

SST IMPLEMENTATION BRIEFING SESSION



SERVICE TAX (Architect)

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The information presented in the slides aim to provide a better understanding of SST treatment and is not intended to address all possible SST issues. The information is correct as at the date of presentation. While all effort has been made to ensure that this information is consistent with the prevailing law and procedures, should there be any changes, RMCD reserves the rights to vary our position accordingly.

Overview

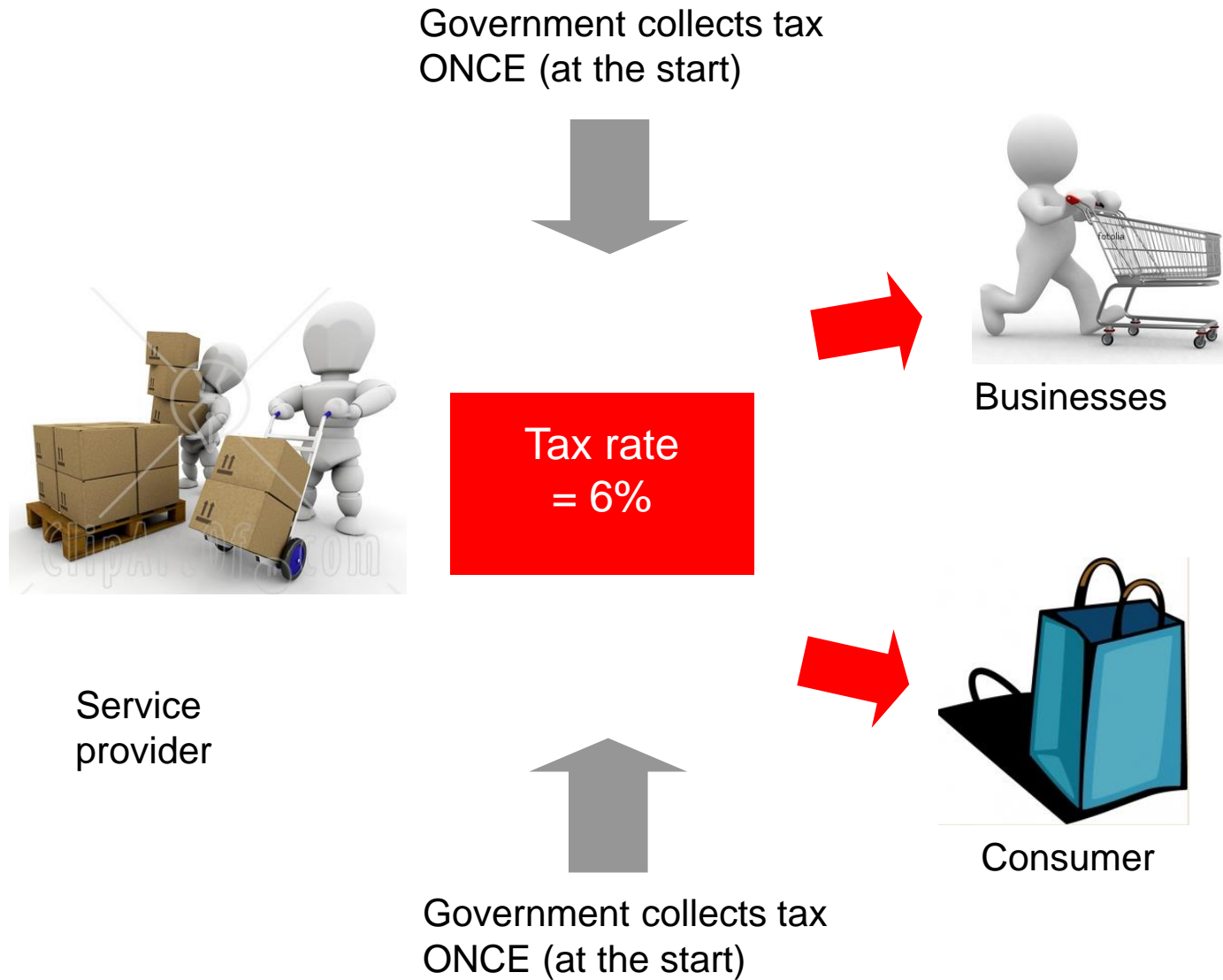
Overview of Service Tax



- Implementation date – 1st September 2018
- Self-assessment system
- Scope of tax
 - Provision of service in Malaysia
 - Provision or sale of goods by selected business group
- Rate of tax
 - 6%
 - Specific: RM25 per year for credit / charge card
- Single stage tax
 - Registered business under Service Tax Act (STA) is tax collecting agent
- Tax on consumption



How Service Tax Works?



Service Tax Legislation



Act

- **Service Tax Act 2018**

Regulations

- **Service Tax Regulations 2018**
- **Service Tax (Customs Ruling) Regulations 2018**
- **Service Tax (Compounding of Offences) Regulations 2018**

Order

- ***Service Tax (Rate Of Tax) Order 2018***
- ***Service Tax (Imposition of Tax In Respect Of Designated Areas) Order 2018***
- ***Service Tax (Imposition Of Tax In Respect Of Special Areas) Order 2018***
- ***Service Tax (Appointment of Date of Coming Into Operation) Order 2018***

Scope & Charge



Service tax is charged on:-

Section 7, STA 2018

- taxable services;
- provided in Malaysia;
- by a registered person carrying on his business

Service tax is not chargeable on:

- imported services
- Certain exported services

Service Tax Due

- When payment is received

Section 11, STA 2018

Registration

Registration



Section 12, STA 2018

Become liable to register if:

- **make taxable services of prescribed goods and services**

AND

- **business taxable turnover has exceeded the prescribed threshold**

GST Registration in transitional period



- **Automatic Registration on 1st September 2018**
 - GST registered person;
 - Provide taxable services \geq threshold value on the effective date;
 - Date of registration: **1 September 2018**
 - Service tax to be charged beginning 1st September 2018.



S.92(4), STA
2018

GST Registration in transitional period



