



Indirect Tax

Service Tax

Following the announcements made in conjunction with the 2024 Budget proposals on the increment of Service Tax rate and expansion of taxable services, the related gazette Orders were issued recently.

Updates on Service Tax Rates

The Service Tax (Rate of Tax) (Amendment) Order 2024 has been gazetted on 26 February 2024 (click [HERE](#) for the Order). Service Tax rate is increased to 8% on all taxable services effective 1 March 2024, except for the following taxable services that will remain at 6% –



Provision of food and beverages services



Provision of parking place services



Telecommunication services



Logistic services

Credit card and charge card will remain at a fixed rate of RM 25 per card.

Transitional Provisions on the Change in Service Tax Rate

The Royal Malaysian Customs Department has issued Transitional Guidelines dated 26 February 2024 (click [HERE](#) for the Guidelines - available in Malay language only), that provides specific rules for taxable services provided before and after 1 March 2024 –

Taxable Services (except for Betting and Gaming services)

Taxable services provided before 1 March 2024	Taxable services that are provided before 1 March 2024, the services will be subjected to the existing 6% Service Tax rate, regardless of when the invoice is issued, or payment is received.
Taxable services provided on or after 1 March 2024	<ul style="list-style-type: none"> Taxable services provided on or after 1 March 2024 will be subjected to 8% Service Tax rate. If advance payments is received before 1 March 2024 for services to be provided on or after 1 March 2024, those payments received will remain at 6% Service Tax rate.
Taxable services spanning 1 March 2024	Taxable services that span across 1 March 2024, the portion of services provided on or after 1 March 2024 will be subjected to 8% Service Tax rate.

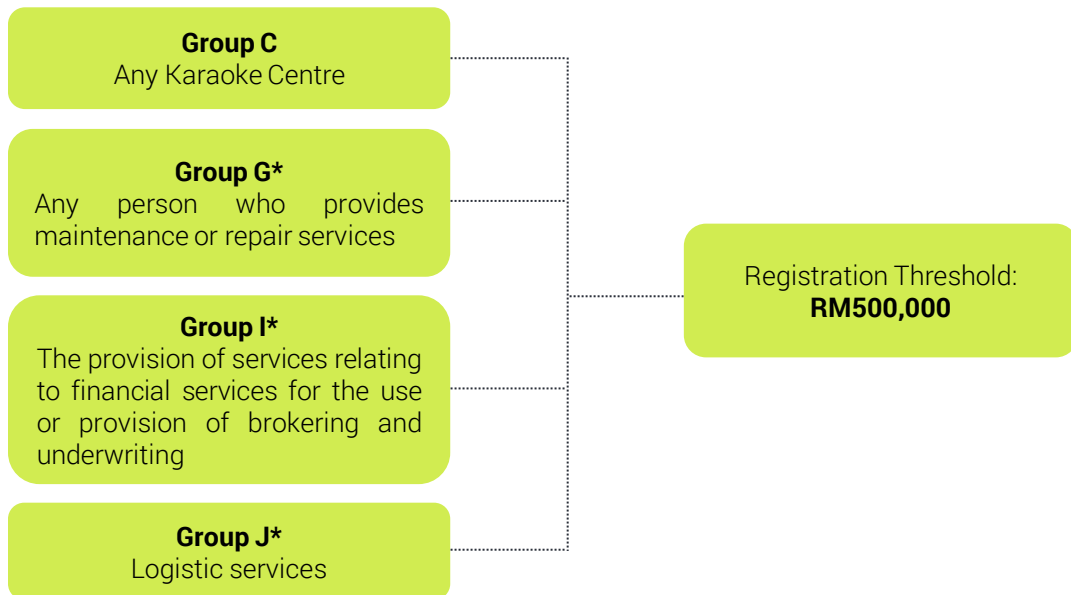
Imported Taxable Services

Imported taxable services acquired before 1 March 2024	Imported taxable services acquired before 1 March 2024 will be subjected to the existing 6% Service Tax rate.
Imported taxable services acquired on or after 1 March 2024	<ul style="list-style-type: none"> Imported taxable services acquired on or after 1 March 2024 will be subjected to 8% Service Tax rate. If an invoice is received (date of invoice receipt should refer to the date recorded in the accounting system) from the foreign service provider or payment is made to the foreign service provider before 1 March 2024 for the services acquired on or after 1 March 2024, those transactions will remain at 6% Service Tax rate.
Imported taxable services spanning 1 March 2024	Imported taxable services that span across 1 March 2024, the portion of service acquired on or after 1 March 2024 will be subjected to 8% Service Tax rate.

Expansion of Taxable Services

The Service Tax (Amendment) Regulations 2024 has been gazetted 23 February 2024 (click [HERE](#) for the Order), to affect the expansion of taxable services.

New Taxable Services



*(click [HERE](#) for the Guidelines - available in Malay language only)

As the Service Tax (Amendment) Regulations 2024 is effective from 26 February 2024, the affected businesses are required to register for Service Tax immediately, configure their systems and communicate with their customers on the impact of this Service Tax expansion to the services provided.

Our Experts for Indirect Tax

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