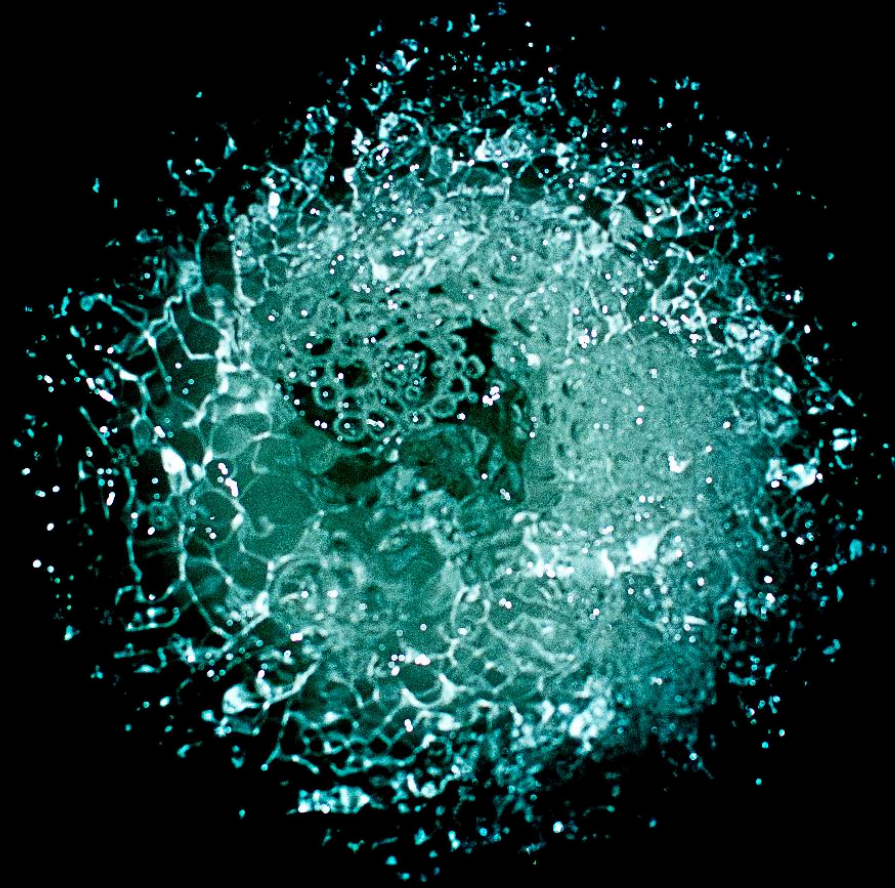


# Deloitte.



## **Deloitte TaxMax – The 44<sup>th</sup> series** Customs and Indirect Taxes

Tan Eng Yew & Senthuran Elalingam | 27 November 2018



# Indirect Tax Updates

# **Imported Services**

## **Service Tax treatment**

### **Currently :**

Service tax imposed on prescribed services provided by service providers located in Malaysia

### **Proposed:**

Service tax to be imposed on taxable services imported into Malaysia to be carried out in phases

- Phase I : importation of services by businesses (B2B)  
: effective 1 January 2019
- Phase II : importation of services by consumers (B2C)  
: effective 1 January 2020

# Service tax on Imported Services

- ✓ Phase I : Business to Business ("B2B") transactions

  - Recipients of imported services are to account, declare and pay the service tax

  - Eg. architecture, graphic design, IT and engineering design services

- ✓ Phase II : Business to Consumer ("B2C") transactions

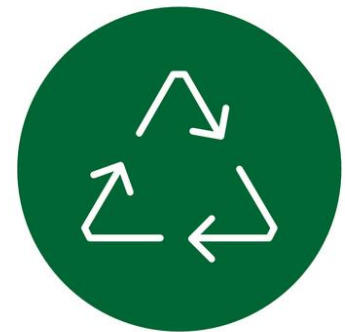
  - Foreign suppliers / service providers to register, charge and remit service tax

  - Eg. downloaded software, music, video or digital advertising

# Service Tax Exemption

## B2B transactions

- Provision of specific taxable services of a business to another business (B2B)
  - B2B registered for the same service, will be exempted from service tax
  - Effective 1 January 2019
- ❖ Exemption to prevent cascading “tax-on-tax” effect of service tax



# Sales Tax Credit System

## Small Manufacturers

A credit system for Sales Tax deduction to be introduced starting  
1 January 2019

- ❑ for small manufacturers
- ❑ For the purchase of input materials and components from importers instead of other registered manufacturers



# Excise Duty

## Excise Duty on Sugar Sweetened Beverages

- **Proposed excise duty rate:** RM0.40 per litre based on sugar content as follows:
  - Fruit juices and vegetable juices whether or not containing added sugar or other sweetening matter under the tariff heading of 20.09, which contains sugar exceeding 12 grams per 100 millilitres; and
  - - Beverages including carbonated drink containing added sugar or other sweetening matter or flavoured and other non-alcoholic beverages under the tariff heading of 22.02, which contains sugar exceeding 5 grams per 100 millilitres.
- Effective: 1 April 2019



# Import Duty on Bicycles

## Reduction of Import Duty rate for Bicycles

- ❑ Bicycles under the tariff code 8712.00.30.00 to be reduced from the current 25% to 15%.
- ❑ Effective 1 January 2019
- ❑ Import duty rates for racing bicycles and children bicycles remain at 0%





# Domestic Tourism

## Airport Departure Levy

- To be imposed on all outbound travelers by air
- Starting 1 June 2019
  - ❖ RM20 for travellers to ASEAN countries
  - ❖ RM40 for travellers to other countries

## Duty Free

- Duty-free shops to be located at Penang's Swettenham Pier
- Pulau Pangkor as a duty free island
- Duty free status of Pulau Langkawi to be extended

# Gaming Industry

## Proposal to increase:

- ❑ Casino license - from RM120 million to RM150 million per annum;
- ❑ Casino duties - to be increased up to 35% on nett collection;
- ❑ Machine dealers license - from RM10,000 to RM50,000 per annum;
- ❑ Gaming machine duties - from 20% to 30% on gross collection

Number of **Special Draws** will be reduced by 50%



**Thank You**



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