- **Mandatory Registration**

- Provide taxable services > threshold value;
- Date of registration: at the end of any month
- Service tax to be charged beginning effective date given.

S.12(2), STA
2018



GST Registration in transitional period



- **Voluntary Registration**
 - Provide taxable services < threshold value;
 - Service tax to be charged beginning on effective date given.

S.14, STA
2018





Taxable Services

Scope of Taxable Services



29 Ogos 2018
29 August 2018
P.U. (A) 214

WARTA KERAJAAN PERSEKUTUAN

*FEDERAL GOVERNMENT
GAZETTE*

PERATURAN-PERATURAN CUKAI PERKHIDMATAN 2018

SERVICE TAX REGULATIONS 2018

DISIARKAN OLEH/
PUBLISHED BY
JABATAN PEGUAM NEGARA/
ATTORNEY GENERAL'S CHAMBERS

**First Schedule,
Service Tax
Regulations
2018**

Scope of Taxable Services

First Schedule,
Service Tax
Regulations
2018



Group	Category	Note
A	Accommodation	
B	Food & Beverage	
C	Night-clubs, Dance Halls, Health Centres, Massage Parlours, Public Houses And Beer Houses, health or wellness centre and other similar places	
D	Private Club	
E	Golf Club And Golf Driving Range	
F	Betting And Gaming	
G	Professionals	<i>11 categories of person</i>
H	Credit Card And Charge Card	
I	Other Service Providers	<i>10 categories of person</i>

Scope of Taxable Services



GROUP A: ACCOMMODATION

(1) Taxable person	(2) Taxable service	(3) Total value of taxable service
Any person operating accommodation premises including hotel, inns, lodging house, service apartment	(a) Provision of accommodation premises. (b) Provision of any other taxable	RM 500,000

Three Columns

Column (1): Taxable Person

Column (2): Taxable Service

Column (3): Total Value of Taxable Service

Taxable Person



Group G: Professional

Column 1, First Schedule, Service Tax Regulations 2018

(a)
Advocate and solicitor
registered under the
written laws

(b)
Syarie lawyer
registered under the
relevant State
Enactment

(c)
Public accountant
registered under the
written laws

(d)
Licensed or registered
surveyors including
registered valuers,
appraisers or estate agents
licensed or registered under
the written laws

(e)
Professional engineer
registered under the
written laws

**(f)
Architect
registered under
the written laws**

(g)
Any person who
provides consultancy
services

(h)
any person who
provides information
technology services

(i)
any person who
provides
management services

(j)
any person who
provides employment
services.

