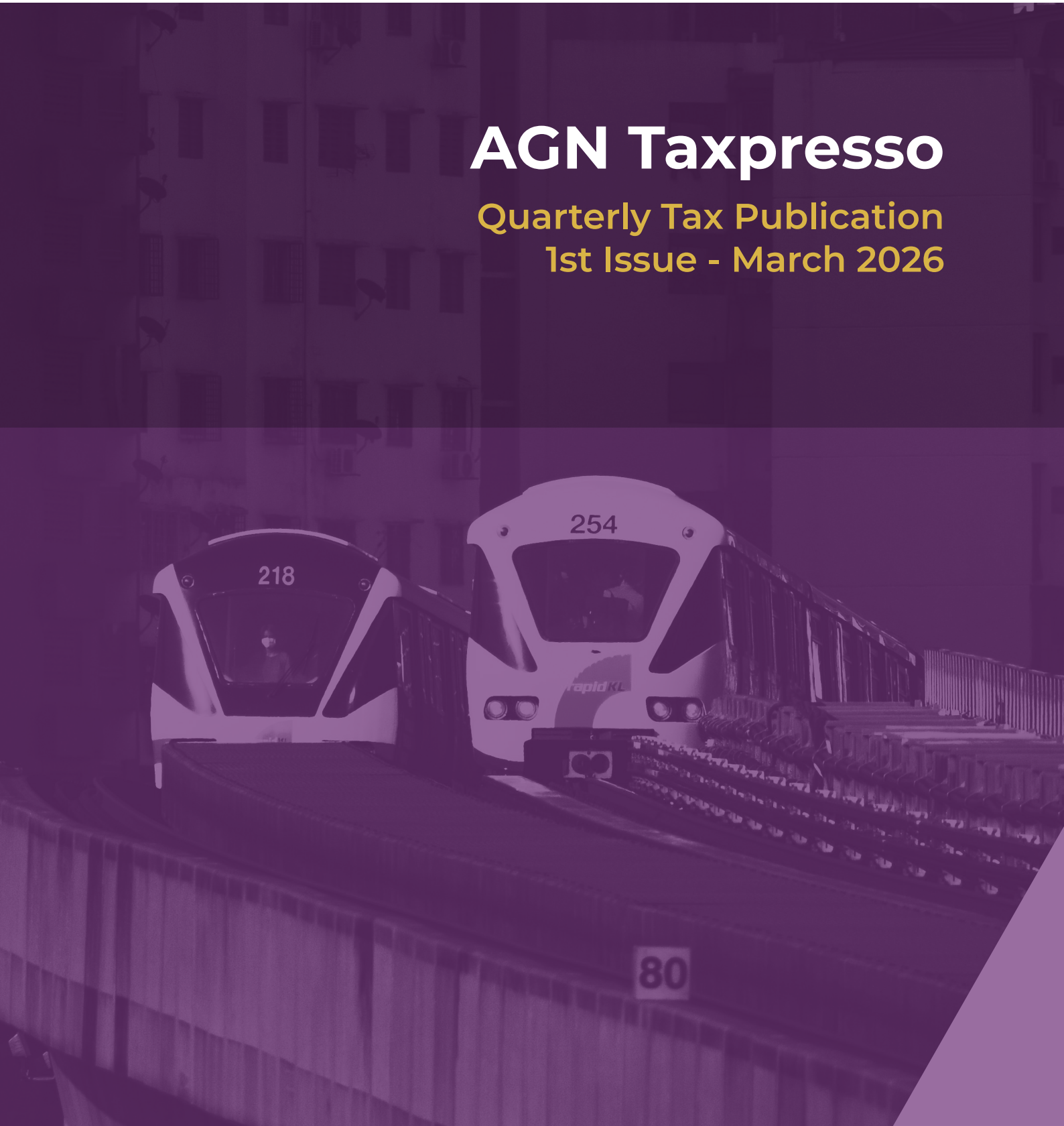


AGN Taxpresso

Quarterly Tax Publication
1st Issue - March 2026



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MESSAGE FROM CHAIRMAN

Dear Members and Readers,

Welcome to our first issue of the 2026 AGN APAC Taxpresso, a quarterly publication composed of articles drafted by members of our AGN Asia Pacific Tax Committee, which we hope will be of interest to you.

12 months on from my previous message, and I have to say that it is still a time where there is so much uncertainty in the world. Cost of living expenses for the majority across the globe are still very high and sadly I think we will see little relief over the coming year, and more than likely a worsening position before it gets better.

