

*This Frequently Asked Questions (FAQs) will be updated as and when there are changes received from the Royal Malaysian Customs Department. For further information, please visit the official GST website at <http://www.gst.customs.gov.my/>*

### General

**Q1: What is GST?**

**A1:** GST (Goods and Service Tax) is a broad-based consumption tax which affects all parties in a multi-stage taxation system across the value chain which will be implemented with effect from 1 April 2015. The Government has fixed the GST standard rate at 6%.

**Q2: What is the difference between the current Sales and Services Tax and GST?**

**A2:** Sales Tax and Services Tax is a single tier tax whilst GST is a multi-stage tax on domestic consumption charged at the current rate of 6% on all supply of goods and services in Malaysia, except those specifically exempted or categorised under zero-rated supplies. GST is also charged on imported goods and services into Malaysia.

### Commercial Banking

**Q1: Financial services are exempted from GST. However, why are financial institutions charging GST on customers?**

**A1:** Financial institutions consist of mixed supplies. For example, the provision of loans/financing is an exempt supply. However, fees or commissions that are charged for the financial service(s) rendered are subject to GST.

**Q2: When a customer deposits or withdraws money from his/her savings, fixed/term deposit or current account, are these transactions subject to GST?**

**A2:** No. Deposits or withdrawals from savings, fixed/term deposit or current account are not subject to GST.

**Q3: Is interest/profit paid to or received from a bank subject to GST?**

**A3:** No, interest/profit paid to or received from a bank is not subject to GST.

**Q4: Will I have to pay GST when I withdraw cash from a non-AmBank ATM?**

**A4:** Yes, only the MEPS fee is subject to GST and not the amount of cash withdrawn.

**Q5: Will I have to pay GST for Interbank Fund Transfer (IBFT)?**

**A5:** Yes, only the IBFT fee is subject to GST and not the amount of cash transferred.

**Q6: Will GST be charged on drawing of cheques?**

**A6:** No, the services rendered when a bank makes payment and collects a cheque are not subject to GST.

However, the following is subject to GST:

- Commission charged in clearing the cheques.
- The service fee if a third party wishes to make cheque encashment over the counter.
- The service fee for transferring cheques.

**Q7: How much fee & GST do I have to pay for an IBG transaction?**

**A7:** For over-the-counter (OTC) cash transactions, the amount is rounded to the nearest 5 cents. However, for non-OTC cash transactions, the amount is rounded to the nearest 1 cent (to 2 decimal places). Therefore, if you are using online banking for IBG transactions, you will be charged \*RM 0.11, inclusive of GST (RM0.10 fee + RM0.01 GST). For over-the-counter IBG, you will be charged RM 0.55, inclusive of GST (RM0.50 fee + RM0.05 GST).  
*\*Subject to further change*

**Q8: Is the provision of loans subject to GST?**

**A8:** When a bank provides loan/financing to its customers, it would enjoy interest/profit payment. The interest/profit with regards to the provision of loan/financing is not subject to GST. However, any fee or charges in relation to it, for instance, processing fee, advisory services fee or charges on making copies of the document are subject to GST at standard rate.

**Q9: Are repayments/payments of the principal amount of a loan/financing subject to GST? What about the interest/profit?**

**A9:** The repayment/payment of a loan, i.e. the instalment of the principal amount with or without interest/profit is not subject to GST.

**Q10: Are late payment charges for loans/financing subject to GST?**

**A10:** No, late payment charges are not subject to GST.

**Q11: I need to apply for a replacement card as my ATM/debit/credit card was lost/damaged. Will I need to pay GST when replacing the card?**

**A11:** No, the fee charged if any for replacement of lost/damaged card is out of scope and will not attract GST.

**Q12: Are my home financing such as MRTA/MRTT fees subject to GST?**

**A12:** Premium paid for MRTA/MRTT is not subject to GST as it is considered payment for life insurance/family takaful. However, if there are any fees/processing charges etc. charged for the said premium, such fees/charges are subject to GST at 6%.