(k)
any person who
provides guards or
safety / security
protection (person,
business or property)

Taxable Person



Group G(6): Professional

(1) Taxable person	(2) Taxable service
<p>6. Any person who is an architect registered under the written laws for the time being in force.</p>	<p>(f) Provision of architectural services including professional consultancy services, excluding—</p> <p>(i) provision of such services in connection with goods or land situated outside Malaysia or where the subject matter relates to a country outside Malaysia;</p> <p>(ii) in relation to such services, provision of any service which requires the payment of any statutory fees to the Federal Government, or any State Government or statutory body.</p>

“...under the written laws...”

- registered as an architect under the “Architects Act 1967”; or
- any other written laws in relation to architectural services.

Taxable Services



Group G(6): Professional

Column 2,
First Schedule,
Service Tax
Regulations 2018

(1) Taxable person	(2) Taxable service
6. Any person who is an architect registered under the written laws for the time being in force.	(f) Provision of architectural services including professional consultancy services, excluding— (i) provision of such services in connection with goods or land situated outside Malaysia or where the subject matter relates to a country outside Malaysia; (ii) in relation to such services, provision of any service which requires the payment of any statutory fees to the Federal Government, or any State Government or statutory body.

Provision of:

- Architectural services; including
- Professional consultancy services.

Taxable Services



Group G(6): Professional

Column 2,
First Schedule,
Service Tax
Regulations 2018

Exclusion - in connection with:

- goods situated outside Malaysia;
- land situated outside Malaysia;
- subject matter relates to a country outside Malaysia;
- Statutory fees (federal, state or Stat Bod)

(1) Taxable person	(2) Taxable service
<p>6. Any person who is an architect registered under the written laws for the time being in force.</p>	<p>(f) Provision of architectural services including professional consultancy services, excluding—</p> <p>(i) provision of such services in connection with <u>goods</u> or <u>land</u> situated outside Malaysia or where the <u>subject matter</u> relates to a country outside Malaysia;</p> <p>(ii) in relation to such services, provision of any service which requires the payment of any <u>statutory fees</u> to the Federal Government, or any State Government or statutory body.</p>

Taxable Services



Group G(6): Professional

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Example (land outside Malaysia):

Tesco UK appointed ABC Architect Sdn Bhd to plan, design and review the construction of its new store in London. The provision of architectural services to Tesco UK is not subject to service tax as it is in connection with land outside Malaysia.

Taxable Services



Group G(6): Professional

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Example (Statutory Fees):

ABC Architect Sdn Bhd has to pay land search fees to Pejabat Tanah in order to obtain a property information. ABC will charged back to its client this cost incurred. The reimbursement (**no mark-up**) is not subject to service tax.

Other reimbursement are subject to service tax whether mark-up or not

Threshold



Group G: Professional

**Column 3,
First Schedule,
Service Tax
Regulations 2018**

(3) Total value of taxable service
RM 500,000

GROUP G: PROFESSIONALS

For the purpose of this Group, any taxable person in column (1) of Group G having a total value of taxable service, whether combined or singly, of more than RM 500,000 of any one or more taxable services specified in column (2) of such Group shall be liable for registration under section 13 of the Act.

For threshold calculation purposes, need to combine (if provide >1 services under Group G) total value of taxable services under Group G.

> RM500,000 = Liable to be registered

Taxable Services



Group G: Professional

Intra group service

Where a company in a group of companies provides any taxable service mentioned in item a, b, c, d, e, f, g, h or i in Group G to any company within the same group of companies, such services shall not be a taxable service.

