

REVISION OF SALES TAX

RSM | 7

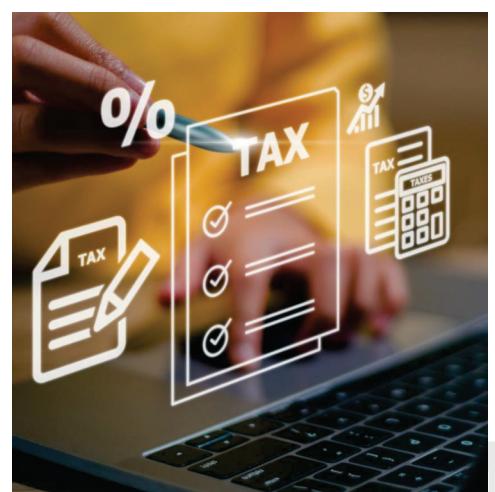
Review of Sales Tax rates



In line with the Budget 2025 announcement, there is a revision to the Sales Tax rates of the locally manufactured and/or imported goods.

Sales Tax rate remains unchanged at 0% for essential goods

Discretionary and non-essential goods will be subject to a Sales Tax rate of either 5% or 10%.



Review of Sales Tax rates

The list of goods affected by the sales tax rate change are available on the RMCD website :-

- i. the rate of 5% and specific rates can be referred to under the Sales Tax (Rate of Tax) Order 2025.
- ii. the exempted goods can be referred to under the Sales Tax (Goods Exempted from Tax) Order 2025.



If the goods are not listed in either of the above orders, the tax rate on the goods is subject to 10%.

Review of Sales Tax rates

Example

	Old rate	New rate	0 %
		5%	<ul style="list-style-type: none"> ▪ King crab ▪ Salmon and cod ▪ Avocado ▪ Industrial machinery ▪ Bicycles
		10%	<ul style="list-style-type: none"> ▪ Tungsten waste and scrap ▪ Painting, drawings, prints and sculptures ▪ Cruise ships ▪ Aeroplanes ▪ Racing bicycles

Registration requirements

New registrants

- If the company is manufacturing taxable goods, it is required to be registered under Section 13 of the Sales Tax Act 2018 if the total value of taxable goods sold exceeds the threshold amount of RM500,000 within a 12 months.
- Registration may be completed online via the MySST system.
- The company is allowed to charge sales tax on the manufactured goods starting from the effective date of the registration approval letter.

Registration requirements

Existing registrants:

- A new registration with RMCD is **not** required.
- They are only required to update their registration details by adding the new HS Code.
- Revised Sales Tax will be levied on new taxable goods effective 1 July 2025.

Review of Sales Tax rates

In general, the applicable new Sales Tax rates for the taxable goods manufactured by registered manufacturers are based on the following:

- For the sale of taxable goods, it will depend on the time when the invoice is issued.
- For the personal consumption/disposal of taxable goods other than by sale, it will depend on the time when the goods are used/disposed of.
- In the case of importation of taxable goods, the new Sales Tax rate will apply when the goods are released from Customs control on or after the effective date.

Transitional rules

We recommend businesses to take a structured approach to assess exposure, prepare systems and respond strategically to the SST expansion.

Scenarios	Sales Tax treatment
Invoice issued before 1 July 2025	ST remain old rate
Manufactured before 1 July 2025 but invoice after 1 July 2025	ST at new rate
Existing registered manufacturer – goods from exempted is now taxable – sold on/after 1 July 2025	ST at new rate
Disposal / own use	ST based on actual date of disposal/own use

Exemptions

- A registered manufacturer is eligible to purchase raw materials, components, packing and packaging materials, manufacturing aids, and cleanroom equipment exempt from sales tax. The company may apply for a sales tax exemption under the Sales Tax (Persons Exempted from Payment of Tax) Order 2018, subject to the conditions outlined in the details and the order itself.
- Applications for the sales tax exemption certificate can be submitted online via the portal at <https://mysst.customs.gov.my/>.



Important considerations

- The company need to determine if there are any changes in the Sales Tax treatment for the manufactured finished goods
- Need to ensure the accuracy of the Harmonized System (HS) codes assigned to the manufactured finished goods and/or imported goods
- Whether any Sales Tax exemptions may be applicable to the acquisition and/or importation of goods
- Whether the prescribed conditions were fulfilled for the exemption(s) applied
- Is the company aware of the transitional provisions for the sales of finished goods spanning the effective date