

FREQUENTLY ASKED QUESTIONS

Q1. Will ACE Jerneh Insurance Berhad (“ACE Jerneh”) be charging Goods & Services Tax (“GST”)?

Yes, ACE Jerneh is registered with Royal Malaysian Customs Department (“RMCD”) as a taxable person and our GST-registration number is 001477705728. As a GST-registered person, we are required to charge goods and services tax on our taxable supply of goods and services made to our customers.

Tax invoice must be issued by ACE Jerneh for all taxable general insurance policies to reflect the GST charged.

Q2. Are all policy premiums subject to GST at a standard-rate?

Generally, the provision of general insurance policies is a taxable supply of services. ACE Jerneh is required to charge and account for GST at the standard rate (6%) on the general insurance premiums, unless the supply qualifies for the zero-rating as per the Zero-Rated Order P.U. (A) 272.

For example, the insurance policy for the transportation of passengers or goods, internationally.

Q3. Am I eligible for a refund from RMCD on the GST charged on the insurance policy that I purchased?

In order to get a refund from RMCD (claim input tax credit), you need to

- Be a GST-registered person,
- Purchase the policy in the course or further to your taxable business
- Possess a valid tax invoice.

There are other requirements to satisfy or exclusions to being able to get a refund, which you should get the full details from your tax consultants or RMCD.

Q4. Is there any difference if I renew my policy earlier than 1 April 2015?

No. GST is still chargeable on supply of insurance for the period of coverage that is on and after 1 April 2015 and it is not possible to avoid GST through early renewal.

However, RMCD have given relief (that is, not subject to GST) for:

- Policies where service tax has been paid before 1 April 2015,
- Motor or Fire insurance premiums paid before 1 April 2015, where the policy coverage starts before 1 April 2015.

Q5. How do I calculate the portion of premium subject to GST?

GST will be charged on the premium for the portion of policy spanning on or after the GST effective date (1 April 2015).

Example:

Period of Insurance: 1 January 2015 – 31 December 2015 (Total 365 days)

Number of Days from GST effective date until Policy expires: 275

Total Premium: RM3,650

Premium subject to GST: RM2,750 (RM3,650 X 275 / 365 days)

GST Payable: RM165 (RM2,750 x 6%)

Q6. I have paid service tax on my existing policy. Do I still have to pay GST based on pro-rata basis after 1 April 2015?

No. Refer to Q4, if you have paid service tax before 1 April 2015, no GST will be charged even on the portion spanning after 1 April 2015.



ACE Jerneh

Q7. Are Free Trade Zones (FTZ) and those previously exempted from service tax, continue to be not subject to GST?

No. Although GST replaces service tax, the 2 taxes operate differently Service tax is chargeable on insurance policies issued to businesses with some exceptions, whereas GST would be applicable for:

- i. all taxable insurance policies issued to individual or business policyholders, and
- ii. all taxable insurance policies made by AJIB to customers in designated areas such as Labuan, Langkawi, and Tioman, as well as the Free Industrial Zone and Free Commercial Zone.

Q8. What is the impact if I refuse to pay the GST?

GST has been imposed by the Malaysian Government, and a policyholder (where applicable) would be required to pay it. Because of this, the full amount due (inclusive of GST, where applicable) shall form part of the Terms and Conditions of all our insurance policies.

Q9. Are indemnity payments and settlement subject to GST?

No. A Claims settlement does not represent a supply by the Insurer nor does it represent consideration for a supply made by the Policyholder. Hence, Claims settlement is not subject to GST.

Q10. For more information on GST:

Please kindly refer to GST Portal at RMCD's Website <http://gst.customs.gov.my/>.

Or you may email us your queries on your policy contract by including your policy number or other relevant information, to Inquiries.MY@acegroup.com.



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