is licensed under Section 4 of the Tourism Vehicles Licensing Act 1999 [*Act 594*] for Sabah, Sarawak and Federal Territory of Labuan,
 will be regarded as a taxable person under Item 7 of Group I to First Schedule to the Regulations.

Guideline on the Application for Import Duty and Sales Tax Exemption on Studio and Filming Production Equipment

Subsequent to the 2023 Budget (Retabled) announcement, the Ministry of Finance [“MOF”] has published the [Guideline on the Application for Import Duty and Sales Tax Exemption on Studio and Filming Production Equipment](#) (in *Bahasa Malaysia*). The salient points extracted from the aforesaid Guideline are as follows:-

- Qualifications of applicant:-
 - Any provider of studio equipment and filming production services (including post-production) who wishes to apply for the import duty and sales tax exemption on studio and filming production equipment must meet the following criteria:-
 - Local companies that are licensees under the National Film Development Corporation Malaysia [“FINAS”] for any of the following licences:-
 - Film Distribution Licence;
 - Video Distribution Licence;
 - Film Production Licence; or
 - Video Production Licence;
 - Local companies that purchase and import studio and filming production equipment (including post-production) directly from overseas companies or through appointed agents;
 - Government statutory bodies that are involved in the creative industry that purchase studio and filming production equipment (including post-production); and

- Local companies that provide renting services on studio equipment and production services (including post-production).
- Equipment that qualify for the import duty and sales tax exemption are studio and filming production equipment (manufactured locally or imported) that are used directly in the preparation of studio equipment and filming production (including post-production).
- Application for the import duty and sales tax exemption must be submitted to the MOF through the company's official letter together with complete information with regard to the equipment applied for in the format as specified in [Appendix A](#).
- The application can be made within the period from 1st April 2023 to 31st March 2026.

Revocation of Appointment of Effective Date for Charging and Levying of Sales Tax on Low Value Goods

The [Revocation of Appointment of Effective Date for Charging and Levying of Sales Tax on Low Value Goods](#) was gazetted on 15th May 2023 to revoke the Gazette Order P.U. (B) 642/2022 which provides for the effective date for charging and levying of sales tax on low value goods as 1st April 2023. Accordingly, the effective date for charging and levying of sales tax on low value goods has been deferred until further notice.

Note: For further details, kindly refer to our [Tax Flash – March 2023](#) issue.

For other issues of our Tax Flash, please go to:
www.moore.com.my/publications



www.moore.com.my

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, Moore Advent 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 at tax@moore.com.my.