



# **ROYAL MALAYSIAN CUSTOMS**

## **GOODS AND SERVICES TAX**

### **GUIDE ON EVENT MANAGEMENT SERVICES**

## **Publication**

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The Guide on Event Management Industry as at 13 September 2017 is withdrawn and replaced by the Guide on Event Management Industry revised as at 17 July 2018.

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## **INTRODUCTION**

1. This Industry guide is prepared to assist you in understanding the Goods and Services Tax and its treatment on event management industry.

### **Overview of Goods and Services Tax (GST)**

2. Goods and Services Tax (GST) is a multi-stage tax on domestic consumption. GST is charged on all taxable supplies of goods and services in Malaysia except those specifically exempted. GST is also charged on importation of goods and services into Malaysia.

3. Payment of tax is made in stages by the intermediaries in the production and distribution process. Although the tax would be paid throughout the production and distribution chain, only the value added at each stage is taxed thus avoiding double taxation.

4. In Malaysia, a person who is registered under the Goods and Services Tax Act 2014 is known as a “registered person”. A registered person is required to charge GST (output tax) on his taxable supply of goods and services made to his customers. He is allowed to claim back any GST incurred on his purchases (input tax) which are inputs to his business. Therefore, the tax itself is not a cost to the intermediaries and does not appear as an expense item in their financial statements.

## **OVERVIEW ON EVENT MANAGEMENT**

5. Event management is categorised as the supply of the application of management practice of project management to the creation and development of festivals and events. Services in event management can be categorised as follows:

(a) Meetings

Some of the most common features related to meetings are conferences, conventions, congresses and symposia. There are also corporate meetings which include Annual General Meetings (AGMs), seminars and workshops.

(b) Exhibitions

The common features related to exhibitions are trade, consumer and mixture of trade and consumer exhibitions.

(c) Events

The common types of events are product launch & promotions, awards night, gala dinners, receptions and opening/closing ceremonies. Other type of events is sports, arts, cultural and entertainment events and also competitions.

(d) Incentives

Types of incentives are incentive tour programmes, team building, Corporate Social Responsibility (CSR) programmes, awards nights and also themed dinners and events.

## **GST TREATMENT ON EVENT MANAGEMENT SERVICES**

### **Belonging Status of Customers**

6. Under certain zero-rating provisions in the Goods and Services Tax (Zero – rated Supply) Order 2014, the events company needs to determine the belonging status of his customer that is, whether his customer belongs to a country outside Malaysia, before he can zero-rate his services. His customer can be either an individual or a business.

### **Customer is an Individual**

7. The customer will be treated as belonging in Malaysia if his usual place of residence is in Malaysia during the period of service. For GST purposes, an individual should have only one usual place of residence at any point in time.

