

---

**TECHNICAL**

---

**Indirect Taxation**

**Minutes of Meeting No. 1/2019 of Technical Committee on Sales Tax and Service Tax Implementation Issues dated 8 May 2019**

The Royal Malaysian Customs Department (RMCD) has released the [Minutes of Meeting No. 1/2019 of Technical Committee on Sales Tax and Service Tax Implementation Issues](#) (*"Minit Mesyuarat Jawatankuasa Teknikal Isu Pelaksanaan Cukai Jualan dan Cukai Perkhidmatan Bil. 1/2019"*) which was held on 8 May 2019. The issues raised at the meeting include the following: -

**Sales Tax (page 3 to page 6 of the Minutes)**

- Exemption for raw materials for manufacture of non-taxable goods
- Conditions for Item 55 of Schedule A and MIDA endorsement process
- Request for extension on the Sales Tax drawback period for re-export
- Goods movement from LMW to sub-contractor
- Raw material and packaging material exemption for flavored UHT milk-based drinks
- Raw material exemption for pharmaceutical products
- Submission of Quarterly Report for SST exempted products
- Amendments in Application Procedure for Schedule C3 (exemption for purchase/importation on behalf of manufacturer)

**Service Tax (page 6 to page 12 of the Minutes)**

- Imported services for group companies exemption
- Imported Service Tax: requirement to be registered under written law
- B2B exemption on imported services
- Foreign exchange conversions
- Option to account on invoice basis
- Intragroup relief – taxability of services to Joint Venture and Companies with minority holdings
- Intragroup exemptions
- Withholding tax
- Amendment to Section 7 of the Service Tax Act 2018 (Finance Act 2018)
- Service tax due – Amendment to Section 11 of the Service Tax Act 2018 (Finance Act 2018)
- Service Tax (Amendment)(No.3) Regulations 2018: Minister's exemption for imported services
- Service Tax (Amendment)(No.3) Regulations 2018: Training and coaching services
- Service Tax (Amendment)(No.3) Regulations 2018: Insurance, takaful and reinsurance
- Service Tax (Amendment)(No.3) Regulations 2018: Financial services – brokerage and underwriting
- Date when existing registered business should start charging service tax on new taxable service
- Determination of total value of taxable service for the purpose of registration
- The new item (i) to (x) under First Schedule, Group G

- Service Tax (Persons Exempted From Payment of Tax) Order 2018
- Regulation 3A of the Service Tax Regulations 2018
- RMCD's Guide on Information Technology Services dated 13.12.2018
- Service Tax on Forwarding Agents/ Customs Brokers
- Service tax – redundancy of 'contra' system due to mandatory adjustment provisions
- Reimbursements not taxable under services law
- Service tax – Director fees

**Other issues (page 12 to page 16 of the Minutes)**

- Filing of Form SST-02 / SST-02A
- GST payments on bad debts recovered
- GST transitional – right of review/appeal
- GST transitional – appeals heard but yet to be decided by the GST Appeal Tribunal
- GST transitional section 4(1)(b), GST Repeal Act
- SST transitional registration for GST-registered business
- SST on bad debt
- GST bad debt relief
- GST to SST transition – flexibility in terms of invoices/credit notes/debit

Members may view the [Minutes](#) in full together with "[Lampiran A](#)" which provides more details on the matters raised in the Minutes at the website of the Institute.

You may write to the Institute at [technical@ctim.org.my](mailto:technical@ctim.org.my) or [secretariat@ctim.org.my](mailto:secretariat@ctim.org.my) in respect of any suggestions, concern or comments you may have on the above Minutes so that we may raise them to the RMCD.

**Disclaimer**

This document is meant for the members of the Chartered Tax Institute of Malaysia (CTIM) only. CTIM has taken all reasonable care in the preparation and compilation of the information contained in this e-CTIM. CTIM herein expressly disclaims all and any liability or responsibility to any person(s) for any errors or omissions in reliance whether wholly or partially, upon the whole or any part of this e-CTIM.