

TECHNICAL

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Indirect Taxation

**RMCD – Service Tax Policy No. 2/2019 – Services Imported Into Designated Area Pulau Labuan**

The Royal Malaysian Customs Department (RMCD) has recently uploaded the [Service Tax Policy No.2/2019](#) dated 1 September 2019 on services imported into Designated Area Pulau Labuan on its [MySST website](#).

According to the [Service Tax Policy No. 2/2019](#), with effect from **1 September 2019 until 31 August 2020**, companies in Labuan are given exemptions from accounting and payment of service tax on services imported into Labuan.

The exemption is subject to the following conditions:

- (a) Exemption from accounting and paying service tax only on imported services that are acquired within the period of 1 September 2019 to 31 August 2020;
- (b) Eligible companies are Labuan entities carrying out the activities listed in the Labuan Business Activity (Requirements for Labuan Business Activity) Regulations 2018, whether or not the company is registered under the [Service Tax Act 2018](#); and
- (c) Exemptions granted are limited to taxable services listed under **Group G, First Schedule, [Service Tax Regulations 2018](#)**.

Any company in paragraph (b) above which has accounted for and paid service tax on exempted taxable services, may apply for a refund of service tax paid in the manner prescribed under **Regulation 18, [Service Tax Regulations 2018](#)**.

Members may view the above Service Tax Policy No. 2/2019 on the websites of the [Institute](#) and the [RMCD](#). Members are also encouraged to visit the MySST website for further updates by the RMCD on the above matters.

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 [Service Tax Policy No. 2/2019](#) so that we may raise them to the RMCD.

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