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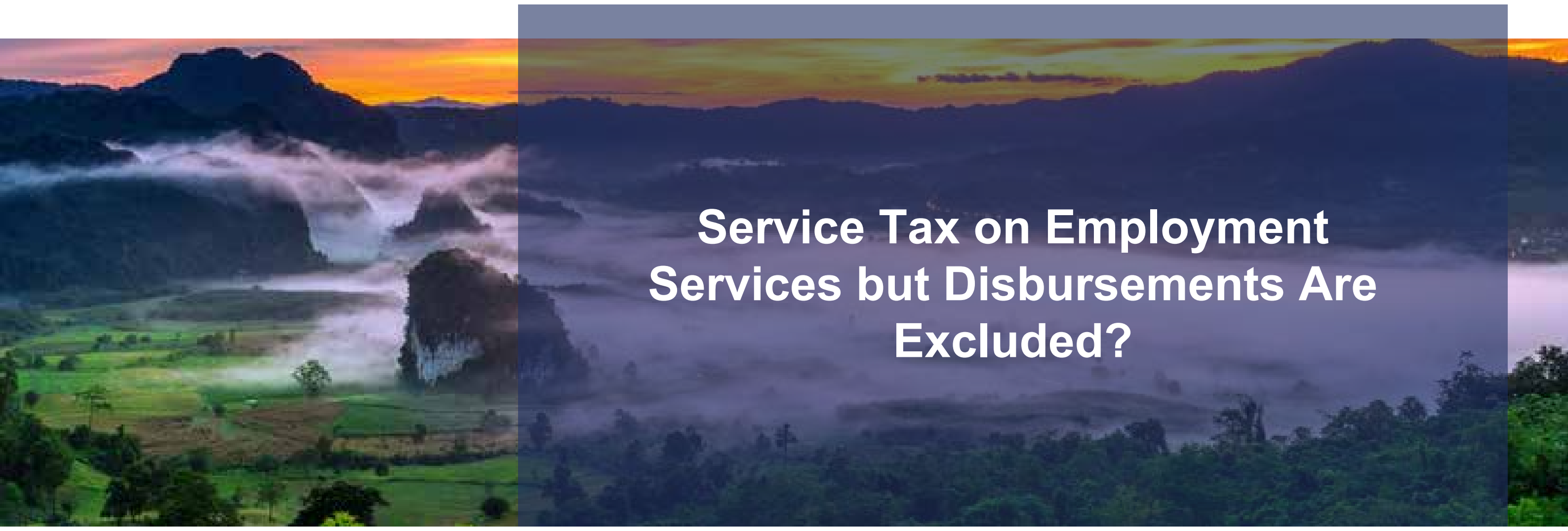
August 2026 - Issue T35
ideas & insights



Service Tax on Employment Services but Disbursements Are Excluded?

Key Takeaway

❖ Service Tax applies only to employment or management fees, excluding disbursement expenses.

Tips

❖ To ensure that fees and disbursements are clearly stated and properly supported by documentation.

The Royal Malaysian Customs Department (“RMCD”) issued a new announcement on 13 August 2026, clarifying the Service Tax treatment of employment services, particularly with regard to employment / management fees and disbursement expenses.

Under the RMCD’s clarification:

- **Employment or Management fees**
  Service Tax applies to the fees charged for the provision of employment services and management services;
- **Disbursement Costs**
  Costs or expenses incurred on behalf of a customer and subsequently recovered on a pass-through (disbursement) basis are not subject to Service Tax;
- **Statutory and regulatory charges**
  Fees, duties, levies, taxes, fines, penalties and other similar payments imposed under written laws and paid on behalf of the customer are treated as disbursements. These amounts should not be included in the taxable value for Service Tax purposes.

For more details, please click the link below:
RMCD Latest Announcement
Source : Royal Malaysian Customs Department (“RMCD”)

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WHY ShineWing TY TEOH 为什么选择信永中和迪威？

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IAB 2024	Year 2023	Year 2023	Year 2023	IAB 2024	Year 2024

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- ✓ Approved Training Employers
- ✓ Independent Member Firm of Praxity

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