**Q13: We are currently being charged with annual Government Service Tax on credit cards. Will this be replaced with GST?**

**A13:** There will be no more service tax with the implementation of GST.

**Q14: Is remittance by the means of cashiers' order (or banker's cheque), demand draft, telegraphic transfers or mail transfer subject to GST?**

**A14:** The amount remitted is not subject to GST. The fees charged (if any) will be subject to GST at 6%.

**Q15: Is GST charged for the rental of safe deposit box?**

**A15:** Yes, the rental charges for safe deposit box are subject to GST at 6%.

## Life Insurance & Takaful

**Q1: What types of insurance policies are subject to GST?**

**A1:** GST of 6% will be charged on insurance products that fall under the following categories:

- General Insurance i.e. motor, personal accident, medical, house, asset insurance etc.
- Life Personal Accident and Life Medical products including riders.

**Q2: What types of insurance policies are not subject to GST?**

**A2:** Insurance products which are not subject to GST include life insurance i.e. whole life, endowment, term life, investment linked etc. Insurance which covers risks located outside of

Malaysia is also not subject to GST. These include:

- Overseas investment insurance
- Travel insurance for international journeys
- Export credit insurance services

**Q3: What is the GST implication on a life policy/family takaful plan sold in a package with goods that are subject to GST?**

**A3:** Since the life policy/family takaful will be an exempt service and the goods will be subject to GST, the supplier will be required to apportion the single charge. The proportion for the exempt service is not subject to GST while the proportion for goods is subject to GST at 6%.

**Q4: Fees are charged for processing termination/surrender of group and individual ordinary life/family takaful plans due to expiry and other causes such as switching to other plans. Are these fees subject to GST?**

**A4:** Yes, the fees are subject to GST at 6%.

**Q5: I participated in an investment-linked Takaful plan and was charged fees such as wakalah fee, tabarru' (donations), monthly service fee and fund management fee. Are these fees subject to GST?**

**A5:** Yes, the fees charged are subject to GST at 6%, and wakalah fee is out of scope of GST. Tabarru' is subject to GST if the coverage offered is non-life in nature.

**Q6: What will be the GST treatment on a medical insurance plan and a PA plan?**

**A6:** Medical insurance and PA will both be subject to GST at 6%, irrespective of whether they are provided on a stand-alone basis or as policy riders. The same also applies to similar products provided by general takaful and family takaful operators.

**Q7: What is the GST implication on non-life policies (personal accident, medical and health policies) attached to individual or group life insurance policies?**

**A7:** The premium of non-life policies will be subject to GST at 6% while the premium of individual or group life policies will not be subject to GST as it is an exempt supply.

**Q8: Being a policy/certificate owner, how can I claim back the GST which I have paid for my premium/contribution?**

**A8:** Policy/certificate holders can only claim back the GST paid if the policyholder meets the following criterias:

1. GST registered.
2. Has a valid tax invoice.
3. The policy/ certificate taken was for the purpose of your business.
4. The supply is not blocked from input tax recovery.

### General Insurance

**Q1: Can AmGeneral legally charge me GST?**

**A1:** Yes, AmGeneral was registered on 3 October 2014 bearing the Registration number 000789741568.

**Q2: Can I choose not to pay GST or can AmGeneral absorb the GST charges for me?**

**A2:** No, AmGeneral is not able to do so as all the GST charges collected will be remitted to RMCD.

**Q3: Will my insurance premium increase because of GST?**

**A3:** Your insurance premium will not increase come 1 April 2015. However policyholders will note an additional 6% GST charge to the premiums which fall under the Standard Rated taxable supplies. To reiterate, AmGeneral does not profit from this 6% charge as monies will be remitted to RMCD.

**Q4: If I sign up for a policy from a non-GST registered insurance agent, does this mean my premiums will not be charged GST?**

**A4:** No, the 6% GST is charged and collected by AmGeneral, as such the GST registration status of an insurance agent bears no influence on this.

