



**SERVICE TAX 2018**

**GROUP C:**

**NIGHT CLUBS, DANCE HALLS, CABARET, HEALTH CENTRES, MASSAGE PARLOURS, PUBLIC HOUSES AND BEER HOUSES**

**GROUP D:**

**PRIVATE CLUB**

**GROUP E:**

**GOLF CLUB & GOLF DRIVING RANGE**

**Published by :**

**Royal Malaysian Customs Department  
Internal Tax Division  
Putrajaya**

**23 August 2018**

**Publication**

Date: 23 August 2018.

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## **INTRODUCTION**

1. Service Tax is a consumption tax governed by the Service Tax Act 2018 and its subsidiary legislation. The effective date of the service Tax Act 2018 is 1<sup>st</sup> September 2018.
2. Service tax is imposed on prescribed services called “taxable services”.
3. A person who provides taxable services exceeding specified threshold is required to be registered under the Services Tax Act 2018 and is known as a “registered person” who is required to charge service tax on his taxable services made to his customers.
4. The Guide is prepared to assist you in understanding the service tax treatment on night clubs, dance halls, cabaret, health centres, massage parlours, public houses and beer houses, private club and golf club & golf driving range in Malaysia.

## **IMPOSITION AND SCOPE OF TAX**

5. Effective 1 September 2018, under group C, D & E, First Schedule of Service Tax Regulations 2018:
  - (i) Group C: Night clubs, dance halls, cabaret, health centres, massage parlours, public houses and beer houses
  - (ii) Group D: Private clubs
  - (iii) Group E: Golf club & golf driving rangeare subject to service tax rate of six (6) percent.

## **GROUP C: GENERAL OPERATION OF NIGHT CLUBS, DANCE HALLS, CABARET, HEALTH CENTRES, MASSAGE PARLOURS, PUBLIC HOUSES AND BEER HOUSES**

### **Background**

6. A nightclub is an entertainment venue and bar that usually operates late into the night. A nightclub is generally distinguished from regular bars, pubs or taverns by

the inclusion of a stage for live music, one or more dance floor areas and a DJ booth. Dance hall in its general meaning is a hall for dancing. Cabaret is a form of theatrical entertainment featuring music, song, dance, recitation, or drama. It is mainly distinguished by the performance venue, which might be a pub, a restaurant or a nightclub with a stage for performances.

7. Public house is a place permitted to sell and serve intoxicating liquors and beers. Meanwhile, beer house is a place to sell and serve beers only. These places are licensed under the Excise Act 1976.

8. Health centres or massage parlour or similar places in general are locations where health services and massage services are provided which is approved by the appropriate local authorities or which is lawfully registered, and where applicable, which is approved by appropriate local authorities and lawfully registered excluding any facilities providing similar activities registered under Private Healthcare Facilities and Services Act 1998, government healthcare facilities, teaching hospital established under Universities and University Colleges Act 1971 or the University Technologies MARA Act 1976.

## **SERVICE TAX TREATMENT ON NIGHT CLUBS, DANCE HALL, CABARET, HEALTH CENTRES, MASSAGE PARLOURS, PUBLIC HOUSES AND BEER HOUSES**

### **Taxable Persons**

9. Any person operating the listed businesses below who provides total value of taxable services exceeding RM500,000 is a taxable person.

- |  |   |  |
|--|---|--|
| (i) Night-club;<br>(ii) Dance hall;<br>(iii) Cabaret;  | } | These activities are approved by the appropriate local authorities or which is lawfully registered under certain act such as Akta Kerajaan Tempatan 1976, Akta Jalan, Parit dan Bangunan 1974, Akta Hiburan, Akta Duti Hiburan 1953 Dan Kaedah-Kaedah Duti Hiburan 1953. |
| (iv) First, Second, or Third Class Public House or First or Second Class Beer House licensed under Paragraph (a) or (b) of subsection (1) of Section |   |  |

35 of the Excise Act 1976 and which is stated in the license in Paragraph (1) or Regulation 9 of the Excise (Sales of Intoxicating Liquors) Regulations 1977.

