SERVICE TAX POLICY NO. 2/2026

THE MINISTER OF FINANCE, pursuant to paragraph 34(3)*(a)* and subsection 34(4) Service Tax Act 2018, exempts the payment and imposition of service tax with **effect from 1 July 2025** for –

SERVICE TAX TREATMENT ON CONSTRUCTION WORK SERVICES CARRIED OUT ON COMPLETED RESIDENTIAL BUILDINGS

Group L, First Schedule of Service Tax Regulations 2018

NO.	EXEMPTION	CONDITIONS
1.	Any **construction works services carried out on residential buildings that have been completed are exempt** from the imposition and payment of service tax during the period before the amendments to the Service Tax Regulations 2018 are approved and gazetted: (a) Occupants or owners of residential buildings are exempted from paying service tax on construction work services carried out on completed residential buildings based on paragraph 34(3)*(a)* of the Service Tax Act 2018; and (b) Service providers are exempted from charging and collecting service tax on construction work services carried out on completed residential buildings based on subsection 34(4) of the Service Tax Act 2018.	(a) The occupant(s), owner(s) of residential building or service provider of construction work carried out on a completed residential buildings, shall comply with the following conditions: (i) The service provider must be a service tax registered person under Group L; (ii) The service provider of construction work services shall obtain the following documents from the occupant(s) or owner(s) of residential buildings: a. Strata title or individual title; b. Sale and Purchase Agreement under the Housing Development (Control and Licensing) Act 1966; c. Residential building utility bills; d. Residential building plans approved by the Local Authority; or e. Other recognized documents to prove that the building is a residential building; (iii) The name of the service recipient and address of the residential building must be stated in the invoice;

NO.	EXEMPTION	CONDITIONS
		(iv) This exemption may be applied directly through self-compliance; and (v) Service providers must comply with any public rulings issued by the Director General of Customs.
2.	A registered person who has charged and collected service tax on construction work services on completed residential buildings may claim a refund on the service tax that has been declared and paid.	(a) The amount of service tax claims have been declared in the SST-02 return and paid to Royal Malaysian Customs Department; (b) The claim must be submitted before or on 30 June 2026; and (c) The claim must be made by the construction work services provider after refunding all service tax amounts that have been collected to the recipient of the construction work services.

Disclaimer:

The service tax policy issued herein is subject to amendments should there be any changes to the relevant policy.

INTERNAL TAX DIVISION HEADQUARTERS
ROYAL MALAYSIAN CUSTOMS DEPARTMENT