**Q5: GST starts on 1 April 2015, but my policy was incepted on 1 September 2014 and expires on 31 August 2015 – will my policy be subjected to GST charges?**

**A5:** Yes, the 6% GST will be charged on a pro-rated basis on the portion from 1 April 2015 – 31 August 2015.

**Q6: If I purchase a policy on 15 March 2015 for a period of cover spanning 1 May 2015 – 30 April 2016, will I be charged GST?**

**A6:** In such cases, AmGeneral will not collect GST at the point of transaction (i.e. 15 March 2015) but will collect GST on the abovementioned policy after 1 April by way of endorsement.

**Q7: Are any of AmGeneral’s products not GST chargeable?**

**A7:** GST will be charged on all general insurance products except on policies to cover:

- Premises outside Malaysia.
- Travel outside of Malaysia.
- Marine policies for voyage outside of Malaysia.

**Q8: If I am GST registered, how can I claim input tax on my insurance premium?**

**A8:** The policy schedule from AmGeneral will act as a tax invoice which you may use to account for your input tax credit.

**Q9: If I cancel my policy will the GST portion be refunded?**

**A9:** Yes, it will.

**Q10: If I have paid Service Tax for a transitional policy, can I claim input tax on the GST portion of the policy?**

**A10:** Yes, upon request, AmGeneral will cancel the policy and reissue a new policy schedule inclusive of GST. This serves as a tax invoice where you may use it to claim input tax. However please note that the cost for cancellation and reissuance will be borne by the customer.

**Q11: Will GST be charged on additional fees that I pay to my insurance agent?**

**A11:** If the insurance agent is GST registered, the agent will charge GST on any fees incurred in order to remit the monies to RMCD.

**Q12: Will I be charged GST for my motor repair claims?**

**A12:** Policyholders will not be impacted by GST charges on motor repair costs unless there is a Policy Excess. In this case, the policyholder will be charged GST on the Excess portion

**Q13: How is GST calculated on a general policy premium sold to a person?**

**A13:** E.g.

Basic Premium	780.00
Loding	300.00
<b>Total</b>	<b>1080.00</b>
NCD	(-450.00)
Gross premium	630.00
GST 6%	37.80
Stamp duty	10.00
<b>Premium payable</b>	<b>677.80</b>

**Q14: What is the GST implication on the PA policies sold to students in public or private schools, or any higher learning institutions?**

**A14:** The premium is subject to GST at 6%

**Q15: What is the GST implication on the premium for general insurance to cover a property outside of Malaysia?**

**A15:** Since the property is located outside of Malaysia, the premium will not be subject to GST being a zero-rated supply.

**Q16: What is the GST implication on the premium for general insurance to cover a property in Malaysia owned by a foreigner who is not in Malaysia at the time the insurance coverage takes place?**

**A16:** The premium charged is subject to GST at 6%.

### Cards

**Q1: For every credit card transaction charged to my card, will I be charged GST?**

**A1:** The charging of the said transaction to the card is not subject to GST. However, if the purchase is subject to GST, GST inclusive amount will be charged to the card members.

**Q2: Will Card Service Tax of RM50 for Principal and RM25 for Supplementary be applicable?**

**A2:** No, the RM50 and RM25 for principal and supplementary will no longer be applicable from 1 April 2015. GST will be charged on the card's annual fees, if any.

**Q3: Will late payment charge and early settlement charge subject to GST?**

**A3:** No. Fees and charges imposed to compensate for loss, damages or in cases where the customer fails to meet certain requirements or conditions (punitive in nature) are not subject to GST.

**Q4: I am annual fee paying card member. If I am granted full annual fee waiver, do I need to pay GST? Will GST be reversed according to the amount of annual fee waived?**

**A4:** No. If the annual fee is waived, there will be no GST on the annual fee as there is no consideration for the supply of service. If half of the annual fee is waived, the corresponding GST imposed should be halved.

**Q5: How do I calculate the GST charged in my credit card statement?**

**A5:** Please refer to the table of GST summary in the card statement

**Q6: If I was to use my card outside Malaysia (Card present/not present) transactions, will I be charged with GST? If yes, how is the GST calculated?**

**A6:** Card member will not be charged GST if the card is used outside Malaysia. Forex admin fee is exempt from GST.

**Q7: Are there any changes in my credit card statement?**

**A7:** Credit card statement will be enhanced to show the element of Tax Invoice. As such, details such as Bank's GST registration number, GST rate, GST amount etc. will be shown.

