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MALAYSIA BUDGET TAX SEMINAR 2027

Date: 4th November 2026 | *Time:* 8.00am - 5.30pm | *Venue:* Royale Chulan Damansara

SPEAKER SESSION 3

KEY HIGHLIGHTS OF THE 2027 INDIRECT TAX PROPOSALS



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COMPLIANCE CHECKPOINT

How confident are you that your SST-02 returns, K1/K2 declarations, and accounting records reconcile?

Matching Customs import/export filings against GL entries is the #1 focus area in Royal Malaysian Customs Department (RMCD) audits.

A **Very confident**
We perform regular structured reconciliations.

B **Mostly confident**
Never tested or cross-checked formally.

C **Not sure**
Uncertain about matching mechanics and logic.

D **We know there are gaps**
Discrepancies exist across declaration systems.



Drop Your Question Here

THE BUSINESS LENS

SST is not just a tax-return issue → Every tax decision touches margin, cash flow and commercial confidence.

01

Margin

Cost to serve

Tax embedded in purchases and pricing can change the real economics of a contract.

02

Cash flow

Timing of recovery

Refund eligibility, invoicing and record readiness affect working capital.

03

Commercial trust

Contract certainty

Customers and suppliers expect consistent treatment, accurate bills and clear evidence.

THE SST DEVELOPMENTS THAT MATTER TO BUSINESS DECISIONS
Regulatory change | Business impact | Practical action



Drop Your Question Here

THE BUSINESS DISCUSSION

Three questions to answer today;

01	**WHAT CHANGED?**	July – October 2026 RMCD orders, rulings and policies.
02	**WHAT IS PROPOSED?**	Targeted SST measures announced in Budget 2027.
03	**WHAT SHOULD WE DO?**	A practical compliance and opportunity checklist.



ESSENTIAL DISTINCTION

Not every announcement has the same legal status

CURRENT INSTRUMENT

RMCD orders / rulings / guides

Published regulatory material that may affect existing transactions.

Check legal commencement and the full operative wording.

BUDGET ANNOUNCEMENT

Government policy intention

A proposed measure stated in the Budget speech.

Do not automatically claim relief or change a tax invoice.

IMPLEMENTATION DETAIL

Rules still to be confirmed

Eligibility, claim procedures, timing and supporting evidence.

Validate published law, orders, FAQs and RMCD guidance.



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REGULATORY WATCHLIST
WHAT CHANGED BETWEEN JULY & OCTOBER 2026?

A selective timeline of Customs publications most relevant to businesses.

1

JULY

3 Publications

Exemptions & Leasing

2

AUGUST

5 Publications

Vessels, Secondment & Healthcare

3

SEPTEMBER

2 Publications

SST Forms & Offshore Services

4

OCTOBER

2 Publications

Electricity Transmission



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MANUFACTURING INPUTS: EXEMPTION IS EVIDENCE-DRIVEN

Amendment to the Persons Exempted From Sales Tax Order.

Exemption applies strictly to goods intended and utilized **solely** for the manufacturing process of animal feed, fertilizer, or pesticide end-products.

Before applying an exemption, test three things:

- **Qualifying goods**
  Match the actual inputs against the amended exemption schedules.
- **Approval conditions**
  Verify the required registration, permissions and approval terms.
- **Audit evidence**
  Retain purchase invoices, classifications and supply-chain documents.

Business risk

"The item is used in manufacturing" is not, by itself, proof that an exemption applies.

ACTION: MAP + VERIFY



EMPLOYEE SECONDMENT: FOLLOW THE ARRANGEMENT, NOT THE LABEL

General Ruling No. 5/2026 and the Employment Services Guide.

COMPANY A
Original employer

Staff placement / recharge →

COMPANY B
Host / recipient

- Who directs and controls the staff?
- Is a recharge made — and for what?
- What does the agreement actually provide?
- How is the arrangement documented?



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FORMS, RETURNS AND PAYMENTS: ONE UPDATED RULEBOOK

Public Ruling 6/2026 replaced Public Ruling 1/2025 on 21 September 2026.

PREVIOUS

Public Ruling No. 1/2025 supplied the administrative procedure for forms, applications and payments.

UPDATED • 21 SEP 2026

Public Ruling No. 6/2026 replaces it, prescribing registration and return/payment methods, refund and review routes.

AFFECTED
SST / TTx / LVG taxpayers

REGISTRATION
Electronic only

EXAMPLES
SST-02 • DST-02 • LVG-02



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BUDGET 2027 DIRECTION

The Pre-Budget Statement set policy priorities; the October speech announced measures.

FISCAL RESILIENCE

Better targeted spending and stronger tax compliance

Value-for-money and governance.

BUSINESS COMPETITIVENESS

Productivity, investment and local supply chains

Support high-value growth.

DIGITAL DELIVERY

Digital government, data and simplified processes

Operational readiness matters.

Our tax lens: improving compliance while reducing avoidable business costs.



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BUDGET 2027 : A TARGETED APPROACH — NOT A BLANKET SST RESET

The 9 October 2026 speech highlights specific relief measures.

THE POLICY SIGNAL

Reduce eligible input cost.
Ease selected care costs.



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THE PROPOSAL

Both measures are subject to subsequent implementing provisions.

PROPOSAL 01

Sales tax refund facility

Qualifying machinery, spare parts, equipment and specified production raw materials.

Primary lens: manufacturers and the supply chain

PROPOSAL 02

Elderly-care service tax relief

8% to 6%, with an announced full exemption for qualifying annual care fees up to RM96,000.

Primary lens: care providers and customers



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MANUFACTURERS: RETHINK THE LANDED PURCHASE COST

A potential refund facility could change the economics of eligible sourcing.

01

BUY

Machines / parts / equipment from local traders or distributors

02

DOCUMENT

Invoices, tariff codes, tax paid and supplier chain

03

VERIFY

Eligible goods, claimant, claim mechanism and timing

Special raw-material categories in the speech → Pharmaceuticals • Animal feed • Fertilisers • Pesticides



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WHAT WOULD A POTENTIAL RM100,000 RECOVERY MEAN?

Illustration only — assumes the purchases and the full stated tax amount qualify.

ILLUSTRATIVE PURCHASES

RM1,000,000

Assumed eligible sales tax cost

RM100,000

IF THE FULL TAX IS RECOVERABLE

RM100,000

Illustrative tax-cost / working-capital benefit

This is NOT an approved refund. Amount, claimant, eligibility and timing depend on future detailed rules.



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A PROPOSED TARGETED SERVICE TAX REDUCTION

BUDGET 2027 | ELDERLY-CARE PROPOSAL

ANNOUNCED RATE FOR ELIGIBLE SERVICES

8% → **6%**

Proposed effective date: 1 January 2027

HOW THE CARE-FEE SCENARIOS COULD DIFFER

RM10,000 / month

8% = RM800 | 6% = RM600

RM200 less / month

If this bill is taxable at both compared rates

Drop Your Question Here



THREE MESSAGES TO TAKE BACK TO YOUR BUSINESS

Be commercially alert — and technically disciplined.

01	**REVIEW NOW**	RMCD updates from July–October 2026 may affect current transactions.
02	**PREPARE, DON'T PRESUME**	Budget 2027 offers two targeted SST proposals, not automatic tax relief.
03	**MAKE IT OPERATIONAL**	Put classification, documentation and approval into everyday processes.



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Thank You!

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