- (v) Any person operating any health or wellness centre, massage parlour or similar places which is approved by the appropriate local authorities or which is lawfully registered, and where applicable excluding any facilities providing similar activities registered under private healthcare facilities and services act 1998, Government Healthcare facilities, teaching hospitals, establish under the universities and Universities Colleges Act 1971 or University Technologies MARA Act 1976.

### **Taxable Services**

10. Taxable services fall under group C are provision of all services and provision of sale of foods, drinks and tobacco products.

11. Taxable services include:

- (i) Provision of dancing partners or social escorts.
- (ii) Provision or sale of food, drinks or tobacco products.
- (iii) Provision of services in the form of corkage, towel charge or cover charge.
- (iv) Provision of health services, which are normally provided by health centres.
- (v) Provision of massage services.
- (vi) Provision of premises for meetings or for promotion of cultural or fashion shows.
- (vii) Provision of parking spaces for motor vehicles where parking charges are imposed.

## **GROUP D: GENERAL OPERATION OF PRIVATE CLUBS**

### **Background**

12. In general, private club is registered under the Societies Act 1966 and the membership can be limited to members, professions and class of person.

## **SERVICE TAX TREATMENT ON PRIVATE CLUBS**

### **Taxable Person**

13. Any person operating private clubs having a total taxable services exceeding RM500,000 is a taxable person.

### **Taxable Services**

14. Taxable services fall under group D are provision of all services and provision of sale of foods, drinks and tobacco products.

15. Taxable services include:

- (i) Provision of sports or recreational services including the entitlement to use such services by club members for which membership subscription fees are charged other than golf.
- (ii) Provision or sale of food, drinks or tobacco products.
- (iii) Provision of services in the form of corkage, towel charge or cover charge.
- (iv) Provision of health services, which are normally provided by health centres.
- (v) Provision of massage services excluding massage services provided in barber shops, hairdressing salons or beauty salons.
- (vi) Provision of premises for meetings or for promotion of cultural or fashion shows.
- (vii) Provision of parking spaces for motor vehicles where parking charges are imposed.

- (viii) Provision of rooms for lodging or sleeping accommodation.
- (ix) Provision of golf course, golf driving range or services related to golf or golf driving range, i.e. for:
  - (a) Green/ season pass;
  - (b) Caddy;
  - (c) Rental of golf buggy/ turf mate;
  - (d) Rental of golf equipment;
  - (e) Guest;
  - (f) Complimentary play;
  - (g) Coaching;
  - (h) Absence;
  - (i) Competition entrance;
  - (j) Tournament;
  - (k) Lighting for night golfing;
  - (l) Night golfing;
  - (m) Practice range balls or driving range balls;
  - (n) Rental of golf shoes;
  - (o) Subscription fees.

## **GROUP E: GENERAL OPERATION OF GOLF CLUB AND GOLF DRIVING RANGE**

### **Background**

16. In general, a golf club is an organized group of golf players, or the building in which they meet and the area on which they play.

17. A golf driving range is an area where golfers can practice their golf swing. It can also be a recreational activity itself for amateur golfers or when enough.



## **SERVICE TAX TREATMENT ON GOLF CLUB AND GOLF DRIVING RANGE**

### **Taxable Person**

18. Any person operating any golf course or golf driving range and having a total value of taxable services exceed RM500,000 is a taxable person.

### **Taxable Services**

19. Taxable services fall under group E are provision of all services and provision of sale of foods, drinks and tobacco products.

20. Taxable services include:

- (i) Provision of golf course, golf driving range or services related to golf or golf driving range, i.e. for:
  - (a) Green/ season pass;
  - (b) Caddy;
  - (c) Rental of golf buggy/ turf mate;
  - (d) Rental of golf equipment;
  - (e) Guest;
  - (f) Complimentary play;
  - (g) Coaching;
  - (h) Absence;
  - (i) Competition entrance;
  - (j) Tournament;
  - (k) Lighting for night golfing;
  - (l) Night golfing;
  - (m) Practice range balls or driving range balls;
  - (n) Rental of golf shoes;
  - (o) Subscription fees.

