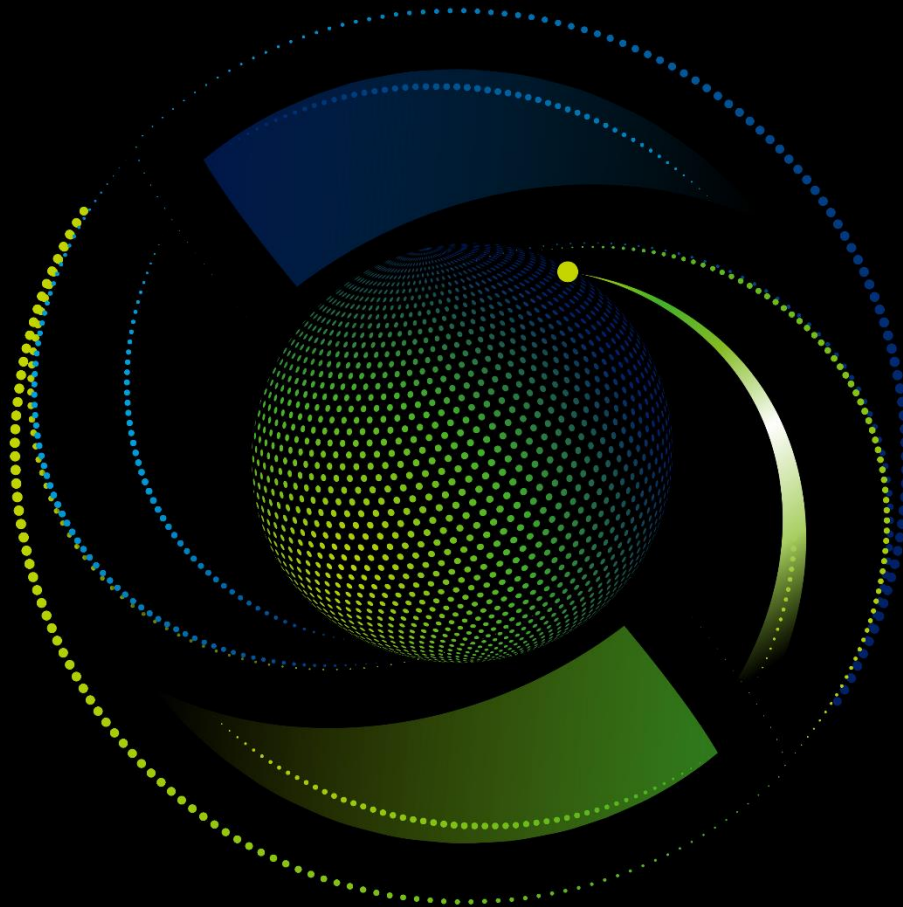


**Deloitte.**



Trusted. Transformational. Together.

## Indirect Tax Chat

Keeping you updated on the latest news in the Indirect Tax world

*December 2023*



# Issue 12.2023

Quick links: [Contact us - Our Indirect Tax team](#)

Key takeaways:

1. [Customs and Sales Tax Legislative Amendments](#)
2. [Guide on Application for Extension of Export Period for Sales Tax](#)

## Greetings from Deloitte Malaysia's Indirect Tax team

Greetings readers, we are delighted to welcome you to the December 2023 edition of our Indirect Tax Chat.

After the postponement of the excise duty on pre-mix products, which was announced by the Royal Malaysian Customs Department ('RMCD') on 10 March 2023, its implementation on pre-mix preparation products is finally set to be carried out on 1 March 2024 as announced [here](#). For more information on excise duty on pre-mix preparation products, please click [here](#).



The Penalty and Surcharge Remission Program by the RMCD, initially set to end on 30 September 2023, has been extended until 31 December 2023. Now, businesses have the opportunity to settle any outstanding BODs by participating in the Program, which is available until the year's end.

Additionally, the RMCD has announced an increase in the service tax rate from 6% to 8%, effective 1 March 2024, with more information [here](#). This change applies to all taxable services except for the food and beverage, telecommunication, vehicle parking, and logistic services. The service tax rate for credit card and charge card services remains unchanged at RM25 per year. We note that the RMCD has sent letters to various service tax on digital services ("SToDS") registrants, to inform that the change in service tax rate would also be applicable to them.

This month, we will be discussing the Customs and Sales Tax Legislative Amendments, as well as the Guide on Application for Extension of Export Period for Sales Tax.

