

## **Frequently Asked Question (Service Tax)**

### **1. What is Service Tax?**

Service Tax is a consumption tax governed by the Service Tax Act 2018 and its subsidiary legislation. The effective date of the Service Tax Act 2018 is 1 September 2018.

### **2. What is the rate of Service Tax?**

The rate of Service Tax to be charged is RM 25 per card per year or part thereof for the activated or renewal of a principal or supplementary credit card or charge card.

### **3. When will the Service Tax be charged?**

RM 25 shall be charged for each principal credit card or principal charge card, as the case may be, on the date the card is activated and every twelve months thereafter or part thereof after the card is activated or part thereof after the renewal of the card.

RM 25 shall be charged for each supplementary credit card or supplementary charge card, as the case may be, on the date the card is activated and every twelve months thereafter or part thereof after the card is activated or part thereof after the renewal of the card.

### **4. Is Service Tax applicable to staff?**

Yes, Service Tax is applicable to staff too.

### **5. Will I get charged for service tax if I get a replacement card?**

Service tax will not be charged for replacement cards arising from lost or spoilt cards or fraud.

### **6. Which cards do not attract service tax?**

- i. Debit Card
- ii. Fuel Card
- iii. Charge card in a private community
- iv. Loyalty Card
- v. Electronic Money

### **7. Will I get charged for service tax if I upgrade or downgrade my cards?**

In the event a credit card being upgraded or downgraded or converted or reinstated, service tax will be charged as it would be considered as a new card being issued.

### **8. If I increase my credit limit, will service tax be charged?**

Service Tax will not be charged for credit limit increase.

### **9. Will my card be charged if my credit card is without annual membership fee?**

Yes, Service Tax is charged even when no annual membership fee is levied.

### **10. Will my card be charged due to lost/ stolen/ damaged/ cloned or suspected cloning?**

No. In the case of lost, damaged, stolen, cloned or suspected cloning, no Service Tax will be charged on the new card issued to replace the lost, damaged, stolen, cloned or suspected-to-be-cloned cards

on condition that the starting and expiry dates of the card remain unchanged. Service Tax is also not charged if the credit limit for a conventional card is increased as no new card is issued.

**11. When is the due date for the payment of Service Tax?**

Service Tax shall be due at the time the payment is received. If the whole or any part of the payment is not received from the cardholder within a period of twelve calendar months from the date of the monthly statement, the Service Tax shall be due on the day following the twelve calendar months. Any Service Tax due shall be paid not later than the last day of the following month after the taxable period ends.