



Tax Whiz

Tax highlights from your advisers

Sales Tax (Amendment) Bill 2020

Service Tax (Amendment) Bill 2020

Customs (Amendment) Bill 2020

Excise (Amendment) Bill 2020

Free Zones (Amendment) Bill 2020

KPMG in Malaysia

14 December 2020

Indirect Tax Bills 2020



The following Indirect Tax Bills have been tabled for first reading in the Malaysian Parliament on 10 December 2020:

- (a) Sales Tax (Amendment) Bill 2020
- (b) Service Tax (Amendment) Bill 2020
- (c) Customs (Amendment) Bill 2020
- (d) Excise (Amendment) Bill 2020
- (e) Free Zones (Amendment) Bill 2020

The amendments are mainly enhancements, on enforcements as well as consequential corrections. We set out below some of the highlights in the Bills.

Scope	Amendment	Legislation
New definitions	<p>“Goods” means all kinds of movable property.</p> <p>“Conveyance” includes any vessel, train, vehicle, aircraft or any other means of transport by which persons or goods can be carried.</p>	Service Tax
Remission of Service Tax	Remission of Service Tax, surcharge accrued, or penalty, fee or other money payable, is now available to foreign registered person.	Service Tax
Service Tax due on invoice basis	The Director General is now empowered, upon application, to approve Service Tax in respect of digital services provided by foreign registered person to be due at the time the invoice is issued.	Service Tax

Scope	Amendment	Legislation
Credit notes and debit notes	A new Section is added to allow foreign registered person to make deduction or addition of Service Tax in the return if credit notes or debits notes are issued under prescribed circumstances and conditions.	Service Tax
Cessation of liability to be registered	The test to determine cessation of liability to be registered has been amended from future method to historical method.	Sales Tax Service Tax
Refund by deduction of tax	A new Section is added to empower the Director General to direct any person to deduct the amount of refund of tax from the return or to be credited to subsequent returns. Any person who improperly obtains the deduction of tax commits an offence.	Sales Tax Service Tax
Power to seal	A new Section is added to empower the proper Customs officer to seal any goods, documents, articles or things, or the places, premises, receptacles, packages or conveyances in which the goods, documents, articles or things are found where by reason of their nature, size or amount it is not practicable to remove the goods, documents, articles or things seized. Any person who without lawful authority, breaks, tampers with or damages the seal or remove the abovementioned commits an offence.	Sales Tax Service Tax Customs Excise Free Zones
Additional powers	Additional powers are conferred to the proper Customs officer akin to the powers of a police officer or prison officer, when escorting and guarding any person in custody. The office of the proper Customs officer is also deemed to be a police station.	Sales Tax Service Tax Customs Excise Free Zones
Agent provocateur	A new Section is added to provide for the credibility of an agent provocateur's evidence and the admissibility as evidence of any statement made to an agent provocateur.	Sales Tax Service Tax Customs Excise Free Zones

Scope	Amendment	Legislation
Drawback	The nine-tenths drawback provision is amended to be in the powers of the Director General.	Customs Excise
	The minimum amount of drawback that can be claimed is RM200.	Customs Excise



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