



**SERVICE TAX POLICY NO. 1/2025 (Amendment No. 4)**

**THE MINISTER OF FINANCE**, pursuant to paragraph 34(3)(a) of the Service Tax Act 2018, exempts the payment of service tax with effect from **1<sup>st</sup> July 2025** for -

**FINANCIAL SERVICES**  
Group H, First Schedule  
Service Tax Regulations 2018

<b>NO.</b>	<b>EXEMPTION</b>	<b>CONDITIONS</b>
1.	<p>Service tax exemption on all financial services in the First Schedule, Group H, Service Tax Regulations 2018, excluding the list of financial services in APPENDIX A for the period of 1<sup>st</sup> July 2025 until 30<sup>th</sup> September 2025.</p> <ul style="list-style-type: none"><li>▪ The provision of all financial services that are charged for fees, commissions, or similar payments is subject to service tax from 1<sup>st</sup> October 2025.</li></ul>	None
2.	<p>The federal and state governments are exempted from charging and paying service tax.</p>	<p>The exemption applies to services provided under the new scope expansion. Exemption from payment of tax does not apply to the services that were subject to tax before 1<sup>st</sup> July 2025.</p>
3.	<p>Local authorities are granted exemption from charging and paying service tax for the period of 1<sup>st</sup> July 2025 until 30<sup>th</sup> September 2025.</p> <ul style="list-style-type: none"><li>▪ Services provided or acquired from 1<sup>st</sup> October 2025 are subject to service tax.</li></ul>	None



NO.	EXEMPTION	CONDITIONS
4.	<p>Non-reviewable contracts are exempted from payment of service tax for the period of 1<sup>st</sup> July 2025 until 30<sup>th</sup> June 2026.</p> <ul style="list-style-type: none"><li>▪ Services provided on or after 1<sup>st</sup> July 2026 are subject to service tax.</li></ul>	<p>(a) The service provider is a service tax registered person;</p> <p>(b) The contract does not contain a price review clause or any value adjustment mechanism;</p> <p>(c) The contract is made in writing, signed and stamped by the Inland Revenue Board (IRB) before or on 9<sup>th</sup> June 2025;</p> <p>(d) The contract clearly states:</p> <ul style="list-style-type: none"><li>(i) the type of service provided;</li><li>(ii) the fixed (unchanged) contract value;</li><li>(iii) the contract period; and</li><li>(iv) The contract is still in force after 1 July 2025.</li></ul> <p>and</p> <p>(e) The service mentioned is not subject to service tax prior to 1<sup>st</sup> July 2025.</p>
5.	<p>Financial services acquired by registered persons [i.e. business to business (B2B) facilities] are exempted from payment of service tax.</p>	<p>a) The service provider is a person registered under the Service Tax Act 2018;</p> <p>b) The recipient of the service is the registered person specified in column (1), Group H, in the First Schedule to the Service Tax Regulations 2018;</p> <p>c) The taxable financial services acquired are used for the purpose of providing the following services:</p>



NO.	EXEMPTION	CONDITIONS
		<ul style="list-style-type: none"><li>(i) taxable financial services specified in column (2) of Group H, in the First Schedule to the Service Tax Regulations 2018;</li><li>(ii) Financial services relating to goods, land or matters outside Malaysia excluding outward remittance services; or</li><li>(iii) financial services directly related to goods exported out of Malaysia.</li></ul> <p>d) This exemption does not apply if the acquired services are used for the provision of the following services:</p> <ul style="list-style-type: none"><li>(i) Brokerage services that are exempt from payment of tax related to stock trading as outlined in Item 12 of this service tax policy; or</li><li>(ii) Services that exempted from payment of tax provided by Bursa Malaysia as outlined in Item 7 of this service tax Policy.</li></ul>
6.	Financial services acquired by registered financial service providers from a person outside Malaysia (imported services) are exempt from payment of service tax.	<ul style="list-style-type: none"><li>a) Taxable financial services acquired from financial service providers outside Malaysia;</li><li>b) The recipient of the service is the registered person specified in column (1), Group H, in the First Schedule to the Service Tax Regulations 2018;</li><li>c) The taxable financial services acquired are used for the purpose of providing the following services:</li></ul>



