



## STATE SALES TAX ON PRESCRIBED TIMBER PRODUCTS – FREQUENTLY ASKED QUESTIONS (FAQs)

### A. GENERAL

#### 1. What is the list of timber products subject to State Sales Tax?

The list of timber products is as follows:

No.	Timber Products	Customs HS Code	Rate of Tax (%)
1	Sawn Timber	4407	2.5% on the total sales
2	Veneer	4408	
3	Woodchips	4401	
4	Fibreboard	4411	1.5% on the total sales
5	Particle board	4410	
6	Plywood	4412	1.0% on the total sales

*[Sarawak Gazette : Swk. L.N 64 & Swk. L.N 65 dd 09.03.2023]*

#### 2. What is the tax point for the State Sales Tax?

Tax shall be imposed on the export or removal of the taxable products (in item 1) from the State. This will be supported with Customs declaration forms (e.g K2, K3 or K8)

*[Section 2(c), State Sales Tax Ordinance, 1998]*

#### 3. What value shall the State Sales Tax be levied on?

The State Sales Tax shall be levied on the price of the goods stated in the contract or invoice.

*Example: Sawn Timber*

Invoice value / contract price (RM)	Value subject to 2.5% State Sales Tax (RM)	State Sales Tax amount (RM)
100,000	100,000	2,500 (2.5% of 100,000)

Note : Where the State sales tax is included in or intended or deemed to form part of the sale price of any taxable goods, the Comptroller may determine the sale value of the taxable goods for the purpose of assessing the amount of the State sales tax comprised on the said sale price

*[Regulation 19, State Sales Tax Regulation, 1998 & Regulation 19H of the State Sale Tax (Amendment) Regulations, 2023]*





## **B. REGISTRATION**

### **4. Who is required to register as a taxable person for State Sales Tax?**

Any person who sells and supplies timber products listed in The State Sales Tax (Taxable Goods And Rate Of Tax)(Amendments) Order, 2023 is liable to register for the State sales tax. There is no revenue threshold limit to be taken into consideration.

*[Section 9 & 10, State Sales Tax Ordinance, 1998 & Sarawak Gazette : Swk. L.N 64 dd 09.03.2023]*

### **5. How to register?**

The application for registration shall be made in the esST portal via the link <https://esst.sarawak.gov.my>.

The applicant is required to sign Form 1 (Column 12) as below: -

- 5.1 for a sole proprietorship, the form shall be signed by the sole proprietor himself.
- 5.2 for partnerships, the form shall be signed by the managing partner.
- 5.3 for bodies corporate and bodies unincorporated, the form shall be signed by any director or any authorised person. An authorisation letter is also required.

Form 1 is to be submitted to:

**Comptroller of State Sales Tax Sarawak  
Jabatan Perbendaharaan Negeri Sarawak  
Level 10, East Wing,  
Baitul Makmur II,  
Medan Raya, Petra Jaya,  
93050 Kuching Sarawak.**

Upon approval of the registration application, a certificate of registration (Form 2) shall be issued to applicants. (Form 2).

*[Regulation 3 & 4, State Sales Tax Regulations, 1998]*

### **6. Where to display the certificate of registration?**

The certificate of registration must be displayed in a conspicuous place at the place of business as stipulated in the certificate.

*[Regulation 5, State Sales Tax Regulations, 1998]*





## **7. What happens if the liable person does not register?**

If the liable person fails to register with the Comptroller, they shall be liable to a fine of **twenty thousand ringgit (RM20,000.00)** and in the case of a continuing offence, a further fine of **two thousand ringgit (RM2,000.00) for each day** during which the offence continues.

*[Section 10(2), State Sales Tax Ordinance, 1998]*

## **8. Can the Taxable Person (TP) cancel their registration and what is the process?**

A Taxable Person (TP) can cancel or amend their registration when;

- 8.1 TP cease business in providing, distributing, selling or supplying taxable goods. Taxable Person needs to inform the Comptroller to cancel their registration.; or
- 8.2 there are changes in the name and/or address of the company, or
- 8.3 there are changes in or addition to the description of taxable goods sold.

The original certificate is to be returned to the Comptroller.

*[Regulation 6, State Sales Tax Regulations, 1998]*

## **C. ACCOUNTING FOR TAX & SUBMITTING RETURNS**

### **9. When does the time of sale occur for the prescribed timber products?**

The time of sale for prescribed timber products will be taking place at the time the invoice is issued or the payment is received, whichever is earlier.

*[Section 12(7), State Sales Tax Ordinance, 1998 & Regulation 19G, State Sales Tax (Amendment) Regulation 2023]*

### **10. What is the prescribed accounting period (P.A.P) for sales of timber products?**

The prescribed accounting period (P.A.P) for all SST products should be declared every one (1) calendar month.

*[Regulation 7(2), State Sales Tax (No.2)(Amendment) Regulations, 2021 – Sarawak Gazette: Swk. L.N 290 dd 11.10.2021]*





## 11. When should the taxable person submit the return and what is the procedure for submitting the State Sales Tax return?

