



SERVICE TAX 2018

**GUIDE ON:
CUSTOMS AGENT SERVICES**

Published by:

**Royal Malaysian Customs Department
Internal Tax Division
Putrajaya**

9 Ogos 2022

Publication

Date: 9 August 2022.

The Customs Agent Services Guide at 15 March 2019 is withdrawn and replaced by the Guide on: Customs Agent Services as at 9 August 2022

Copyright Notice

Copyright 2022 Royal Malaysian Customs Department.

All rights reserved. Subject to the Copyright Act, 1987 (Malaysia).

The Guide may be withdrawn, either wholly or in part, by publication of a new guide. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form, including on-site for commercial purposes without written permission from the Royal Malaysian Customs Department (RMCD). In reproducing or quoting the contents, acknowledgment of source is required.

Disclaimer

This information is intended to provide a general understanding of the relevant treatment under Service Tax Legislation and aims to provide a better general understanding of taxpayers' tax obligations. It is not intended to comprehensively address all possible tax issues that may arise. While RMCD has taken the initiative to ensure that all information contained in this Guide is correct, the RMCD will not be responsible for any mistakes and inaccuracies that may be contained, or any financial loss or other incurred by individuals using the information from this Guide. All information is current at the time of preparation and is subject to change when necessary

CONTENTS

INTRODUCTION	1
IMPOSITION AND SCOPE OF TAX.....	1
GENERAL OPERATIONS OF THE INDUSTRY.....	2
Overview of Customs Agent Services	2
CHARGING SERVICE TAX	2
SERVICE TAX TREATMENT FOR CUSTOMS AGENT SERVICES.....	3
Summary of Custom Agent Services.....	7
RESPONSIBILITY OF REGISTERED PERSON	7
FREQUENTLY ASKED QUESTION (FAQs).....	8
INQUIRY	11
FURTHER ASSISTANCE AND INFORMATION ON SST	11

INTRODUCTION

1. Service Tax is a consumption tax governed by the Service Tax Act 2018 and its subsidiary legislation. The effective date of the Service Tax Act 2018 is 1st September 2018.
2. Service tax is imposed on prescribed services called “taxable services”.
3. A person who provides taxable services exceeding a specified threshold is required to be registered under the Services Tax Act 2018 and is known as a “registered person” who is required to charge service tax on his taxable services made to his customers.
4. The Guide is prepared to assist you in understanding the service tax treatment on customs agent services.

IMPOSITION AND SCOPE OF TAX

5. Effective 1st September 2018, under Group I, Item 3, First Schedule of the Service Tax Regulations 2018, the provision of services for clearing of goods from customs control are subject to service tax.

TERMINOLOGY

6. The following words have these meanings in this guide unless the contrary intention appears:
 - (i) “**Customs agent**” means any person approved under section 90 of Customs Act 1967 to undertake any customs transactions on behalf of another person (*Section 2, Customs Act 1967*);
 - (ii) “**Designated Area**” (DA) means Labuan, Langkawi, Tioman and Pangkor (*Section 47, Service Tax Act 2018*);

- (iii) “**Special Area**” (SA) means any free zone, licenced warehouse and licenced manufacturing warehouse and Joint Development Area (*Section 52, Service Tax Act 2018*).

GENERAL OPERATIONS OF THE INDUSTRY

Overview of Customs Agent Services

7. Under the provisions of Section 90 of the Customs Act 1967 customs agents may act on behalf of importers and exporters to carry out the business to relieve goods from customs control. Customs agents consist of shipping agents, ~~and~~ forwarding agents and freight forwarder.

8. Prescribed services under service tax for a customs agent is the provision of services for clearing of goods from customs control. Meanwhile, the services of shipping agents and freight forwarders are not subject to service tax because these services are under the category of logistics management service.

9. There is no threshold for the purpose of registration under service tax. In accordance with Section 90(2), Customs Act 1967, applicant need to be a registered person under the Service Tax Act 2018. Customs agents who have been registered under section 90(2) Customs Act 1967 must apply for service tax registration within 14 days from the date of such approval as a customs agent.

CHARGING SERVICE TAX

10. The rate of service tax shall be charged at the rate of 6%. In the case of provision for clearing of goods from customs control by customs agent which is a prescribed service, the value of the taxable service for the charges of service tax is the actual price of services charge to his clients.

SERVICE TAX TREATMENT FOR CUSTOMS AGENT SERVICES

11. For service tax purposes, only the provision of services for clearing of goods from customs control will be subjected to service tax. Services for clearing of goods includes:
- (i) Preparing or amending customs declaration;
 - (ii) Presenting goods for customs declaration;
 - (iii) Documentation;
 - (iv) Handling / forwarding;
 - (v) Examination / attendance to examination;
 - (vi) Sealing;
 - (vii) *Electronic Data Interchange* (EDI);
 - (viii) Overtime (relating to clearance of goods only).

This includes any charges charged by the customs agent which is stated in the invoice issued to his client in performing the services.

Example 1

A Customs agent charged his clients for the following services:

- (i) Services for clearing of goods from customs control; and*
- (ii) Presenting goods for customs checking.*

** Both services are subjected to service tax.*

Example 2

When a customs agent need to perform goods inspection out of normal working hours, the agent will charge an overtime fee (relating to clearance of goods only) to his customer.

The overtime fee (relating to clearance of goods only) will be subjected to service tax because it is part of the provision of services for clearing of goods from customs control.

Example 3

A customs agent may appoint a third party to represent him in performing physical goods inspection.

In doing so, the fee charged by the third party to the customs agent which is subsequently charged to the customer whether it includes a mark-up, it will be subjected to service tax.

Example 4

A customer is importing plants into Malaysia. For custom clearance purposes, a permit from The Department of Agriculture Peninsular Malaysia, Sabah and Sarawak (under Regulation 5 of the Plant Quarantine Regulations 1981) is required for plant and plant products imported into the country. A fee of RM15 will be imposed by The Department of Agriculture (government agency) for the permit.

The customer appointed a custom agent to provide services for acquiring the permit and also for the clearance of the plants from custom control. The custom agent charged documentation, handling (including other fees that the custom agent imposed in connection with acquiring the permit)

and inspection fees to customer. The fees charged will be subjected to service tax excluding the statutory fee charged by The Department of Agriculture. Statutory fees (without mark-up) charged by government agency is not subject to service tax.

Example 5

A customer is importing plants into Malaysia. For custom clearance purposes, a permit from The Department of Agriculture Peninsular Malaysia, Sabah and Sarawak (under Regulation 5 of the Plant Quarantine Regulations 1981) is required for plant and plant products imported into the country. A fee of RM15 will be imposed by The Department of Agriculture (government agency) for the permit.

*The customer appoint a custom agent **only to acquire the permit** from The Department Agriculture but **not for custom clearance** purposes. The services performed and charged for acquiring the permit is not subject to service tax since it is not related to custom clearance purposes.*

12. A customs agent may also supply the following services to his customer which are not considered as taxable services under customs agent (but may be considered as taxable services under management services, or consultancy services): Apart from the service of clearing goods from customs control, there are also customs agents providing the following services which may be subject to service tax under other groups of taxable services. Among them are as follows:

- (i) Recommendation and advice at all costs in order to provide an alternative that is more profitable and efficient. This includes recommendation and advice on freight costs, port and customs expenses, special documentation costs, insurance costs and freight management costs. This services fall under consultancy services;

- (ii) Advice on the most suitable mode of freight transport and on the procedures of packaging, stowage and loading of the freight. This services fall under consultancy services.

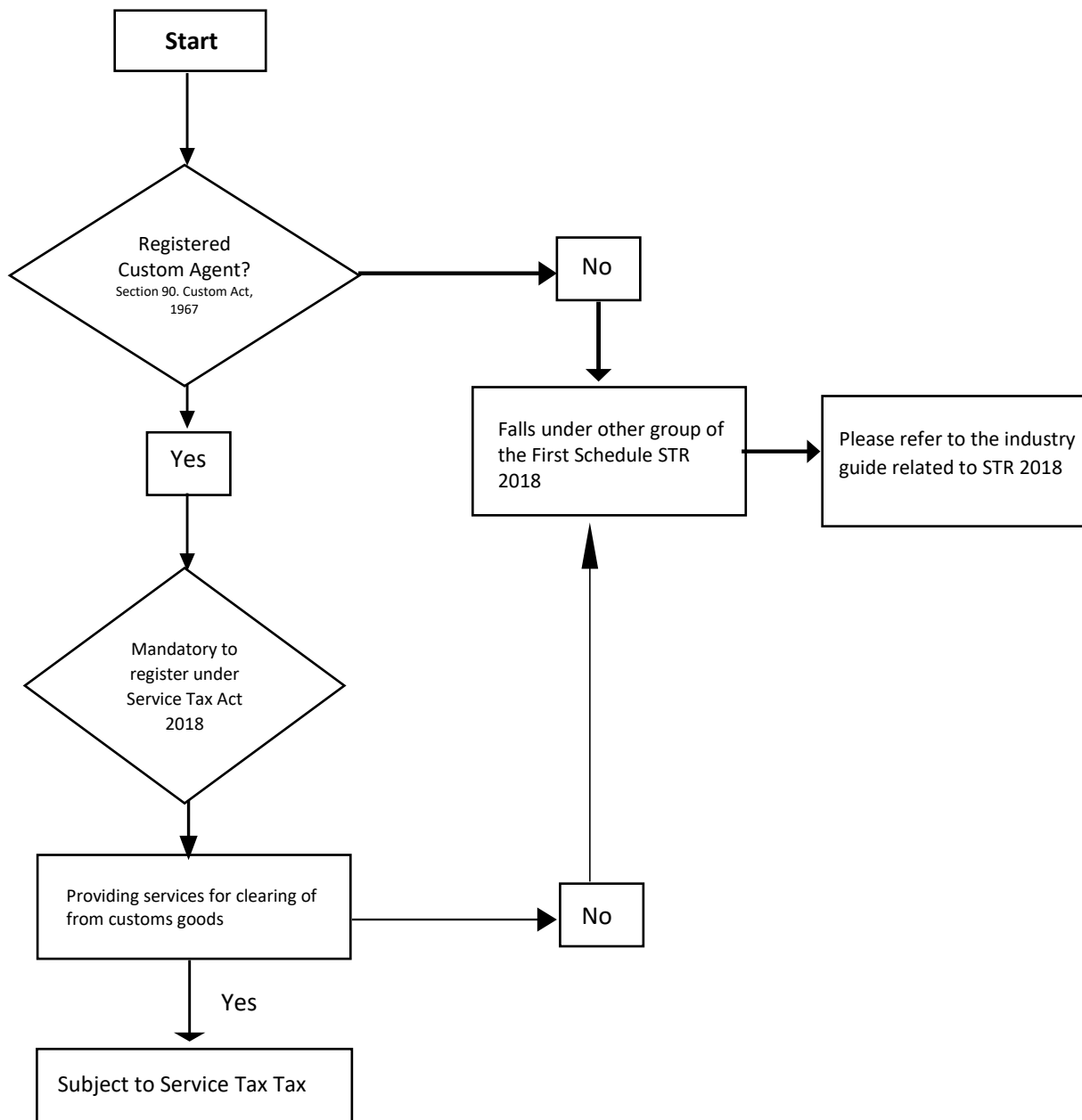
Note: The list is not exhaustive.

13. If a customs agent provides services that are subject to service tax under other groups of taxable services, the customs agent is liable to be registered under whichever group of the First Schedule, Service Tax Regulation 2018.

Example 6

Syarikat Masmira has received advisory and opinions from customs agent Natasa Global Forwarding Sdn Bhd (NGF) regarding import and export procedures. NGF explained the relevant procedures and documents for the import and export matters of Syarikat Masmira's trading goods. NGF charges a fee for such advisory services. Although NGF does not provide customs agent services to Masmira but the advisory service provided by NGF is a taxable service under Group G, First Schedule, Service Tax Regulations 2018, i.e. consultancy services.

Summary of Custom Agent Services



Note: *Service Tax Regulations 2018 (STR2018)*

RESPONSIBILITY OF REGISTERED PERSON

14. A service provider reaching prescribed threshold of taxable services is required to be registered. For further guidance and details on registration including an autoregistration exercise, please refer to the *Service Tax Registration Guide*.

15. A registered person is responsible to:
- (i) Charge service tax on taxable services;
 - (ii) Issue an invoice and receipt to the customers in respect of any transaction relating to the provision of taxable services;
 - (iii) Submit service tax return through SST-02 Form electronically and pay service tax before due date;
 - (iv) (iv) Keep proper records.
16. For further information with regards to the responsibilities of a registered person, please refer to the *General Guide* and relevant *Specific Guides*.

FREQUENTLY ASKED QUESTION (FAQs)

1. Q : How to be a registered person?

: Customs agents who are forwarding agents are not subject to the threshold value. Therefore, the forwarding agent as a taxable person is liable to be a registered person by submitting the registration online using the SST-01 form through the MySST system.

2. Q : How to submit return and make payment?

A : A registered person need to submit service tax return SST-02 and make payment via electronic (MySST) or by post to SST Processing Centre in Kelana Jaya. The payment methods are either by cheque or bank draft. For more information refer to Return and Payment Guide.

3. Q : Do registered person need to issue an invoice?

A : Every transaction by a registered person must be issued with an invoice. However, the registered person can apply to use other documents to replace

the invoice and but subjected to an approval by the Director General. For more information, please refer General Guide 2018.

4. Q : Is haulage services part of prescribed services by customs agent?

A : No. Haulage services are not subject to taxable services under customs agents.

5. Q : If the customs agent provides other taxable services in the First Schedule, Service Tax Regulations 2018 to his customers. How to calculate the threshold for the purpose of registration?

For the purpose of registering other taxable services only based on the threshold value of the other taxable service group under the Service Tax Regulations 2018.

6. Q : A customs agent was charged by a third party, in performing his services for clearing of goods from customs control. The customs agent will then recover the cost from his clients. Does reimbursement subjected to service tax?

A : Yes. If the reimbursement relates to the services of clearing of goods from customs control, any charges related to that services is subjected to service tax. For example, the reimbursement of charges by an electronic service provider (eg. Dagang Net) is subjected to service tax because it is a part of the process in clearing goods.

7. Q : Is the services of clearing goods from customs control by a customs agent who has a principal place of business in Malaysia but performs his prescribed services within the SA subjected to service tax?

A : Yes, the services supplied within SA is subjected to service tax which is in accordance with Section 55, Service Tax Act 2018.

8. Q : Is the services of clearing of goods from customs control by a customs agent has principal place of business in Malaysia but performs his prescribed services within the DA subjected to service tax?

A : Yes, the services supplied within the DA is subjected to service tax which is in accordance with Section 49, Service Tax Act 2018.

9. Q : Is the services of clearing of goods from customs control by a customs agent who has a principal place of business in in the DA and performs his prescribed services within the DA subjected to service tax??

A : No, the services supplied within DA is not subjected to service tax which is in accordance with Section 48, Service Tax Act 2018.

INQUIRY

For any inquiries for this guide please contact:

Internal Tax Division
Royal Malaysian Customs Department
Level 3 - 7, Block A, Menara Tulus, No.
22, Persiaran Perdana, Presint 3,
62100 Putrajaya.

FURTHER ASSISTANCE AND INFORMATION ON SST

Further information on can be obtained from: (i)

SST website : <https://mysst.customs.gov.my>

(ii) Customs Call Centre:

- Tel : 03-7806 7200 / 1-300-888-500
- Fax : 03-7806 7599
- Email: ccc@customs.gov.my

SUMMARY OF DOCUMENT CHANGE

8 August 2022

Para	Changes
Para 6 (ii)	- Add in the words “Pangkor”.
Para 7	- Add in the words “and freight forwarder”
Para 8	- Remove words “Other services supplied by a customs agent are not subject to service tax” - Insert new words “Meanwhile, the services of shipping agents and freight forwarders are not subject to service tax because these services are under the category of logistics management service”
Para 9	- Add in the words “Customs agents who have been registered under section 90(2) Customs Act 1967 must apply for service tax registration within 14 days from the date of such approval as a customs agent”
Para 11	- Cancel old para 11
Para 12	- Remove words “by a custom agent registered under Section 90, Customs Act 1967”
Para 13	- Add in the words “Apart from the service of clearing goods from customs control, there are also customs agents providing the following services which may be subject to service tax under other groups of taxable services. Among them are as follows” - Cancel old (i),(ii),(iv)(vi)
Para 14	- Replace “If a customs agent provides consultancy or management services and is required to be registered under Group G, First Schedule, Service Tax Regulation 2018, he is also required to charge service tax for the provision of services in relation to release of goods under customs control” with “If a customs agent provides services that are subject to service tax under other groups of taxable services, the customs agent is liable to be registered under the Service Tax Act 2018”
Para 15	- Insert new Example 6