8. The "usual place of residence" means:

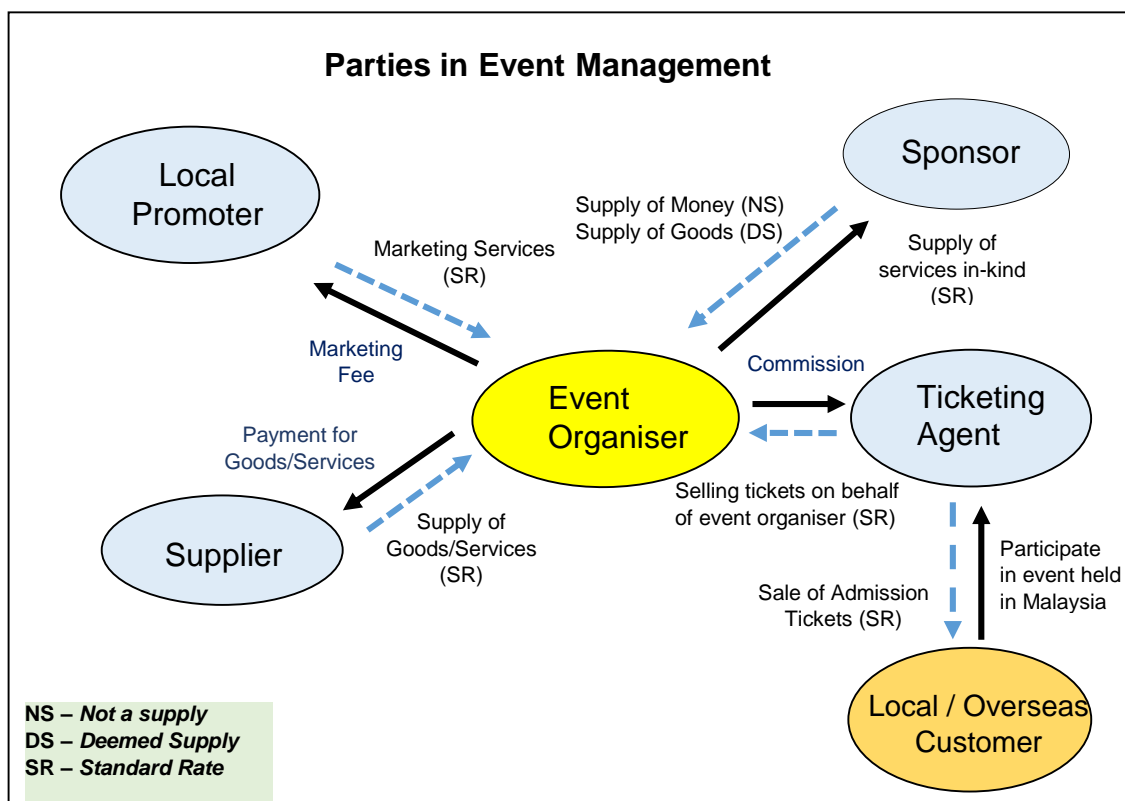
- The individual stays in that country voluntarily and for a settled purpose (e.g. to pursue a course of study or employment).

- The individual's stay in that country has some degree of continuity apart from temporary or occasional absence, and is part of the regular and habitual pattern of his life.

## Parties in Event Management

9. **Diagram 1** illustrates the parties involved in any event management activity, the supplies made and acquired by the local promoter, event organiser, ticketing agent, sponsors, customers and suppliers and the GST treatment on the supplies made.

**Diagram 1**



In the above illustration;

- The event organiser needs to organise the event by acquiring goods and services from various key players such as the sponsor, the ticketing agent, the local promoter or promoter outside Malaysia.

- (b) The event organiser needs to pay GST at a standard rate on the acquisition of goods and services and the input tax is claimable. In case of imported services acquired, it is subject to GST by way of reverse charge mechanism.
- (c) All goods and services provided by an event organiser related to event management services are subject to GST at a standard rate. As a GST registered person, an event organiser must charge GST to the customer who receive the services.
- (d) The event organiser has to account for output tax on the supplies made.

### **Events Held in Malaysia**

10. The event management services provided by an event organiser may vary according to the situations as follows:

- (a) Event held in Malaysia by local organiser

Supply of event management services by a local event organiser who is a registered person is subject to GST at a standard rate.

***Example 1:***

*Afizi Event Management Sdn Bhd, a registered person organised Night Run 2017 at Putrajaya and charges an admission fee to the participant. The admission fee is subject to GST at a standard rate.*

- (b) International event held in Malaysia by foreign organiser

Supply of event management services in Malaysia is subject to GST at a standard rate.

If the event is in collaboration with the local counterpart who is a registered person, the local counterpart must account GST on the taxable supplies made by foreign organisers.

In the entertainment industry, any foreign company or foreign business organisation is required to appoint a local promoter as their agent if the sales has exceeded RM500,000 and to account for the tax liability including GST.

The same treatment can also be applied to exhibitions and other events. The exhibition can be organised by themselves or through other PEO such as the government trade department, i.e. MATRADE.