- 11.1 The return is to be submitted within 28 days from the end of the P.A.P through the eSST system.

Nos	Prescribed Accounting Period	Returns to be submitted on or before
1	1 <sup>st</sup> January - 31 <sup>st</sup> January	28 <sup>th</sup> February
2	1 <sup>st</sup> February - 28 <sup>th</sup> /29 <sup>th</sup> February	28 <sup>th</sup> March
3	1 <sup>st</sup> March – 31 <sup>st</sup> March	28 <sup>th</sup> April
4	1 <sup>st</sup> April – 30 <sup>th</sup> April	28 <sup>th</sup> May
5	1 <sup>st</sup> May – 31 <sup>st</sup> May	28 <sup>th</sup> June
6	1 <sup>st</sup> June – 30 <sup>th</sup> June	28 <sup>th</sup> July
7	1 <sup>st</sup> July – 31 <sup>st</sup> July	28 <sup>th</sup> August
8	1 <sup>st</sup> August – 31 <sup>st</sup> August	28 <sup>th</sup> September
9	1 <sup>st</sup> September – 30 <sup>th</sup> September	28 <sup>th</sup> October
10	1 <sup>st</sup> October – 31 <sup>st</sup> October	28 <sup>th</sup> November
11	1 <sup>st</sup> November – 30 <sup>th</sup> November	28 <sup>th</sup> December
12	1 <sup>st</sup> December – 31 <sup>st</sup> December	28 <sup>th</sup> January

**Note : The State Sales Tax (Amendment) (No.2) Regulations, 2021.**

- 11.2 A NIL return must also be submitted for each prescribed accounting period (P.A.P) when no taxable goods or taxable services are sold provided in that period.

*[Section 24, State Sales Tax Ordinance, 1998 & Regulation 7(1) & 8, State Sales Tax Regulations, 1998]*

## 12. What happens if the taxable person fails to submit their return on time?

Any taxable person who fails to submit their return within the prescribed time, shall be liable to a fine not exceeding **thirty thousand ringgit (RM30,000.00)**.

*[Section 24, State Sales Tax Ordinance, 1998 & Regulation 21, State Sales Tax (Amendment) Regulations, 2018 – Sarawak Gazette: Swk L.N 238 dd 14.12.2018]*

## D. PAYMENT

### 13. How to make payments for State Sales Tax?

Payments can be made either by:

- cash;
- postal orders or money orders;
- cheques or bank drafts; or
- electronic fund transfer.

*[Regulation 11(1), State Sales Tax (Amendment) Regulations, 2018 - Sarawak Gazette: Swk L.N 238 dd 14.12.2018]*





#### **14. When does SST have to be paid?**

The Taxable Person is required to pay SST within thirty (30) days from the date of the Notice of Assessment (Form 4).

*[Section 25(2), State Sales Tax Ordinance, 1998]*

#### **15. What is the consequence if the SST is not paid after the due date?**

If SST is not paid to the Comptroller after the due date, penalty and interest will be imposed in accordance with section 28 of the State Sales Tax Ordinance, 1998:

- (i) A penalty of ten per cent (10%) of the unpaid amount of State sales tax (SST) immediately after the due date.
- (ii) A further penalty of fifty per cent (50%) shall be imposed on the unpaid amount and penalty if the State sales tax and penalty remain unpaid for 120 days after the due date.
- (iii) An interest of eight per cent (8%) per annum shall be charged on the unpaid amount and penalty in sub-paragraph (ii) until the date of the full and final settlement.

*[Section 28, State Sales Tax Ordinance, 1998]*





## E. RECORDS

### 16. What particulars should be stated in invoices issued in regard to the sales of prescribed timber products?

No.	Particular
i.	The words "tax invoice" in a prominent place;
ii.	an identifying number;
iii.	the date of issue of the invoice;
iv.	the name, address and SST registration number of the taxable person;
v.	a description sufficient to identify the taxable goods or taxable services sold and the type of sale;
vi.	for each description, the quantity of the taxable goods or the extent of the taxable services and the amount payable, excluding State sales tax;
vii.	any cash discount offered;
viii.	the total amount payable <b>excluding</b> State sales tax, the rate of State sales tax and the total State sales tax chargeable shown as a separate amount;
ix.	invoice total amount payable including the total State sales tax chargeable;
x.	any amount referred to in subparagraphs (viii) and (ix), expressed in a currency, other than Malaysian currency, shall also be expressed in Malaysian currency; and
xi.	a taxable person shall use Bank Negara Malaysia's selling rate of exchange prevailing at the time of sale when converting values from foreign currency to Malaysian currency.

[Regulation 18, State Sales Tax Regulations, 1998]

### 17. Can any of the prescribed particulars in the invoices issued to customers be omitted?

The Taxable Person can omit any of the prescribed particulars **with** the Comptroller's permission by submitting a written request to the Comptroller.

