

29 August 2018

Dear Valued Customers,

Ref: AC/2018/10

**IMPLEMENTATION OF SERVICE TAX ACT 2018 (SERVICE TAX 2.0)
WITH EFFECT FROM 1ST SEPTEMBER 2018**

Service Tax Act 2018 (Service Tax 2.0) and Goods and Services Tax (GST) (Repeal) Act 2018 have been gazetted on 28 August 2018. The Service Tax 2.0 is set to take effect on 1st September 2018.

With the repeal of Goods and Services Tax (GST) Act 2014, GST is no longer applicable. However, any liability incurred may still be enforced and any GST due, overpaid or erroneously paid may still be collected, refunded or remitted as if the GST Act has not been repealed.

(A) Applicability of Service Tax 2.0 for insurance premium

No	Policyholders/Risks	Subject to Service Tax 2.0?
1.	Business organisations	Yes
2.	Non-profit organisations	Yes, except for Educational Institutions and Religious Organisations
3.	Individuals	Yes, except for Medical insurance
4.	Designated Area (Labuan, Langkawi, Tioman)	Yes
5.	Special Area (Free Zone, JDA)	Yes
6.	(a) Marine Cargo for export/import. (b) Travel PA for Oversea Trip. (c) Trade Credit for Export. (d) Any risks located outside Malaysia	No

(B) Transitional rules

(i) For policies issued before 1st June 2018 (6% GST era)

No	Period of Insurance	GST/ST on invoice	Credit Note issued to adjust 6% GST to 0% GST?	Period after 1/9/2018 subject to Service Tax 2.0?
1.	Incepted before 1/6/2018 (eg. 1/5/2018 -30/4/2019)	Full 6% GST	Credit Note Not issued	No
			Credit Note issued	Yes (Note 1)
2.	Incepted during 1/6/2018 to 31/8/2018 (Tax Holiday) (eg. 1/7/2018 -30/6/2019)	Full 6% GST	Credit Note Not issued	No
			Credit Note issued	Yes (Note 1)
3.	Incepted after 1/9/2018 (eg. 1/9/2018 -31/8/2019)	Full 6% GST	Credit Note Not issued	No
			Credit Note issued	Yes (Note 1)

Note 1: Lonpac will collect the service tax for the period on and after 1 September 2018.

(ii) For policies issued during 1st June 2018 to 31st August 2018 (Tax Holiday)

No	Period of Insurance	GST/ST on invoice	Period after 1/9/2018 subject to Service Tax 2.0?
1.	Incepted before 1/6/2018 (eg. 1/5/2018 -30/4/2019)	1/5/2018 to 31/5/2018 – 6% GST 1/6/2018 to 30/6/2019 – GST – 0%	Yes (Note 1)
2.	Incepted during 1/6/2018 to 31/8/2018 (Tax Holiday) (eg. 1/7/2018 -30/6/2019)	GST – 0%	Yes (Note 1)
3.	Incepted after 1/9/2018 (eg. 1/9/2018 -31/8/2019)	GST - 0%	Yes (Note 1)

Note 1: Lonpac will collect the service tax for the period on and after 1 September 2018.

(iii) For policies issued from 1st September 2018 (Service Tax 2.0 era) to 21st December 2018 (Lonpac's cut off date for Final GST returns to Customs)

No	Period of Insurance	GST/ST on invoice	Period after 1/9/2018 subject to Service Tax 2.0?
1.	Incepted before 1/6/2018 (eg. 1/5/2018 -30/4/2019)	1/5/2018 to 31/5/2018 – 6% GST 1/6/2018 to 31/8/2018 – 0% GST 1/9/2018 to 30/4/2019 – 6% Service tax	Yes
2.	Incepted during 1/6/2018 to 31/8/2018 (Tax Holiday) (eg. 1/7/2018 -30/6/2019)	1/7/2018 to 31/8/2018 – 0% GST 1/9/2018 to 30/6/2019 – 6% Service tax	Yes
3.	Incepted after 1/9/2018 (eg. 1/9/2018 -31/8/2019)	Full 6% Service Tax	Yes

(iv) For policies issued after 21st December 2018 (Lonpac's cut off date for Final GST returns to Customs)

No GST will be charged or refunded to the customers. Service Tax will be charged for the period on or after 1st September 2018.

Please do not hesitate to contact Lonpac Insurance Bhd or your Agents for any further clarification.

Yours faithfully,
Lonpac Insurance Bhd