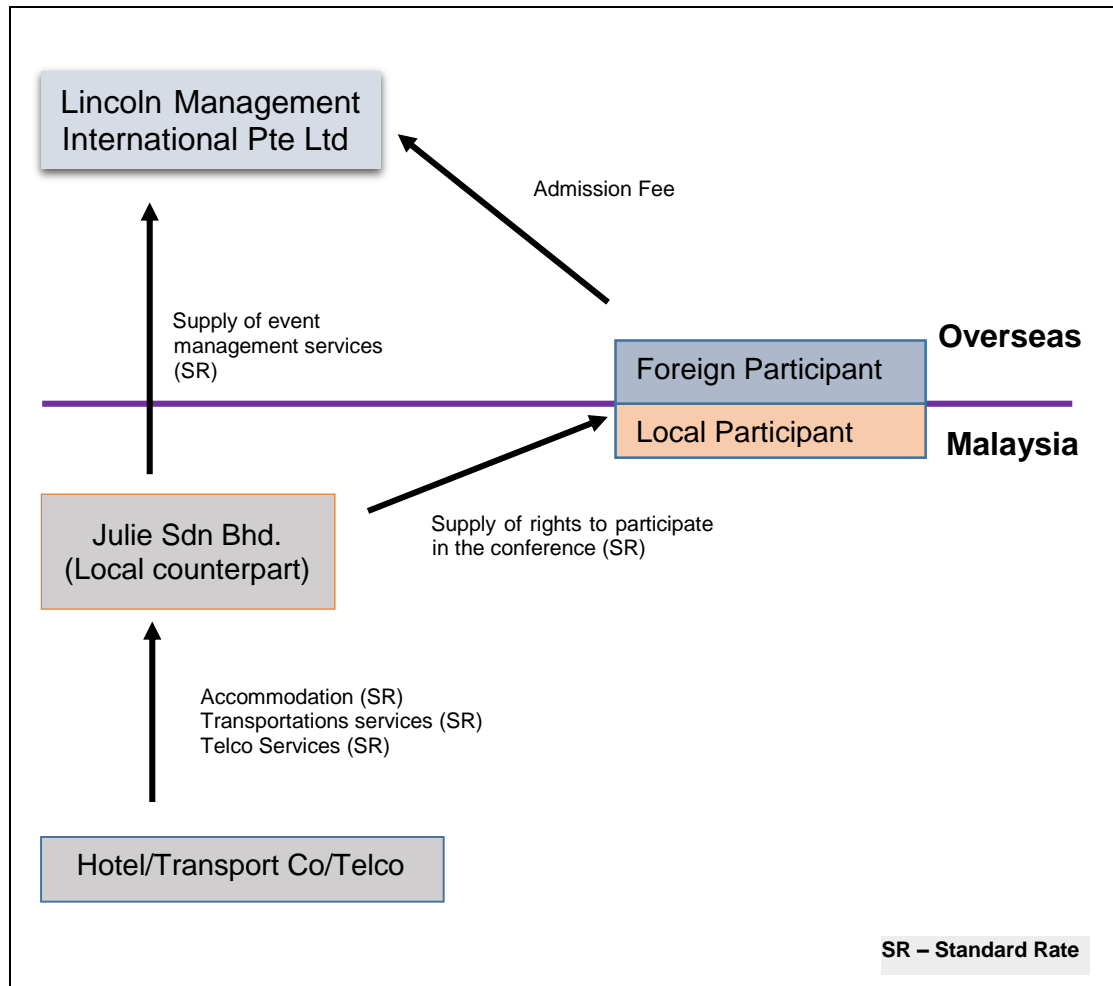
**Example 2:**

*Lincoln Management International Pte.Ltd (LMI), a Professional Exhibition Organiser (PEO) from U.S.A organised a conference in KLCC. The interested participants from both local and overseas paid an admission fees through a bank in U.S.A. LMI engaged Julie Sdn Bhd as a local counterpart as their agent under subsection 65(6) of the Goods and Services Tax Act 2014. Julie Sdn Bhd is liable to account for output tax on the supply of event management services to Lincoln and the right to participate in the conference and is entitled to claim input tax on acquisition for both supplies.*



**Diagram 2** illustrates the international event held in Malaysia by foreign organiser.

**Diagram 2**



(c) International event held outside Malaysia by local organiser

If the supplies are made wholly outside Malaysia, the fees received by the event manager in Malaysia are to be zero rated in accordance with item 16 Second Schedule of the Goods and Services Tax (Zero-Rated Supply) Order 2014.

