ROYAL MALAYSIAN CUSTOMS DEPARTMENT
22 JULY 2026

SERVICE TAX POLICY NO. 4/2026

DETERMINATION OF THRESHOLD VALUE AND IMPOSITION OF SERVICE TAX ON RENTAL OR LEASING SERVICES, GROUP K, FIRST SCHEDULE, SERVICE TAX REGULATIONS 2018 PROVIDED BY MORE THAN ONE SERVICE PROVIDER

1. Effective 1 July 2025, the Minister of Finance has prescribed rental or leasing services as taxable services under Group K, First Schedule, Service Tax Regulations 2018.

2. For the purpose of determining the threshold value and the imposition of service tax on rental or leasing services provided by more than one service provider, the Minister of Finance has decided that:

   a) Persons who jointly provide rental or leasing services under a single rental or leasing agreement/contract **shall be treated as separate entities** and are **required to register individually** as service providers **based on their respective total taxable services (threshold value)**. Each party is required to issue an invoice for their individual portion or breakdown of the rental or leasing value.

   b) If the rental or leasing service is provided as a whole under a single rental or leasing agreement/contract through **a single invoice without any breakdown, and is issued in the name of one party** (e.g., a separate Joint Venture or representative), then **that party shall be treated as the rental or leasing service provider and is liable** for service tax registration, provided the threshold value is met.

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