Additionally, here are some recent news that may interest you:

- The Health Ministry reported that the tax on sugar-sweetened beverages, initiated in July 2019, has led to a decrease in the consumption of these drinks. The tax encompasses three categories: carbonated and non-carbonated drinks, milk-based products, and fruit and vegetable juices with added sugar. For more information, please click [here](#).
- The Prime Minister, Datuk Seri Anwar Ibrahim, mentioned that the Finance Ministry will conduct additional engagement sessions with stakeholders in the logistics sector regarding the sales and services tax (SST) increase before its implementation. For more information, please click [here](#).
- In a written parliamentary response dated 1 November 2023, the Prime Minister has stated that the government has not reintroduced the GST. Any modifications to tax policies must consider their impact on the economy and the cost of living. For more information, please click [here](#).

As a closing message, the Deloitte Indirect Tax team extends warm wishes and a Merry Christmas to those who are celebrating and wishes everyone else a happy holiday and a joyful new year. We hope for your continued safety and look forward to reconnecting in 2024.

Best regards,

**Tan Eng Yew**

Indirect Tax Leader

# 1. Customs and Sales Tax Legislative Amendments

On 2 November 2023, the following Orders were gazetted and came into operation with effect from 1 December 2023.

- [Excise Duties \(Exemption\) \(Amendment\) Order 2023](#)
- [Sales Tax \(Persons Exempted from Payment of Tax\) \(Amendment\) \(No. 2\) Order 2023](#)
- [Customs Duties \(Exemption\) \(Amendment\) \(No. 4\) Order 2023](#)

The abovementioned Orders are available in *Bahasa Malaysia* and English – please refer to the link for each Order for further details.

Notable amendments were made to the abovementioned Orders:

## (i) [Excise Duties \(Exemption\) \(Amendment\) Order 2023](#)

- The Excise Duties (Exemption) Order 2017 is amended in Part 1 of the Schedule, whereby new items (i.e., Item 43 and Item 44) were added.
- The excise duty exemption is granted on imported motor vehicles under tariff heading 87.03 or motorcycles under tariff heading 87.11 of the Customs Duties Order 2022 (“CDO”), subject to conditions, specifically for the persons below:
  - **Item 43** - Federal or State officials who have completed their official service abroad
  - **Item 44** - Federal or State officials who have completed their official service in Labuan and Langkawi

## (ii) [Sales Tax \(Persons Exempted from Payment of Tax\) \(Amendment\) \(No. 2\) Order 2023](#)

Three (3) new items were added under Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018:

- **Item 5B** - Franchise holder, distributor or dealer of motor vehicle can apply for sales tax exemption on locally manufactured motor vehicle under tariff heading 87.02 of the CDO, subject to conditions.
- **Item 5C** – Sales tax exemption can be applied by franchise holder, distributor or dealer of motor vehicle for locally manufactured motor vehicle under tariff heading 87.02 (van and bus) of the CDO, subject to conditions.
- **Item 5D** - The van and bus under the tariff heading 87.02 (with at least 18-seater and above) of the CDO is eligible for sales tax exemption. This can be applied by the following persons, subject to conditions:
  - Express bus operator
  - Stage bus operator
  - School bus operator

(iii) Customs Duties (Exemption) (Amendment) (No. 4) Order 2023

The following Items were added under Part 1 of the Schedule, Customs Duties (Exemption) Order 2017:

- For Aerospace Maintenance Repair and Overhaul (“MRO”) companies endorsed by the Malaysian Investment Development Authority (“MIDA”), subject to prescribed conditions, businesses may apply for import duty exemption on:
  - **Item 117** - Machinery, equipment, and specialised tools endorsed by MIDA, which are to be used for MRO activities.
  - **Item 118** - Spare parts, components, materials, and specialised consumables goods endorsed by MIDA, which are to be used for MRO activities.
- Import duty exemption is granted on imported motor vehicle under tariff heading 87.03 or 87.04; or motorcycle under tariff heading 87.11 of the CDO, subject to conditions, specifically for the persons below:
  - **Item 119** - Federal or State officials who have completed their official service abroad
  - **Item 120** - Federal or State officials who have completed their official service in Labuan and Langkawi

Deloitte’s comments

With the addition of the abovementioned Orders, businesses and/or individuals would be able to explore the new type of exemptions available to its current business practices and/or individual. Nonetheless, businesses and/or individuals should take note of the prescribed conditions in the Orders prior to applying for such exemption from the tax authorities.

Brought to you by:



**Syifa Yin Izhar**  
Manager  
Kuala Lumpur



**Iffah Inani Zainol**  
Senior 2  
Kuala Lumpur

[Back to top](#)

## 2. Guide on Application for Extension of Export Period for Sales Tax

On 1 November 2023, the RMCD released a [Guide on Application for Extension of Export Period](#) (“the Guide”) (currently available in the national language only) that provides the application procedures for extension of export period under the Sales Tax Act 2018.

