

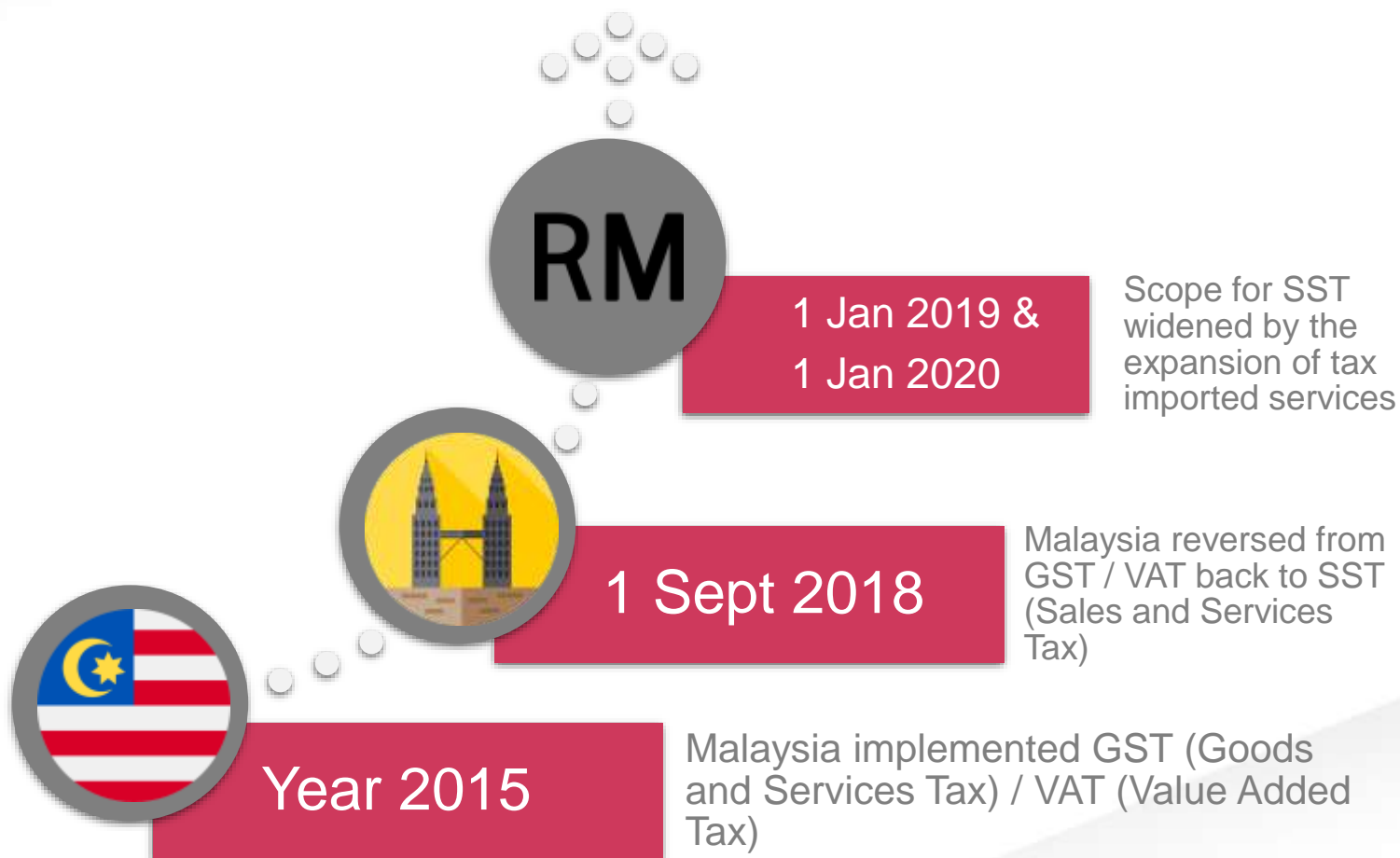


# DIGITAL SERVICE TAX MALAYSIA



# IMPLEMENTATION TIMELINE

Malaysia is the second country to implement Digital Service Tax in South East Asia



Any person outside Malaysia providing any digital service to a consumer. Includes operators of an online platform for trading of goods and services and person making transaction for provision of digital services on behalf of any person.

**FOREIGN SERVICE PROVIDER**



- Services delivered through an IT medium with minimal or no human intervention
- Eg: Software, application & video games, music, e-book and film, search engine and social networks.



**DIGITAL SERVICE**

**Digital service tax** will be imposed at the rate of **6%** on any **DIGITAL SERVICE** that is provided by a **FOREIGN SERVICE PROVIDER ("FSP")** to any **CONSUMER** in Malaysia.

A person who fulfils any two of the following:

- Makes payment for digital services using credit or debit facility provided by any financial institution or company in Malaysia;
- Acquires digital services using an internet protocol address registered in Malaysia or an international mobile phone country code assigned to Malaysia;
- Resides in Malaysia



**CONSUMER**



# COMPLIANCE FOR FSP

FSP who provides digital services to consumers in Malaysia where the **value of the digital service (for a period of twelve months or less), exceeds the threshold of RM 500,000** is required to be registered.

The compliance responsibilities for a FSP are:

charge **6% service tax** on the digital service provided to consumers in Malaysia at the time **when the payment for the digital service is received**

**issue an invoice** (whether electronically or in paper form) containing prescribed particulars **to the consumer in respect of the digital service transaction**

to **submit a prescribed service tax return and remit the service tax collected** (if any) to the Royal Malaysia Customs Department by the last day of the month following the end of his taxable period (quarterly basis)

maintain **complete and true records** of all transactions **for a period of seven years**





Our team at Ecovis Malaysia is made up of licensed professionals equipped with the knowledge and expertise capable of assisting you in various types of tax services.

**Contact us today!**  
**We are pleased to help!**

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