
TECHNICAL

Indirect Taxation

Imposition of Goods and Services Tax (GST) at Zero Rate and Other Related Updates

The Ministry of Finance (MOF) has issued a [Media Release](#) dated 16 May 2018 to announce that the supply of goods and services in Malaysia inclusive of importation of goods and services which are subject to GST at the standard rate of 6% will be zero-rated (0%) **effective from 1 June 2018** and is applicable nationwide until a further announcement is made. The goods and services listed in the Goods and Services Tax (Exempt Supply) Order 2014 remain exempted from GST.

Hence, all registered businesses must comply with the GST rate of 0% with effect from 1 June 2018. At the same time, registered businesses must still adhere to the current GST rules which include among others the issuing of tax invoice, submission of tax return within the determined taxable period and claim of input tax credit. Businesses will also have to ensure that the prices of goods and services are in compliance with the Price Control and Anti-Profiteering Act 2011 at all times.

In connection with the above announcement, the following Statutory Orders have been gazetted on 16 May 2018 and will come into operation on 1 June 2018:-

Statutory Order Gazetted on 16 May 2018	Legislation Amended / Revoked by Statutory Order
Goods and Services Tax (Rate of Tax) (Amendment) Order 2018 (P.U. (A) 118/2018)	P.U. (A) 184/2014
Goods and Services Tax (Zero-Rated Supply) (Revocation) Order 2018 (P.U. (A) 119/2018)	P.U. (A) 272/2014
Goods and Services Tax (Relief) (Revocation) Order 2018 (P.U. (A) 120/2018)	P.U. (A) 273/2014
Goods and Services Tax (Imposition of Tax For Supplies in Respect of Free Zones) (Revocation) Order 2018 (P.U.(A) 121/2018)	P.U. (A) 373/2016
Goods and Services Tax (Application to Government) (Revocation) Order 2018 (P.U.(A) 122/2018)	P.U. (A) 185/2014
Goods and Services Tax (Imposition of Tax for Supplies in Respect of Designated Areas) (Revocation) Order 2018 (P.U.(A) 123/2018)	P.U. (A) 187/2014

For more information on the above, members may contact the Royal Malaysian Customs Department at **1 300 88 8500** or **03-7806 7200** (Customs Call Centre)

Members may read the above mentioned MOF Media Release in full (*available only in Malay language*) on the websites of the [Institute](#) and the [MOF](#).

Following the above announcement, the MOF has also announced that the **Fiscal Reform Initiative** is underway. The shortfall from GST which is to be zero-rated effective 1 June 2018 will be cushioned by specific revenue and expenditure measures that shall be announced in due course. The Sales and Services Tax (SST) will be re-introduced. Members may read the MOF Media Release dated 17 May 2018 on the Fiscal Reform Initiative on the websites of the [Institute](#) and the [MOF](#).

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