

FREQUENTLY ASK QUESTION (FAQs)

1. **Q : I operate a number forecast outlet and I have to pay the government RM5,000 annually as license fee. Is this license fee subject to service tax?**

A : No. Regulated fees for licensing of gaming activities like number forecast, slot machines, casino, sweepstakes and lotteries are not subject to service tax.

2. **Q : A new gambling operator provides betting and gaming services in number forecasting and received bets totaling of RM1,500,000 with cash payable to identified successful punters amounting to RM700,000 for one draw in July 2019. Is he required to apply for registration? [Note: Assume rate of service tax is 6%]**

A : The value of taxable services of the gambling operator needs to be determined as follows:

Bets /Turnover	: RM 1,500,000.00
(-) Gaming tax @ 8%	: RM 120,000.00
(-) Pool betting duty @ 8%	: RM 110,400.00
Variable A	: RM 1,269,600.00
Variable B (Cash prize)	: RM 700,000.00
Net takings (A – B)	: <u>RM 569,600.00</u>
Value of Services [(100/106) x (A – B)]	RM 537,358.49

Based on the amount of his value of taxable services of RM537,358.49, the gambling operator is liable to be registered as the value has exceeded the registration threshold.

3. **Q : A gambling operator conducting a tournament charges an Administration fee of RM50 for each participant’s horse taking part in a restricted maiden race. A participant who has 2 horses participating in the tournament will pay a fee of RM100. Is the administration fee subject to service tax?**

A : Yes, the administration fee is subject to service tax as this is a charge for a taxable service.

4. **Q : The number forecast operators are required to make mandatory contribution to the National Sports Council based on 10% of the net profit before tax. Is there any service tax liability on this contribution?**

A : No. Such contribution is not subject to service tax.

5. **Q : How should a casino operator be registered for service tax if they also carry on other businesses?**

A : If a casino operator carries on other businesses such as hotels, restaurants, theme park, retail outlets and concert shows, the operation of other businesses will be registered together with the casino i.e. all the other services will be subject to service tax if the casino operator is registered.

6. **Q : Is online gambling activity subject to service tax in Malaysia?**

A : No, such activity is not subject to service tax in Malaysia.

7. **Q : A casino operator received total collections of RM1,000,000 and the total cash pay-outs to successful players is RM400,000 for the taxable period of September and October 2018. The casino operator makes net winnings of RM600, 000. What is the GST amount to be accounted for in the June taxable period if the casino duty is RM150, 000 (25% x RM600, 000)? [Note: Assume rate of service tax is 6%]**

A :

Gross collections	:	RM 1,000,000.00
Less:		
Casino duty @ 25% of net wins	:	RM 150,000.00
Cash prize	:	RM 400,000.00
Value of services (100/106 x RM450, 000)	:	RM 424, 528.30
Service tax (6/106 x RM450, 000)	:	RM 25,471.70

8. **Q : Can a registered gambling operator claim a rebate on sales tax or service tax paid on his purchases in providing his taxable services?**
- A : No, the gambling operator is not eligible to claim a rebate on sales tax or service tax paid on his purchases in providing his taxable services
9. **Q : I am a trader and sells gaming machines, table games and its spare parts in Malaysia. Do I get sales tax exemption on the importation of those goods in the course or furtherance of my business?**
- A : No. Such importation is subject to sales tax.
10. **Q : I am an agent of promoting sweepstake tickets to the public. Do I have to be registered under the Service Tax Act 2018?**
- A : No, you are providing services on behalf of a principal to a third party and earns commission. Hence, you are not liable to be registered as the service that you provide is not a taxable service.
11. **Q : The tickets are printed overseas and printing takes five months to be confirmed in advance of the date the sweepstake tickets are intended to be released for sale. The foreign printer will print the sweepstake ticket with the words “inclusive of GST” or “inclusive of 6% GST” for draw conducted from Jun 2018 to January 2019. Is he allowed to sell those tickets during the period?**
- A : Such tickets for the numbers drawn from Jun 2018 to November 2018 are allowed to be sold during the period. However, the sales of tickets for numbers to be drawn on December 2018 onwards are subject to the Director General approval.

12. Q : **A gambling operator receives technical services for maintaining the gaming machines from ABC Sdn Bhd. Does he need to pay service tax on the services?**

A : He needs to pay service tax if ABC Sdn Bhd is registered under the Service Tax Act 2018.

13. Q : **A gambling operator receives services for monthly collections' removal from the gaming machines from XYZ Sdn Bhd. Does he need to pay service tax on the services?**

A : He needs to pay service tax if XYZ Sdn Bhd is registered under the Service Tax Act 2018.

Supplies Spanning Change from GST (0%) to SST (6%)

14. Q : **Platinum Sweep Sdn Bhd conducted a lottery offering a Toyota Vios worth RM90,000 and cash prizes worth RM150,000. For the lottery, Platinum Sweep Sdn Bhd sold 200,000 tickets @RM3 in August 2018 and 300,000 tickets @RM3 in September 2018. The draw was conducted on 15.9.2018. All prizes have been won. What is the service tax amount to be accounted for the lottery by Platinum Sweep Sdn Bhd? [Note: Assume rate of service tax is 6%]**

A :		RM
	Collection from lottery sales for draw on 15.9.2018 (August and September 2018 Collection)	1,500,000.00
	(-) Gaming tax @ 8%	120,000.00
	(-) Betting & Sweepstakes Duties @ 10%	138,000.00
	Variable A	1,242,000.00
	Variable B (Cash prize)	150,000.00
	Net takings (A - B)	1,092,000.00
	Value of services $100/106 \times (A - B)$	1,030,188.68
	Service tax $6/106 \times (A - B)$	61,811.32

15. Q : **Collections from slot machines are removed on a weekly basis by a private club operator. For the period 27.8.2018 to 2.9.2018, the collections are removed on 3.9.2018. Are the collections subject to GST at 0%? [Note: Assume rate of service tax is 6%]**

A : The collections removed on 3.9.2018 are inclusive of service tax at the rate of 6%.