
CIRCULAR

Date:	3 December 2024	Ref No.:	ID/ALL/KL-JW-TK-AZ/028-24 (Total no. of pages: 3)
To:	UTMC, IUTA, CUTA, PRS PROVIDER, IPRA AND CPRA		
Attn:	Authorised Representative/Chief Executive Officer		

ROYAL MALAYSIAN CUSTOMS DEPARTMENT (RMCD) SALES AND SERVICES TAX (SST) DISCUSSION PAPER

1. Background

- 1.1. Pursuant to the Budget 2025 announcement on 13 October 2024, the Government has unveiled updates to the Sales and Service Tax (SST) that will directly impact the financial industry. The announcements highlight changes, including the expansion of taxable services to encompass certain financial and business-to-business (B2B) transactions.
- 1.2. Consequently, FIMM engaged the Royal Malaysian Customs Department (RMCD) on 28 November 2024 regarding the upcoming implementation of SST, which is set to tentatively commence on 1 May 2025.
- 1.3. During the meeting, RMCD shared several key points:
 - a. The **registered person**¹ affected are any financial service provider licensed, approved, or registered under:
 - i. Financial Services Act 2013 [Act 758];
 - ii. Islamic Financial Services Act 2013 [Act 759];
 - iii. Capital Markets and Services Act 2017 [Act 671];
 - iv. Labuan Financial Services and Securities Act 2010 [Act 704];
 - v. Labuan Islamic Financial Services and Securities Act 2010 [Act 705];
 - vi. Development Financial Institutions Act 2002 [Act 618];
 - vii. Money Services Business Act 2011 [Act 731];
 - viii. Pawnbrokers Act 1972 [Act 81];
 - ix. Moneylenders Act 1951 [Act 400].

¹ A person who provides taxable services exceeding a specified threshold is required to be registered under the Services Tax Act 2018 and is known as a "registered person". Registered person is required to charge service tax on his taxable services provided to his customer.

b. Proposed Taxable Services

- i. Provision of any fee-based financial services, including commissions or similar charges such as:
 - Loan processing fees;
 - Charges for safekeeping services;
 - Commission on remittance services;
 - Standing instruction fees;
 - Fees/charges for printing bank statements.
 - ii. Provision of other services subject to any charges as:
 - Advisory services;
 - Rental of space/commercial buildings;
 - Management services.
 - iii. Reimbursement/back-to-back charges imposed by financial service provider on:
 - Taxable services acquired;
 - Imported taxable services.
 - iv. Services provided between group members (intercompany transactions) are subject to tax.
 - v. Services provided to other financial service providers are also subject to tax.
 - vi. Brokerage services related to stock trading are subject to service tax.
 - vii. Management services licensed or registered with the Securities Commission Malaysia under Group G, Item 9, Service Tax Regulations 2018 are subject to service tax.
 - viii. Services related to medical insurance/takaful for individuals are subject to service tax.
 - ix. Provision of life insurance/takaful services combined with other coverages such as accident, medical, and others are subject to service tax.
- 1.4. During the meeting, FIMM provided general information on the Unit Trust Scheme (UTS) and Private Retirement Scheme (PRS) industry, as well as to understand the potential impact of SST on the industry.
- 1.5. Following the discussion, RMCD has requested FIMM to gather industry feedback on the discussion paper (as per attached Appendix A) and questionnaire as per Paragraph 2.2 below prepared by RMCD for the impending implementation of SST within the financial sector.

2. Actions Needed from Members and Distributors

- 2.1. We enclose RMCD's "MATRIKS KERTAS PERBINCANGAN PERLUASAN SKOP CUKAI PERKHIDMATAN" (as per Appendix A) on the proposed expansion of the service tax scope in the financial sector. This document is intended to gather feedback and comments from the industry regarding the proposal. FIMM will subsequently compile all feedback from industry members to be submitted to RMCD. Please utilise the enclosed discussion paper for your responses (Appendix A) and reply the same via email to FIMM.

2.2. Members and Distributors are also required to provide responses via the survey form titled “PELAKSANAAN KAJIAN PERKHIDMATAN KEWANGAN BERASASKAN YURAN”. Please fill in the details via the link provided by below:

[Pelaksanaan Kajian Perkhidmatan Kewangan Berasaskan Yuran](#)

2.3. The deadline for submitting all responses is **Friday, 13 December 2024**.

If you require further information or clarification, please contact the Industry Development Department (ID) at ID@fimm.com.my.

Thank you.

Yours faithfully



Joyce Wee

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FEDERATION OF INVESTMENT MANAGERS MALAYSIA