



SERVICE TAX POLICY NO 9/2020

**SERVICE TAX TREATMENT ON GROUP A: ACCOMMODATION
FIRST SCHEDULE SERVICE TAX REGULATIONS 2018
UNDER ECONOMIC STIMULUS PACKAGE 2020 (ESP 2020)**

1. As stated under the Economic Stimulus Package 2020, there are two service tax exemptions with regards to accommodation as follows:
 - 1.1 exemption from payment of service tax to any person staying or receiving any taxable services provided by the accommodation premises operator whom is registered under service tax.
 - 1.2 an accommodation premises operator which is registered under service tax is exempted from charging a service tax on accommodation and other related services provided under Group A: Accommodation, First Schedule, Service Tax Regulations 2018.
2. The tax exemptions are given for a period of six (6) months with effect from **1 March 2020 to 31 August 2020**.
3. Services granted for the exemptions are the taxable services as prescribed under column 2, Group A: Accommodation, First Schedule, Service Tax Regulations 2018 as follows:
 - 3.1 Provision of accommodation premises.
 - 3.2 Provision of any other taxable service specified in other Groups of the First Schedule, Service Tax Regulations 2018
 - 3.3 Provision of other services within the accommodation premises.

Example 1

The rental of space provided by the accommodation operator within the accommodation premises is a taxable service and is exempted from charging of tax.

- 3.4 Provision or sale of tobacco products and alcoholic and non-alcoholic beverages.

4. Provision of services in para 3 above provided by a persons other than registered person under group A are still subjected to service tax.

Example 2

Raz Parking is a service tax registered person operating a parking service at FH Hotel, parking services by Raz Parking is a taxable service and is not eligible for the tax exemption.

Example 3

Al-Aiyub Restaurant is a service tax registered person who operate a restaurant at FH Hotel, providing food and beverages by Al-Aiyub Restaurant to FH Hotel guests are not qualified for the service tax exemption.

5. RESPONSIBILITY OF ACCOMMODATION PREMISES OPERATOR

- 5.1 Shall continue issuing invoice and shall state under the tax column as “0%” or “tax exempted”.
- 5.2 Shall submit the SST-02 form in accordance to the taxable period.
- 5.3 Shall declare the total value of exempted services in item 18 (c) of SST-02 form.
- 5.4 Shall account and make payment for imported taxable services using SST-02 form.
- 5.5 Tourism Tax (TTx) is not exempted and shall be charged as usual.

6. TRANSITIONAL ISSUES

- 6.1 Where the exempted service has taken place on 29 February 2020 and ended on 1 March 2020, the services shall be subjected to service tax.
- 6.2 The exempted services which occur on 31 August 2020 and end on 1 September 2020, the service shall be exempted from service tax.
- 6.3 However, where the exempted service has taken place on 29 February 2020 and ended on 3 March 2020, the accommodation premises operator shall make an apportionment. Thus, only services within the exempted period are not subject to service tax.
- 6.4 Where tax has been charged and collected for services provided from 1 March 2020 to 31 August 2020 but has not be accounted in the SST-02 form, the accommodation premises operator shall issue a credit note to the customer on the amount of service tax charged.

6.5 Where tax has been charged, collected and accounted for in SST-02 form for services provided from 1 March 2020 – 31 August 2020, the following shall be adhered:

a) For individual customers:

The operator of the accommodation premises shall refund the amount of tax to the customer and apply for approval for tax adjustment under Section 39 of the Service Tax Act 2018, subject to conditions of the section.

b) For non-individual customers:

The operator of the accommodation premises shall issue a credit note as prescribed under regulation 11(1) and make adjustment in accordance with regulation 11(2) of the Service Tax Regulations 2018.

6.6 Where tax has been charged and collected by the accommodation premises operator during the exemption period as provided in paragraph 6.5 above and the amount of tax is unable to be refunded to the customer, the operator of accommodation premises shall account for tax and remit payment to the RMCD.

INTERNAL TAX DIVISION

ROYAL MALAYSIAN CUSTOMS DEPARTMENT HEADQUARTERS, PUTRAJAYA

SUMMARY OF DOCUMENT CHANGE

Amendment Date	Amendment Description
4 March 2020	Para 5.1 Editorial amendment by deleting the words “shall be stated” after the words “...column...” .