



SERVICE TAX POLICY NO 8/2020 (Amendment No. 1)

1. The Service Tax Policy No. 8/2020 is amended as follows:

1.1. In paragraph 1,

by substituting the wording "(h) or (i)" with "(h), (i) or (l)".

1.2. By inserting new paragraphs 1A and 1B after paragraph 1

"1A. Where a company in a group of companies acquires any taxable service specified in item (a), (b), (c), (d), (e), (f), (g), (h), (i) or (l) in column (2) in Group G, First Schedule, STR 2018 from any company within the same group of companies outside Malaysia, such service shall not be an imported taxable service."

"1B. Where a company who is a Foreign Registered Person (FRP) provides any digital service to any company in Malaysia within the same group of companies with the FRP, such digital service shall not be subject to service tax."

1.3. By inserting new paragraph 2A after paragraph 2

"2A. Where a FRP provides any digital service to another person in Malaysia **outside the group of companies** of the FRP, the same digital service provided to any person or company in Malaysia outside or within the group of companies of FRP shall be subject to service tax."

1.4. In paragraph 4,

By substituting the wording "eleven months immediately preceding" with "eleven months immediately succeeding"

1.5. In paragraph 5,

a) By substituting the wording "item (a), (b), (c), (d), (e), (f), (g), (h) or (i) [(i) to (x)]," with "item (a), (b), (c), (d), (e), (f), (g), (h), (i) [(i) to (x)] or (l)," and

b) By substituting the wording "item (j), (k), (l) and (m)" with "item (j) and (k)"

1.6. By inserting new paragraphs 5A and 5B after paragraph 5

“5A. Paragraph 2, 3 and 4 shall not apply to acquisition of imported taxable services from any companies in the same group of companies outside Malaysia.”

“5B. Paragraph 3 and 4 shall not apply to provision of digital services by a FRP to a company within the group.”

1.7. By deleting paragraph 9.

2. The amendment is effective from 14 May 2020 except for item 1.4 which is deemed to be effective from 1 January 2020.

INTERNAL TAX DIVISION

ROYAL MALAYSIAN CUSTOMS DEPARTMENT HEADQUARTERS, PUTRAJAYA