

GOODS & SERVICES TAX (“GST”) FREQUENTLY ASKED QUESTIONS (“FAQ”)

(v1)



FAQs

Q1 What is GST?

- Goods & Services Tax (“GST”) is a multi-stage broad-based consumption tax based on the value added concept.

Q2 Is GST a new consumption tax?

- GST replaces the present consumption taxes i.e. the sales tax and the service tax. The Sales and Service tax will be abolished on 1 April 2015.

Q3 What is the rate of GST and when will it be implemented?

- The GST rate is fixed at 6% of the value of the goods and services. GST will be implemented on 1 April 2015.

Q4 What is GST’s scope of coverage?

- GST will be imposed on all goods and services made in Malaysia by a taxable person including imported goods and services unless specifically exempted or zero-rated.

FAQs

Q5 What are standard rated, zero rated and exempt supplies?

- Standard rated supplies (“SR”) – taxable supplies of goods and services that are subject to standard rate of 6%.
- Zero rated supplies (“ZR”) – taxable supplies that are subject to zero rate (“0%”).
- Exempt supplies (“ES”) – non taxable supplies.

Q6 What is meant by “GST-registered”?

- Any individual or business can apply to be registered through https://gst.customs.gov.my/TAP/_/. After this, the individual or business is considered “GST-registered”.

Q7 What is the mandatory registration threshold?

- Annual turnover of RM 500,000 and above on “taxable supply”. “Taxable supply” means goods and services that are subject to GST.

FAQs

Q8 My annual sales turnover is less than RM500,000. Must I apply to be registered for GST?

- It is not compulsory to be registered but those who are “GST-registered” can claim back part of the GST amount paid by producing a valid tax invoice. (See Q10 below on “Valid Tax Invoice”)

Q9 Are financial services subject to GST?

- Financial services are classified as exempt supplies where GST is not imposed on interests charged by the Bank. However, fees, service charges and commissions will be subject to the 6% GST.

Q10 What is a “valid tax invoice” and why do I need one?

- A valid tax invoice acts as a supporting document for GST registered individual or business customers of the Bank to claim back the GST amount from the Royal Malaysian Customs (“Customs”). The valid tax invoice is issued by the Bank in the name of the individual or business customer and contains the information required under the GST regulations.



FAQs

Q11 When will I get my “valid tax invoices” for charges or fees imposed by the Bank?

- The valid tax invoice will be issued by the Bank to all customers on a transactional or monthly basis.

Q12 My valid tax invoice got misplaced or I did not receive my valid tax invoice. How do I obtain a copy of the valid tax invoice?

- You may call OCBC’s Contact Centres at 1300 88 7000 (Business Banking), 1300 88 5000 (Personal Banking) or 1300 88 0310 (OCBC Al-Amin) or visit any OCBC Bank or OCBC Al-Amin branch to obtain a copy of the valid tax invoice.

FAQs

Operational Accounts

Q13 Will I be charged GST for my fixed deposits, savings and current accounts?

- Interest received from the Bank – No GST.
- Service charges and fees charged by the Bank – Charged at 6% GST. These include encashment fees, bank confirmation, ATM withdrawal fees, clearing of cheques, cancellation of cheques, stop payment requests for cheques and so forth.

Q14 Are late payment charges / interest on late payment subject to GST?

- No.

Q15 Is GST charged on cheques that are dishonoured ?

- No.

FAQs

Operational Accounts (cont'd)

Q16 I am a foreigner and I live overseas. If I maintain a current account with OCBC Bank in Malaysia (to service a property in Malaysia), will the charges imposed by the Bank on this account be subject to GST?

Yes.

Q17 How would I know when OCBC charges me GST on operational accounts?

Both the charges and the GST will be reflected in your bank statement. A full tax invoice will be issued separately on charges that are subject to 6% GST on a monthly basis.

FAQs

Provisions of Loans, Advances or Credit

Q18 Are my loans with the Bank subject to GST?

- Interest charged by the Bank on loans – No GST.
- Service charges and fees charged by the Bank – Charged at 6% GST. These include establishment fees, arranging fees, advisory fees, agency fees or processing fees.

Q19 Is my monthly installment on loans subject to GST?

- No.

Q20 For my overdraft, is there any GST on commitment fees that are charged on the unutilised portion of the overdraft?

- No. Commitment fees are not subject to GST.

FAQs

Provisions of Loans, Advances or Credit

Q21 I am a foreigner who took a loan from OCBC Bank in Malaysia to finance my business in Malaysia. Are the fees and charges on my loan accounts subject to GST?

