

# Frequently Asked Questions on Service Tax

## 1. Who will the service tax be paid to?

The service tax is collected by banks and other card issuers from credit and charge cardholders and paid to the Director General of Customs and Excise. In this aspect, the service tax amount payable will be reflected in the cardholders' monthly statement separately.

## 2. When will the service tax be charged into my account?

Service tax becomes chargeable at the time when the credit card or charge card is issued, on the anniversary date or upon renewal. The following are examples on when service tax would be chargeable:-

### Example 1: Case of a new credit card or charge card issued which is valid for 1 year

If a credit card or charge card is issued to a new cardholder on 10 January 2010 with a validity period of 1 year expiring on 9 January 2011. A service tax of RM50 would be chargeable on 10 January 2010, the date of issue of the card.

### Example 2: Case of a new credit card or charge card issued which is valid for 5 years

If a credit card or charge card is issued to a new cardholder on 8 March 2010 with a validity period of 5 years expiring on 7 March 2015. A service tax of RM50 would be chargeable on 8 March 2010, the date of issue of the card and on every subsequent anniversary date, i.e. 8 March 2011, 8 March 2012, 8 March 2013 and 8 March 2014.

### Example 3: Case of existing credit card or charge card which is valid for 5 years

If an existing cardholder has a card that was issued to him on 18 May 2008 with validity period of 5 years expiring on 17 May 2013. No service tax would be chargeable on its anniversary date i.e. 18 May 2009 in view of the fact that imposition of service tax will only be effective 1 January 2010. A service tax of RM50 will however be chargeable respectively on 18 May 2010, 18 May 2011 and 18 May 2012.

## 3. The service tax is not applicable for which cards?

The following cards do not fall under the purview of the imposition of service tax:-

- Debit cards
- Petrol cards (cards issued by petrol companies such as FleetCard and SmartPay)
- Closed community charge cards used at work places, schools and clubs only
- Loyalty cards (such as Bonus Link)
- E-money (such as Touch n' Go)

## 4. Will I be charged for service tax if I got a replacement card?

Service tax will not be charged for replacement card issued due to lost/stolen or damaged card or fraud.

## 5. Will I be charged for service tax if I upgrade or downgrade my cards?

In the event a credit card or charge card is upgraded (such as in the case of a Classic card to a Gold card) or downgraded (such as in the case of a Gold card to a Classic card) or converted (such as in the case of an Islamic card to a conventional card, or a co-branded card to a generic card, or vice versa) or reinstated (such as in the case of a cancelled card), service tax will be charged in respect of the new cards issued unless the anniversary dates of the previous and the new cards are the same.

## 6. Can I redeem my service tax with points?

Yes, you can redeem your service tax with your TreatsPoints or Membership Rewards points. For Principle cardholders, you can redeem RM 50 service tax with 12,500 points per card whilst for supplementary cardholders you can redeem RM 25 service tax with 6,250 points per card.