

HLB Service Tax (“SST”) Frequently Asked Questions (“FAQs”)

| No | Questions | Answers | | | | | | |
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| 1. | What is SST? | SST is a consumption tax governed by the Service Tax Act 2018 (“the Act”) and its subsidiary legislation, which is regulated by the Royal Malaysian Customs Department (“RMCD”). | | | | | | |
| 2. | Will HLB impose SST on financial services provided to customers? | Following the recent gazettment of the SST legislations in relation to the expansion of SST scope, HLB who is providing financial services and regulated by Bank Negara Malaysia, Securities Commission Malaysia or Labuan Financial Securities Authority is required to charge SST on the relevant fee and commission based financial services to customers in phases, starting from July 1, 2025. | | | | | | |
| 3. | What is the SST rate for financial services? | SST will be imposed at a rate of 8% on the relevant fee and commission based financial services, in accordance with the SST legislation. | | | | | | |
| 4. | How is SST being calculated? | <p>The current fee or commission charged by HLB is excluding government tax unless specifically stated.</p> <p>In the event where the applicable fee or commission is subject to SST, SST will be charged on top of the current fee or commission.</p> <p><u>Example</u></p> <table><tr><td>Fee</td><td>RM 100</td></tr><tr><td>8% SST</td><td>RM 8</td></tr><tr><td>Total amount charged</td><td>RM 108</td></tr></table> | Fee | RM 100 | 8% SST | RM 8 | Total amount charged | RM 108 |
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| 8% SST | RM 8 | | | | | | | |
| Total amount charged | RM 108 | | | | | | | |
| 5. | What are the fees and commission based financial services that will be subject to SST? | <p>As per the Guide on Financial Services (“SST guide”) issued by the RMCD on June 9, 2025, the imposition of SST on financial services will be made in two phases.</p> <p>For Phase 1, the specific fees listed in the Appendix A of the SST guide will be subject to SST, effective July 1, 2025.</p> <p>For the remaining financial services charged for fees or commissions which are not listed in Appendix A, SST will be imposed effective September 1, 2025, unless specifically exempted.</p> | | | | | | |

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| | | <p>Please note that the "Credit Facility Fee for Arranging and Marking Limit" mentioned in Appendix A is applicable solely to Treasury Services. For all other banking services, the credit facility fee will be subject to SST, effective September 1, 2025.</p> <p>Please refer to the HLB announcement and stay tuned for further updates regarding the SST implementation.</p> |
| 6. | If I have a loan with HLB, will I be charged with SST on the principal amount? | SST will only be imposed on the fees or commission charged for the loan, such as loan processing fee. The principal amount of the loan will not be subject to SST. |
| 7. | How will I know if I have been charged with SST? | The SST amount charged on the relevant fee or commission based financial services will be reflected in your bank statement or tax invoice, where applicable. |
| 8. | Are there any financial services that are not subject to SST? | <p>Yes, below are the non-exhaustive list of the financial services which are not subject to SST :</p> <ul style="list-style-type: none"> • Interest based payment for credit facilities. • Profit based payment for syariah compliant financing. • Return in the form of spread (difference between the buying and selling price in trading of financial products). • Payment which is punitive in nature (fees or penalties imposed as a punishment for violating rules, breaching contracts or failing to meet certain obligations). • Basic banking services that incur fees or commission related to savings accounts, current accounts or similar accounts, which includes the following services:- <ul style="list-style-type: none"> - Deposit, withdrawal, payment or fund transfer; - Issuance of debit card; - Basic transaction over the counter; - Basic transaction using Automatic Teller Machine (ATM); or - Printing of account statements. • Financial services in connection with goods, land or matters outside Malaysia, but excluding outward remittance services where charges are imposed on customers located in Malaysia. • Inward remittance transaction services received into Malaysia which charges are imposed on the remittance agent located outside Malaysia. • Any financial services directly related to goods that are exported out of Malaysia, which must be directly related to the goods delivered from the last exit point in Malaysia to any destination outside Malaysia. • Financial services provided to the Federal Government or State Government, excluding statutory bodies. |

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| 9. | Will there be any additional SST being charged on credit card, where currently HLB is imposing RM25 of SST per annum per card? | <p>The SST on credit cards will remain at RM25 per annum per card, no additional SST will be applied.</p> <p>The annual fee charged on both the principal and supplementary credit card is not subject to SST.</p> |
| 10. | Where can I get more information including the relevant regulations and guidelines regarding SST? | <p>You may visit the RMCD's official website at https://mysst.customs.gov.my/ for further information.</p> |