The current sales tax exemption and sales tax drawback facility stipulates the requirement to ensure that the relevant goods are exported within the prescribed timeline as indicated in the table below:

Sales Tax Facility	Current Prescribed Period
Section 40 - Drawback of sales tax, of the Sales Tax Act 2018	Three (3) months
Item 57 in Schedule A Sales Tax (Persons Exempted from Payment of Tax) Order 2018 (“Exemption Order”)	Six (6) months
Item 4 of Schedule B in the Exemption Order	Twelve (12) months
Item 1 of Schedule C in the Exemption Order	
Item 3 of Schedule C in the Exemption Order	

In instances where goods cannot be exported or transported within the specified period, the prescribed timeline may be extended, subject to approval from the Director General of the RMCD. Applications seeking an extension of the export period, particularly concerning the drawback of sales tax and exemption facility, should be directed to the zone/state Internal Tax Division of the RMCD, corresponding to the location of the applicant's operations or business premises.

The procedure for submitting an application to extend the export period is outlined in detail in the aforementioned guideline provided by the RMCD.

### Deloitte’s comments

The above guide is a welcome move to provide more clarity for the administrative requirements in applying for a time extension for the facilities discussed above. It would be important for companies to familiarise themselves with the documentation requirements to avoid delays or roadblocks when applying for such an approval. Besides the administrative aspects of the facilities mentioned, it is also critical to adhere to the relevant legal requirements. Non-compliance with exemption or drawback conditions may lead to the clawback of sales tax, even if approvals have been granted previously.

### Brought to you by:



**Ashokkumar Hothiyakumar**  
Manager  
Kuala Lumpur



**Najwa Baharin**  
Senior  
Kuala Lumpur

We invite you to explore other tax-related information at:  
<http://www2.deloitte.com/my/en/services/tax.html>

To subscribe to our newsletter, please [click here](#).

[Back to top](#)

## Contact us – Our Indirect Tax Team



**Tan Eng Yew**  
Indirect Tax Leader  
[etan@deloitte.com](mailto:etan@deloitte.com)  
+603 7610 8870



**Senthuran Elalingam**  
Executive Director  
[selalingam@deloitte.com](mailto:selalingam@deloitte.com)  
+603 7610 8879



**Chandran TS Ramasamy**  
Director  
[ctsramasamy@deloitte.com](mailto:ctsramasamy@deloitte.com)  
+603 7610 8873



**Larry James Sta Maria**  
Director  
[lstamaria@deloitte.com](mailto:lstamaria@deloitte.com)  
+603 7610 8636



**Nicholas Lee**  
Director  
[nichlee@deloitte.com](mailto:nichlee@deloitte.com)  
+603 7610 8361



**Irene Lee**  
Associate Director  
[irelee@deloitte.com](mailto:irelee@deloitte.com)  
+603 7610 8825



**Wendy Chin**  
Senior Manager  
[wechin@deloitte.com](mailto:wechin@deloitte.com)  
+603 7610 8163



**Eliza Azreen Kamaruddin**  
Senior Manager  
[eazreen@deloitte.com](mailto:eazreen@deloitte.com)  
+603 7610 7271



**Leong Wan Chi**  
Senior Manager  
[wandleong@deloitte.com](mailto:wandleong@deloitte.com)  
+603 7610 8549



**Naresh Srinivasan**  
Senior Manager  
[narsrinivasan@deloitte.com](mailto:narsrinivasan@deloitte.com)  
+603 7650 6459



Name	E-mail address	Telephone
Syifa Yin Izhar Manager	syizhar@deloitte.com	+603 7610 7512
Nikki Suah Manager	nsuah@deloitte.com	+60 3 7610 7642
Ashokkumar Hothiyakumar Manager	ahothiyakumar@deloitte.com	+603 7610 9238

## Other offices

Name	E-mail address	Telephone
Susie Tan Johor Bahru and Melaka	susietan@deloitte.com	+607 268 0851
Ng Lan Kheng Penang	lkng@deloitte.com	+604 218 9268
Lam Weng Keat Ipoh	welam@deloitte.com	+605 253 4828
Philip Lim Kuching and Kota Kinabalu	suslim@deloitte.com	+608 246 3311

[Back to top](#)





Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which is a separate and independent legal entity, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

#### **About Deloitte Malaysia**

In Malaysia, services are provided by Deloitte Tax Services Sdn Bhd and its subsidiaries and affiliates.

This communication contains general information only, and none of DTTL, its global network of member firms or their related entities is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication.