



SERVICE TAX 2018

**GUIDE ON:
DIGITAL SERVICES BY FOREIGN
SERVICE PROVIDER (FSP)**

GUIDELINE ON:

- **APPLICATION FOR REGISTRATION AS FRP
(SECTION 56C, SERVICE TAX ACT 2018)**
- **FURNISHING DST-02 RETURN OF SToDS
(SECTION 56H, SERVICE TAX ACT 2018)**
- **PAYMENT OF SToDS
(SECTION 56I, SERVICE TAX ACT 2018)**

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CONTENTS

GUIDELINE ON APPLICATION FOR REGISTRATION AS FRP	1
INTRODUCTION.....	1
LIABILITY TO BE REGISTERED	1
APPLICATION FOR REGISTRATION.....	3
EFFECTIVE DATE FOR REGISTRATION.....	3
HOW TO REGISTER	4
HOW TO FILL IN DST-01	5
GUIDELINE ON FURNISHING DST-02 RETURN FOR SToDS	7
INTRODUCTION.....	7
ASSIGNMENT OF TAXABLE PERIOD.....	7
MANNER OF FURNISHING RETURN.....	9
HOW TO FILL IN DST-02	11
FURNISHING RETURN AMENDMENT	13
GUIDELINE ON PAYMENT OF SToDS	14
INTRODUCTION.....	14
MANNER OF MAKING PAYMENT	14
INQUIRY	17
FURTHER ASSISTANCE AND INFORMATION ON SST.....	17

GUIDELINE ON APPLICATION FOR REGISTRATION AS FRP (SECTION 56C, SERVICE TAX ACT 2018)

INTRODUCTION

1. Effective 01 January 2020, provision of digital service from foreign service provider (FSP) to consumer in Malaysia is subject to service tax. Thus FSP who provides digital service to consumer in Malaysia and the value of digital service for a period of twelve months or less exceeds the prescribed threshold, is required to be registered under Service Tax Act (STA) 2018. Registered FSP must charge and collect service tax on provision of digital service to consumer and subsequently remit the service tax to Royal Malaysian Customs Department ('RMCD' or 'the Department').

LIABILITY TO BE REGISTERED

2. FSP who provides digital services to consumer in Malaysia and the value of digital service for a period of twelve months or less exceeds the threshold of RM500,000 is liable to be registered under section 56B STA 2018

3. The value of digital service for a period of twelve months can be determined based on either the historical or future method.

4. The historical method is based on the value of digital service in any month plus the value of digital service for the eleven months preceeding that month.

5. For the future method, the value of digital service is based on the value of digital service in any month plus the expected value of digital service for the eleven months succeeding that month. FSP shall have reasonable grounds to expect its value of digital service to exceed the threshold if they have signed a written contract/agreement to provide digital service or received confirmed purchase orders from customer.

6. For registration purposes, the method to be used for computing the taxable turnover depends on the category of FSP:

Category of Person	Value of Digital Service
<p>Foreign Service Provider (FSP)</p>	<p><u>The value of all digital service sold directly to consumer in Malaysia</u></p> <p><i>e.g.: CZU Inc provides powerpoint template through his own website. The total value of powerpoint template to consumer in Malaysia is RM 800,000.</i></p> <p><i>CZU Inc has exceed the prescribed threshold and liable to be registered.</i></p>
<p>Online Platform Operator (OPO), who satisfy condition as FSP</p>	<p><u>The value of all digital service sold by OPO to consumer in Malaysia include value of digital services sold to consumer in Malaysia on behalf of FSP through the online platform</u></p> <p><i>e.g.: Izzy.com operates online platform for buying and selling of business presentation templates. Template providers including CZU Inc place their powerpoint templates on Izzy.com platform. The total value of sales through Izzy.com to consumer in Malaysia is RM 4,000,000.</i></p> <p><i>This total value of RM 4,000,000 comprises of sale of digital service provided by</i></p> <ul style="list-style-type: none"> - <i>Izzy.com itself which is RM 1,000,000; and</i> - <i>all other template providers (including CZU Inc) through Izzy.com. which is RM 3,000,000.</i> <p><i>Izzy.com has exceed the prescribed threshold and liable to be registered.</i></p>
<p>Foreign Service Provider (FSP), who sell directly to consumer in Malaysia and indirectly through OPO</p>	<p><u>The value of all digital service sold directly to consumer in Malaysia</u> <u>*(the value of digital service that sold through online platform operator will be calculated as the value of all digital service made by the online platform operator not by the FSP. These sales do not count towards FSP's total value of digital service when deciding if FSP need to be registered or not)</u></p> <p><i>e.g.: CZU Inc provides powerpoint template on its own website. The total value of powerpoint template to consumer in Malaysia is RM 350,000.</i></p>

Category of Person	Value of Digital Service
	<p><i>At the same time, CZU Inc also places its powerpoint template on Izzy.com platform. The total value of sales to consumer in Malaysia through Izzy.com is RM 400,000.</i></p> <p>Note: For the purpose of threshold calculation, CZU Inc has to calculate the sales of powerpoint template through his own website only which is RM 350,000.</p> <p><i>Thus, CZU Inc has not exceed the prescribed threshold and not liable to be registered.</i></p> <p><i>The total sales of RM 400,000 on powerpoint templete through Izzy.com will be calculated as part of Izzy.com threshold.</i></p>

APPLICATION FOR REGISTRATION

7. FSP who is liable to be registered under the implementation of service tax on digital services (SToDS) shall apply for registration **not later than the last day of the month** following the month in which he exceeds threshold.

Example 1

RaysmaApp Inc. provides digital services. The value of digital service made to consumer in Malaysia has exceeded RM500,000 on 15.02.2020. RaysmaApp Inc. is liable to be registered on 29.02.2020 and must apply for registration within the period from 1.03.2020 to 31.03.2020.

EFFECTIVE DATE FOR REGISTRATION

8. The effective date of registration is on the first day of the month following the month in which the application is made.

Example 2

In relation to Example 1 above, RaysmaApp Inc. has apply for registration on 31.03.2020. The registration effective date for RaysmaApp Inc. will be on 1.4.2020 and he has to charge SToDS starting from 1.4.2020.

HOW TO REGISTER

9. FSP has to complete DST-01 form via online through mySToDS system.

Kindly refer to the following steps to complete DST-01 online:

- (i) Access to mySToDS system via www.mystods.customs.gov.my
- (ii) Click on “**Registration**” hyperlink and DST01 form will be displayed
- (iii) Fill in all the mandatory field in Part A: Business Particular
Note: At this stage, user may click “**Save as Draft**” to save all details before submitting the application.
- (iv) If user click “**Save as Draft**”, email with Application Number will be sent to business email address to retrieve the saved application. Click “**Search Draft Application**” button to search for a saved application and continue to fill in the form
- (v) Click “**Next**” button to continue to Part B: Service Details. Fill in all required fields
- (vi) Click “**Next**” button to continue to Part C: Applicant Declaration. Fill in all applicant’s details
- (vii) Click “**Submit**” button to submit registration application
- (viii) Choose a security question and answer for a validation purpose
- (ix) Key in Security Captcha for security purpose
- (x) Click “**Submit**”
- (xi) Confirmation of registration application will be sent to business email address

10. Upon approval of registration, FSP will receive a notification via business email address with the information of User ID, temporary password and approval letter.

11. Please refer to mySToDS system guideline for more information on how to use mySToDS system.

HOW TO FILL IN DST-01

12. Information to be furnished in DST-01 form

No.	Field Name	Description
1	Business Registration No.	Business registration number which is recognized by the relevant authority in such country
2	Name and Registered Address of Business (i) Town (ii) Postcode / Zipcode (iii) State	(i) Business name registered with the relevant authority in such country (ii) Business address as registered with the relevant authority in such country
3	Trading / Brand Name	Trade / Brand name used in the business other than business name
4	Correspondence Address of Business (if different from item 2) (i) Town (ii) Postcode / Zipcode (iii) State	Correspondence Address Required to fill in if different from Business Address.
5	Telephone No	Business telephone number
6	Website Address	Official / business website address <i>* For OPO, please provide the main / official website address for the platform.</i>
7	Business Email Address	Business Email Address <i>* This email address will be used as mySToDS User ID</i>
8	Details of Person Authorised by Company / Directors / Owner (i) No. (ii) Name (iii) Passport No or other Identification No. (iv) Tel. No. (v) Email Address (vi) Designation	Details of: (i) Business Proprietor(s); (ii) Company Director(s); or (iii) Authorised Person(s) (Business Representative)

No.	Field Name	Description
9	Financial Year End Month	Financial Year End Month
10	Type of Digital Services: (i) Software, apps and video game (ii) Music, e-book and film (iii) Advertisement and online platform (iv) Search engine and social network (v) Database and hosting (vi) Internet Based Telecommunication (vii) Online training (viii) Others	Choose type(s) of Digital Services provided to consumer in Malaysia
11	Date of Achieving Value of Digital Service	Last day of the month exceeded threshold as per determine under Sec. 56B of Service Tax Act 2018.
12	Total Value of Digital Service	Total value of digital services in Ringgit Malaysia (MYR) provided to consumer in Malaysia
13	Date: I hearby declare that the information stated in this form and any supporting documents furnished are true and complete and agree any notice to be served to me through electronic service or electronic means	Registration submission date
14	Name of Applicant	Applicant's name as per passport or other Identification document
15	Identification No / Passport No	Applicant's Identity No. / Passport No.
16	Designation	Applicant's Designation
17	Telephone No	Applicant's Office Telephone No./ Mobile No.
18	E-mail Address	Applicant's Email Address

GUIDELINE ON FURNISHING DST-02 RETURN FOR SToDS (SECTION 56H, SERVICE TAX ACT 2018)

INTRODUCTION

13. Every Foreign Registered Person (FRP) will be assigned a taxable period for which he is required to account for SToDS. The taxable period shall be a period of three months (quarterly) ending on the last day of any month of any calendar year under subsection 56H(1) STA 2018 for the purpose of DST-02 return submission.

14. The DG may reassign the FRP to any taxable period other than the period previously assigned to him and vary the length of any taxable period or the date on which any taxable period begins or ends upon application, if he considers it necessary in the circumstances of any particular case.

ASSIGNMENT OF TAXABLE PERIOD

(i) For Registration Before Effective Date

15. Any registration made before effective date and the registration effective date is on 1st January 2020, the taxable period is as follows:

Filing Frequency	Taxable Period
First Taxable Period (Quarterly)	January – March 2020
Subsequent Taxable Period	April – June 2020; July – September 2020; October – December 2020

Example 3

Roseflix apply for registration on 3rd October 2019. The effective date to charge SToDS will be on 1st January 2020. Roseflix need to submit the 1st taxable period for January-March 2020 not later than 30th April 2020.

Apply for registration	Registration Effective date	First Taxable period	Submission Due Date
3 rd October 2019	1 st January 2020	January – March 2020	30 th April 2020

(ii) For Registration After Effective Date

16. Any registration made after effective date, the taxable period shall begin from the date FSP should be registered.

Example 4

MayDia Music apply for registration on 2nd January 2020. The effective date to charge SToDS will be on 1st February 2020 and the first taxable period will be February-April 2020. Hence, MayDia Music required to submit his first return not later than 31st May 2020.

Apply for registration	Registration Effective date	First Taxable period	Submission Due Date
2 nd January 2020	1 st February 2020	February – April 2020	31 st May 2020

17. FRP may make an application to DG for changes of taxable period. Upon approval, the new taxable period will takes effect on the subsequent taxable period.

Example 5

In relation to example 4, MayDia Music's financial year end is on 31st Dec, MayDia Music may apply for taxable period other than being assigned to suit his financial year end. Upon approval, the new first taxable period will be as follows:

Registration Effective date	Apply for new taxable period	Taxable period	Submission Due Date
1 st February 2020	Within first taxable period	First Taxable Period: <i>February – April 2020</i> Subsequent Taxable Period: <i>May – June 2020;</i> <i>July – Sept 2020;</i> <i>Oct – Dec 2020</i>	31 st May 2020 31 st Jul 2020 31 st Oct 2020 31 st Jan 2021

MANNER OF FURNISHING RETURN

18. FRP shall furnish a return and account for SToDS in DST-02 form. DST-02 need to be furnished to DG on quarterly basis according to his taxable period as required under Section 56H STA 2018

19. All particulars requested in DST-02 form shall be furnished by the FRP and shall contain a declaration that such return is true, accurate and complete.

20. The value of digital services and the amount of SToDS shall be declared in Ringgit Malaysia (MYR). Service tax amount shall be according to the amount of service tax charged to consumer.

21. Where FRP charge consumer in currency other than MYR, FRP shall convert the total value of digital services and the amount of SToDS to MYR.

- a) In the case that the conversion is done on daily basis, FRP shall use the daily conversion rate
- b) In the case that the conversion is done at the end of the taxable period, FRP shall use the conversion rate either at:
 - (i) the end of each taxable period; or
 - (ii) the time of furnishing the DST-02 return

22. Once FRP choose to use the option for conversion as above, they shall consistently use the option.

23. The DST-02 return shall be furnished according to the taxable period whether or not there is any service tax to be paid.

24. DST-02 shall be submitted online through MySToDS system at www.mystods.customs.gov.my. Kindly refer to the following step to furnish DST-02 online:

Kindly refer to the following steps to complete DST-02 online:

- (i) Access to mySToDS system via www.mystods.customs.gov.my
- (ii) Click at “**Login**” hyperlink
- (iii) Log in to mySToDS by key-in the following information:

- Registration No. (e.g.:xxx)
 - Password
 - Business Email Address
- (iv) Click at “**Return**” on the left side menu
- (v) Click at “**DST-02**” submenu
- (vi) Complete DST-02 by fill in the following field:
- To declare service tax for Type of Digital Services that has been added during registration:*
- a. Click “**Edit**” button for Type of Digital Services that need to be declared
 - b. Fill in **Value of Digital Services (MYR)** field
 - c. **Amount of Tax (MYR)** will be auto calculated based on tax rate 6%
 - d. Click “**Save**” button
- *Repeat step (a) – (d), to declare service tax for another type of digital services

To declare service tax for new Type of Digital Services

- e. At “**Details of Digital Services**” section, Choose “Type of Digital Services”
 - f. Fill in **Value of Digital Services (MYR)** field
 - g. **Amount of Tax (MYR)** will be auto calculated based on tax rate 6%
 - h. Click “**Add New**” button
 - i. Click “**Yes I am sure!**” button
- *Repeat step (e) – (i), to declare service tax for another type of digital services
- (vii) Fill in all Declarants’ details and tick declaration checkbox
- (viii) Click “**Submit**” button and click “**OK**” button.
- (ix) System will display DST-02 declaration status as Submitted
- (x) Click “**Generate Statement**” button.
- Note:** This step is important, once FRP click Generate Statement button, FRP
- (1) will be able to proceed with payment of service tax
 - (2) will be able to download and print DST-02 form

HOW TO FILL IN DST-02

25. Information to be furnished in DST-02 form:

No.	Field Name	Description
1	Identification No.	SToDS Registration No. <i>(auto populated)</i>
2	Name of Business	Business name registered with the relevant authority in such country <i>(auto populated)</i>
3	Address of Business	Business address as registered with the relevant authority in such country <i>(auto populated)</i>
4	Correspondence Address of Business (if different from item 3) (i) Town (ii) Postcode / Zipcode (iii) State	Correspondence Address Required to fill in if different from Business Address. <i>(auto populated)</i>
5	Telephone No	Business telephone number <i>(auto populated)</i>
6	Fax No	Business fax number <i>(auto populated)</i>
7	Email Address	Business Email Address <i>(auto populated)</i>
8	Taxable Period (i) From (ii) to	Choose taxable period for submission of return
9	Details of Digital Service (i) No. (ii) Types of Digital Service Provided (iii) Value of Digital Service (MYR) (iv) Amount of tax (MYR)	(i) Choose type of Digital Services provided to consumer in Malaysia (ii) Fill in the Total value of digital services provided to consumer in Malaysia (iii) Total amount of tax <i>(auto calculated by mySToDS system)</i>
10	Total Amount of Service Tax	Total amount (MYR) of service tax to be paid <i>(auto calculated by mySToDS system)</i>

11	Total Amount of Penalty (if any) (Note: auto populated)	Total amount (MYR) of penalty <i>(auto calculated by mySToDS system)</i>
12	Total Amount Payable (10+11)	Total Amount of Service Tax and penalty <i>(auto calculated by mySToDS system)</i>
13	Date: I hereby declare that the information stated in this form and any supporting documents furnished are true and complete and agree any notice to be served to me through electronic service or electronic means	Return submission date
14	Name of Declarant	Declarant's Name
15	Designation of Declarant	Declarant's Designation
16	Telephone No	Declarant's Office Telephone No./Mobile No.

FURNISHING RETURN AMENDMENT

26. If there is any error in DST-02 declaration, FRP may correct the errors by amending the DST-02 declaration.

27. Amendment to the DST-02 are subject to the following amendment rules:

Situation	Amendment Rules
<p>(1) Before submission of return (At this stage return status shown as 'Draft')</p>	No limitation to amend (edit) the declaration (DST-02)
<p>(2) After submission of return and no payment made (At this stage return status shown as 'Submitted')</p>	<p>If the amendment result in:</p> <p>(i) Addition to the amount of service tax, the tax shall be paid accordingly.</p>
<p>(3) After submission of return and payment has been made (At this stage return status shown as 'Paid or Partial Paid')</p>	<p>(ii) Reduction to the amount of service tax, a verification by RMCD officer is required and amendment is allowed up to three (3) times only.</p>

28. DST-02 amendment shall be done online through mySToDS system. For more information, please refer to MySToDS system guideline.

GUIDELINE ON PAYMENT OF SToDS (SECTION 56I, SERVICE TAX ACT 2018)

INTRODUCTION

29. FRP requires to pay to the DG the amount of SToDS due and payable not later than the last day of the month following after the end of his taxable period as prescribed under Section 56I STA 2018

30. Any payment of SToDS, penalty, or any other money payable under STA 2018 shall be made to the DG through the method provided by RMCD.

31. Payment of SToDS, penalty or any other money by FRP shall be deemed to be paid when the payment is received by the DG and is credited to the RMCD's account.

32. Any amount of SToDS, penalty or any other money can only be done in **Ringgit Malaysia (MYR)** and the **payment amount** should follow as per DST-02 declaration or other bills (e.g. Bill of Demand)

33. Any bank charges relates to the payment transaction, shall be borne by the **FRP**.

MANNER OF MAKING PAYMENT

34. FRP shall choose a method of payment that is currently available:

- Telegraphic transfer (TT)
- Financial Process Exchange (FPX)– this method will require FRP to have bank account in Malaysia (***this facility will be available from 1st July 2020***).

35. Before proceed with any payment, FRP must ensure that:

- (1) DST-02 or if there is any amendment to DST-02 have been submitted.
- (2) **DST-02 Statement** need to be **generated** by click at “**Generate Statement**” button

Payment via TT


36. Any payment made through TT shall be done outside mySToDS system. However immediately after payment has been made through the bank, FRP must update payment information in mySToDS system.
37. Payment by FRP will only be processed by RMCD upon payment is credited to the RMCD's account and payment information has been updated through mySToDS system by FRP.
38. Receipt of payment will be generated once payment by FRP being processed and approved by RMCD.
39. Kindly refer to the following steps to complete payment transaction through TT:

When make payment at the bank

- (i) FRP is required to fill in the **reference number** in the sender's reference field when payment made at the respective bank. Reference number consist of the following information:
- **(DST-02 No./ Bill of Demand (BOD) No. / Compound Offer No. (16 digit) +**
 - **FRP registration number (8 digit)**
- (Example of Reference number for return payment:
H10-2003-00000120000001)
- (ii) FRP is required to fill in the RMCD's Account No. given by RMCD (via email) when made payment to ensure that the payment is successfully credited into the RMCD's account.

After make payment at the bank

- (iii) FRP should update all payment detail in mySToDS system and submit the proof of payment once payment has been made. Kindly refer to the following steps to complete payment of service tax process:
- (iv) Access to mySToDS system via www.mystods.customs.gov.my
- (v) Click at "**Login**" hyperlink
- (vi) Log in to mySToDS by key-in the following information:
- Registration No. (e.g.:xxx)

- Password
 - Business Email Address
- (vii) Click at “**Return**” on the left side menu
- (viii) Click at “**DST-02**” submenu
(Note: Please make sure that “**Generate Statement**” button has been click before you can proceed with update payment information.
- (ix) Under Payment Method column, select “**TT**” radio button
- (x) Fill in all payment information mark with *
- (xi) Fill in reference number explained in step (i) in “**Transaction Reference No.**” field (e.g.: H10-2003-00000120000001)
- (xii) Click at  icon to upload proof of payment
- (xiii) Click “**Submit**” button
- (xiv) Click “**Yes I am sure!**” button and click “**Ok**” button
- (xv) Your payment information will be processed by RMCD officer.

40. FRP are **encouraged to make payment before 15th of the month.**

41. RMCD will **review and verify the money/ funds credited** to RMCD’s account. Where payment information is incomplete / unsuccessful, RMCD shall query and reject the payment information. The status of payment shall be treated as unpaid.

42. Failure to comply with the procedures above may cause the payment to be treated as late collection and FRP may be penalised.

43. Specified RMCD’s Bank Account No. and other related information is for mySToDS system related payments only and any misuse of this account number is under the responsibility of FRP.

Payment via FPX

44. Any payment made through FPX shall be done through mySToDS system. Once General Statement is generated, FRP will be able to select FPX method. For more information, please refer to mySToDS system guideline.

INQUIRY

For any inquiries for this guide please contact:

- (i) Internal Tax Division
Royal Malaysian Customs Department
Level 3 - 7, Block A, Menara Tulus,
No. 22, Persiaran Perdana, Presint 3,
62100 Putrajaya.
- (ii) Return submission related issues –
Email address : mystods@customs.gov.my
- (iii) Payment submission related issues –
1. **Puan Hasnah binti Othman**
Email address : hasnah.othman@customs.gov.my
 2. **Puan Siti Fairuza binti Idris**
Email address : sfairuza.idris@customs.gov.my
 3. **Puan Zahrul Nor Zalifah binti Mohd Saari**
Email address : zalifah.saari@customs.gov.my

FURTHER ASSISTANCE AND INFORMATION ON SST

Further information on can be obtained from:

- (i) Website : www.mystods.customs.gov.my
- (ii) Customs Call Centre :
- Tel : 03-7806 7200 / 1-300-888-500
 - Fax : 03-7806 7599
 - Email: ccc@customs.gov.my