## REGISTRATION AND RESPONSIBILITIES OF A REGISTERED PERSON

21. A service provider reaching the prescribed threshold of taxable services is required to be registered. For further guidance and details on registration including an auto-registration exercise, please refer to the *Service Tax Registration Guide*.

22. A registered person is responsible to:

- (i) Charge service tax on taxable services;
- (ii) Issue invoices and receipts with specific particulars;
- (iii) Submit service tax return SST-02 electronically and pay service tax before the due date; and
- (iv) Keep proper records.

For further information with regards to the responsibilities of a registered person, please refer to the *General Guide* and the relevant *Specific Guides*.

## FREQUENTLY ASKED QUESTIONS (FAQs)

1. **Q : Does membership renewal subject to service tax?**  
A : Yes.
  
2. **Q : My private club is providing massage service to staff for free. Does the service provided subjected to service tax?**  
A : Yes, such massage service is subjected to service tax.
  
3. **Q : I am a public house operator. If my customer bring their own liquor/ beer and consume in my premise, can I charge them service tax?**  
A : Yes, you can charged them service tax on your other taxable services such as corkage, towel charge or cover charge if any.

4. Q : **I am a public house operator and my total value of taxable services is less than RM500,000. Do I still need to register under Service Tax Act 2018 since in previous Service Tax regime it is compulsory to be licensed under Service Tax Act 1975?**

A : You are liable to register under Service Tax Act 2018 when your total taxable services exceed RM500, 000. However, if your total taxable services is below threshold, you may register under Service Tax Act 2018 as a voluntary registration.

5. Q : **My club house is providing a vending machine selling sanitary pads, water and junk foods. Do I have to charge service tax to my club house member when they purchase these items?**

A : Provision of sale of food, drinks and tobacco products are consider as a taxable service. Therefore, the sale of water and junk foods is subject to service tax except for sale of sanitary pads.

6. Q : **I am a golf club operator, my customer booked a session and failed to be present on the event and I will charge him RM100 for no show charge. What is the service tax treatment for no show charge?**

A : No show charge is subject to service tax.

7. Q : **Are tips given by guests or customers voluntarily are subjected to service tax?**

A : A tips given by guest or customer to a staff as token of appreciation for services rendered is not part of consideration for the supply and is therefore not subject to service tax. However if the tips is included in the customer's bill as a mandatory service charge, then service tax is chargeable.

8. Q : **I am a golf club operator. I have a parking space and charge parking fee to patronize. I also provide rooms for meeting and lodging or sleeping accommodation. Does the services provide is subject to service tax?**
- A : Yes, the services are subject to service tax.
9. Q : **Does partial payment for membership fee as a club member subject to service tax?**
- A : Yes. Partial payment is subject to service tax at 6%.
10. Q **Mr. Ahmad booking a wedding package inclusive of a hall, catering, parking and decoration at private club for his wedding. Mr. Ahmad would like to know whether this wedding package is subject to service tax or not?**
- A : Yes. This wedding package is subject to service tax.

## **INQUIRY**

For any inquiries for this guide please contact:

Internal Tax Division  
Royal Malaysian Customs Department  
Level 3 - 7, Block A, Menara Tulus,  
No. 22, Persiaran Perdana, Presint 3,  
62100 Putrajaya.

## **FURTHER ASSISTANCE AND INFORMATION ON SST**

Further information on can be obtained from:

- (i) SST website : <https://mysst.customs.gov.my>
- (ii) Customs Call Centre:
  - Tel : 03-7806 7200 / 1-300-888-500
  - Fax : 03-7806 7599
  - Email: [ccc@customs.gov.my](mailto:ccc@customs.gov.my)