SERVICE TAX EXEMPTION ON IMPORTED TAXABLE SERVICE

1. **Effective 1 January 2020**, registered person is granted exemption by Minister to account and pay service tax on imported taxable service based on the self-recipient accounting.

2. The exemption is subject to the following:

   2.1. Exemption only be given to registered person who fulfill the following conditions-

   (a) **Registered person** under Service Tax Act 2018 and account for service tax using SST-02 form;

   (b) Provide **same services** to customer as imported taxable services acquired;

   (c) Imported taxable service is for **furtherance of business** and not for personal consumption; and

   (d) Has **paid amount payable** for the imported taxable service to the service provider

2.2. Imported taxable services which qualify for the exemption are as follows:

   (a) **Taxable services under Group G**, First Schedule, Column (2), Service Tax Regulations 2018 [excludes item (j) and item (k)]; and

   (b) **Advertising services** under Item 8, Group I, Service Tax Regulations 2018

2.3. Imported taxable service **acquired from 1.1.2020**.

2.4. Imported digital services acquired from foreign registered person are **not entitled** for the exemption under this mechanism.
3. Service tax treatment in the **transitional period** are as follows:

3.1. If the service tax becomes due and payable due to invoice has been received or payment has been made before 1.1.2020 on imported taxable service to be acquired on or after 1.1.2020:

   (a) If the service tax has been accounted and paid within the taxable period in 2019 by the registered person, claim for refund of service tax is **not allowed**.

   (b) If the service tax has not been accounted and paid for, the registered person is not required to account and pay the service tax.

3.2. If the imported taxable service acquired **spanning before 1.1.2020 and after 1.1.2020**, the local registered person is required to account and pay service tax on imported taxable service for the period **before 1.1.2020 only**. When the service tax becomes due and payable, registered person may determined the amount of tax due and payable using pro-rate method.
3.3. If the service tax becomes due and payable after 1.1.2020 for imported taxable services acquired before 1.1.2020, the registered person shall account for service tax on imported services based on the self-recipient accounting method in taxable period to which tax is due.

4. The value of imported taxable service that has been exempted is **not required** to be declared in item 18(c) of SST-02 form.

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