

TECHNICAL

Indirect Taxation

[Tourism Tax Act 2017 \(Act 791\)](#)

The [Tourism Tax Act 2017 \(Act 791\)](#) (TTA) was gazetted on 21 June 2017 and will come into operation on a date to be appointed by the Minister of Finance by notification in the *Gazette* (Section 1).

Scope of Tax

The Tourism Tax (TT) shall be levied on a tourist staying at any accommodation premises, at the rate fixed by the Minister in accordance with Section 8 of TTA, **provided that** where more than one tourist is staying in the same accommodation at the same time, TT shall be paid by any one of the tourists only (Section 6). Both “*tourist*” and “*accommodation premises*” have the meaning assigned to them in Section 2(1) of the Tourism Industry Act 1992 as follows:

“accommodation premises” means any building, including hostels, hotels, inns, boarding-houses, rest houses and lodging houses, held out by the proprietor, owner or manager, either wholly or partly, as offering lodging or sleeping accommodation to tourists for hire or any other form of reward, whether or not food or drink is also offered.

“tourist” means any person, whether he is a Malaysian national or otherwise, visiting any place in Malaysia for any of the following purposes, namely—

- (a) pleasure, recreation or holiday;
- (b) culture;
- (c) religion;
- (d) visiting friends or relatives;
- (e) sports;
- (f) business;
- (g) meetings, conferences, seminars or conventions;
- (h) studies or research;
- (i) any other purpose which is not related to an occupation that is remunerated from the place visited;

“operator” is defined in Section 2 of the TTA and means any person who operates accommodation premises;

The TT shall be collected by the operators and paid to the Director General of Customs and Excise (DGCE) (Section 7). The Royal Malaysian Customs Department (RMCD) shall be the regulatory agency (Section 3).

Registration of Operators

Section 10 stipulates that every operator shall apply to the DGCE for registration within 30 days from the date of operation. For existing operators, the operators must apply for registration within 30 days from the date Part IV of the Act comes into operation. (Section 11)

Returns, Assessment and Penalty

The taxable period shall be for a period of three (3) months except for GST registrants whose TT taxable period shall coincide with the GST taxable period (Section 18). Every operator shall account for the TT received in a return and furnish it to the DGCE not later than the last day of the month following the end of the taxable period to which the return relates (Section 19). Any operator who fails to pay the TT due and payable shall, on conviction, be liable to a fine not exceeding RM30,000 or to imprisonment for a term no exceeding one year or to both. Where no prosecution is instituted, the operator shall pay a penalty as follows:

| Period after the last day on which TT is due and payable | Percentage of penalty |
|--|--|
| First 30-day period | 10 % of the unpaid tourism tax |
| Second 30-day period | Additional 10% of the unpaid tourism tax |
| Third 30-day period | Additional 10% of the unpaid tourism tax |

Exemption (Section 9)

The Minister may, subject to such conditions as he deems fit, exempt any tourist or class of tourist from payment of TT or any operator or class of operators from collecting the whole or any part of the TT. He may also exempt any operator or class of operator from the requirement to register or any person from all or any of the provisions of this Act.

Please note that the relevant statutory orders relating to the appointment of the date of the coming into operation of the TTA, the rates of TT and the detailed regulations for the implementation of TT have not been gazetted. The TT Newsletter No.1/2017 issued by RMCD on 5 June 2017 has also been removed from their website. The Institute will keep members informed on any new developments

Members may view the TTA at the official website of the [Attorney-General's Chambers](#). You may also refer to the explanatory notes of the [Tourism Tax Bill 2017 \(DR12/2017\)](#) for the rationale of the various provisions in the Act.

You may write to the Institute at technical@ctim.org.my or secretariat@ctim.org.my in respect of any suggestions, concerns or comments you may have on the [Act](#) so that we may raise them to the authorities.

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