In the world of tax, it is also my experience that not a lot has changed over the course of the last year – Governments are well short of cash to fund their annual budgets and consequently the pressure valve is still on the Revenue authorities to collect the maximum tax revenue that they can. In this regard, I have mentioned to various colleagues recently, that there appears to be a “real world” disconnect by those within the hallowed walls of the local Revenue, responsible for collecting overdue taxes. Unless you’re walking around your community with your senses completely turned off, it is blatantly obvious at the moment, that so many businesses are hurting, many on the precipice of closing, and yet the Revenue’s collectors just do not care – pay up or we will close you down! In my humble opinion that type of attitude needs to change and the sooner the better, so let’s see what happens during the rest of 2026.

We still have a very active tax committee, with a diverse range of members (many of whom we are lucky to have retained their continued commitment to the group from 2025), from across the Asia Pacific jurisdictions of Australia, China, Hong Kong, India, Indonesia, New Zealand, Pakistan and Singapore.

As always, please do let us know if you have any feedback to our Taxpresso editions, as we do prepare them for the benefit of all AGN members, and we welcome any opportunity to improve the format and content accordingly.

Please also share with us any specific topics of interest which you would like to see included in future editions of Taxpresso. You can send your comments to me or our secretariat at asia-pacific@agn.com.

Finally, if you would also like to attend the committee meetings and share your own insights with respect to your jurisdiction, we would love to have you on board. Just forward your contact details to either myself or the secretariat, and we will ensure you receive the meeting invites.

Richard Ashby

Chairman, AGN Asia Pacific Tax Committee

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MALAYSIA

Digitalisation and the Expansion of SST (Cross-Border Implications)

Malaysia continues to modernise its tax system in response to the digital economy and increasing cross-border commercial activity. Two developments are particularly significant for tax practitioners: the implementation of mandatory e-invoicing and the ongoing expansion of the Sales and Service Tax (SST).

Together, these measures reflect a broader policy shift towards enhanced transparency and alignment with international indirect tax principles.

E-Invoicing

Malaysia's rollout of mandatory e-invoicing represents a change in tax enforcement. By 2026, most businesses will be required to issue e-invoices that are validated in real time via the Inland Revenue Board of Malaysia's (IRBM) platform.

E-invoicing effectively inserts tax compliance into business operations, reducing reliance on adjustments and manual reconciliations.

For cross-border transactions in particular, e-invoicing is expected to improve visibility over:

1. Export and import transactions
2. Cross-border services and royalties
3. Intra-group charges subject to transfer pricing
4. Transactions subject to withholding tax

The availability of real-time data will also strengthen the IRBM's capacity to conduct audits and data analytics, particularly in areas such as transfer pricing, service tax, and mismatches in revenue reporting.

Example 1: Intra-Group Management Fees

Scenario:	A Malaysian subsidiary pays quarterly management fees to its Singapore parent company for regional finance, HR and IT support.
Issue:	Previously, the Malaysian company issued manual debit notes and maintained separate supporting documents. Under e-invoicing, each charge must be supported by a validated invoice containing specific transaction details (nature of service, date, value, recipient information).
Practical implications:	<ol style="list-style-type: none"> 1. The group must ensure its intercompany billing process is aligned with e-invoicing requirements. 2. The description of services must be detailed to support transfer pricing documentation. 3. Any mismatch between e-invoiced amounts and transfer pricing policies may trigger queries from IRBM.

Example 2: Export of Services

Scenario:	A Malaysian software company provides cloud-based services to customers in Australia and the UK.
Issue:	Although the services are exported, the company must still issue e-invoices that clearly classify the transactions as export services.
Key risks:	<ol style="list-style-type: none"> 1. Incorrect classification could raise questions on whether Malaysian service tax applies. 2. Inconsistent treatment between accounting records and e-invoices may complicate tax audits.
Advisory point:	<p>Companies should ensure clear mapping between e-invoice data fields and tax return disclosures for export transactions.</p> <p>As of January 1, 2026, Malaysia has entered the final stages of its mandatory e-invoicing rollout. While all businesses are now technically within the scope, the government has introduced strategic concessions to ensure a smooth transition.</p>

The 2026 Landscape

- **Phase 4 Commencement:**

Businesses with annual turnovers between RM1 million and RM5 million are now required to issue e-invoices.

- **The 12-Month Grace Period:**

In a significant move to support Micro, Small and Medium Enterprises (MSMEs), the government has granted a penalty-free transition period until 31 December 2026. During this time, the IRBM will focus on education rather than prosecution, provided businesses show “genuine effort” to comply.

- **Exemption Threshold:**

Micro-businesses with annual revenue below RM1 million remain exempt from e-invoicing for the time being.

Broadening the SST

In parallel with digitalisation efforts, Malaysia has continued to expand the scope of Sales and Service Tax (SST) to better capture revenue from cross-border consumption.

