

Service Tax Revision from 6% to 8% Effective 1st March 2024

Dear Valued Customers,

Please be informed that revised Service Tax at 8% will be applicable effective 1st March 2024 for all general insurance policies.

In accordance with Draft Guide on the Transitional Rules for the Change in the Service Tax Rate (Draft Guide) (also known as Draf Panduan Peralihan Perubahan Kadar Cukai Perkhidmatan in the National Language) was made available on the Royal Malaysian Customs Department (RMCD) website¹ on 7th February 2024, **any payment made before 1st March 2024** for a taxable service that will be provided effective 1st March 2024 will be **remained at current 6% service tax.**

The following are **examples of scenarios** involving policies in force on or after 1st March 2024 (with inception dates before 1st March and expiry dates on or after 1st March 2024). The service tax imposed on the taxable general insurance policies will be as follows:

Scenario	Total Premium (RM)	Before 1 st March 2024		On/After 1 st March 2024		Service tax rate to be imposed	
		Spanning Premium (RM)	Premium Paid (RM)	Spanning Premium (RM)	Premium Received (RM)	Apportioned tax	Total Service Tax
1	12,000	2,000	12,000	10,000	-	RM12,000 x 6%	RM720
2	12,000	2,000	6,000	10,000	6,000	RM2,000 x 6% RM4,000 x 6% RM6,000 x 8%	RM840
3	12,000	2,000	-	10,000	12,000	RM2,000 x 6% RM10,000 x 8%	RM920

Therefore, we highly encourage customers to pay full premium BEFORE 1st March 2024.

With the increase in service tax imposed by RMCD, the Company **reserves the right to collect any undercharged service tax for policies issued before 1st March 2024**, where insurance period of cover spans on or after 1st March 2024.

We appreciate your cooperation during this transition period. If you have any questions or need further clarification, please feel free to reach out to our Contact Centres at:

Liberty Contact Centre: 1 300 888 990 | customer@libertyinsurance.com.my

Kurnia Contact Centre: 1 800 88 3833 | customer@kurnia.com

AmAssurance Contact Centre: 1 800 88 6333 | customer@amassurance.com.my

Thank you.

¹ This draft guidance was published on 7th February 2024 at URL: <https://mysst.customs.gov.my>. The relevant legislation has yet to be gazetted and in turn, such provision remains under the review of the Minister of Finance (MoF).

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