

FAQs on Service Tax Expansion for HSBC customers

(An initiative by the government of Malaysia - RMCD – Royal Malaysia Customs Department)

In line with the Malaysian Government's 2025 National Budget and the subsequent gazettment of the Service Tax (Amendment) Regulations 2025 on 9 June 2025, the scope of Service Tax (SST) has been expanded to include specific fees and charges for certain financial services. As such, effective 1 July 2025, HSBC Bank Malaysia Berhad and HSBC Amanah Malaysia Berhad ("HSBC" or "the Bank") will apply 8% SST on the applicable fees and charges.

The imposition of service tax will be carried out in two (2) phases:

- **Phase 1 – Effective July 1, 2025:** The 8% SST applies to certain financial services that are charged for fees or commission. For details, please refer to Appendix A of the Service Tax Policy No 1/2025 (Amendment No 2)
- **Phase 2 – Effective October 1, 2025:** The 8% SST will extend to financial services charged for fees or commissions not listed in Appendix A of the Service Tax guideline.

| Nos. | Question | Answer | | | | | | |
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| Q1 | What is SST? | SST stands for Service Tax, a consumption tax introduced by the Malaysian Government. For financial services, the SST rate is set at 8% on specific fee-based services and RM25 per year for credit card/-i service tax. The SST is administered by the Royal Malaysian Customs Department (RMCD). | | | | | | |
| Q2 | I'm an individual (Retail) customer of HSBC. Will I be impacted by the SST? | <p>The impact of Retail services is summarised in table below:</p> <table> <tr> <th>Product</th><th>Exclusions / Exemptions from 8% SST</th><th>Inclusions of 8% SST</th></tr> <tr> <td>Deposits</td><td> <ul style="list-style-type: none"> Basic banking services that incur fees or commission related to the operation of savings accounts and current accounts. The fees for basic banking services such as: <ul style="list-style-type: none"> i) Fees related to deposit, withdrawal, payment or fund transfer; ii) Debit card annual fees; iii) Account fees iii) Fees on basic transaction over the counter; iv) Fees on basic transaction using automated machines; or v) Fees on printing of account statements. Punitive charges such as </td><td></td></tr> </table> | Product | Exclusions / Exemptions from 8% SST | Inclusions of 8% SST | Deposits | <ul style="list-style-type: none"> Basic banking services that incur fees or commission related to the operation of savings accounts and current accounts. The fees for basic banking services such as: <ul style="list-style-type: none"> i) Fees related to deposit, withdrawal, payment or fund transfer; ii) Debit card annual fees; iii) Account fees iii) Fees on basic transaction over the counter; iv) Fees on basic transaction using automated machines; or v) Fees on printing of account statements. Punitive charges such as | |
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| | | <ul style="list-style-type: none"> ○ fees charged for dishonoured cheque ○ early closure of accounts • Processing fees for issuance of demand drafts • Fees for foreign currency cheques collection • GIRO/ RENTAS payment fees | |
| | Mortgage | <ul style="list-style-type: none"> • Interest / Profit charged to the customer • Late payment fee / compensation • Commitment fee • Early termination fee • Default in Repayment (1.30% plus EIR) • Monthly service fee – <i>Homesmart/-i account only</i> | <ul style="list-style-type: none"> • Retrieval / photocopy of security documents, • Confirmation Letter for Withdrawal from the Employee Provident Fund (EPF) - With Doc • Redemption statement fee. |
| | Credit card/-i | <ul style="list-style-type: none"> • Annual fee • Late payment fee/charges • Finance Charges / Actual Monthly Management Fee charged to the customer –purchase, cash advance, Cash Instalment Plan / Balance Transfer Instalment/ Auto Balance Conversion Plan/ Balance Conversion Plan / Relief Balance Conversion/ Card Instalment Plan/ SmartCash Plus • Conversion for Overseas Transactions • Replacement Card fee | <ul style="list-style-type: none"> • Annual service tax of RM25 per card will continue as-is • Cash advance fee for cash advance transaction and Cash Instalment Plan • Statement retrieval fee |
| | APF-i | <ul style="list-style-type: none"> • Profit charged to the customer • Late payment charges | None |
| | Overdraft | <ul style="list-style-type: none"> • Interest / Profit charged to the customer • Overdue/Late payment charges | None |
| | Unit Trust | <ul style="list-style-type: none"> • Exit fee | <ul style="list-style-type: none"> • Front End Load |
| | International Payment | <ul style="list-style-type: none"> • Intermediary Bank Charge | <ul style="list-style-type: none"> • Outward Telegraphic Transfer (Cable fee, Commission Charge, Additional Charge for OUR charge type) • Inward Telegraphic Transfer (Fee or Commission Charge) <p>Note: Service tax on International Payment will be charged post transaction until system enhancement is done to charge service tax at</p> |