NO.	EXEMPTION	CONDITIONS
		<p>(i) Taxable financial services specified in column (2) of Group H, in the First Schedule to the Service Tax Regulations 2018;</p> <p>(ii) Financial services relating to goods, land or matters outside Malaysia excluding outward remittance services; or</p> <p>(iii) Financial services directly related to goods exported out of Malaysia.</p> <p>d) This exemption does not apply if the acquired services are used for the provision of the following services:</p> <p>(i) Brokerage services that are exempt from payment of tax related to stock trading as outlined in Item 12 of this service tax policy; or</p> <p>(ii) Services that exempted from payment of tax provided by Bursa Malaysia as outlined in Item 7 of this service tax policy.</p>
7.	<p>Exemption from payment of service tax on fees charged by Bursa Malaysia as follows;</p> <p>(a) Clearing fee or trading fee charged to brokers in relation to trading of shares listed on Bursa Malaysia; or</p>	None



NO.	EXEMPTION	CONDITIONS
	<p>(b) Perusal Fee and Processing Fee on regulatory services charged to issuers and listed companies, for;</p> <p>(i) Application to be listed on the ACE market or the LEAP market;</p> <p>(ii) Application for bonus issues and rights issues for the MAIN, ACE and LEAP markets; or</p> <p>(iii) Perusal of Circulars for the MAIN and ACE markets.</p>	
8.	Exemption from payment of service tax on fees charged in accordance with shariah principles in the provision of Islamic financial services.	<p>(a) Islamic financial service providers are registered persons under the Services Tax Act 2018;</p> <p>(b) The financial service;</p> <p>(i) is Syariah-compliant;</p> <p>(ii) is an Islamic financial service supporting other Islamic financial services that are primary Islamic financial services; and</p> <p>(iii) is an integral part of the structure of the primary Islamic financial service for the purpose of compliance with shariah principles.</p> <p>(c) The fees charged for the Islamic financial services are not comparable to the services offered conventionally; and</p>



NO.	EXEMPTION	CONDITIONS
		(d) The fees are payments for the Islamic financial services described in paragraphs (b) and (c) and are not charged by the Islamic financial service provider separately from the main Islamic financial service structure.
9.	Exemption from payment of service tax on management services for fixed price funds under Amanah Saham Nasional Berhad (ASNB) including:  (a) Amanah Saham Bumiputera (ASB); or  (b) Amanah Saham Malaysia (ASM).	None
10.	Exemption from payment of service tax for fee-based financial services on transactions relating to securities issued and guaranteed by the Federal or State Governments.	(a) A financial service provider is a person registered under the Services Tax Act 2018 or a financial service provider outside Malaysia;  (b) The financial services for which fees are charged on the securities are directly related to: (i) Purchase, sale and transfer; (ii) Custody; (iii) Clearing; (iv) Settlement; or (v) Administration of transactions.  (c) The financial services are not advisory or consultation services.



NO.	EXEMPTION	CONDITIONS
		<p>(d) Securities issued conventionally or syariah-compliant, which evidence indebtedness, namely:</p> <ul style="list-style-type: none"><li>(i) Bonds/sukuk;</li><li>(ii) Debentures, or</li><li>(iii) Notes or other instruments.</li></ul>
11	Exemption from the payment of service tax on the acquisition of re-insurance services or re-takaful services by insurance companies or takaful companies.	<p>(a) The service provider is a person registered under the Service Tax Act 2018 or financial service provider outside Malaysia;</p> <p>(b) The recipient of the service is the registered person specified in column (1), Group H, in the First Schedule to the Service Tax Regulations 2018; and</p> <p>(c) The re-insurance or re-takaful services acquired are used for the purpose of providing medical insurance, medical takaful, life insurance, or family takaful services.</p>



NO.	EXEMPTION	CONDITIONS
12.	<p>Exemption from the payment of service tax in respect of the acquisition of brokerage services relating to the trading of shares</p> <ul style="list-style-type: none"><li>▪ This Item is transferred from <i>Dasar Cukai Perkhidmatan</i> No. 3/2021 dated 31 December 2021 (BM Version).</li><li>▪ This exemption shall take effect from 1 January 2022.</li></ul>	<p>(a) The service provider is a registered person under the Service Tax Act 2018; and</p> <p>(b) The exemption shall apply only to the trading of shares listed on Bursa Malaysia.</p>
13.	<p>Exemption from the payment of service tax on fees or commissions charged for services provided through a domestic commodity trading platform</p> <ul style="list-style-type: none"><li>▪ This item is transferred from Service Tax Policy No. 8/2024 dated 26 December 2024.</li><li>▪ This exemption shall take effect from 1 October 2024.</li><li>▪ Any service tax collected from customers up to 30 September 2024 shall be remitted to the Royal Malaysian Customs Department (RMCD) in accordance with section 26 of the Service Tax Act 2018.</li><li>▪ No refund of service tax shall be granted to any person who has paid service tax prior to 1 October 2024.</li><li>▪ The RMCD shall be entitled to recover service tax from any</li></ul>	<p>(a) The service provider is a registered person under the Service Tax Act 2018;</p> <p>(b) The recipient of the service is a financial service provider; and</p> <p>(c) The fees or commissions borne by the service recipient are for the purpose of providing Islamic financial services to customers.</p>



