

## Implication of Taxes to Digital Advertising

Below are the 3 taxes involved:

1. Withholding Tax (WHT)

2. Imported Service Tax

3. Sales and Service Tax (SST)

### Example: Exabytes Digital Package

Pricing	32,000	
Monthly Retainer Fee	2,000	
Monthly Management Fee	4,500	15%
Media COS	25,500	

### Using the above example as illustration for the pre and post tax implication:

	<u>Current Arrangement with Exabytes</u>		<u>Client Direct Account with Google/FB</u>		
	<u>Pre</u> <u>RM</u>	<u>Post</u> <u>RM</u>	<u>Exabytes</u> <u>RM</u>	<u>Google/FB</u> <u>RM</u>	<u>Total</u> <u>RM</u>
<b>Media COS Allocation:</b>					
Media Spend	25,500	22,368	-	22,368	22,368
8% Withholding Tax (DTA) - (i)/ (ii) and (iii)	-	1,789	-	1,789	1,789
6% Imported Services Tax - (iv)	-	1,342	-	1,342	1,342
<b>Total Media COS</b>	<b>25,500</b>	<b>25,500</b>	<b>-</b>	<b>25,500</b>	<b>25,500</b>
<b>Management Fee</b>	<b>4,500</b>	<b>4,500</b>	<b>4,500</b>	<b>-</b>	<b>4,500</b>
<b>Retainer Fee</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>-</b>	<b>2,000</b>
<b>Pricing</b>	<b>32,000</b>	<b>32,000</b>	<b>6,500</b>	<b>25,500</b>	<b>32,000</b>
<b>6% Sales Service Tax (SST)</b>	<b>1,920</b>	<b>1,920</b>	<b>390</b>	<b>-</b>	<b>390</b>
<b>Total Invoice Amount</b>	<b>33,920</b>	<b>33,920</b>	<b>6,890</b>	<b>25,500</b>	<b>32,390</b>

*\*If Client Directly pay Media spend to Google, will save RM1,530 SST*

**Link for Publication on Taxes Guidance:**

(i) Guidance on Payment Types subjects to Withholding Tax form IRB website:

[http://www.hasil.gov.my/bt\\_goindex.php?bt\\_kump=2&bt\\_skum=6&bt\\_posi=1&bt\\_unit=5&bt\\_sequ=1&bt\\_lgv=2](http://www.hasil.gov.my/bt_goindex.php?bt_kump=2&bt_skum=6&bt_posi=1&bt_unit=5&bt_sequ=1&bt_lgv=2)

Advertising from IRB website:

[http://lampiran1.hasil.gov.my/pdf/pdfam/PN\\_NO\\_1\\_2018.pdf](http://lampiran1.hasil.gov.my/pdf/pdfam/PN_NO_1_2018.pdf)

(iii) Double taxation Agreement from IRB website:

[http://www.hasil.gov.my/bt\\_goindex.php?bt\\_kump=5&bt\\_skum=5&bt\\_posi=4&bt\\_unit=1&bt\\_sequ=1&bt\\_lgv=2](http://www.hasil.gov.my/bt_goindex.php?bt_kump=5&bt_skum=5&bt_posi=4&bt_unit=1&bt_sequ=1&bt_lgv=2)

(iv) Guidance on Imported Services from SST Custom Website:

<https://mysst.customs.gov.my/assets/document/Industry%20Guides/GI/Panduan%20Perkhidmatan%20Bercukai%20Diimport.pdf>