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| | | | the point of transaction submission. |
| | Please also refer to Q5 below. | | |
| Q3 | When will SST be charged? | <p>Generally, SST will be charged at the point the applicable fee is incurred, charged or billed to your account.</p> <p>However, depending on respective services system readiness, Service Tax may be charged after the fee is incurred. Moreover, depending on the service rendered, SST may be collected from your account according to the system/billing cycle, where applicable. Hence, there could be instances where you will see the fees and SST are reflected on the same or different statement dates. We strongly encourage you to cross check between previous and current month account statement to validate the SST charged.</p> | |
| Q4 | How is SST calculated? | If a fee of RM10.00, the 8% SST would be RM0.80. Hence, a total of RM10.80 will be charged to the customer. | |
| Q5 | Are all fees and charges subject to SST? | <p>No, the following services are NOT subject to SST:</p> <ul style="list-style-type: none"> a) Interest or spread-based charges b) Late payment charges or penalties c) Compensation for dishonoured cheques d) Overdraft excess fees e) Early exit or early settlement fees (i.e. punitive in nature) f) Financial services related to export or matters outside Malaysia. g) Basic banking services related to savings accounts, current accounts or similar accounts such as e-wallets, including: <ul style="list-style-type: none"> (i) Deposit, withdrawal, payment or fund transfer (ii) Annual fee for debit cards (iii) Basic over-the-counter transactions (iv) Basic transactions via Automated Teller Machines (ATM) (v) Printing of account statements <p>Example: ATM withdrawal fees are not subject to SST as they are considered basic financial services</p> | |
| Q6 | Will there be additional SST on my credit card/-i? | The SST on credit card/-i will remain at RM25.00. Effective 1 October 2025, cash advances fee for cash advance transaction and Cash Instalment Plan and statement retrieval fee will be subjected to 8% SST. | |
| Q7 | Is stamp duty subject to SST? | No. Stamp duty is a regulatory fee and is not classified as a taxable service. Therefore, it is not subject to SST. | |
| Q8 | Is SST applicable to joint accounts and business accounts? | Yes, SST is charged based on the type of service provided, not the type of account holder. Therefore, it applies to personal, joint, and business accounts alike, provided the services fall within the scope of taxable financial services. | |
| Q9 | Are postage/courier/photocopy charges related to loan financing subject to SST? | Postage/courier/photocopy charges are not subject to SST as they are considered reimbursements for expenses incurred by the Bank, and not value-added services provided by the Bank. | |

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| Q10 | Can HSBC waive the SST chargeable to me? | As a registered person under the Service Tax Act 2018, HSBC is required to collect and remit the applicable tax to RMCD. Therefore, banks are not permitted to waive the imposition of SST payable on the relevant various fee and charges under the law. |
| Q11 | For HSBC branches located in Designated Areas (DA), will SST be applicable for fees and charges applied by the bank? | <p>Services provided within or between Designated Areas (DA) are not subject to ST unless specified in the Service Tax Order (Imposition of Tax for Taxable Services in Respect of Designated Areas and Special Areas) Order 2018.</p> <p>Designated Areas include:</p> <ol style="list-style-type: none"> 1. Pulau Langkawi, 2. Pulau Pangkor, 3. Pulau 1 Forest City, 4. Pulau Tioman, & 5. Labuan. <p>Financial services provided by HSBC Labuan Offshore Banking unit to its customers located in DA will not be subject to SST. If either party is in Malaysia outside of DA, SST applies.</p> |
| Q12 | Will I be charged with SST on the monthly loan/financing instalment payment? | No, you will not be charged with SST on your monthly loan/financing instalment payment as this is not fees/charges imposed by the Bank but principal repayment/payment amount. |
| Q14 | If the customer is given a discount, will SST be charged before or after discounts have been taken into account on a transaction? | SST is chargeable on the discounted price or price after rebate, if applicable. |
| Q15 | Are Islamic products subject to SST? | All fees/charges for Islamic products are subject to SST unless the same is related to any Islamic financial transaction or arrangement which are performed in accordance with the principles of Shariah. |
| Q16 | Are foreign outward and inward (telegraphic transfer) remittance fees subject to SST? | Yes, telegraphic transfer charges which are imposed on customers located in Malaysia will be subject to SST. |
| Q17 | If fees and charges on services that are subjected to SST be reversed, will I be refunded with SST collected? | Yes, customer will be refunded in this regard. This will only be applicable for fees and charges on services rendered within 60 days of reversal request by customers. |
| Q18 | Will SST display in e-invoice copy? | Currently, SST will not be displayed in the e-invoices. We will update in the next phase. As such, kindly check the SST charged in your account statement. |
| Q19 | Will the Unit Trust Front End Load be subject to SST if the subscription is performed through online channels? | Yes, Unit Trust Front End Load will be subject to SST on all channels. Currently, SST will not be displayed on online channels, but the net investment amount displayed will be net of SST. We will update in the next phase when SST is displayed on online channels. |

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| Q20 | Would all the SST be debited from customer's account? | <p>The SST on all the applicable fees and charges (mention in Q2) would be debited to the customer's account. For certain fees, the bank will only start charging the SST once the IT infrastructure is ready:</p> <ul style="list-style-type: none">• Credit cards: Statement retrieval fee• Mortgage:<ul style="list-style-type: none">○ Retrieval / photocopy of security documents,○ Confirmation Letter for Withdrawal from the Employee Provident Fund (EPF) - With Doc○ Redemption statement fee |
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