

Updates on the implementation of Sales Tax and Services Tax (SST)

<p>29 August 2018</p>	<p>The threshold for Food and Beverage Operators changed from RM1.0million to RM1.5 million</p> <p>It <u>is noted</u> in the threshold for Service Tax threshold for F&B operators (restaurants, cafes, snack bars and canteens) has been amended from RM1.0 million to RM1.5 million.</p> <p>Source: www.mysst.customs.gov.my</p>
<p>29 August 2018</p>	<p>Royal Assent Obtained and Sales Tax and Service Tax related legislations gazetted on 28 August 2018</p> <p><u>The following Acts relating to GST and SST have been gazetted:</u></p> <ul style="list-style-type: none"> • GST (Repeal) Act 2018 • Sales Tax Act 2018 • Services Tax Act 2018 • Customs (Amendment) Act 2018 • Free Zones (Amendment) Act 2018 <p>These Acts come into operation on 1 September 2018.</p> <p>The Minister of Finance has fixed 1 September 2018 as the effective date for the charging and levying of sales tax and service tax. <u>And</u> the following Orders and Regulations relating to GST and SST have been gazetted as well:</p> <ul style="list-style-type: none"> • Free Zones (Amendment) Regulations 2018 • Free Zones (Exclusion of Goods and Services) (Amendment) Order 2018 • Sales Tax Regulations 2018 • Sales Tax (Customs Ruling) Regulations 2018 • Sales Tax (Determination of Sale Value of Taxable Goods) Regulations 2018 • Sales Tax (Imposition of Sales Tax in respect of Designated Areas) Order 2018 • Sales Tax (Imposition of Sales Tax in respect of Special Areas) Order 2018 • Sales Tax (Exemption from Registration) Order 2018 • Sales Tax (Total Sale Value of Taxable Goods) Order 2018 • Sales Tax (Persons Exempted from Payment of Tax) Order 2018 • Service Tax (Customs Ruling) Regulations 2018 • Service Tax (Imposition of Tax for Taxable Service in respect of Designated Areas and Special Areas) Order 2018 • Service Tax (Rate of Tax) Order 2018 <p>These Orders shall come into operation on 1 September 2018.</p> <p>Source: Federal Gazette Portal of the Attorney General's Chambers, 28 August 2018</p>
<p>21 August 2018</p>	<p>The Senate has passed five Bills to abolish the Goods and Services Tax (GST) to pave the way for the implementation of the Sales and Service Tax (SST) on 1 Sept 2018</p> <p>These are the Sales Tax Bill 2018, Service Tax Bill 2018, Goods and Services Tax (Repeal) Bill 2018, Customs (Amendment) Bill 2018 and Free Zones (Amendment) Bill 2018.</p> <p>Source: New Straits Times, 20 August 2018</p>

<p>12 August 2018</p>	<p>Construction services and building material exempted from SST</p> <p>Finance Minister, Lim Guan Eng announced that building materials and construction services <u>will be exempt</u> from SST. This measurement to reduce the pressure on house prices, industrial and commercial buildings. According to him, some of the building materials that <u>are exempted</u> from SST include cement and iron.</p> <p>Source: EdgeProp, 12 August 2018</p>
<p>8 August 2018</p>	<p>SST Bills passed by the House of Representatives</p> <p>Both the Service Tax Bill 2018 and Sales Tax Bill 2018 have <u>been passed</u> by the House of Representative (Lower House). These bills will be sent to the Senate (Upper House) for reading before royal consent <u>is conferred</u>.</p> <p>Source: RMCD website, 8 August 2018</p>
<p>8 August 2018</p>	<p>List of proposed taxable services</p> <p>RMCD has released the list of proposed taxable services in their website today. Please click here for the list of taxable services.</p> <p>Source: RMCD website, 8 August 2018</p>
<p>7 August 2018</p>	<p>Official MySST website, launched by RMCD</p> <p>The Royal Malaysian Customs Department (RMCD) has launched the official SST website (https://mysst.customs.gov.my)</p> <p>Source: RMCD website, 7 August 2018</p>
<p>4 August 2018</p>	<p>SST Threshold for Restaurants and Eateries: RM1million</p> <p>Only restaurants and eateries with minimum annual sales of RM1m will be required to charge SST, according to Lim Guan Eng, the Finance Minister.</p> <p>Source: www.thesundaily.my, 4 August 2018</p>
<p>31 July 2018</p>	<p>The Federal government tabled the following bills for their first reading in the parliament today:</p> <ul style="list-style-type: none"> • GST (Repeal) Bill 2018 • Sales Tax Bill 2018 • Service Tax Bill 2018 • Customs (Amendment) Bill 2018 • Free Zones (Amendment) Bill 2018 <p>The second reading of all the Bills will be done the parliament sitting ending Aug 16 this year.</p> <p>Source: <i>The Edge</i>, 31 July 2018</p>
<p>26 July 2018</p>	<p>Finance Ministry urged to study effect of SST rates before finalising rates.</p>

