

Announcement :

Please be informed that provision of all types of Family Takaful Certificates to all business organization (B2B) is subject to 6% service tax effective 1 September 2018.

Hong Leong MSIG Takaful Berhad ("HLMT") reserves the right to collect from the participant/certificate holders an amount equivalent to the Service Tax payable on the applicable contribution for the certificate period. In the event that the certificate period commences before but expires after 1st September 2018, HLMT may collect from the participant/certificate holders an amount equivalent to the Service Tax payable on the applicable contribution calculated from 1st September 2018 on a pro-rated basis.

The participant/certificate holder's obligation to pay Service Tax shall form part of the Terms and Conditions in the participant/certificate holder's Family Takaful Certificate.

The laws governing Service Tax are as per the Service Tax Act 2018 and all Regulations passed by the Government of Malaysia from time to time.

For more information on Service Tax and the taxable Family Takaful products, please refer to our FAQ.

FAQ :-

(1) What is Service Tax?

Service Tax is a consumption tax governed by the Service Tax Act 2018 and its subsidiary legislation. Service tax is imposed on prescribed services called "taxable services" made by prescribed taxable persons.

(2) What is the rate of tax for Service Tax?

The Service Tax rate is 6% imposed on the value of taxable services or the contribution paid for the Family Takaful certificate. However, the Minister may, by order published in the Gazette vary or amend the rate of tax fixed under section 10(2)(b) of Service Tax Act 2018.

(3) When is the effective date to impose Service Tax?

Service Tax will be imposed on taxable services made on or after 1st September 2018.

(4) Who can charge and collect Service Tax?

Only service tax registrants can charge and collect the service tax.

(5) Does Hong Leong MSIG Takaful Berhad ("HLMT") charge Service Tax?

HLMT is a service tax registrant and hence, liable to charge service tax on taxable services.

(6) How do I know whether a person is a legitimate entity to charge Service Tax?

A Service Tax registrant needs to issue valid invoices to charge Service Tax on the taxable services. The Service Tax registration number and Service Tax amount will be printed on the invoices.

(7) What is the service tax impact on the Family and Medical Takaful Certificate?

Provision of Family and Medical Takaful Certificate to business organisation will be subjected to Service Tax (i.e. where certificate owner or assignee is a business organization). However, provision of Family Takaful certificate to educational institution and religious organisation registered under any written law are excluded from Service tax. Provision of Family and Medical Takaful Certificate to individuals (B2C) is not subjected to Service Tax.

- (8) If I have paid for my group medical takaful certificate in April 2018 for coverage period from 1 April 2018 to 31 March 2019, will I be charged with Service Tax for my contribution from 1 September 2018 onwards?

If you have made full payment for the total contribution including 6% GST, you will not be charged with Service Tax for the takaful coverage period from 1 September 2018 to 31 March 2019.

- (9) My group term takaful certificate is exempted from GST and has expired on 30 June 2018. I have renewed the certificate and paid for the whole contribution amount in July 2018 for the annual cover period starting from 1 July 2018. How will the service tax law impact my certificate?
All family takaful certificate participated by business organisation will be subjected to Service Tax. As the coverage period span over 1 September 2018, a Debit Note will be issued to charge Service Tax on the pro-rated contribution for the period from 1 September 2018 until 30 June 2019. The contribution allocated to the period from 1 July 2018 to 31 August 2018 is not subject to Service Tax.

- (10) My group medical takaful certificate is a GST standard rated supply and has expired on 30 June 2018. I have renewed the certificate and paid for the whole contribution amount with 0% GST in July 2018 for the annual cover period starting from 1 July 2018. How will the service tax law impact my certificate?

All medical takaful certificate participated by business organisation will be subjected to Service Tax. As the coverage period span over 1 September 2018, a Debit Note will be issued to charge Service Tax on the pro-rated contribution for the period from 1 September 2018 until 30 June 2019. The contribution allocated to the period from 1 July 2018 to 31 August 2018 is not subject to Service Tax.

- (11) Will businesses in Free Trade Zones be exempted from Service Tax?

No Service Tax shall be charged and levied on any taxable service provided within or between special areas (Free Zone, Licensed Warehouse and Licensed Manufacturing Warehouse, and Joint Development Area) or between special areas and designated areas (Labuan, Langkawi, Tioman). Service tax is applicable for taxable services provided between principal place of business located in Malaysia and special areas.

- (12) Will there be an increase in contribution because of Service Tax?

No, contribution remains the same but total amount payable will increase to include Service Tax charged on family and medical takaful contribution for certificate participated by business organisation.

- (13) Where can I get more information about Service Tax?

General information and educational materials regarding Sales and Service Tax is available at MySST Portal at <https://www.mysst.customs.gov.my/>

- (14) Do I need to inform HLMT if I am granted an exemption from paying Service Tax?

Yes. HLMT is a Service Tax registrant and will charge Service Tax on all taxable services provided to you unless you are able to provide us a letter from the relevant authorities stating that you are granted an exemption from paying Service Tax.

- (15) Who should I liaise with for queries in relation to Service Tax on HLA insurance products?

Do contact our Customer Service Hotline at 03-7650 1800 during office hour or email to ReachUs@takaful.hongleong.com.my for any queries in relation to Service Tax on HLMT's Takaful products.