Para 3, First Schedule,
Service Tax Regulations
2018

Where a company provides any taxable services mentioned in item **a, b, c, d, e, f, g, h or i (column 2) in Group G** to another person outside the group of companies, the service provided to any company outside or within the group of companies shall be a taxable service.

Para 8, First
Schedule, Service
Tax Regulations
2018

Taxable Services



Group G: Professional

The following taxable services may related with Architect.

Item 7, Group G, First Schedule, Service Tax Regulations 2018:
Consultancy Services

Item 9, Group G, First Schedule, Service Tax Regulations 2018:
Management Services




Special Treatment


ST treatment in Designated Area (DA)




Designated Area



“**Langkawi**” means the Island of Langkawi and all adjacent islands lying nearer to the Island of Langkawi than to the mainland



“**Labuan**” means the Island of Labuan and its dependent islands, namely, Rusukan Besar, Rusukan Kecil, Keraman, Burong, Papan and Daat



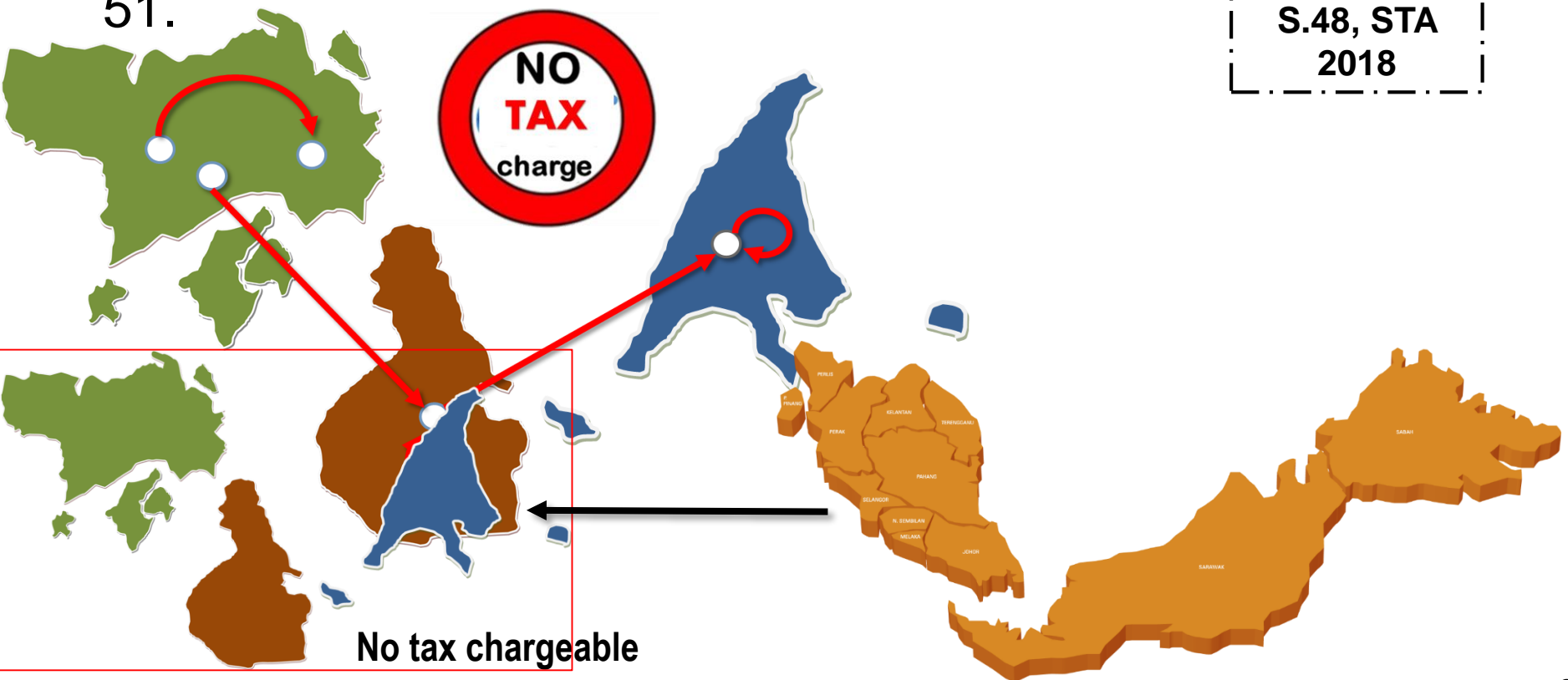
“**Tioman**” means the Island of Tioman and the islands of Soyak, Rengis, Tumok, Tulai, Chebeh, Labas, Sepoi and Jahat;

