

Announcement :

Please be informed that the rate of service tax under the Service Tax Act 2018 for the provision of Family Takaful Certificates to all business organization (B2B) is increased from 6% to 8% effective from 1 March 2024.

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 March 2024, HLMT may collect from the participant/certificate holders an amount equivalent to the Service Tax payable on the applicable contribution calculated from 1 March 2024 on a pro-rated basis, where applicable.

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?
Effective from 01 March 2024, the rate of service tax is increased from 6% to 8%.
- (3) Who can charge and collect Service Tax?
Only service tax registrants can charge and collect the service tax.
- (4) 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.
- (5) 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.
- (6) 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.

- (7) My takaful certificate coverage period is from 1 February 2024 to 31 January 2025 and has been subjected to 6% Service Tax. With the increase of Service Tax rate from 6% to 8%, how does the new Service Tax rate impact on my existing takaful certificate that span across 1 March 2024?

For takaful certificate coverage that spans across 1 March 2024, 6% service tax will be levied on the portion of contribution attributable to the takaful certificate coverage period from 1 February 2024 to 29 February 2024 and 8% service tax will be levied on the portion of contribution attributable to the takaful certificate coverage period from 1 March 2024 to 31 January 2025. HLMT will issue a Debit Note to recover the additional 2% service tax from you.

However, if the takaful contribution is paid before 1 March 2024, 6% service tax will be levied to the extent of the payment received on the portion of contribution attributable to the takaful certificate coverage period from 1 March 2024 to 31 January 2025.

- (8) 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.

- (9) 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.

- (10) 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/>

- (11) 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.

- (12) Who should I liaise with for queries in relation to Service Tax on HLMT takaful 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.