



MASTER BUILDERS ASSOCIATION MALAYSIA (MBAM)
Bangunan Persatuan Kontraktor Binaan Malaysia
Lot 92404, Persiaran Harmoni, Putra Heights
47650, Subang Jaya, Selangor, Malaysia.
Website: www.mbam.org.my
Tel: 603-8011 8756

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28 OCTOBER 2025

Press Statement

Dear Editor,

MBAM WELCOMES GOVERNMENT'S RESPONSIVE MEASURES ON SST IMPLEMENTATION FOR CONSTRUCTION SECTOR – A STEP FORWARD FOR INDUSTRY STABILITY AND GROWTH

Please find enclosed the press release for your kind consideration and publication.

Should you require further information or clarification, please do not hesitate to contact:

- 1. Mr. Lenny Lim, General Manager – 012 620 5377**
- 2. Ms. Aida Hana, Public Relations and Communications Executives – 017 550 5377**
- 3. Ms. Ainur Fazira, Public Relations and Communications Executive – 012 377 6976**

We sincerely thank you in advance for your support and look forward to the publication of the article.

Yours faithfully,

MASTER BUILDERS ASSOCIATION MALAYSIA

LOH MEI LING AMN
Executive Director



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PRESS STATEMENT

MBAM WELCOMES GOVERNMENT'S RESPONSIVE MEASURES ON SST IMPLEMENTATION FOR CONSTRUCTION SECTOR – A STEP FORWARD FOR INDUSTRY STABILITY AND GROWTH

The Master Builders Association Malaysia (MBAM), representing the collective voice of Malaysia's construction industry, extends its deepest gratitude to the Ministry of Finance (MOF) and the Royal Malaysian Customs Department (RMCD) for their responsive and forward-thinking approach to addressing the construction sector's concerns regarding the Sales and Service Tax (SST) regime, effective 1 July 2025. The recent clarifications and exemptions outlined in Service Tax Policy No. 3/2025 (Amendment No. 1) dated 17 October 2025 and Service Tax Policy No. 7/2025 dated 24 October 2025, reflect the government's commitment to fostering a balanced and sustainable environment for the industry.

These measures, shaped through meaningful engagement with stakeholders, provide critical relief and clarity, enabling contractors, developers, and the broader supply chain to navigate the new tax landscape effectively.

MBAM particularly commends the diligent efforts of MOF and RMCD officers, whose hard work and dedication deserve recognition. Their responsiveness has turned industry feedback into actionable policies, and we offer them a well-earned pat on the back for their tireless commitment.

MBAM welcomes the following key exemptions and facilities, which address the core concerns raised in our previous appeals:

1. **One-Year Exemption on Non-Reviewable Contracts:** The one-year grace period (1 July 2025 to 30 June 2026) for non-reviewable contracts, as outlined in Appendix A of Service Tax Policy No. 3/2025, provides essential flexibility, allowing contractors to fulfil existing obligations without financial disruption.
2. **Splitting of Contracts for Material and Service Components:** The provision to apportion contract values, exempting the material supply component from service tax, ensures no double taxation and streamlines compliance for mixed-supply contracts. As clarified in Service Tax Policy No. 7/2025, when invoices are split into material and service components, only the service invoice is subject to SST. This measure reduces the tax burden on material supplies, enhancing cost efficiency for contractors and clients alike.
3. **Exemption for Mixed Development Projects – Residential Portion Split:** The exemption of the residential building segment in mixed-use developments, where residential areas are distinctly defined, supports affordable housing initiatives and shields end-consumers from additional costs.



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4. **B2B Exemption on Consultancy Services:** The business-to-business exemption for consultancy services under a design-and-build contracts when such services are provided under a single contract that covers the entire scope of work supplied by the main contractor to the developer of land owner. Therefore, service tax is only imposed at the overall project cost level charged by the main contractor to the developer or landowner.

These provisions not only address immediate fiscal challenges but also lay a strong foundation for the construction sector's long-term resilience. MBAM's recent engagements with the RMCD have highlighted their exceptional dedication to balancing industry needs with national fiscal goals. We are immensely grateful for their efforts and responsiveness.

As Malaysia progresses towards Vision 2030, the construction industry remains a vital driver of infrastructure, employment, and economic growth. MBAM is committed to ongoing collaboration with MOF, RMCD and other agencies to ensure smooth implementation and further refinements to the SST framework.

Mr Oliver HC Wee KMN AMN

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President, Master Builders Association Malaysia (MBAM)



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About MBAM:

- Master Builders Association Malaysia (MBAM) was founded in 1954 and it has since grown more than 18,000 direct and indirect members comprising of corporations, affiliated associations and associated industry companies in the construction industry.
- MBAM is a member of the International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA), Building Industry Presidents' Council (BIPC) and is currently chairing the ASEAN Constructors Federation (ACF).
- MBAM current President is Mr. Oliver Wee Hiang Chyn.
- Based in Kuala Lumpur, MBAM is managed by elected Council Members. The Council is supported by a well-staffed Secretariat, headed by an Executive Director.
- MBAM's vision is to be The Prime Mover and the Recognised Voice of the Malaysian Construction Industry.

Other information:

Master Builders Association Malaysia (MBAM)

Persatuan Kontraktor Binaan Malaysia (MBAM)

马来西亚建筑商总会 (MBAM)

President Oliver HC Wee KMN AMN

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