

### 1. What is Service Tax (ST) and when does the expanded scope for financial services take effect?

Service Tax (ST) is a consumption tax governed by the **Service Tax Act 2018** and its subsidiary legislation. The expanded scope of Service Tax on financial services will be implemented in phases beginning **1 July 2025**. Other remaining financial services will be take effective from **1 October 2025**.

### 2. What is the applicable Service Tax rate for financial services?

An **8% Service Tax** will be applied to taxable financial services.

### 3. Are all financial service fees subject to Service Tax?

In general, fee or commission based financial services will be subject to Service Tax **excluding** the following:

- a) Interest based payment for credit facilities
- b) Profit based payment for Syariah-compliant financing
- c) Payment which is punitive in nature (e.g., late payment charge)
- d) Returns through the difference between the selling price and the purchase price (e.g., spread in nature)
- e) Basic banking services relating to the operation of savings account, current account or similar to it as follows:-
  - Deposit, withdrawal, payment or fund transfer;  
The term “fund transfer” shall include all forms of fund transfer whether it is via online or over-the-counter, including DuitNow, MyDebit, Interbank GIRO, AutoDebit, Direct Debit, and RENTAS, so long as the fund transfer transaction originates from / to current accounts, saving accounts or similar accounts (collectively referred as “CASA”) maintained with a Bank, this would qualify for service tax exclusion. However, this does not include the international outward remittance services originated from CASA (i.e. from Malaysia to overseas).
  - Issuance of debit card;
  - Basic transaction over the counter;
  - Basic transaction using Automatic Teller Machine; or
  - Printing of account statements.
- f) Services relating to goods, land or matter outside Malaysia **excluding** outward remittance transactions, which charges are imposed on customers located in Malaysia
- g) Services directly related to goods delivered from last exit point within Malaysia to other place outside Malaysia
- h) Inward remittance transaction services received into Malaysia which charges are imposed on the remittance agent located outside Malaysia
- i) Brokerage or underwriting services relating to medical insurance or medical takaful borne by an individual
- j) Brokerage or underwriting services relating to life insurance or family takaful borne by an individual
- k) Line of credit or syariah compliant financing services through the activation of a primary credit card, primary charge card, supplementary credit card or supplementary charge card

### 4. How will Service Tax affect my total charges?

If your service is subject to Service Tax, an additional 8% will be added to the fee.

Example:

- Service Fee: RM10,000
- Service Tax (8%): RM800
- Total Payable: RM10,800

### 5. Will Service Tax be backdated for previous transactions?

Generally, any financial services provided before the effective date and spanning after that date, and no payment is received prior to the effective date, the Service Tax shall be charged at a new rate for the portion of financial services that corresponds to the period after the effective date.

If financial services are provided before the effective date and spanning after that date, and payment is received before the effective date, regardless of whether an invoice is issued, the Service Tax on that payment will either be charged at the previous rate or excluded from tax, depending on the applicable circumstances.

**6. Is the RM25 Service Tax currently imposed on credit cards and charge cards still applicable?**

There will be no changes to the existing RM25 Service Tax currently imposed on credit cards and charge cards, there will not be any additional Service Tax on the credit card annual fees.

**7. How does Service Tax impact my Unit Trust ("UT") investments?**

Unless stated otherwise, fees and charges related to UT are subject to Service Tax. Please refer to the respective UT Prospectus/Information Memorandum and Product Highlights Sheet for more details on the fees and charges.

**8. Where can I find more information?**

You may refer to the official **Service Tax Industry Guide – Financial Services** available at:  
MySST - <https://mysst.customs.gov.my/IndustryGuides>

**9. How is Trade Service Tax determined?**

United Overseas Bank (Malaysia) Bhd ('UOBM') relies on the information and supporting documents you provide to determine the correct tax treatment for the underlying transaction (e.g. shipment origin and destination), in line with Service Tax regulations. If such information or documents are missing or not submitted, UOBM reserves the right to treat the transaction as taxable and collect the applicable Service Tax to ensure compliance with regulatory requirements.