

**1. What is GST?**

Goods and Services Tax (GST) is a multi-stage tax on domestic consumption. GST is charged on all taxable supplies of goods and services in Malaysia except those specifically exempted. GST is also charged on importation of goods and services into Malaysia. Payment of tax is made in stages by the intermediaries in the production and distribution process. Although the tax would be paid throughout the production and distribution chain, only the value added at each stage is taxed thus avoiding double taxation.

GST replaces the Sales Tax and Service Tax. The chargeable GST standard rate is 6% and GST is also applicable for Takaful plan offered by the Takaful operators.

**2. When is the effective date of GST?**

GST will take effect from 1<sup>st</sup> April 2015.

**3. How do the participants know that their Takaful operator is allowed to charge GST?**

Only a registered Takaful operator is allowed to charge GST. GST registered entity can be checked at RMCD's website <https://gst.customs.gov.my/TAP/#1>. All Takaful operators have registered with the Royal Malaysian Customs Department (RMCD) and therefore, they are allowed to collect GST where applicable. Their registration numbers are as follows:

Takaful Operators	GST Registration Numbers	Company No
AIA PUBLIC Takaful Bhd	000140877824	935955-M
AmMetLife Takaful Berhad	001898692608	931074-V
Etiqa Takaful Berhad	001192038400	266243 D
Great Eastern Takaful Berhad	000298868736	916257-H
HSBC Amanah Takaful (Malaysia) Berhad	000958201856	731530-M
Hong Leong MSIG Takaful Berhad	000267362304	738090-M
MAA Takaful Berhad	000793608192	731996-H
Prudential BSN Takaful Berhad	001129381888	740651-H
Sun Life Malaysia Takaful Berhad	000514129920	689263-M
Syarikat Takaful Malaysia Berhad	002097299456	131646-K
Takaful Ikhlas Berhad	002064777216	593075 U

**4. Will contribution paid for Takaful plans be subject to GST?**

GST treatments for contribution paid for the Takaful plans are as follows:

Categories	Types of plans	GST Treatment
General Takaful	motor, fire, personal accident, medical, marine cargo	Contributions paid <b>are subjected</b> to GST of 6%.
Family Takaful	protection, saving, education, mortgage, retirement, annuity, investment-linked plan	Contributions paid are <b>exempted</b> from GST <b>except for</b> non-Family Takaful riders. Non-Family Takaful riders will subject to GST of 6%. Examples of non-Family Takaful riders are: <ul style="list-style-type: none"> <li>• Accident Benefits</li> <li>• Medical and Surgical</li> <li>• Certain Critical illnesses</li> </ul>

**5. Will fee and charges relating to the certificate servicing of Takaful plan be subject to GST?**

The following are the common servicing fees that are subject to 6% GST:

- Surrender fee
- Partial withdrawal fee
- Certificate reprinting fee
- Medical card fee
- Re-instatement fee
- etc.

Similarly, the fees and charges imposed on the investment-linked plans will be subjected to 6% GS such as:

- Fund management fee
- Fund switching fee,
- Surrender fee
- Change of Unit Fee
- Contribution Top up Fee
- etc.

The fee information is provided for illustrative purposes. The actual names of the fees may vary from Takaful operators to another Takaful operators.

**6. How do the participants know how much GST have been charged on the Takaful certificate that they have participated?**

A GST invoice can be requested from their respective Takaful operators as the document will show the breakdown of GST including the total amount of GST charged. The standard rate of GST to be charged is 6%.

**7. What would be the treatment if the plan has both of General Takaful and Family Takaful?**

If the plan consists of both general Takaful and family Takaful, the contributions for the Family Takaful portion will not be subject to GST while the contributions for the general Takaful will be subject to GST.

**8. What is the GST treatment on surplus distributable to the participants?**

The surplus distributable to the participants is not subject to GST.

**9. Is the cash surrender value subject to GST starting 1<sup>st</sup> April 2015?**

Cash surrender value is not subject to GST. However, surrender fee or charge will be subject to GST.

**10. What is the GST treatment if the Family Takaful certificate provides global coverage? Will the participants be charged GST for coverage outside Malaysia?**

No. The supply of Family Takaful is an exempt supply except for those non-Family Takaful riders as described [Question 4.](#)

**11. Will payment of benefits as stated in a Family Takaful plan subjected to GST?**

The payment of benefits based on the sum covered stated in the Family Takaful certificate upon death, maturity or surrender of a certificate made by the Takaful operator, is not a consideration for a supply made by the participant. Hence, the payments of benefits are not subject to GST. In the case of Family Takaful, such payments considered as benefits are deemed, as gifts given by the Takaful operator to a beneficiary are also not subject to GST.

**Transitional Rules**

- 12. Are all General Takaful plans participated or renewed before 1<sup>st</sup> April 2015 that have covers the period beyond 1<sup>st</sup> April 2015 subject to GST?**

The following Takaful plans participated / renewed before 1<sup>st</sup> April 2015 that the coverage span 1<sup>st</sup> April 2015 will not be subject to GST:

- Motor vehicle Takaful (comprising third party cover, fire and theft cover, and comprehensive cover) where the risk commencement date is before **1 April 2015** and the coverage spans **1 April 2015**, the contribution charged and paid in full or in part before **1 April 2015** for that coverage is not subject to GST.
- Fire insurance or fire Takaful plan (covers loss or damage caused by fire, lightning or explosion) and homeowners certificate where the risk commencement date is before **1 April 2015** and the coverage spans **1 April 2015**, the contribution charged and paid in full or in part before **1 April 2015** for that coverage is not subject to GST.

Householder Takaful certificates are still subject to GST for the Takaful coverage on or after 1 April 2015. Further to note, if the provision of Takaful has been charged with the service tax, the coverage made on or after 1 April 2015, is not chargeable to GST.

**Family Takaful**

- 13. Will the non-Family Takaful rider be subject to GST if its risk commencement before the GST effective date?**

Yes, non-Family Takaful rider will be subject to GST on the part of the Takaful coverage for the period on or after 1<sup>st</sup> April 2015.

**General Takaful**

- 14. Will the General Takaful certificate be subject to GST if it starts before the GST effective date?**

The General Takaful certificate will be subject to GST on the part of the Takaful coverage for the period on or after 1st April 2015 with the exception for the relief given to General Takaful plans under **Question 12**.