SERVICE TAX 2018

FREQUENTLY ASKED QUESTIONS (FAQs):

FINANCIAL SERVICES

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FREQUENTLY ASKED QUESTIONS (FAQs)

1. **Q: Who is required to register for Financial Services Tax?**

   A: Any financial service provider whose taxable services exceed the RM500,000 threshold must register under the Service Tax Act 2018.

2. **Q: Are all financial services and charges are subject to service tax?**

   A: No, some financial services and charges are excluded from service tax, including:

   a. Interest or spread-based charges (e.g., loan interest)
   b. Late payment penalties
   c. Compensation for dishonoured cheques
   d. Overdraft excess fees
   e. Financial services related to exports

3. **Q: What is the difference between Group H and Group G under Service Tax Regulations 2018?**

   A: Group H covers financial services such as banking, insurance, and investments, whereas Group G covers non-financial services such as management and consultancy.

4. **Q: Are services provided to the government is a taxable serives?**

   A: No, financial services provided to the Federal Government or State Government are excluded from service tax.

5. **Q: A Malaysian company hires a foreign financial advisor to manage its investments. Are these imported financial services subject to tax?**

   A: Since financial advisory services are taxable in Malaysia, the company must self-account for the service tax on the services received.

6. **Q: A Malaysian company provides reinsurance services to overseas customers and charges a fee for these services. Is the company required to consider this fee when determining the threshold computation?**

A: This service is included in the exclusion from service tax (i.e. financial services related to goods, land or matters outside Malaysia). Therefore, the value of these services is not included in the threshold calculation**.** All services listed in the exclusions cannot be included in the threshold calculation.

7. **Q: A management company registered under Group G of the Service Tax Act 2018 provides management services to another company registered under Group H of the same Act. Does the service qualify for group relief?**

   A: No, the service provided does not qualify for group relief.

8. **Q: A company registered under Group H of the Service Tax Act is providing financial services to another company within the same group of companies, which is also registered under Group H of the same Act. Does the service provided qualify for group relief?**

   A: No, the service provided does not qualify for group relief. However, the companies may be eligible for the B2B exemption if all the conditions are fulfilled.

INQUIRY

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FURTHER ASSISTANCE AND INFORMATION ON SST

Further information on SST can be obtained from:

a) SST website : www.sst.customs.gov.my

b) Customs Call Center:

   i. Telephone number : 03-7806 7200 / 1-300-888-500

   ii. Fax number : 03-7806 7599

   iii. E-mail : ccc@customs.gov.my