

**MEMO**

**TO ALL OUR VALUED CLIENTS**

**RE: SST GUIDE ON IMPORTED SERVICES**

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During the course of performing assignments for some clients, we have discovered that many are not aware that the Royal Malaysian Customs Department (RMCD) had issued a guide for Perkhidmatan Bercukai Diimport (available in the RMCD MySST Website) on 9 January 2019.

The main issue in this guide is the imposition of service tax on the value of the services imported. It is indicated that only taxable services under Service Tax Act 2018 would be applicable to the imported services. To see if the services imported is subject to service tax, check to see if you would be subject to service tax if you were to engage a local Malaysian company to perform the same work.

For example, if you have engaged a foreign company to provide a service, for example, consultancy work in Malaysia, and the value of the contract is RM1 million, you would have to pay 6% on the RM1 million to RMCD. The effective date of the transaction is deemed to be either the date the invoice is taken up in the accounting records or the date of payment, whichever is earlier.

Please note that this affects every person / entity, whether registered or not registered under SST. For a registered person / entity, the service tax on the imported service must be accounted for in your SST-02 form for the relevant period. For a nonregistered person / entity, the service tax on the imported service must be accounted for in SST-02A form before the last day of the following month after the effective date.

This is just an example, please read the guide for the full details on the abovementioned example and other matters related.

Thank you.

Yours faithfully,  
**BATTCHOO & YONG PLT**