



**SECTION 33(1) INCOME TAX ACT 1967 &
SECTION 14(1) SERVICE TAX ACT 1975**

**TUNE TALK SDN BHD
V.
DIRECTOR GENERAL OF INLAND REVENUE
WA-14-38-12/2022**

 **KUALA LUMPUR HIGH COURT**
 **YA PUAN ALICE LOKE YEE CHING SINGH**
 **30 OCTOBER 2025**

The Taxpayer submitted a revised Form e-C for YA 2015 to claim a deduction under Section 33(1) of the Income Tax Act 1967 (“ITA 1967”) relating to the service tax paid to the Royal Customs Department (“Customs”) amounting to

RM2,120,921.00. However, the Director General of Inland Revenue (“DGIR”) had disallowed the claim for YA 2015.

The Taxpayer argued that the service tax was absorbed and incurred by the Taxpayer. Therefore, it was wholly and exclusively incurred for the production of income by the Taxpayer as a telecommunication service provider and deductible under Section 33(1) ITA 1967. It was argued that the nature of the payment being a service tax paid to the Customs should not change its classification as an expenditure paid out to generate income. Hence, the Special Commissioner of Income Tax (“SCIT”) had erred in law in upholding the Notice of Assessment for YA 2015.

The DGIR submitted that the SCIT was correct in deciding that the service tax was not an allowable expense under Section 33(1) ITA 1967 as it was not incurred wholly and exclusively in the production of the gross income of the Taxpayer. The requirement for payment for service tax lies on the customer as provided under Section 14(1) of the Service Act 1975 (“SA 1975”). The DGIR further submitted that Section 33(1) ITA 1967 and Section 14(1) SA 1975 were clear and unambiguous.

The High Court upheld the SCIT’s decision and dismissed the Taxpayer’s appeal with costs.

Editorial Note:

- *The Taxpayer has the right to file an appeal against the decision of the High Court within 30 days from the date of the decision.*