



Tax developments



13 June 2025

KPMG in Malaysia

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Indirect Tax

Indirect Tax

MOF media release – Review of Goods for Sales Tax and Expansion of Scope for Service Tax Effective July 1, 2025

The MOF has issued a media release to announce the review of Sales Tax rate for non-essential goods to be subject to higher Sales Tax rates (i.e. increased from 0% to 5% or from 5% to 10%) as well as the expansion of scope for Service Tax to include six main sectors (i.e. rental or leasing services, construction works services, financial services, private healthcare services, traditional and complementary medicine services and allied health services, education services and wellness/beauty services) effective 1 July 2025.

Please click [here](#) for a copy of our earlier Tax Whiz for details.

Source for the announcement: [MOF's official website](#) – available in Malay language only

Indirect tax legislation updates

In line with the review of Sales Tax rate and expansion of scope for Service Tax, the following legislations have been gazetted and will come into operation on **1 July 2025**:

- I. Sales Tax (Rate of Sales Tax) Order 2025**
- II. Sales Tax (Goods Exempted from Sales Tax) Order 2025**
- III. Service Tax (Amendment) Regulations 2025**
- IV. Service Tax (Rate of Tax) (Amendment) Order 2025**
- V. Service Tax (Persons Exempted from Payment of Tax) (Amendment) Order 2025**

Separately, the following legislations have also been gazetted:

- VI. Service Tax (Imposition of Tax for Taxable Service in respect of Designated Areas Excluding Pulau 1 and Special Areas) (Amendment) Order 2025**

The Service Tax (Imposition of Tax for Taxable Service in Respect of Designated Areas Excluding Pulau 1 and Special Areas) (Amendment) Order 2025 has been gazetted, and came into operation on **30 May 2025**.

Amendments are made in the Schedule, in item 5, in column (1), by inserting after the words “customs control in” the words “designated areas excluding Pulau 1 and” and in column (2) by substituting for the words “given permission to act as an agent” the words “approved to act as a customs agent”. Amendment is also made by deleting item 7 and the particulars relating to it.

VII. Customs (Amendment) (No. 3) Regulations 2025

The Customs (Amendment) (No. 3) Regulations 2025 has been gazetted, and came into operation on **2 June 2025**. Amendments are made in the Second Schedule, in Part I, in relation to customs port for Kelantan, in item Tok Bali Supply Base, Mukim Semerak, Jajahan Pasir Puteh, Kelantan, by substituting for particulars relating to it the following particulars:

Description of goods	Legal landing place	
Materials and equipment used directly for petroleum and gas upstream operations, and such other goods as may be approved by the Director General	Tok Bali Supply Base, Mukim Semerak, Jajahan Pasir Puteh, Kelantan located at—	
	Latitude	Longitude
	5°53'39.24303" U	102°29'4.12818" T
	5°53'40.51331" U	102°29'6.09093" T
	5°53'39.82468" U	102°29'6.62117" T
	5°53'40.81604" U	102°29'7.86859" T
	5°53'37.28234" U	102°29'10.73932" T
	5°53'38.81482" U	102°29'12.61115" T
	5°53'42.33444" U	102°29'9.73808" T"

Source for the Orders and Regulations: [Federal Legislation Portal of Malaysia](#)

Sales Tax and Service Tax guides

- The RMCD has issued the following new Sales Tax and Service Tax guides (available in Malay language only) in line with the changes in the Sales Tax rate and expansion of scope of taxable services:
 - Guide on Transitional Rules for Changes in the Sales Tax Rate dated 9 June 2025
 - Guide on Rental or Leasing Services dated 9 June 2025
 - Guide on Construction Works Services dated 9 June 2025
 - Guide on Education Services dated 9 June 2025
 - Guide on Groups C, D and E dated 9 June 2025
 - Guide on Private Healthcare Services, Traditional and Complementary Medicine Services and Allied Health Services dated 9 June 2025
 - Guide on Financial Services version 1.0 dated 9 June 2025
- The RMCD has issued the following revised Service Tax guide (available in Malay language only):
 - Guide on Logistic Services dated 6 June 2025

Source for the Guides: [RMCD – MySST \(SST Guides\)](#)

e-Invoicing



e-Invoicing

MIRB's updated guidelines on e-Invoicing

The MIRB has issued an updated e-Invoice Guideline (Version 4.4) and e-Invoice Specific Guideline (Version 4.2) (both referred to as "Guidelines") on 5 June 2025 which replace the e-Invoice Guideline (Version 4.3) and e-Invoice Specific Guideline (Version 4.1) dated 18 March 2025 and 21 February 2025 respectively.

