

The information stated in this FAQ document is in accordance with Draft Guide on the Transitional Rules for the Change in the Service Tax Rate (Draft Guide) (also known as Draf Panduan Peralihan Perubahan Kadar Cukai Perkhidmatan in the National Language) was made available on the Royal Malaysian Customs Department (RMCD) website on 7th February 2024.

1. When is the effective date of the new 8% service tax rate?

The new service tax rate will come into effect starting from 1 March 2024.

2. Will the new service tax rate be based on the transaction date or the insurance period of cover (POI)?

The new service tax rate will be based on the dates when the services are rendered however if full payment is received before 1st March 2024, but the services rendered on/after 1 March 2024, the service tax rate remain at 6%.

3. What is the treatment of service tax under the transitional period?

Below are the scenarios and applicable service tax treatments:

Scenario		Before 1 March 2024		On/After 1 March 2024		Service tax rate to be imposed
No.	Total Premium (RM)	Spanning Premium (RM)	Premium Received (RM)	Spanning Premium (RM)	Premium Received (RM)	
1	12,000	2,000	12,000	10,000	-	RM12,000 x 6%
2	12,000	2,000	6,000	10,000	6,000	RM2,000 x 6% RM4,000 x 6% RM6,000 x 8%
3	12,000	2,000	-	10,000	12,000	RM2,000 x 6% RM10,000 x 8%

4. What is the service tax rate for policy issued with full payment received before 1 March 2024 which the policy effective date is on/after 1 March 2024?

6% service tax rate will be applied if full payment received before 1 March 2024



5. What is the service tax rate for policy issued and full payment received before 1 March 2024, and subsequently cancelled on/after 1 March 2024?

6% service tax rate will be applied to calculate the amount of service tax to be refunded to policyholder for policy issued and full payment received before 1 March 2024, and subsequently cancelled on/after 1 March 2024.

6. What is the service tax rate for extension / additional coverage effective on/after 1 March 2024 for policies that were issued before 1 March 2024?

- 6% service tax rate will be applied for extension / additional coverage effective on/after 1 March 2024 if issuance and full premium for extension / additional coverage received before 1 March 2024.
- 8% service tax rate will be applied for extension / additional coverage effective on/after 1 March 2024 if full premium for extension / additional coverage received after 1 March 2024.

7. Where can customers find the latest updates regarding the revised service tax rate?

Updates on the revised service tax rate is available in our websites and social media as well as our sales counter.

- <https://www.amassurance.com.my/newsroom>
- <https://www.kurnia.com/newsroom>
- <https://www.libertyinsurance.com.my>

8. When will the Company start collecting the additional 2% service tax for all the policies that are unpaid or partially paid as of 1 March 2024?

The Company will start collecting the additional 2% service tax once debit note / debit endorsement is issued.

9. Will the Company be required to provide a debit note / debit endorsement to customer for the additional 2% service tax for all the unpaid / partially paid policies spanning over 1 March 2024?

The Company is required to issue a debit note / debit endorsement to the customer for the additional 2% service tax for all the unpaid / partially paid policies spanning over 1 March 2024.

¹ This draft guidance was published on 7th February 2024 at URL: <https://myservice.tax.customs.gov.my>. The relevant legislation has yet to be gazetted and in turn, such provision remains under the review of the Minister of Finance (MoF).