**Q8: I just enrolled for Balance Transfer with gift. Are you charging GST on the gift? Do you charge GST for the delivery charge?**

**A8:** Customer will not be charged GST on the gift. GST will be levied on the delivery/courier charges.

**Q9: I am holding AmBank Prepaid card, will there be any GST on the usage?**

**A9:** If there is any fees/charges on the usage of the prepaid card, such fees/charges is subject to GST.

**Q10: There is no statement for my Prepaid Card. Where can I get a copy of my Tax Invoice?**

**A10:** You need to register as an AmBank Internet Banking customer and view it online via AmOnline.

**Unit Trust/PRS**

**Q1: What are taxable GST supplies in UT/PRS funds?**

**A1:** Taxable supplies include standard rated and exempt supplies of goods and services:

Taxable Suppliers - GST	Sales or Supplies	UT & PRS Funds
Standard Rated of 6.0%	<ul style="list-style-type: none"> <li>Goods and services</li> </ul>	<ul style="list-style-type: none"> <li>All funds with Front-End-Load (FEL) i.e. Equity/Close-ended funds</li> <li>Switching Fee (if any)</li> <li>Transfer Fee (if any)</li> </ul>
Exempt	<ul style="list-style-type: none"> <li>Goods and services that are specifically exempt from GST</li> </ul>	<ul style="list-style-type: none"> <li>Income Distributions</li> <li>Capital gains</li> <li>Proceed of redemption units</li> </ul>

**Q2: What is the GST calculation on implication of 6.0% GST on the Front-End-Load?**

**A2:** Example:

Computation of the selling price	New with GST (RM) Effective: 01 April 2015	Existing i.e. before GST (RM)
Gross Investment Amount	10,000.00	10,000.00
Less: Sales Charge (5.0% of the Offer Price)	-474.83	-476.19
6.0% GST on Sales Charge (6% x 5%)	-28.49	
Total Charge	-503.32	-476.19
Net Investment Amount	9,496.68	9,523.81
Offer Price per unit	1.00	1.00
Number of Units Purchased	9,496.68	9,523.81

**Q3: Will the customer receive Tax Invoice on GST for purchasing UT/PRS funds sold by AmBank?**

**A3:** No, customer will not receive any Tax Invoice. However, the GST chargeable amount will be shown in the customer's Transaction Advice Slip.

**Q4: Are Management Fees and Trustee Fees subjected to GST for purchasing UT/PRS funds?**

**A4:** Yes, both Management Fees and Trustee Fees are subjected to GST and that has been reflected in the UT/PRS funds' Net-Value-Asset (NAV) price daily.

- Q5: Are GST fees charged to the investor during the Cooling-Off period is refundable?**  
**A5:** Fees charged to investors are generally subjected to GST at 6.0%. Therefore, GST charged to FEL will be refunded to the investor during the Cooling-Off period.
- Q6: What is the treatment of Income Distributions and Capital gains from UT/PRS funds?**  
**A6:** Distributions of Income and Capital gains from UT/PRS funds are not subject to GST.
- Q7: Are proceed of redemption units in a UT/PRS funds subjected to GST?**  
**A7:** Proceed of redemption units in a UT/PRS fund are exempted and therefore not subjected to GST.
- Q8: Are exit/penalty fees charged to the investor for early redemption is subjected to GST?**  
**A8:** Exit/penalty fee incurred due to early redemption is imposed on investors upon breaching the condition(s) of which is disclosed to the investors in the Prospectus/Information Memorandum/Disclosure Document will be treated as out of scope supply. And as such, there is no GST applicable.
- Q9: Is GST chargeable to foreign investors for purchasing UT/PRS funds and not residing in Malaysia?**  
**A9:** Yes, the UT/PRS funds are established in Malaysia and transaction are performed in Malaysia.