ST treatment in Designated Area (DA)



- no tax shall be charged on any taxable services provided
 - **within or between** the designated areas
 - **between** the designated areas and special areas
- unless the Minister otherwise directs in an order under section 51.

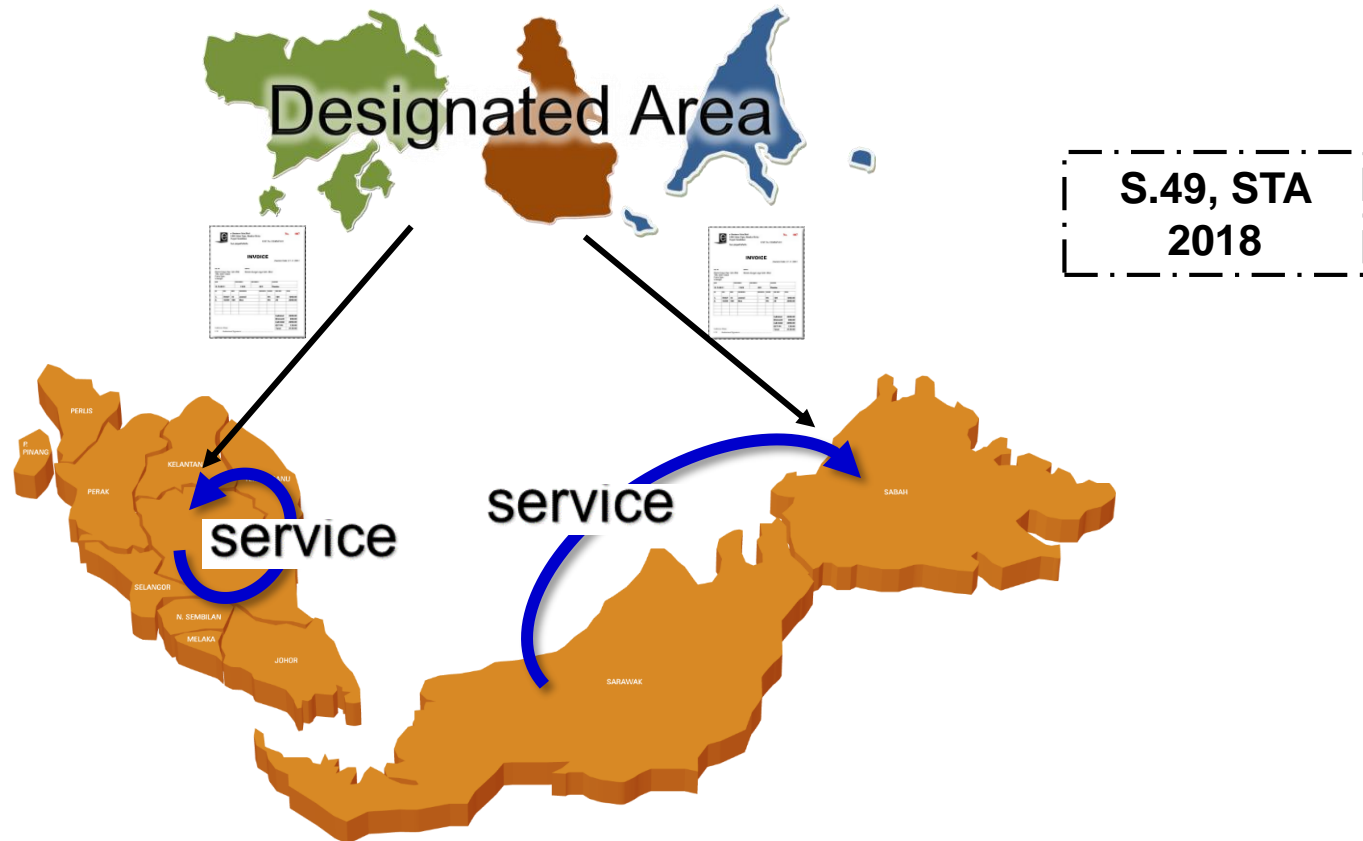
S.48, STA
2018



ST treatment in Designated Area (DA)



- *Service provider whose principal place of business in DA*
 - ✓ Service *within Malaysia* is subject to ST



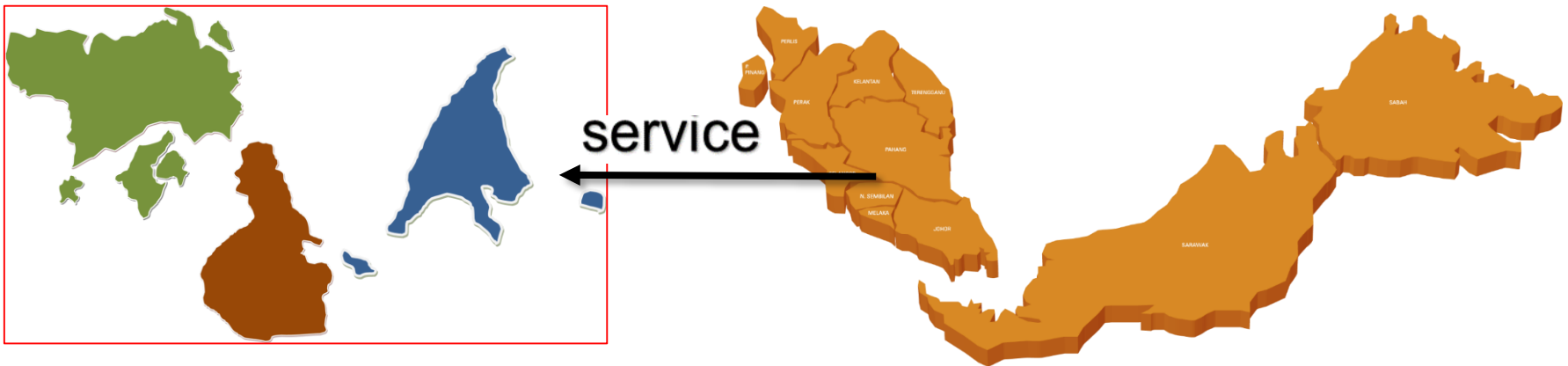
ST treatment in Designated Area (DA)



- *Service provider whose principal place of business in Malaysia*

✓ *Service to DA is subject to ST*

S.50, STA
2018





Invoices



S.21, STA
2018

Registered person who provides
taxable service
shall issue an invoice containing
prescribed particulars



Prescribed Particulars

- i. the invoice serial number;
- ii. the date of the invoice;
- iii. the name, address and identification number of the registered person;
- iv. a description sufficient to identify the taxable services provided;
- v. any discount offered;
- vi. the total amount payable excluding service tax, the rate of tax and the total tax chargeable shown as a separate amount;
- vii. the total amount payable inclusive of total service tax chargeable; and
- viii. any amount expressed in a currency other than ringgit shall also be expressed in ringgit at the selling rate of exchange prevailing in Malaysia at the time of taxable service is provided.

Reg.11, STR
2018



S.21, STA
2018

Invoice issued to the customer
in National language or English
language



Production of invoices by computer

S.22, STA
2018

A registered person shall be treated as having issued an invoice to a customer if the prescribed particulars are recorded in a computer and—

- i. are transmitted or made available to the customer by electronic means; or
- ii. are produced on any material other than paper and are delivered to the customer.

Q & A
