

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

Section A: General

No	Questions	Answers						
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 gazettelement 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 data-bbox="714 1428 1185 1596"> <tbody> <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> </tbody> </table>	Fee	RM 100	8% SST	RM 8	Total amount charged	RM 108
Fee	RM 100							
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 latest update from the RMCD, specific fees, commissions or similar payments listed in the Appendix A of the Service Tax Policy 1/2025, which took effect on July 1, 2025, are subject to SST until September 30, 2025.</p> <p>Effective October 1, 2025, all applicable financial services that are charged for fees, commissions, or similar payments, will be subject to SST, unless specifically exempted.</p> <p>For further details, you may refer to the non-exhaustive product specific FAQ in sections below or visit the product fees & charges page in the HLB website.</p>
6.	If I have a loan / financing 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 / financing, such as loan / financing processing fee. The principal amount of the loan / financing 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 Shariah 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 (collectively referred as “CASA”), which includes the following services:- <ul style="list-style-type: none"> - Deposit, withdrawal, payment or fund transfer, but excluding international outward remittance services originating from CASA (i.e. from Malaysia to overseas); - Issuance of debit card; - Basic transaction over the counter; - Basic transaction using Automatic Teller Machine (ATM); or - Printing of account statements.

		<ul style="list-style-type: none"> • 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 or Government linked companies.
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>
11.	How can I obtain my SST tax invoice?	<p>If you are a HLB Connect or HLB Connect Biz user, you may view and download your monthly SST tax invoice via the HLB Connect or HLB Connect Biz websites from February 2026 onwards.</p> <p>Alternatively, you may visit the nearest HLB branch to request your SST tax invoice.</p> <p><i>(Note: SST tax invoice will only be available if there are transactions subject to SST within that specific month.)</i></p>

Section B: Trade Financing

No	Questions	Answers										
1.	What are the fees and commission based financial services that will be subject to SST under trade financing?	<p>Effective October 1, 2025, the 8% Service Tax (SST) will extend to all financial services related to trade financing, excluding the following:</p> <ul style="list-style-type: none"> • Interest or profit (including spread) • Fees charged on financial services in connection with goods, land or matters outside Malaysia (e.g. importation, exportation and merchanting trade) • Punitive charges 										
2.	What is the impact of the SST implementation, both before and after its effective date?	<p>Please refer below on the SST impact during the transitional period:</p> <table border="1"> <thead> <tr> <th>Services / transactions</th> <th>Subject to 8% SST</th> </tr> </thead> <tbody> <tr> <td>Billed and payment made before effective date</td> <td>No</td> </tr> <tr> <td>Billed before effective date but payment made after effective date</td> <td>No</td> </tr> <tr> <td>Payment made before effective date but billed after effective date</td> <td>No</td> </tr> <tr> <td>Billed and payment made after effective date</td> <td>Yes</td> </tr> </tbody> </table>	Services / transactions	Subject to 8% SST	Billed and payment made before effective date	No	Billed before effective date but payment made after effective date	No	Payment made before effective date but billed after effective date	No	Billed and payment made after effective date	Yes
Services / transactions	Subject to 8% SST											
Billed and payment made before effective date	No											
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Payment made before effective date but billed after effective date	No											
Billed and payment made after effective date	Yes											
3.	For financing submitted through the summary listing, how would the Bank determine the SST treatment?	<p>Customers are required to complete item 4 in the summary listing to declare the purpose of the financing for the Bank to determine the correct SST treatment.</p> <table border="1"> <thead> <tr> <th>Transactions</th> <th>Subject to 8% SST</th> </tr> </thead> <tbody> <tr> <td>Domestic trade transactions</td> <td>Yes</td> </tr> <tr> <td>Trade transactions related to matters outside of Malaysia (Importation / Exportation / Merchanting Trade)</td> <td>Exempted</td> </tr> </tbody> </table> <p>Customers shall be held responsible of any SST amount due to RMCD if any incorrect declaration has been made upon submission of the summary listing to the Bank.</p>	Transactions	Subject to 8% SST	Domestic trade transactions	Yes	Trade transactions related to matters outside of Malaysia (Importation / Exportation / Merchanting Trade)	Exempted				
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4.	Are outward remittance transactions (e.g. SWIFT and Cable Charges) in connection with goods, land or matters outside Malaysia subject to SST?	<p>Based on Item 3, Column 2(b)(ii), Group H of the First Schedule under the Service Tax Regulations 2018, outward remittance services (e.g. SWIFT and Cable Charges) where charges are imposed on customers located in Malaysia is subject to SST and does not fall under the exclusion.</p> <p>Customers shall be treated as “located in Malaysia” if they maintain a banking facility / account with the bank, including customers physically visiting the branch to obtain services from the bank.</p>
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Section C: Share Margin Financing (“SMF”)

