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**SERVICE TAX POLICY NO 4/2020**

**SERVICE TAX ON ONLINE DISTANCE LEARNING SERVICES**

1. Effective from **1<sup>st</sup> January 2020**, digital services provided by foreign service provider is subject to service tax.
2. The Minister of Finance has prescribed online distance learning service, which qualifies as digital services including services provided by local service providers, is **not** subject to service tax effective from 1<sup>st</sup> January 2020.
3. The online distance learning services involved are as follows:
  - 3.1 For local service provider:
    - (a) Preschool education under the Education Act 1996;
    - (b) Primary and secondary education under the Education Act 1996; or
    - (c) Tertiary education including vocational education and professional trainings accredited by Malaysian Qualifications Agency (MQA) or under the National Skills Development Act 2006.
  - 3.2 For foreign service provider:
    - (a) Preschool education;
    - (b) Primary and secondary education; or
    - (c) Tertiary education including vocational education and professional trainings

which is recognised by the relevant authority in such country.