This shift reflects the global movement towards taxing consumption based on the location of the customer rather than the supplier.

Key areas of expansion include:

1. Imported digital services supplied by non-resident to Malaysian customers.
2. Low-value imported goods, reducing opportunities for tax leakage through shipments.
3. Certain cross-border professional and technical services consumed in Malaysia.

Example 3: Foreign Digital Platform Supplying Malaysian Users

Scenario:	A Singapore-based digital training platform provides online courses to Malaysian businesses and individuals.
Issue:	Even though the provider has no physical presence in Malaysia, it may be required to register for Malaysian service tax under the digital services rules.
Key compliance points:	<ol style="list-style-type: none"> 1. Registration threshold assessment based on Malaysian-sourced revenue. 2. Requirement to charge and remit 8% service tax on qualifying supplies to Malaysian customers. 3. Need to implement systems to identify customer location (billing address, IP address, or payment method).
Takeaway:	Foreign digital suppliers must actively monitor Malaysian tax exposure rather than assume no obligation due to lack of physical presence.

Example 4: Malaysian Company Receiving Overseas IT Services

Scenario:	A Malaysian manufacturing company engages an Indian IT vendor for cybersecurity monitoring services.
Issue:	Depending on the nature of the service and place of consumption, service tax may be applicable in Malaysia.
Potential outcomes:	<ol style="list-style-type: none"> 1. The Indian supplier may need to register for Malaysian service tax; or 2. The Malaysian recipient may need to account for service tax under a recipient-based mechanism (if applicable).
Advisory focus:	<ol style="list-style-type: none"> 1. Review of contracts to determine where services are consumed. 2. Assessment of whether service tax should be factored into pricing. 3. Documentation to support tax position in the event of audit.

Conclusion

The introduction of e-invoicing and expanded SST marks an important shift in Malaysia's tax landscape.

The era of manual tax reconciliation in Malaysia is ending. Once the grace period expires on 1 January 2027, non-compliance will carry significant weight. Under Section 120(1)(d) of the Income Tax Act 1967, failure to issue an e-invoice can result in fines ranging from RM200 to RM20,000, or imprisonment.

Compiled by Jasmine Gong

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NEW ZEALAND

New Zealand GST (VAT) – Do I need to be registered?

A common question I am asked by fellow AGN members who have clients looking to undertake business activities within New Zealand's ("NZ") jurisdiction, is "what are my client's exposures to NZ GST registration obligations" – also known as VAT in your own taxing jurisdiction.

Goods and Services Tax, or GST as it is more commonly referred to, is NZ's value-added consumption tax – a charge, presently 15%, on the consumption of goods and services within NZ. It is a cost borne by the ultimate end consumer of the relevant good or service.

Presently, your client may register for, or more importantly, be required to register for, GST, via one of four trigger points:

Trigger 1

Your client is going to make a supply of goods and/or services in NZ, where the annual value of those supplies (think sales) will exceed \$NZD60,000.

One critical element here, will be whether the supply will be deemed to be **made in NZ** by your client, and there are some specific rules in this regard.

In the first instance, if your client triggers an NZ tax residency status, then any supply of their goods or services, will be a supply **made in NZ**, with the associated GST registration exposures. Now as a non-resident supplier, the primary risk of tax residency will be triggered by establishing a fixed or permanent place of business in NZ. Note in this regard, that you can be a tax resident for GST purposes but not for income tax purposes – and it is quite common to trigger the former without ever triggering the latter.

However, if your client will remain a non-resident at all times, then the rules do become a little more complicated. In this regard, the starting point is that a non-resident supplier is deemed to make all supplies **outside of NZ**, unless either the goods themselves are physically in NZ at the **time of supply**, or the services are to be physically performed in NZ by the non-resident, by a person who will be present in NZ at the time the services are performed.

For NZ GST purposes, the time of supply is the **earlier of** either any payment being received by the supplier in respect of their supply, or an invoice being issued in respect of the supply. So for example, if the client's goods are sitting in an NZ warehouse at the time the NZ customer is invoiced for the goods (no payment having yet been made), then that supply would be deemed to be **made in NZ**.

This deemed place of supply rule is further complicated however, to recognise that NZ GST is in essence a cost to be borne by the end-user consumer. Consequently, where a supply that would otherwise be deemed to be **made in NZ**, is a supply occurring between the non-resident supplier and a NZ GST registered

business (so B2B), the supply is now deemed to be **made outside of NZ**, unless the supplier elects otherwise (most likely an election to ensure that NZ GST costs incurred by the non-resident supplier are able to be recovered). This final deeming place of supply rule is in essence a compliance cost reduction mechanism, Inland Revenue taking the view that there is no point requiring a non-resident to register for and then charge GST on their supplies, if all their NZ customers are then simply going to recover that GST cost from Inland Revenue, via the filing of their own GST returns.