Yes.

Q22 A Malaysian entity took a loan to finance a project overseas. Will this loan be subject to GST?

No. Accounts relating to land and goods outside Malaysia are not subject to GST.

Q23 I am a Malaysian who took a loan from OCBC Bank in Malaysia to finance my investment property located in Australia. Are the fees and charges on my loan accounts subject to GST?

No. Accounts relating to land and goods outside Malaysia are not subject to GST.

FAQs

Safe Deposit Box

Q24 Is the rental amount charged on my safe deposit box subject to GST?

Yes.

Q25 Prior to GST implementation, I paid 2 years rental in advance for my safe deposit box. Will the Bank charge me GST on the proportion of rental costs post-GST?

No. The amount paid is deemed to be inclusive of GST.

Remittances

Q26 Is commission charged for applying for a cashier's order or demand draft subject to GST?

Yes.



FAQs

Credit Card

Q27 After the implementation of GST on 1 April 2015, what will happen to the RM50 service tax on credit cards?

- With effect from 1 April 2015, the Service Tax will be abolished. So, the Service Tax of RM50 will not be charged on credit card accounts after 1 April 2015.

Q28 What are the credit card charges that are subject to GST?

- All fees and charges imposed on your credit card account are subject to GST. These include annual fees, cash withdrawal fees, statement retrieval fees, cash advance fees, card replacement fees, sales draft retrieval fees, over limit fees, balance transfer fees, flexi-payment plan fees and so forth. For further details, please call our OCBC Contact Centre at 1300 88 5000 (Personal Banking) or visit any of our branches.

Q29 I have paid a RM50 service tax on my Credit Card prior to 1 April 2015. Am I required to pay GST on top of the RM50 service tax paid?

- No. GST will only be imposed on your annual fee the following year i.e. on the anniversary date of your credit card.

FAQs

Credit Card (cont'd)

Q30 Do I still have to pay GST if the Bank waives the annual fee charged on my credit card?

GST is not imposed on the annual fee that is waived by the Bank.

Q31 If I have paid the annual fee and service tax before 1 April 2015, will the service tax be refunded if the Bank later approves a waiver of the annual fee?

No, a reversal of the transactions will be done by the Bank to refund the annual fee only.

Q32 Are late payment charges and finance charges (monthly interest) subject to GST?

No.

FAQs

Trade Financing

Q33 How is GST charged for trade finance products and services?

- All fees and commissions charged for trade finance products and services will be subject to 6% GST.

Q34 Are charges on trade financing classified as GST exempted / zero rated?

- Interest charged on financing – Exempted, no GST.
- Trade Financing for the purpose of export – Zero rated, no GST.

Q35 How and when will the tax invoice be issued for trade financing products & services?

- The tax invoice will be issued for every transaction that is subject to GST. The tax invoice will be forwarded to the customers together with the trade transaction advice.

FAQs

Investment and nominees services

Q36 Is there any GST for my investment in unit trusts?

- Commissions charged by the Bank - Subject to 6% GST.
- Distribution of income (“dividend”) given by the Bank - No GST.
- Gains that you receive from selling of unit trust - No GST.

Q37 Am I subject to GST if I invest in treasury products relating to debt / capital / money market?

- Fees charged by the Bank (if any) – Subject to 6% GST.
- Interest earned, distribution of income, dividend that you receive - No GST.
- Gains received from the realisation of investment – No GST.

Q38 Are custodian, nominees and registration services provided by OCBC subject to GST?

- Yes.

FAQs

Others

Q39 Can the Bank give a waiver on GST when part of a fee is waived?

No, GST can only be waived if the entire fee is waived.

Q40 Do I have to pay GST on free gifts received from the Bank?

No.

Q41 Can an individual recover from the Customs the GST charged by the Bank?

GST can be recovered from the Customs by anyone who is GST-registered and in the course of carrying out a business.

Q42 Can I, as a business owner, recover the GST charged by the Bank from the Customs?

GST paid can only be recovered from the Customs if you are GST-registered and supported by a “valid tax invoice” issued by the Bank.

FAQs

Others

Q43 Where can I view the full list of bank services that are subject to GST?

- To view the full list of our Bank's Fees & Charges, log on to our website at www.ocbc.com.

ISLAMIC FINANCING

Cash Financing-i

Q44 Is my financing with the Bank subject to GST?

- Profit charged by the Bank on financing – No GST
- Service charges and fees charged by the Bank - Charged at 6% GST. These include the *Wakalah* Fee.

Q45 Is the monthly installment on my financing subject to GST?

- No.



Thank you