**Example 3:**

*An event management company charges a fee for organising a concert in Singapore or a management course conducted wholly in Bangkok, Thailand.*

**Sponsorship**

11. During the event, sponsorship is an important element to cover the cost of organising an event. Event organiser can receive benefit through sponsorship either in cash or in kind. Under GST, cash benefit is not a supply. However, if there is a material benefit provided to the sponsor in return of the sponsorship received such as advertising during commercial break of a direct telecast, then the sponsorship is considered as a consideration in return of advertising services. Therefore, there is a need to account GST on the sponsorship (amount) received.

12. Sponsorship in kind is subject to GST and if given with the condition attached to it, such as advertising the name or brand of the sponsor is a taxable supply. The sponsor needs to account for GST, e.g. tickets / clothing sponsored. On the other hand, if the receiver provides advertising services in return for the sponsorship, the receiver must account GST for the supply.

**Ticketing**

13. To ensure a broad awareness of the event and distribution of the tickets, event organiser also uses ticketing agents to sell ticket on his behalf. The actual sale of the ticket by ticketing agent is a supply to the customer. The agent who sells ticket is liable to account for GST on the ticket price plus all booking charges and commission charges if he is a GST registered person.

**Event Management and Designated Area (DA)**

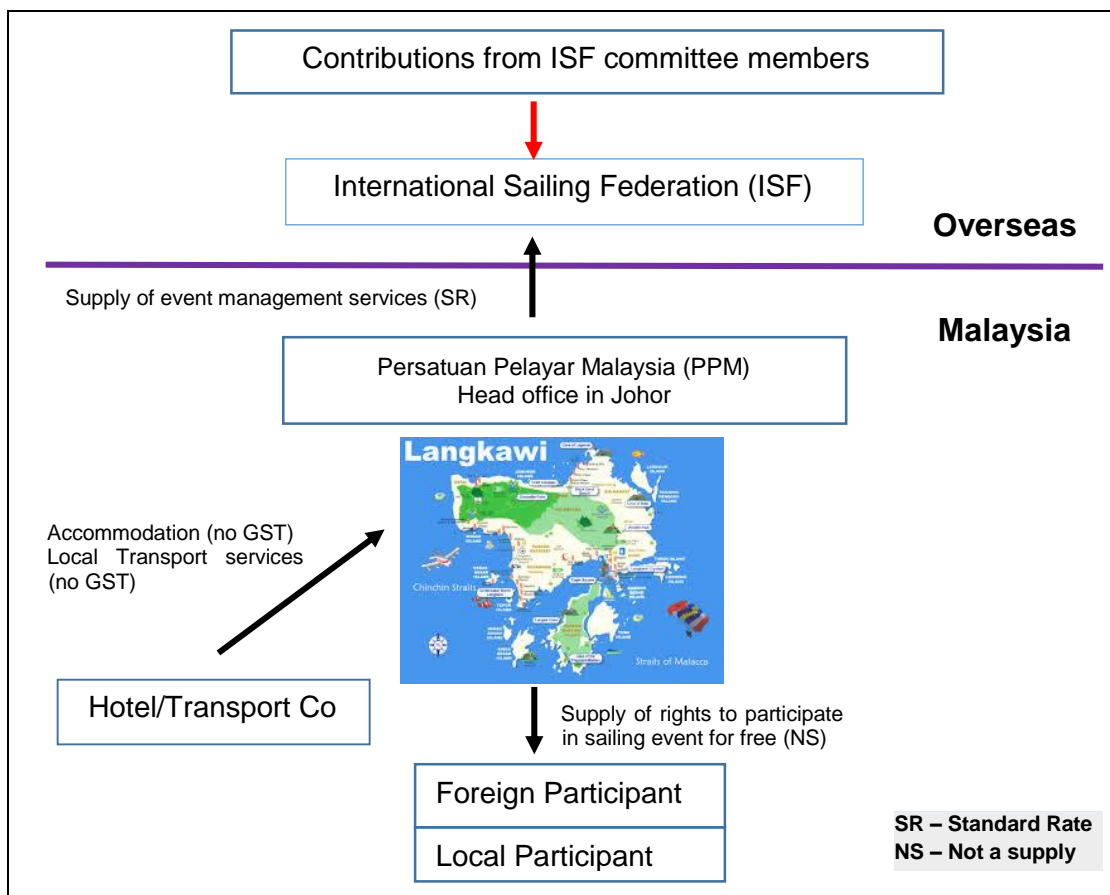
14. Supply of event management services in a designated area by a local event organiser who is a registered person is subject to GST at a standard rate.

