



17 September 2025

Dear Valued Customer,

IMPORTANT NOTICE: SERVICE TAX IMPLEMENTATION EFFECTIVE 1 JULY 2025

In accordance with the implementation of the Service Tax expansion by the Royal Malaysian Customs Department (Jabatan Kastam Diraja Malaysia), effective 1 July 2025, we wish to provide an update on the new tax rates that may apply to your services.

1. Service Tax Rates

TM Technology Services Sdn Bhd (TM) is licensed under the Service Tax Act 2018 (Service Tax Registration ID: W10-1808-32000464). The Service Tax rates for our taxable services are as follows:

No	Taxable Service Type	Tax Rate before 1 July 2025	Tax Rate after 1 July 2025
1	Telecommunication	6%	6%
2	Advertising	8%	8%
3	Management	8%	8%
4	IT Providers	8%	8%
5	Consultancy	8%	8%
6	Training or Coaching Services	8%	8%
7	Digital Service & Electronic Medium	8%	8%
8	Construction Works/ Services	-	6%
9	Rental or Leasing	-	8%

2. Service Tax Status of Our Services

In accordance with the Service Tax expansion effective July 1, 2025, the following tax rates will apply:

- **Construction Works** for telecommunication infrastructure or services will be subject to a **6% Service Tax**.
- **Rental/ Leasing of Telco Equipment/ Materials** for telecommunication services will be subject to a **6% Service Tax**.
- **Rental/ Leasing of Non-Telco Equipment/ Materials** (e.g., servers and cross-connect at Data Centers) will be subject to an **8% Service Tax**.
- **Space Rentals** will be subject to an **8% Service Tax**.

3. Service Tax Status for Licensed Telecommunication Service Providers

As per the Service Tax Regulations 2018, telecommunication services are not taxable when provided:

- Between Licensed Telecommunication Service Providers in Malaysia.
- Between a Malaysian Telecommunication Service Provider and a foreign Telecommunication Service Provider.

However, with the Service Tax expansion effective July 1, 2025, the following will apply:

- **Construction Works** for telecommunication infrastructure or services will not be subject to Service Tax.
- **Rental/ leasing of Telco equipment/materials** for telecommunication services will not be subject to Service Tax.
- **Rental/ leasing of non-Telco equipment/ materials** (e.g servers and cross-connect at Data Centers) will be subject to an **8% Service Tax**.
- **Rental/ leasing of space** will be subject to an **8% Service Tax**.

4. Transitional Rules for the New Service Tax Rate

No	Scenario	Transitional Rules
1.	If Purchase Order (PO) is issued before 1 July 2025 but supply is delivered after 1 July 2025, can additional ST be added on the supply/ bill?	<p>If PO is issued before 1 July 2025 for services which are subject to 8% but delivered after 1 July 2025, the supplies are subjected to ST at 8%.</p> <p>The rate of service tax is determined based on when the service is provided to customers i.e.:</p> <ul style="list-style-type: none"> • If provided before 1 July 2025 – 0% • If provided on or after 1 July 2025 – 6% or 8%
2.	I have not been invoiced but have made full payment for services that are provided on or after 1 July 2025. Will I be charged with 6% or 8% in my bill?	<p>Services provided on or after 1 July 2025:</p> <ul style="list-style-type: none"> • This will be subject to the new tax rate. • However, if the full payment is received before the effective date, the tax rate remains at the rate prior to 1 July 2025.
3.	If a service period includes dates before and after 1 st July 2025, which service tax rate should be used?	<p>For services that cross the effective date, the service tax will be split based on the service period. For example, in a rental agreement:</p> <ul style="list-style-type: none"> • The part of the service provided before the effective date will have a 0% tax. • The part of the service provided on or after the effective date will have an 8% tax. <p>Important: If you make the full payment before the effective date, the tax rate will remain 0% for the entire service.</p>
4.	I was billed for services after 1 st July 2025, that were not taxable before that date. Will I be charged the new 8% service tax rate?	<p>Services provided before 1st July 2025 are subject to a 0% service tax. If you were billed</p>

		with an 8% tax rate, we will issue a service tax credit adjustment to you..
5.	I have not yet been billed for services used on or after 1st July 2025. Will the 8% service tax be applied to my next bills for these services?	Yes, a debit adjustment will be issued in your next bill to reflect the outstanding amount.

5. Other concerns:

No.	Concern	Response
1.	My contract is a bundled package that includes both services subject to a 6% service tax and other non-taxable goods or services. What is the tax rate for the entire contract?	The charges on your contract will be itemized by the different Service Tax rates. However, if a bill is not itemized, the entire amount will be subject to a 6% Service Tax.
2.	If my contract is a bundled package with a free service that would be taxable at 8% if purchased separately, will I be charged the tax?	Free services that are provided as part of a bundled contract are not subject to Service Tax, as they will not be billed separately.
3.	Will the quote that is provided to me specify the rate of tax?	Yes, quotes will specify the applicable Service Tax rate for each service type. For example: <ul style="list-style-type: none"> • Telecommunications: 6% Service Tax • IT Services: 8% Service Tax • Equipment Rental (non-Telco): 8% Service Tax • Installation of Telecommunication Infrastructure: 6% Service Tax • Space Rental: 8% Service Tax

We hope this information helps to address your questions about the new 8% Service Tax rate for our services.

We have enclosed a Frequently Asked Questions (FAQ) document for your reference.

For more information, please visit the Royal Malaysian Customs Department's (Jabatan Kastam Diraja Malaysia) website at <https://mysst.customs.gov.my/>. You can also reach out to your Account Manager if you have any other questions.

Thank you.

Yours sincerely,
TM TECHNOLOGY SERVICES SDN BHD