# Don't delay SST collections

Businesses which have met the threshold of the expanded Sales and Service Tax but have not signed up or collected the levies will be liable for uncollected payments, says a Finance Ministry spokesperson. While penalties will not be imposed during the registration grace period that ends on Dec 31, trade groups want the revised SST to be implemented gradually so as to not burden businesses and consumers in view of the current economic challenges. **> See reports on page 7 by JUNAID IBRAHIM and GERARD GIMINO**

# 'Make use of SST grace period'

## Ministry: Extra time only for registration penalty, companies still taxed regardless

**By JUNAID IBRAHIM and GERARD GIMINO**
newsdesk@thestar.com.my

**PETALING JAYA:** Companies are required to make retrospective Sales and Service Tax (SST) payments during the grace period, even if the tax was not collected from customers.

This obligation arises once firms meet the SST threshold requirements, as stipulated by the Sales Tax Act 2018 and the Service Tax Act 2018.

A Finance Ministry spokesman explained that the law deems firms taxable even before registration.

"The grace period until Dec 31 means no prosecution or penalties if registration is completed voluntarily within this time," the spokesman said.

However, companies must still account for and pay the tax owed for past periods during which they were liable but unregistered.

The spokesman noted that the Customs Department may assess retrospective tax liability from the date a company meets registration requirements.

"This includes SST on sales or services provided, regardless of whether the tax was collected from customers," added the spokesman.

The government announced on June 9 that Sales Tax rates would be revised and the scope of Service Tax would expand, effective July 1.

Essential goods' Sales Tax remains unchanged, while a 5% or 10% rate applies to discretionary and non-essential goods.

New services like leasing or rental, construction, financial services, private healthcare, education and beauty services are now included under Service Tax.

The SST registration threshold varies according to sector – ranging from RM500,000 to RM1.5mil in turnover within 12 months.

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>
> Finance Ministry spokesperson

The expanded SST takes effect on July 1, with a grace period until the end of the year, allowing time for compliance without penalties.

Despite the grace period, tax experts say the SST obligations remain.

Christine Koh, a partner at Owen KLCA PLT, said businesses should conduct an early review of goods and services to identify taxable items or services.

"Monthly turnover should be tracked, and register yourselves once the threshold is breached."

She also advised updating invoicing and accounting systems, and training finance and sales teams on SST procedures.

Koh noted that businesses that have not registered can do so in August and start charging from Sept 1, with separate registration numbers for Sales and Service Tax.

"For instance, a manufacturer registered for Sales Tax must register separately for Service Tax if they earn RM800,000 from rentals," she said.

KPMG Malaysia's Indirect Tax head, Ng Sue Lynn, said businesses with multiple income streams should begin identifying all taxable services and classifying them under the appropriate groups.

"Different taxable services need to be reported in their respective categories accordingly, and may be subject to different Service Tax rates. They may also be eligible for different exemptions."Proper segregation of income streams supports accurate tax compliance and helps manage risks," Ng said.

"Businesses are encouraged to assess their operations early, engage with customers and suppliers to reduce disputes, and document compliance efforts to demonstrate due diligence," she said.