



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

**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

NO.	EXEMPTION	CONDITIONS
1.	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.	None
2.	The federal and state governments are exempted from charging and paying service tax.	None
3.	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.  ▪ Services provided or acquired from 1 <sup>st</sup> October 2025 are subject to service tax.	None
4.	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.  ● Services provided on or after 1 <sup>st</sup> July 2026 are subject to service tax.	(a) The service provider is a service tax registered person;  (b) The contract does not contain a price review clause or any value adjustment mechanism;  (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;



NO.	EXEMPTION	CONDITIONS
		<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.	Financial services acquired by registered persons [i.e. business to business (B2B) facilities] are exempted from payment of service tax.	<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> <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>



NO.	EXEMPTION	CONDITIONS
		<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 specified in Service Tax Policy No. 3/2021 (STP 3/2021); or</li><li>(ii) Services that exempted from payment of tax provided by Bursa Malaysia as outlined in paragraph 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.	<p>a) Taxable financial services acquired from financial service providers 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;</p> <p>c) The taxable financial services acquired are used for the purpose of providing the following services:</p> <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>



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7.	<p>Exemption from payment of service tax on fees charged by Bursa Malaysia as follows;</p> <ul style="list-style-type: none"><li>(a) Clearing fee or trading fee charged to brokers in relation to trading of shares listed on Bursa Malaysia; or</li><li>(b) Perusal Fee and Processing Fee on regulatory services charged to issuers and listed companies, for;<ul style="list-style-type: none"><li>(i) Application to be listed on the ACE market or the LEAP market;</li><li>(ii) Application for bonus issues and rights issues for the MAIN, ACE and LEAP markets; or</li><li>(iii) Perusal of Circulars for the MAIN and ACE markets.</li></ul></li></ul>	None
8.	Exemption from payment of service tax on fees charged in accordance with syariah	(a) Islamic financial service providers are registered persons under the Services Tax Act 2018;



NO.	EXEMPTION	CONDITIONS
	principles in the provision of Islamic financial services.	<p>(b) The financial service;</p> <ul style="list-style-type: none"><li>(i) is Syariah-compliant;</li><li>(ii) is an Islamic financial service supporting other Islamic financial services that are primary Islamic financial services; and</li><li>(iii) is an integral part of the structure of the primary Islamic financial service for the purpose of compliance with syariah principles;</li></ul> <p>(c) The fees charged for the Islamic financial services are not comparable to the services offered conventionally; and</p> <p>(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.</p>
9.	Exemption from payment of service tax on management services for fixed price funds under Permodalan Nasional Berhad (PNB) 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;



NO.	EXEMPTION	CONDITIONS
		<p>(b) The financial services for which fees are charged on the securities are directly related to:</p> <ul style="list-style-type: none"><li>(i) Purchase, sale and transfer;</li><li>(ii) Custody;</li><li>(iii) Clearing;</li><li>(iv) Settlement; or</li><li>(v) Administration of transactions.</li></ul> <p>(c) The financial services are not advisory or consultation services.</p> <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>

*\*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, 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.



## LIST OF AMENDMENTS

NO.	REFERENCE	DESCRIPTION	CHANGE
1	Item 1	Editorial amendment made to provide clearer explanation of taxable services eligible for exemption	Editorial
2	Item 2	The item was removed in accordance with the exemption granted, which applies to all services under the expanded scope. For further details, please refer to the announcement section on the MySST portal	Deletion
3	Item 4	Add a new paragraph in Conditions section	Addition
4.	Item 5	Editorial changes to clarify the meaning of the B2B exemption facility and to add a new paragraph under the conditions section	Addition
5.	Item 6	Add a new paragraph in Conditions section	Addition
6.	Item 7	Addition of a new paragraph in the exemption section in line with the newly adopted policy	Policy
7.	Item 8	Addition of a new paragraph in the exemption and conditions sections in line with the newly adopted policy	Policy
8.	Item 9	New content was added pursuant to the adoption of the new policy	Policy
9.	Item 10	New content was added pursuant to the adoption of the new policy	Policy
10.	All item	Renumbering for editorial purpose	Editorial
11.	APPENDIX A	Editorial changes to the list of services subjects to Service Tax effective from 1 July 2025	Editorial