	<p>Domestic Trade and Consumer Affairs Minister Datuk Saifuddin Nasution Ismail urged the Finance Ministry to consider consumer welfare before implementing SST. He suggested that the Finance Ministry review effects of SST using potential tax rates and study the effect of SST on the consumers' basket of goods before arriving at suitable tax rates.</p> <p><i>Source: Malay Mail Online, 26 July 2018</i></p>
26 July 2018	<p>Government to amend laws related to consumer rights after SST reintroduction</p> <p>Domestic Trade and Consumer Affairs Minister Datuk Saifuddin Nasution Ismail announced that laws related to consumer rights will be amended following the reintroduction of SST. He did not elaborate further but said that more information will be released later.</p> <p>https://www.nst.com.my/news/nation/2018/07/394640/several-laws-consumer-rights-be-amended-after-sst-reintroduction</p>
24 July 2018	<p>Will SST lead to lower prices?</p> <p>https://www.malaymail.com/s/1655207/will-the-sst-lead-to-lower-prices-well-it-depends</p>
23 July 2018	<p>GST bill and SST bill expected to be table next week</p> <p>The Government aims to table a motion in Dewan Rakyat on 30 July 2018 to abolish GST, said Law Minister Datuk Liew Vui Keong. He also said that SST Bill is expected to be tabled in that week.</p> <p><i>Source: The Star Online, 23 July 2018</i></p>
21 July 2018	<p>SST details have yet to be finalised</p> <p>Finance Minister Lim Guan Eng reminded that information released by the Royal Malaysian Customs Department (RMCD) are merely proposals and a final decision has yet to be reached. He said that public feedback is still being gathered as the final decision must be reasonable. He added that issues such as registration threshold and list of goods exempted from SST are still at the proposal stage.</p> <p><i>Source: New Straits Times, 21 July 2018</i></p>
20 July 2018	<p>Implementation models for SST introduced</p> <p>The Ministry of Finance (MoF) presented the new sales tax and service tax (SST) implementation models on 19 July 2018.</p> <p>The new models are based on the previous SST regime and the GST system. For example, the registration threshold has been set at a threshold of RM500,000 (similar to the GST system), streamlining the multiple thresholds that existed in the previous SST system. Apart from that, the registration threshold has been increased which had thresholds of RM150,000 and RM300,000.</p> <p>The new SST models contains measures to address weaknesses in the previous SST system and also focuses on tax evaders rather than imposing penalties on good taxpayers.</p> <p>It is worth noting that GST and SST are two different tax systems and it is difficult to estimate which tax regime will cause a higher cost of living. Generally, the cost of living depends on the basket of goods and services consumed by a person which varies from person to person.</p>

	<p>The single-tier imposition of tax in the SST model means that there is no input tax claims which should reduce the need for audits, hence resulting in simpler compliance and businesses may reduce resources for their systems.</p> <p><i>Source: The Edge Financial Daily, 20 July 2018</i></p>
<p>19 July 2018</p>	<p>RMCD releases proposed SST implementation models and FAQs</p> <p>The Royal Malaysian Customs Department (RMCD) has released the following information on the new SST regime:</p> <ul style="list-style-type: none"> • Proposed sales tax implementation model • Proposed service tax implementation model • FAQ on sales tax 2018 • FAQ on service tax 2018; and • Proposed goods exempted from sales tax. <p><i>Source: RMCD website, 19 July 2018</i></p>
<p>31 May 2018</p>	<p>Government to earn RM4b in SST in 2018</p> <p>Finance Minister Lim Guan Eng said that the reintroduction of SST will earn the government RM4b in revenue. He added that SST revenues will only be fully realised from November onwards, as a bi-monthly tax collection mechanism for local manufacturers will be implemented.</p> <p><i>Source: Malay Mail Online, 31 May 2018</i></p>
<p>31 May 2018</p>	<p>Daim: SST implementation method report to be submitted to government in two weeks</p> <p>Tun Daim Zainuddin, Chairman of the Council of Eminent Persons, informed that the report on the SST implementation method will be submitted to the government within two weeks. It will “somewhat be an updated version”, with the aim of lowering the price of goods and services for the people.</p> <p>Daim said that there is no immediate need to introduce any new taxes or increase income tax rates at this point. He further added that the SST is able to bring in enough revenue to cover the shortfall from the removal of GST, as oil prices are increasing steadily. When asked on whether goods and services would be cheaper after the reintroduction of SST, he said the value of ringgit would impact the price of goods, as the bulk of it are imported.</p> <p><i>Source: New Straits Times Online, 31 May 2018</i></p>
<p>30 May 2018</p>	<p>RMCD releases notice on display prices</p> <p>The Royal Malaysian Customs Department (RMCD) has released a notice to clarify the display of price tags with effect from 1 June 2018. The notice provides, among others, the following:</p> <ul style="list-style-type: none"> • GST-registered vendors are required to display a notice in an obvious area in their premises that the price tags that used to include the 6% GST has changed to 0% GST. • GST-registered vendors are given until 1 July 2018 to update their price tags. • Those who have obtained approval from the Director General to charge GST exclusively need not change their price tags. However, they are not allowed to collect GST since it has been zero-rated.