**Example 4:**

Malaysia has been appointed by International Sailing Federation (ISF) as a host country to organise a sailing event in Langkawi. The event is organised by a local organisation, Persatuan Pelayar Malaysia (PPM) business established in Johor. ISF will provide funds for the event, the fund being contributed by the world committee members which is treated as a consideration for the supply made by PPM. Therefore, the supply made by PPM to ISF in relation to the event in Langkawi is to be standard rated.

Diagram 3 illustrates the international event held in DA by local organiser.

**Diagram 3**



### **Third party suppliers**

15. Behind the scenes in the management of events services which includes numerous hours of hard work such as planning, budgeting, testing, negotiating, rehearsing, it may also often include providing services such as accommodation, transport, catering, performing seals etc., much of which will be sourced from third party suppliers. It is often the case that one event with one single selling price will include a few different GST treatments.

16. Events company buy-in and re-sell as a principal or undisclosed agent (that is, acting in your own name) travel services provided by third parties - including accommodation, transport, trips/excursions, guides, car hire and airport lounges (plus catering, admission and similar services even if this is not their main business activity, or do not view themselves as a 'traditional' tour operator.

#### ***Example 5:***

- a) a hotelier who buys in coach passenger transport to collect its guests at the start and end of their stay*
- b) a coach operator who buys in hotel accommodation in order to put together a package*
- c) a company that arranges conferences, including providing hotel accommodation for delegates*

17. Similar supplies of services that are not bought-in may be described as 'in-house' supplies and are defined as:

- a) a supply made from the events company own resources, or
- b) resulting from purchases that the events company have bought in but materially altered or further processed, so that what the events company eventually supply is different from what they purchased.

The 'in-house' supplies will need to be quantified so they can be accounted for under the normal rules.

18. If the events company contracts with the travel provider in its own name, and sells these services on to the person/business using them, then GST will apply.

19. Other services provided by third parties – any non-travel components which are not provided from the event management company's own resources. This could include AV equipment, speakers, conference facilities, decorations, photographers, hire of illuminous farmyard animals etc.

20. If the events company is registered for GST, he must normally account for tax on the full selling price of his supplies, but he can reclaim the GST charged on purchases (subject to the normal rules).

21. If the events company is acting as an agency (that is, not acting in his own name) it is a possibility this would need to be reflected in the contractual position, and the events company would need to ensure that it does not invoice directly for this element of the event, to reflect the fact that the events company is not making a supply of these travel services itself.

## **FREQUENTLY ASKED QUESTIONS**

### **Registration**

#### **Q1. Are event management providers required to be registered for GST?**

A1. All event management providers are required to be registered for if they are making taxable supplies in the course or furtherance of business and have exceeded the prescribed threshold of RM500,000 in a twelve months period. For further information on registration, please refer to Guide on Registration.

### **Taxable supply**

#### **Q2. Which event management activities attract GST?**

A2. All event management activities attract GST since they are taxable supplies.  
Examples are:

- (a) Conceptualization of the event;
- (b) Event Production;
- (c) Management services;
- (d) Event Supervision;
- (e) Admission into events;
- (f) Event Advertising;
- (g) Facilities for hire; and
- (h) Security services.

**Q3. Is GST payable on a supply of space for an exhibition given free of charge to regular exhibitors?**

A3. A supply of space for exhibition offered free to regular exhibitors is not subject to GST provided that this service is also available to any other exhibitor free of charge.

**Q4. A company organises a fashion show and gives away some free admission tickets and free T-shirts. How does the company account for GST on free goods or free services if these goods or services are given to selected customers?**

A4. The treatment of GST can be divided into two different treatments as follows:

- (a) Goods given free are subject to gift rules. Goods which cost the company RM500 and below per person within a year is not subject to GST.
- (b) Free services are treated as non-supply and therefore not subject to GST.

There are no special GST treatment rules on the gift given to selected customer. Normal GST rules apply.