[Regulation 18, State Sales Tax Regulations, 1998]

### 18. What step should be taken if there is any adjustment on the sale previously declared?

- i. Where there are adjustments in the course of business, or due to the change of tax rate under section 13 of the State Sales Tax Ordinance a debit or credit note can be issued.
- ii. The adjustment to the return should be made in the month in which the debit or credit note is issued.

[Regulation 18A, State Sales Tax (Amendment) Regulations, 2018 - Sarawak Gazette: Swk L.N 238 dd 14.12.2018]





## 19. What records should be kept/maintained by a Taxable Person?

Taxable persons are required to keep/maintain the following records:

No	Type of Records
a.	Books of account (on paper or in computer system)
b.	Till tapes
c.	receipts
d.	Tax invoices
e.	Credit and debit notes
f.	Bank statements
g.	Invoices
h.	Stock on hand records
i.	Vouchers
j.	Lists of debtors and creditors
k.	Charts and codes of account
l.	Any other documents that verify transactions or entries in any books of account
m.	Accounting instruction manuals
n.	System and program documentation which describes the accounting system
o.	Computer diskettes or equipment containing or storing any accounts or records of transactions of taxable goods and taxable services

All records should be kept for a period of not less than seven (7) years.

*[Section 16, State Sales Tax Ordinance, 1998 & Regulation 16, State Sales Tax Regulations, 1998]*

## 20. What exchange is to be used to quote the equivalent Ringgit Malaysia, if the invoice is issued in foreign currency?

The Taxable Person is required to use the selling rate of exchange prevailing in Malaysia as determined by Bank Negara Malaysia at the time the sale took place.

*[Regulation 18(k), State Sales Tax (Amendment) Regulations, 2018]*

## 21. Can a Taxable Person use an exchange rate other than the Bank Negara rate to quote the equivalent Ringgit Malaysia, if the invoices issued are in foreign currency?

The Taxable Person is only allowed to use an exchange rate other than the rate determined by Bank Negara only if written permission from Comptroller is sought by submitting a written request to the Comptroller.





## **22. Is this State Sales Tax similar to the Federal Sales Tax?**

No. This is different as it is under the purview of the State Government. The State Sales Tax applies to any person who supplies taxable goods as prescribed in the following The State Sales Tax Regulations, 1998 and State Sales Tax (Taxable Goods and Rate of Tax) Order:

- 22.1 The State Sales Tax Regulations, 1998 [Swk.L.N. 80/1998]
- 22.2 The State Sales Tax (Taxable Goods and Rate of Tax) Order, 1998
- 22.3 State Sales Tax (Amendment) Regulations, 2015 [Swk.L.N. 34]
- 22.4 The State Sales Tax (Amendment) Regulations, 2018 [Swk.L.N. 238]
- 22.5 The State Sales Tax (Taxable Goods and Rate of Tax) (Amendment) (No.2) Orders, 2018 [Swk.L.N. 239]
- 22.6 The State Sales Tax (Amendment) Regulations, 2021 [Swk.L.N. 2/2021]
- 22.7 The State Sales Tax (Taxable Goods and Rate of Tax (Amendment) (No. 1) and (No. 2) Orders, 2021 [Swk.L.N. 46-47/2021]
- 22.8 The State Sales Tax (Taxable Goods and Rate of Tax) Orders, 1998 [Swk.L.N. 79/1998]
- 22.9 State Sales Tax (Amendment) Orders, 2021 [Swk.L.N. 270/2021]
- 22.10 State Sales Tax (Amendment) Orders, 2021 [Swk.L.N. 290 & 291/2021]
- 22.11 The State Sales Tax (Amendment) Regulations, 2022 [Swk. L.N 79/2022]
- 22.12 State Sales Tax (Taxable Goods And Rate Of Tax) (Amendment) Orders, 2022 [Swk.L.N. 78/2022]
- 22.13 State Sales Tax (Taxable Goods And Rate Of Tax) (Amendment) Orders, 2023 [Swk. L.N 64/2023]
- 22.14 State Sales Tax (Amendment) Regulations, 2023 [Swk. L.N 65/2023]

**If you have any enquiries, please contact :**

**Revenue Unit : 082-495959 (extn 304/332/310/311/314/333/437/133)**

**Email :**

[zuryahm@sarawak.gov.my](mailto:zuryahm@sarawak.gov.my)

[phliew@sarawak.gov.my](mailto:phliew@sarawak.gov.my)

[dygnizz@sarawak.gov.my](mailto:dygnizz@sarawak.gov.my)

[hidayatm@sarawak.gov.my](mailto:hidayatm@sarawak.gov.my)

[safarinaar@sarawak.gov.my](mailto:safarinaar@sarawak.gov.my)

[erfanhi@sarawak.gov.my](mailto:erfanhi@sarawak.gov.my)

[nurzairym@sarawak.gov.my](mailto:nurzairym@sarawak.gov.my)

[miswandin@sarawak.gov.my](mailto:miswandin@sarawak.gov.my)