



SERVICE TAX POLICY NO 5/2020

SERVICE TAX ON ONLINE NEWSPAPER, ONLINE JOURNALS AND PERIODICALS

1. Effective from **1st January 2020**, digital services provided by foreign service provider is subject to service tax.
2. The Minister of Finance has prescribed online newspaper, online journals and periodicals, which are digital services including services provided by local service providers, are **not** subject to service tax effective from 1st January 2020.
3. The online services involved are as follows:
 - 3.1 eNewspaper including printed digital version of newspaper under the tariff code of 4902.10 and 4902.90;
 - eNewspaper refers to publications of matters at regular interval, each issue being dated and also frequently being numbered mainly of current news of general interest, together usually with literary articles on subjects of current, historical, biographical, etc. It is generally provides space for illustrations and advertisements.
 - 3.2 Online educational, technical, scientific, historical or cultural journals and periodicals including printed digital version of journals and periodicals under the tariff code of 4902.90.10 00 and other publication under the tariff code 4902.90.90 00.
 - Online journals and periodicals refer to publications issued weekly, fortnightly, monthly, quarterly or half-yearly.
4. Service tax treatment for online newspaper, journals and periodicals refer to para 3.1 and 3.2, where service tax is imposed on the provision or imported information technology services, are as follows:
 - 4.1 For the **period of transitional** on the services in para 3 are exempted from service tax under Section 34(3)(a) of the Service Tax Act 2018 effective 1st January 2020.
 - 4.2 **Adjustment of service tax being exempted** are as follows:
 - 4.2.1 Local service provider
 - (a) Where service tax charged has been accounted for on invoice basis, even though payment is not received on taxable service to be available on or after 1.1.2020, registered person has to issue credit note to customer under regulation 11(1) Service Tax Regulation 2018 and make adjustment under regulation 11(2) Service Tax Regulation 2018; or

- (b) Where the service is provided for a period prior to 1.1.2020 and continues after 1.1.2020, the registered person has to account and pay service tax only on the service provided before 1.1.2020.

4.2.2 Any person who acquired imported service in para 3

- (a) Where invoice has been received or payment to service provider has been made before 1.1.2020 on taxable service to be available on or after 1.1.2020 and tax due and payable has been accounted before 1.1.2020, no refund claim is allowed.
- (b) Where the imported taxable service acquired spanning before 1.1.2020 and after 1.1.2020, the registered person is required to account and pay service tax on imported taxable service for the period before 1.1.2020 only.

4.3 **No claiming of service tax refund** is allowed for any person who has paid service tax.

- 5. The online service providers other than para 3.1 and 3.2 will not be affected under this policy and remain as taxable services under digital services.

INTERNAL TAX DIVISION
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