**Q5. As an event organiser, I organise seminars, workshops, conferences for both the private and government sectors. Do I have to account for GST if I provide such services:**

- (a) solely to the private sector (companies);**
- (b) solely to the public sector (government agencies); or**
- (c) to both the private and public sectors?**

A5. Irrespective of whether your clients are from the private or public sectors you have to charge GST for providing the above services if you are a GST registered person.

**Q6. Brander Events Sdn Bhd, an event organiser, organises a seminar on behalf of Ministry of Education which is open to the public locally and internationally. How is GST accounted for the event?**

A6. There are three supplies made by Brander Events Sdn Bhd;

- (a) Event management services rendered to Ministry Of Education is subject to GST at a standard rate.
- (b) If there is a charge on admission tickets for participation, it is subject to GST at a standard rate.
- (c) Any goods sold during the seminar is subject to GST at a standard rate.

**Q7. Occasionally certain personnel from the public or private sectors are invited to attend the seminar as guests without any charges. What is the GST treatment?**

A7. Such free participation from public and private sectors is not a supply and therefore is not subject to GST.

**Q8. What is the GST treatment on supplies made by an event management company who organises an exhibition in Malaysia but the participants are mainly from abroad?**

A8. If the event management company is a registered person, any supplies made for events held in Malaysia will be subject to GST at a standard rate even though the participants are mainly from abroad.

**Q9. An event management company on behalf of the Ministry of Defence organises Langkawi International Maritime and Aerospace (LIMA) exhibition in Langkawi. What is the GST treatment on this exhibition organised by the event management company?**

A9. Under section 154 of the Goods and Services Tax Act 2014, Langkawi is classified as designated area and therefore no GST is payable on goods supplied in designated area and on services performed (provided the supplier of services is from Langkawi).

### **Government Funds**

**Q10. Is there any GST implication on government funds given to non-government bodies?**

A10. There is no implication of GST on government funds given to non-government bodies to organise an event on their behalf if the government in making the funding payment does not receive something of value in return.

### **Admission Fee**

**Q11. I am an event manager and a GST registered person. Is it necessary to indicate the GST charged on the admission tickets to an event?**

A11. The ticket must show the total amount payable excluding tax, the rate of tax and the total tax chargeable shown as a separate amount.



### **Imported service for performance services**

**Q12. As an event management provider and GST registered person, I have engaged a professional entertainer from overseas to perform at a dinner and fashion show. Is the performance provided subject to GST and who should account for GST?**

A12. Services from overseas are regarded as imported services which subject to GST. The event management provider should account for GST on the imported services by using the reverse charge mechanism. For more information on imported services and reverse charge mechanism, please refer to the GST Supply Guide.

### **Co-organisers of reality show**

**Q13. Company XYZ, an event management provider, co-organised with a broadcasting station and Telekom Malaysia to jointly produce a reality show. How is GST accounted in this case?**

A13. If the reality show is co-organised by few parties, each party must be able to identify its own supply to determine the GST liability. XYZ must charge GST on the exclusive right to air the show. The broadcasting station, in return would charge GST on advertising space to Telekom Malaysia. Telekom Malaysia would charge GST on services provided to the short message system (SMS) users for sending SMS to the show.

### **Rental**

**Q14. As a GST registered person and event organiser for an exhibition, I collected RM2,500 on space rental for two days exhibition from exhibitors. Should I charge GST on the rental?**

A14. The supply of space for exhibitors is a taxable supply and the rental collected is subject to GST at a standard rate.

**Q15. What is the GST treatment on charges for a rental space for an exhibition which also provides furniture, electrical appliances and security to the exhibitors?**

A15. Supply of rental space, whether completely furnished or unfurnished, is subject to GST at a standard rate. Any additional equipment facilities or services provided are taxable supplies and subject to GST. However, if it is provided as part of a package, the GST will be accounted on the charges as a single supply.

### **Deposits**

**Q16. As an exhibition organiser I also collect deposits on advance bookings for rental space. Are these deposits subject to GST?**

A16. GST treatment on deposit would depend on whether it is a security deposit or forms part of a payment. GST is not chargeable if it is a security deposit. However, if the deposit is part of a payment for rental space, it is considered a taxable supply and therefore subject to GST at a standard rate.

