



## Introduction to Withholding Tax and Imported Services Tax - Implications of Digital Services (PART 3)

### Key Takeaway



- ❖ Withholding Tax on Foreign Service Providers
- ❖ Service Tax on Digital Services

Part 3 of this article will focus on digital service tax and service tax issues on imported services for e-Commerce transactions, under the Service Tax Act 2018.

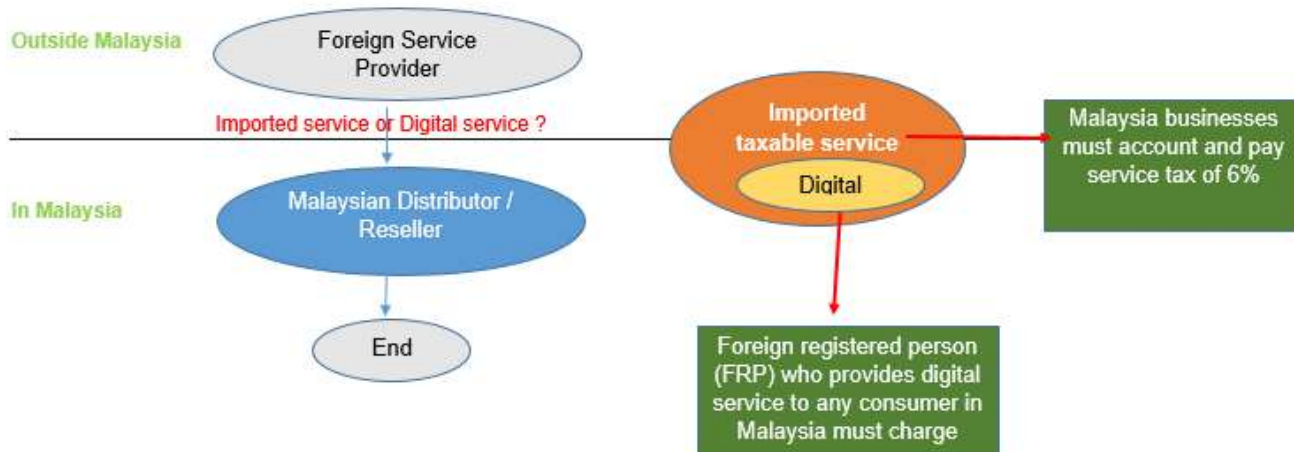
### What is Imported Service?

“Imported taxable service” means any taxable service acquired by any person in Malaysia from any person who is outside Malaysia (Section 2 of Service Tax Act 2018)

### What is Digital Service?

“Digital service” means any service that is delivered or subscribed over the internet or other electronic network and which cannot be obtained without the use of information technology and where the delivery of the service is essentially automated;”.





## Types of Digital Service

- ✓ Software, Application & Video Games
- ✓ Music, e-book and film
- ✓ Advertisement and online platform
- ✓ Search engines and social networks
- ✓ Database and hosting
- ✓ Internet Based Telecommunication
- ✓ Online Training
- ✓ Others (such as subscriptions to online newspapers and journals etc.)

With effect from 1 January 2019, **regardless** if you are either a Service Tax-registered person or Non-Service Tax-registered person, you are required to file a return and pay the service tax in respect of all taxable services that you procure from overseas suppliers, if such taxable services fall under Group G and I of Service Tax Regulations 2018.

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