	service provider liable for registration under subsection 12(2) of the Service Tax Act 2018 who has not registered, or who, being registered, has failed to account for and remit the service tax in accordance with the applicable legislation.	
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*\*For further information, details or additional conditions regarding this policy, please refer to the Service Tax Guide on Financial Services on the MySST website.*



APPENDIX A

**LIST OF FINANCIAL SERVICES SUBJECT TO SERVICE TAX STARTING FROM 1<sup>ST</sup> JULY 2025 UNTIL 30<sup>TH</sup> SEPTEMBER 2025 PROVIDED BY ANY TAXABLE PERSON IN GROUP H, FIRST SCHEDULE, SERVICE TAX REGULATIONS 2018.**

(A) The imposition of service tax on financial services based on fees, commissions or similar payments in the first phase is as follows:

1. Conventional and Islamic banking or similar services

1.1 Treasury Services or similar services;

Credit Facility or similar services and the fees subject to services tax is facility fee for arranging and marking limit.

1.2 Corporate Banking Advisory Services or similar services;

Global markets and corporate banking advisory services or similar services and the fees or charges subject to services tax are as follows;

- (a) Structuring of securities fee
- (b) Processing fee
- (c) Participation in deals fee
- (d) Pass-through deal fee
- (e) Upfront fee
- (f) Administrative charges
- (g) Letter of undertaking, support or credit advice charges
- (h) Annual review of facilities fee
- (i) Restructuring/rescheduling fee
- (j) Extension fee

2. Investment Banking or similar services

2.1 Debt Markets;

Arranger, facility agent services or similar services and the fees or charges subject to services tax are as follows;

- (a) Arranger fee
- (b) Facility Agent Service fee
- (c) Agency fee
- (d) Administrative charges



## 2.2 Equity Markets;

### 2.2.1 Services in relation to;

- (a) Initial Public Offering (IPO);
- (b) Offer for Sale;
- (c) Divestments;
- (d) Placements;
- (e) Special Issues;
- (f) Related Issues
- (g) Merger & Acquisitions;
- (h) Takeovers;
- (i) Restructuring;
- (j) Capital Reduction;
- (k) Share Split;
- (l) Share Consolidation;
- (m) Bonus Issues;
- (n) Employee stock option scheme (ESOS); or
- (o) Share Grant

### 2.2.2 Any similar product in paragraph (2.2.1) and charged the following fees;

- (a) Structuring of securities fee
- (b) Introductory Fee for Introducing Clients
- (c) Performance Fee for Successful Deal
- (d) Incentive Fee - Discretionary Amount by Issuer
- (e) Success Fee for Successful Deal

## 3. BURSA Malaysia

Any services provided by BURSA Malaysia and the fees that subject to services tax are as follows;

- (a) Initial Listing Fees charged to issuers;
- (b) Annual Listing Fees charged to issuers;
- (c) Additional Listing Fees charged to issuers; or
- (d) Member services and connectivity fees



4. Other Services

Any service that was subject to service tax before 1<sup>st</sup> July 2025

- (B) Financial services other than those listed above are granted service tax exemption in the first phase.

**Disclaimer:**

This service tax policy is subject to any amendments should there be any relevant policy changes.

**BAHAGIAN CUKAI DALAM NEGERI IBU PEJABAT**  
**JABATAN KASTAM DIRAJA MALAYSIA**



**LIST OF AMENDMENTS**

<b>NO.</b>	<b>REFERENCE</b>	<b>DESCRIPTION</b>	<b>EFFECTIVE DATE</b>	<b>CHANGE</b>
1.	Item 5 (d) (i)	Deleting the phrase “specified in Service Tax Policy No. 3/2021 (STP 3/2021)” Inserting the phrase “outlined in Item 12 of this service tax policy”	1.7.2025	Amendment
2.	Item 6 (d) (i)	Deleting the phrase “specified in Service Tax Policy No. 3/2021 (STP 3/2021)” Inserting the phrase “outlined in Item 12 of this service tax policy”	1.7.2025	Amendment
3.	Item 12	Add new paragraph	01.01.2022	Additional
4.	Item 13	Add new paragraph	01.10.2024	Additional