Topic	Salient Updates to the Guidelines								
e-Invoice implementation timeline for targeted taxpayers	<p>The MIRB has provided updates to the e-Invoice implementation timeline for taxpayers based on the following:</p> <table> <tr> <th>Phase</th><th>Timeline</th></tr> <tr> <td>Phase 3</td><td>The implementation date for taxpayers with an annual turnover or revenue of more than RM5 million (previously more than RM500,000) and up to RM25 million is 1 July 2025</td></tr> <tr> <td>Phase 4</td><td>The implementation date for taxpayers with an annual turnover or revenue of more than RM1 million and up to RM5 million (previously up to RM500,000) is 1 January 2026</td></tr> <tr> <td>Phase 5</td><td>The implementation date for taxpayers with an annual turnover or revenue of up to RM1 million is 1 July 2026.</td></tr> </table> <p>Pursuant to the above, the six-month interim relaxation period from the date of mandatory implementation remains applicable for each implementation phase as indicated above.</p> <p>The MIRB will not undertake any prosecution action under Section 120 of the Income Tax Act, 1967 during the interim relaxation period on non-compliance of the e-Invoice requirements, provided that taxpayers comply with the requirements mentioned under Section 16.2 (a) and (b) of the e-Invoice Specific Guideline.</p>	Phase	Timeline	Phase 3	The implementation date for taxpayers with an annual turnover or revenue of more than RM5 million (previously more than RM500,000) and up to RM25 million is 1 July 2025	Phase 4	The implementation date for taxpayers with an annual turnover or revenue of more than RM1 million and up to RM5 million (previously up to RM500,000) is 1 January 2026	Phase 5	The implementation date for taxpayers with an annual turnover or revenue of up to RM1 million is 1 July 2026 .
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Phase 5	The implementation date for taxpayers with an annual turnover or revenue of up to RM1 million is 1 July 2026 .								
e-Invoice implementation timeline for new taxpayers	<p>The MIRB has provided updates to the e-Invoice implementation timeline for new taxpayers based on the following:</p> <ul style="list-style-type: none"> New businesses or operations commencing from year 2023 to 2025 with annual turnover or revenue of at least RM500,000 are to implement e-Invoicing on 1 July 2026. New businesses or operations commencing from year 2026 onwards are to implement e-Invoicing on 1 July 2026 or upon the operation 								

- **commencement date.** However, if the turnover or revenue in the first year is less than RM500,000, the e-Invoice implementation date would be **1 January in the second year following the year** in which the total annual turnover or revenue reach RM500,000.

Activity or transaction that requires e-Invoice to be issued for each transaction and consolidated e-Invoice is not allowed

The MIRB has provided update that with effect from 1 January 2026, any single transaction with a value exceeding RM10,000 requires an e-Invoice to be issued for each transaction and consolidated e-Invoice would not be allowed. This applies across **all industries**.

Exemption from implementing e-Invoice

The MIRB has provided update that the persons exempted from issuing e-Invoice (including issuance of self-billed e-Invoice) include taxpayers with an annual turnover or revenue of **less than RM500,000** (previously RM150,000).

Source for the Guideline: Official Portal of [MIRB](#)

Insights on Earlier Tax Whiz

Please refer below to our earlier Tax Whiz for more information.

No.	Subject	Date of issue
1	Stamp Duty Exemption for Employment Contracts Executed Before 1 January 2025	6 June 2025
2	Review of Goods for Sales Tax and Expansion of Scope for Service Tax Effective 1 July 2025	9 June 2025
3	Key Highlights on the Review of Goods for Sales Tax and Expansion of Scope for Service Tax Effective 1 July 2025	10 June 2025

The table below sets out the various abbreviations and references used in this publication.

	Reference
MIRB	Malaysian Inland Revenue Board
MOF	Ministry of Finance
RMCD	Royal Malaysian Customs Department

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