Trigger 2

Affectionately referred to as our “Netflix” tax, is the “remote services” regime that was introduced into NZ GST legislation from 1st October 2016. A remote service is usually defined as one where the supplier of the service and the customer are not required to be in the same place at the time the service is provided (in this case located in separate jurisdictions).

Where the supplier of the remote services (along with any standard supplies they are already making to NZ customers) will make annual supplies to NZ based customers (there is guidance to determine this aspect) exceeding \$NZD60,000, then the non-resident supplier will have an obligation to register for NZ GST.

Once again this special regime is targeted towards the end-user consumer, so any B2B supplies are to be ignored when determining the value of annual supplies. In other words, only supplies to NZ non-GST registered customers (B2C) should be included in the \$NZD60,000 threshold calculation.

Trigger 3

The most recently introduced special GST regime and given the pet name of the “Amazon” tax, 1st December 2019 saw the commencement of the “distantly taxable goods” regime.

Focused again on B2C supplies only, by a non-resident supplier to a NZ based customer, this regime targets “low value” goods being imported into NZ by the NZ customer from a non-resident supplier. A low value good is one which has a customs value of \$NZD1,000 or less. Where the non-resident supplier is shipping low value goods in excess of \$NZD60,000 per annum to NZ end-user customers, they now have an obligation to register for NZ GST, and to charge 15% GST on the supply.

Trigger 4

The final special GST regime is not so much one where the non-resident will be compelled to register for NZ GST, but instead provides them with an opportunity to do so, in order to recover any NZ GST costs they have incurred.

The regime was introduced to in essence remove the NZ GST cost factor from a non-resident’s buying decision. It enables a non-resident business that is not entitled to register for NZ GST under the standard regime (because the non-resident is not making any supplies of goods or services in NZ), to register instead under the special non-resident business claimant’s regime, when specific criteria are satisfied.

A common example would be a non-resident business that sends its staff to NZ to attend a particular event. Since GST is a consumption tax, and those employees of the non-resident business will be consuming goods and services in NZ, NZ suppliers of those goods and services (hotels, restaurants, transport operators etc) are required to charge the non-resident business NZ GST on their supplies. This additional 15% cost for the non-resident business could have the undesired consequence of the non-resident choosing to send its employees to an alternative jurisdiction instead, where such taxes may not be imposed (or are at a lesser rate than 15%).

Provided therefore that the non-resident business has a refund claim for their first GST return that will exceed \$NZD500 (and subject to satisfying certain other criteria), the non-resident business will be able to register under the regime and recover the NZ GST costs charged from Inland Revenue.

If in doubt, sing it out

The above narrative is a very basic overview of the potential triggers that may require/entitle your client to register for NZ GST. Please do not hesitate to contact the writer however, should you wish to seek clarification as to your specific client's NZ GST compliance obligations.

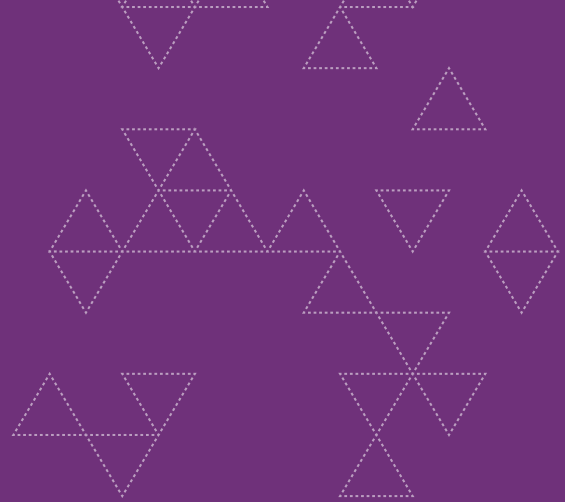
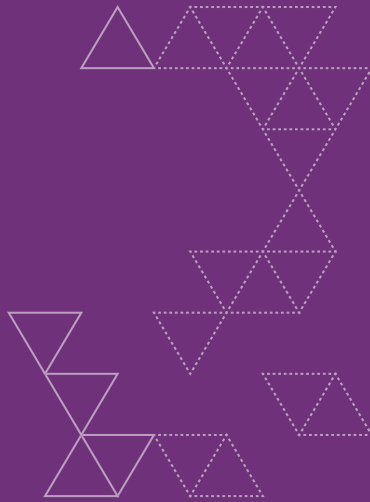
Compiled by Richard Ashby

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The logo for GilliganSheppard, featuring the lowercase letters 'gs' in a stylized, blue, serif font, followed by the name 'GilliganSheppard' in a blue, serif font.

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