### **Parking facilities**

**Q17. Parking facilities at an exhibition are provided to guests free of charge. Does the organiser need to account for GST on the parking services provided?**

A17. If the parking facilities are provided free of charge, it is not subject to GST. However, if the parking facilities provided is chargeable, then it is subject to GST at a standard rate.

### **Coin-operated machine**

**Q18. Is commission or shared profit paid by the vendor of coin-operated machines placed in a trade show, subject to GST?**

A18. The commission or shared profit is a consideration for the right to operate the machines. As such, it is subject to GST at a standard rate.

### **Consultancy and advisory services**

**Q19. Apart from event management, we provide consultancy and advisory services to clients on seeking approvals from related government agencies. Are these services subject to GST?**

A19. All consultancy and advisory services are subject to GST at a standard rate.

### **Discount**

**Q20. As an event organiser, we give discounts to our customers. What is the GST treatment on the discounts given?**

A20. Discount is allowable if it is given to all and GST is charged on the discounted or reduced amount.

### **Time of supply**

**Q21. When does an events company required to account for GST for the provision of event management services?**

A21. The time of supply to account GST should be based on subsection 11(3), (4) and (5). For further details, please refer to the GST Guide on Supply.

### **Input tax credit**

**Q22. As a GST registered events company, am I entitled to claim any input tax credit and how do I do it?**

A22. A registered person is entitled to claim any input tax incurred on purchases such as capital assets, utilities, material and professional fees attributable to the making of taxable supplies.

Input tax can be claimed in the returns according to your approved taxable period by offsetting from the output tax payable to the Royal Malaysian Customs (RMC). For further information please refer to the GST on Input Tax Credit.

### **Goods for private use**

**Q23. Can input tax be claimed for the goods and services which were supplied for the event, but have been used by the staff for private use?**

A23. Input tax cannot be claimed on these supplies as they are not used in the course or furtherance of business.

### **Supplies spanning change in rate of GST from 6% to 0%**

**Q24. An exhibition organizer rented 3 exhibition booths to GTB Sdn. Bhd and charged a participation fee for a total of RM10,000 in conjunction with an exhibition to be held from 15.12.2018 to 20.12.2018. The organizer received part-payment of RM 6,000 on 31.5.2018 and the balance RM4,000 on 1.12.2018. What is the GST implication on the supply?**

A24. The payment of RM6,000 is subject to GST at a rate of 6% and the balance is subject to GST at the rate of 0%.

**Q25. An exhibition organizer rented 3 exhibition booths to GTB Sdn. Bhd and charged a participation fee for a total of RM10,000 in conjunction with an exhibition to be held from 29.5.2018 to 2.6.2018. The organizer received a part-payment of RM 2,000 on 31.3.2018 and the balance RM8,000 on 1.6.2018. The value of the supply made till 31 May 2018 is RM6000. What is the GST implication on the supply?**

A25. The value of the supply before 1.6.2018 is RM6,000 (RM2000 per day X 3 days) and the payment received before 1.6.2018 is RM2,000. Since the value of the supply of services is higher than the payment received, hence the old tax rate will apply to the value of RM6,000 and the new tax rate (0%) will apply to the value of RM4,000.

**APPENDIX II**

**AMENDMENTS**

<b>No</b>	<b>Date</b>	<b>Heading/ Sub-heading/Paragraph</b>	<b>Description</b>
1.	17.07.2018	Additonal FAQ Transitional  Supplies spanning change in rate of GST from 6% to 0%	New Update

## **INQUIRY**

1. For any inquiries for this guide please contact:

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Royal Malaysian Customs Department

Level 3 – 7, Block A, Menara Tulus,

No. 22, Persiaran Perdana, Presint 3,

62100 Putrajaya.

Email: [gstsector4@customs.gov.my](mailto:gstsector4@customs.gov.my).

## **FURTHER ASSISTANCE AND INFORMATION ON GST**

2. Further information on GST can be obtained from :

(a) GST website : [www.gst.customs.gov.my](http://www.gst.customs.gov.my)

(b) Customs Call Center :

- Tel: 03-7806 7200 / 1-300-888-500
- Fax : 03-7806 7599
- E-mail: [ccc@customs.gov.my](mailto:ccc@customs.gov.my)