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**SERVICE TAX POLICY NO 1/2020**

**EXPANSION OF SCOPE OF TAXABLE SERVICE**

1. Effective from **1<sup>st</sup> January 2020**, column (2) of the First Schedule of Service Tax Regulations 2018 is amended by Service Tax (Amendment)(No. 2) Regulations 2019 [P.U(A) 357/2019] to:
  - 1.1. Widen the scope of existing taxable service; and
  - 1.2. Prescribe new service as taxable service.
  
2. The effected Group are:
  - 2.1. **Group G**, column (2)
    - (a) Item (h) - provision of IT service is expanded to include distributing or reselling of information technology services on behalf of any person.
    - (b) New item (l) – provision of electronic medium that allows the suppliers to provide supplies to customers.
    - (c) New item (m) – provision of digital services including transaction for provision of digital services on behalf of any person.
  
  - 2.2. **Group I**, column (2)
    - (a) Item 2 – provision of telecommunication service is expanded to include provision of digital service.
    - (b) Item 8 – provision of advertising service is expanded to include digital advertising service.
  
3. **Registration and charging for tax:**
  - 3.1. **New Taxable person:**
    - (a) In determination of total value of taxable service, historical method shall be applied.
    - (b) Any person who provides the new taxable service shall apply for registration not later than 29 February 2020, in accordance with section 13 Service Tax Act 2018 if the total value of the service in the month of January 2020 and the eleven months preceding has exceeded RM500,000.
    - (c) The registration will take effect from 1 March 2020 as provided under section 13(3) Service Tax Act 2018
    - (d) The registered person shall start charging service tax from 1 March 2020.

### **3.2. Existing Registered Person**

- (a) Any registered person who provides the new taxable service shall make changes in his registration.
  
- (b) The registered person shall start charging tax from the date of the registration of the new services.

### **4. Service Tax Exemption**

- 4.1. Any exemption granted to taxable person with regards to such service shall take effect from the date of registration.
- 4.2. Any refund granted under section 34(3)(b) Service Tax Act 2018 to taxable person shall take effect from the date of registration.

**INTERNAL TAX DIVISION**

**ROYAL MALAYSIAN CUSTOMS DEPARTMENT HEADQUARTERS, PUTRAJAYA**