SERVICE TAX 2018

FREQUENTLY ASKED QUESTIONS (FAQs):

PRIVATE EDUCATION SERVICES

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CONTENTS

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1. Q : Who is liable to pay tax for educational services?

   A : (i) Any private educational institution registered under the Education Act 1996 excluding special schools and language centres that provide pre-school, primary, lower secondary, upper secondary or post-secondary education services that charge fees exceeding RM60,000 per student for each academic year.

   (ii) Any
   - a) higher education institution registered under the Universities and University Colleges Act 1971;
   - b) private higher education institution registered under the Private Higher Educational Institutional Act 1996; or
   - c) higher education institution registered under the Education Act 1996

   providing all higher education services, private higher education, higher education or teacher education services to non-Malaysian citizen.

   (iii) Language centres registered under the Education Act 1996

2. Q : Who are the private educational service providers not subject to service tax?

   A : Private education service providers not registered under the prescribed Act are not liable to register under the Service Tax Act 2018.

3. Q : Is service tax levied on primary and secondary education services in Malaysia?

   A : (i) Educational services in Malaysia provided by the government are not subject to service tax.

   (ii) Service tax is levied on private education services including private kindergartens, academic primary/secondary schools, religious primary/secondary schools, international schools, expatriate schools and chinese private secondary schools which charge fees exceeding RM60,000 per student for each academic year.

4. Q : Is service tax charged on higher education level education services in Malaysia?

A : Higher education services in Malaysia are subject to service tax for non-Malaysian students studying at public higher education institutions, private higher education institutions or language centres.

5. Q : I am a disabled person (OKU) card holder, am I eligible for service tax exemption?

A : Malaysian citizens and holders of a valid Disabled Persons (OKU) card issued under the Persons with Disabilities Act 2008 [Act 685] are given service tax exemption for education services by private educational institutions as stated under Item 10, Service Tax (Persons Exempted from Payment of Tax) Order 2018.

6. Q : Students are sponsored for their tuition fees by private companies. Are tuition fees subject to service tax?

A : (i) Based on section 9, Service Tax Act 2018 [Act 807], service tax is levied on the actual value of taxable services provided by the service provider to the service recipient.

(ii) Tuition fees paid by private companies that sponsor students are subject to service tax.

7. Q : The school provides scholarships to some students for the entire tuition fee (no tuition fee has to be paid by the students). Are the tuition fees paid by the school subject to service tax?

A : (i) Based on section 9, Service Tax Act 2018 [Act 807], service tax is levied on the actual value of taxable services provided by the service provider to the service recipient.

(ii) Since the school sponsors the tuition fees, the school is required to account for service tax. (if exceeding RM60,000 per student for each academic year)

8. Q : The school organizes study tours abroad such as Japan. Are the fees for study tours also subject to service tax?

A : Service tax is not levied on payments for study trips abroad.

9. Q : A school in Malaysia accepts a number of students from the UK for the purpose of a student exchange programme. The school charges a fee to the foreign students involved in the programme. Is this charge subject to service tax?

A : Yes, services provided by schools in Malaysia for student exchange programmes are subject to service tax.

10. Q : Do all education service providers who operate private schools need to be registered?

A : No, only private school education service providers that charge fees exceeding RM60,000 per student for each academic year must be registered.

11. Q : What is the service tax rate charged on education services?

A : Education services are subject to a service tax rate of 6%.

12. Q : When is the effective date for education services to become taxable services?

A : The effective date for educational services to become taxable services is 1 July 2025.

13. Q : When do education service providers need to register?

A : Liable education service providers must register online starting 1 August 2025 by submitting the SST-01 form via the MySST system.

14. Q : Are Parent Teacher Association (PTA) fees subject to service tax?

A : No. PTA fees are not subject to service tax.

15. Q : Is MRSM a taxable person under education services?

A : Yes. MRSM is registered under the Education Act 1996 [Act 550] and established under the Majlis Amanah Rakyat Act 1966 [Act 489] and is liable to be registered if it charges fees exceeding RM60,000 per student for each academic year.

16. Q : Are religious primary schools taxable persons under education services?

A : Yes, religious primary schools are registered under the Education Act 1996 [Act 550] and are liable to be registered if they charge fees exceeding RM60,000 per student for each academic year.

17. Q : Are chinese private secondary schools taxable persons under education services?

A : Yes, chinese private secondary schools are registered under the Education Act 1996 [Act 550] and are liable to be registered if they charge fees exceeding RM60,000 per student for each academic year.

18. Q : Are driving schools subject to service tax?

A : Driving schools are existing taxable persons under Item g, Group G, First Schedule, Service Tax Regulations 2018 [P.U.(A)214/2018].

19. Q : Are education services provided on Langkawi Island subject to service tax?

A : For service tax purposes, taxable services provided within or between Special Areas and Designated Areas are subject to service tax treatment as prescribed in Part VIII and Part IX, Service Tax Act 2018.

20. Q : As a registered person, what preparations need to be made?

A : As a registered person, service providers must comply with their responsibilities as a registered person in accordance with the provisions of service tax legislation and must adapt or amend their accounting systems as required.

21. Q : Are deposits paid to education service providers subject to service tax?

A : Deposits are subject to service tax if they are part of the payment for the taxable service.

22. Q : Where can I see a list of education service providers registered under the Education Act 1996, the Universities and University Colleges Act 1971, and the Private Higher Education Institutions Act 1996?

A : (a) The list of private education service providers for primary and secondary schools can be viewed via the following link:
https://smips.moe.gov.my/utama.cfm?cari

(ii) The list of private education service providers for IPTS can be viewed via the following link:
https://jpt.mohe.gov.my/portal/index.php/ms/ipt/ipt-swasta/25-senarai-daftar-dan-statistik-ipt-swasta

INQUIRY

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ASSISTANCE AND FURTHER INFORMATION ON SST

Further information on SST can be obtained from:

(i) SST Website: https://mysst.customs.gov.my

(ii) Customs Call Centre

- Hotline : 1-300-888-500
- Telephone : 03-8882 2100/ 2300/ 2500
- Email : ccc@customs.gov.my