

Transitional rules for changes in service tax rate



Effective from 1 March 2024, the service tax rate is increased from 6% to 8% on all prescribed taxable services excluding:

- i. Food and beverage;
- ii. Telecommunications services;
- iii. Provision of parking space services; and
- iv. Logistics services.

Credit card and charge card services will remain at a specific rate of RM25 per year.

The draft guideline on the transitional rules of the rate changes dated 7 February 2024 has been released by the Royal Malaysian Customs Department (“RMCD”) in Malay language. Generally, the guideline states that the determination of service tax rate shall be based on the date of service is provided or date of imported taxable service is acquired.

Below are the general concepts of tax rate changes:

Concept	Service Tax Rate
Taxable services provided / imported taxable service acquired before the effective date	6%
Taxable services provided / imported taxable service acquired after the effective date	8%
Taxable service provided / imported taxable service acquired before the effective date and spanning after effective date	Apportioned based on the date of taxable service provided / acquired
Payments received/made before the effective date for taxable services provided / imported taxable service acquired after the effective date	6%

We would like to stress that the guideline is a draft and subject to changes. For further details, please click on the link (<https://mysst.customs.gov.my/SpecificGuides>) or please contact your respective Grant Thornton indirect tax adviser should you require further guidance.

Contact us to discuss how we can help with Transitional Rules for Changes in Service Tax Rate



Alan Chung
Senior Executive Director
T +603 2692 4022
E alan.chung@my.gt.com



Chong Ee-Feng
Director
T +603 2692 4022
E eefeng.chong@my.gt.com