No	Questions	Answers
1.	What are the fees related to SMF that are subject to SST?	<p>Effective October 1, 2025, the following fees relating to SMF are subject to SST :</p> <ul style="list-style-type: none">• Service fee• Transport fee• Loan disbursement via RENTAS• Bursa CDS fees (e.g. Account Opening Fee, Deposit fee, Withdrawal fee, Ordinary transfer fee (for share transfer) and Requested statement fee) <p>For more information, please visit the product fees & charges page in the HLB website.</p>

Section D: Unit Trust / Islamic Unit Trust Fund

No	Questions	Answers												
1.	Who will pay for the SST charges?	The SST charges will be borne by the investor.												
2.	What are the fees or charges on my investment that are subject to SST?	<p>Effective October 1, 2025, the following fees relating to Unit Trust Fund are subject to SST:</p> <ul style="list-style-type: none"> • Sales Charge • Exit Fee • Switching charge <p>For more information, please visit the product fees & charges page in the HLB website.</p>												
3.	How does SST impact my investment?	<p><i>Illustration: Subscription of RM10,000.00.</i></p> <table border="1"> <tr> <td>Amount received</td> <td>RM 10,000.00</td> </tr> <tr> <td>Sales Charge (5%)</td> <td>RM 474.38</td> </tr> <tr> <td>SST (8%)</td> <td>RM 37.95</td> </tr> <tr> <td>Net investment amount</td> <td>RM 9,487.67</td> </tr> </table> <p><i>Formula:</i></p> $\text{Sales Charge SST inclusive} = \frac{\text{Gross investment amount}}{(1 + \text{sales charge \%}) + (\text{Sales charge \%} \times 8\%)}$ <p><i>Net investment amount = Gross investment amount - Sales charge SST inclusive</i></p>	Amount received	RM 10,000.00	Sales Charge (5%)	RM 474.38	SST (8%)	RM 37.95	Net investment amount	RM 9,487.67				
Amount received	RM 10,000.00													
Sales Charge (5%)	RM 474.38													
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Net investment amount	RM 9,487.67													
4.	Do I have to pay SST on the redemption charge when I redeem my unit trust?	<p><i>Illustration: Redemption of RM10,000.00.</i></p> <table border="1"> <tr> <td>Number of units redeem</td> <td>10,000.00</td> </tr> <tr> <td>NAV per unit</td> <td>RM 1.0000</td> </tr> <tr> <td>Exit Fee</td> <td>1%</td> </tr> </table> <p><i>Redemption amount</i></p> <table border="1"> <tr> <td>Number of units redeem</td> <td>10,000.00</td> </tr> <tr> <td></td> <td>RM 1.0000</td> </tr> <tr> <td></td> <td>RM10,000.00</td> </tr> </table>	Number of units redeem	10,000.00	NAV per unit	RM 1.0000	Exit Fee	1%	Number of units redeem	10,000.00		RM 1.0000		RM10,000.00
Number of units redeem	10,000.00													
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	RM10,000.00													

		<u>Calculation of Exit fee & SST on Exit Fee</u>	
		Exit fee (1%)	RM 10,000.00 x 1%
			RM 100.00
		SST on Exit Fee (8%)	RM 100.00 x 8%
			RM 8.00
		<u>Total Redemption payment</u>	
		Redemption amount	RM 10,000.00
		Exit Fee	RM 100.00
		SST on Exit Fee	RM 8.00
		Redemption payment	RM 9,892.00
5.	Is SST applicable when switching units from Fund A to Fund B?	Yes, SST is applicable if any fee (i.e Sales Charge or Exit Fee) is imposed.	
6.	If investors exercise cooling-off rights, will investors get a refund on the SST paid?	Yes, investors can obtain the refund on the SST paid.	
7.	Are income distributions from the fund in the form of cash or reinvestment subject to SST?	No, income distribution is not subject to SST.	