	<p><i>Source: RMCD website, 30 May 2018</i></p>
<p>30 May 2018</p>	<p>Operations to monitor GST transition Both the Royal Malaysian Customs Department (RMCD) and Ministry of Domestic Trade, Consumerism and Cooperatives (KPDNKK) will be conducting operations to ensure that GST is not charged to consumers.</p> <p>RMCD director-general Datuk Subromaniam reminded traders not to take advantage of consumers. He said that there are no issues for GST-registered traders as they would be able to claim input tax credit on stocks purchased prior to 1 June 2018. As for non-registered GST traders (who are unable to claim input tax credit), he suggested that the traders average out their cost based on the new stock that will be acquired tax free.</p> <p>KPDNKK enforcement director said that 6% GST must be deducted at the cash register and reflected in the receipt if they are unable to change the old price tags for the time being. He said that businesses would be given a grace period to update the price tags but did not specify how long. He also advised customers to check that they are not charged with GST.</p> <p><i>Source: The Star, 30 May 2018</i></p>
<p>30 May 2018</p>	<p>PM: SST reintroduced in September Prime Minister Tun Dr. Mahathir announced that the sales and services tax (SST) will be reintroduced in September to reduce the shortfall in government revenue. However, the legislation needs to be enacted in Parliament first.</p> <p><i>Source: The Star Online, 30 May 2018</i></p>
<p>28 May 2018</p>	<p>RMCD: Reduce prices with zero-rating of GST, 28 May 2018 The Royal Malaysian Customs Department (RMCD) informed that businesses are required to pass on savings from the zero-rating of GST to consumers in the form of lower prices. The government will be taking steps to ensure that prices comply with the <i>Price Control and Anti-Profiteering Act 2011</i>.</p> <p><i>Source: The Edge Markets, 27 May 2018</i></p>
<p>25 May 2018</p>	<p>RMCD issues another revised FAQ on GST transition The Royal Malaysian Customs Department (RMCD) has uploaded its latest version of the FAQs on transitioning from 6% to 0% GST on 24 May 2018. The previous FAQs dated 17 May 2018 and 22 May 2018 have been cancelled.</p> <p>The FAQs can be downloaded here: http://gst.customs.gov.my/en/hl/layouts/CustomApplication/Announcements.aspx</p>
<p>16 May 2018</p>	<p>MoF: GST at zero-rate from 1 June 2018 (IMPORTANT) The Ministry of Finance has released a statement that the following goods and services which are currently subject to the standard GST rate of 6% will be set at 0% from 1 June 2018:</p> <ul style="list-style-type: none"> • • All supplies of goods and services that are made in Malaysia • • All supplies of goods and services that are imported from outside Malaysia. <p>This will be implemented nationwide until further announcement is made. However, this decision does not include goods and services listed in the Goods and Services Tax (Exempt Supply) Order 2014, which remain exempted from GST.</p>

	<p>All registered businesses must follow the decision of the zero rate now. At the same time, registered businesses are still subjected to all current regulations, such as issuance of invoice, submission of GST returns and input tax claims. Businesses would need to ensure that the price of goods and services conform to the <i>Price Control and Anti-Profiteering Act 2011</i> at all times.</p>
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Source: Ministry of Finance website