



## Press Release / Siaran Akhbar

20 March 2015

### Impact of the Goods and Services Tax (GST) on the Takaful industry / Kesan Cukai Barangan dan Perkhidmatan (CBP) pada industri Takaful

Malaysian Takaful Association (MTA) wishes to inform that in general, the impacts of GST on the Takaful industry are as follows:

1. Family Takaful plans are not subjected to the 6% GST.
2. General Takaful plans meanwhile are subjected to the 6% GST.

For public information, MTA members comprises of both Takaful operators licensed for General Takaful business and Takaful operators licensed for Family Takaful business.

For Family Takaful plans, the contribution paid are generally for protection, education, term (including mortgage) and investment linked certificates. Nonetheless, the fees and charges imposed on these investment-linked certificates such as certificate fee, fund management fee, fund switching fee and etc. will be subjected to GST. Similarly the Contribution paid for non-Family Takaful riders such as certain critical illness cover, medical and personal accident will be subjected to GST. As a guide, non-Family Takaful riders are defined as supplementary benefits or extension that provide additional cover to the basic Family Takaful certificates which do not cover natural death.

In this regard, Takaful certificate owners, who have participated in the non-Family Takaful riders before April 1, will be required to pay GST on the applicable contribution paid for Takaful coverage from April 1 onwards. Meanwhile, General Takaful certificates are subjected to GST at standard rate of 6%.

In summary, the GST treatments for the Takaful industry are as follows:

Categories	Types of plans	GST Treatment
General Takaful	motor, fire, personal accident, medical, marine cargo	Contributions paid <b>are subjected</b> to GST of 6%.
Family Takaful	protection, saving, education, mortgage, retirement, annuity, investment-linked plan	Contributions paid are <b>exempted</b> from GST <b>except</b> for non-Family Takaful riders. Non-Family Takaful riders will subject to GST of 6%.  Examples of non-Family Takaful riders are personal accident, certain critical illnesses and medical Takaful.  In addition, fees and charges imposed on the investment-linked plans such as fund management fee, surrender fees, switching fee, service fees and etc. will be subjected to 6% GST. These fees are examples only and the list of fees are non-exhaustive.

Effective 1 April 2015, Takaful operators will be collecting GST on the contribution, where applicable, in respect of Takaful benefits participated from 1 April 2015 on a pro-rated basis as per the above explanation. Therefore, contribution payables on General Takaful plan and non-Family Takaful riders will subject to GST from 1 April 2015 onwards and in certain circumstances, GST payable may include for Takaful plans that commences before but expire after 1 April 2015.

Member companies of MTA have already notified their respective Takaful participants on the GST applicability on their respective website as well as general and annual notices. Therefore, MTA would



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like to advise that all Takaful contributors should refer to their respective Takaful operators to find out the amount of GST that they will have to pay for their Takaful that they have participated in.

As a guide, the following are some GST notices that were posted on MTA member companies' websites:

NO.	Takaful Operators	Link for the GST announcement at the websites
1)	AIA PUBLIC Takaful Bhd	<a href="http://www.aiapublic.com.my/en/customer-support/important-announcement/faqs/gst/GST.html">http://www.aiapublic.com.my/en/customer-support/important-announcement/faqs/gst/GST.html</a>
2)	AmMetLife Takaful Berhad	<a href="https://www.ammetlife.com/assets/files/GST_FAQ.pdf">https://www.ammetlife.com/assets/files/GST_FAQ.pdf</a>
3)	Etiqa Takaful Berhad	<a href="http://www.etiqa.com.my/English/Pages/GSTAnnouncement.aspx">http://www.etiqa.com.my/English/Pages/GSTAnnouncement.aspx</a>
4)	HSBC Amanah Takaful (Malaysia) Berhad	<a href="http://www.takaful.hsbcamanah.com.my/1/PA_ES_Content_Mgmt/content/MYHT/pdf/GST%20-%20FAQ.pdf">http://www.takaful.hsbcamanah.com.my/1/PA_ES_Content_Mgmt/content/MYHT/pdf/GST%20-%20FAQ.pdf</a>
5)	Hong Leong MSIG Takaful Berhad	<b>Family Takaful Announcement</b> <a href="http://www.hlmsigtakaful.com.my/Announcement-Admin/2014/Important-Notice-on-Website-%28GST-Family-Takaful%29.aspx">http://www.hlmsigtakaful.com.my/Announcement-Admin/2014/Important-Notice-on-Website-%28GST-Family-Takaful%29.aspx</a>  <b>General Takaful Announcement</b> <a href="http://www.hlmsigtakaful.com.my/Announcement-Admin/2014/Important-Notice-on-Website-%28GST-General-Takaful%29.aspx">http://www.hlmsigtakaful.com.my/Announcement-Admin/2014/Important-Notice-on-Website-%28GST-General-Takaful%29.aspx</a>
6)	Syarikat Takaful Malaysia Berhad	<a href="http://www.takaful-malaysia.com.my/lang/bm/home/Pages/default.aspx">http://www.takaful-malaysia.com.my/lang/bm/home/Pages/default.aspx</a>
7)	Takaful Ikhlas Berhad	<a href="http://www.takaful-ikhlas.com.my/media-centre/press-releases/notice-goods-and-services-tax-gst-act-2014">http://www.takaful-ikhlas.com.my/media-centre/press-releases/notice-goods-and-services-tax-gst-act-2014</a>

#### About MTA

MTA is a trade association for all licensed Malaysian Takaful operators and Retakaful. It has 15 member companies, comprising 8 composite Takaful operators, 3 Family Takaful operators, and 4 Retakaful operators. For further information about MTA, please refer to [www.malysiantakaful.com.my](http://www.malysiantakaful.com.my)

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