

MEMORANDUM
FOR YOUR FEEDBACK

Ref No : 0001 of 2019/PO

Date : 7 January 2019

To : Executive Director/ Head of Dealing
Executive Director/ Head of Operations

From : The Secretariat, ASCM

By Email

No. of pages : As per attachment

RE : **Sales and Services Tax (SST)**

Dear Members,

Following the announcement by the Royal Malaysia Customs Department (RMCD) on 31st December 2018 on the new types of services to be subjected to SST (that includes brokerage and underwriting services), ASCM together with Malaysia Investment Bank Association (MIBA) and Malaysia Futures Brokers Association (MFBA) had a meeting with Bursa on 7th January 2019 to discuss on the matter.

At the meeting, Bursa and the industry associations agreed to propose the following to RMCD :-

- i. Request for extension of 1 month for implementation (i.e. effective date to be 1st April 2019 instead of 1st March 2019) in view of Chinese New Year holidays, system change requirements and testing, client notification and communication etc.
- ii. Effective implementation date for all brokers to be 1st April 2019, regardless of whether brokers have been registered as SST registrants before 1st January 2019 or new SST registrants on and after 1st January 2019.

In additional to this, the industry associations would like to seek clarification from RMCD whether brokerage on foreign trades is exempted from SST. If there is no exemption, what about offshore brokers within the Group trading for Malaysian brokers on trades outside of Malaysia? Does it fall under imported services intra-group exemption, i.e. exempted from SST?

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ASCM is seeking members' cooperation to respond on whether members agree to the aforementioned proposals. We are also inviting members to raise further questions, if any, on the implementation of SST on brokerage and underwriting services for ASCM/Bursa to take up with RMCD.

In view of the critical need for the industry to escalate the proposals to RMCD as soon as possible as the current RMCD's proposed effective date for these taxable services is 1st March 2019, Bursa has requested the industry associations to revert to them on an urgent basis. Therefore, kindly email your feedback using the attached reply survey form to us at saifulazmi@ascm.org.my by 9th January 2019.

Thank you



Lim Boon Hang

Executive Director, ASCM Secretariat