
CIRCULAR

Date:	18 February 2025	Ref No.:	ID/ALL/HYF-JW-AK/004-25 (Total no. of pages: 2)
To:	UTMC, IUTA, CUTA, PRS PROVIDER, IPRA AND CPRA		
Attn:	Authorised Representative/Chief Executive Officer		

FORMATION OF INDUSTRY WORKING GROUP FOR FEEDBACK ON JABATAN KASTAM DIRAJA MALAYSIA (JKDM)'S DISCUSSION PAPER ON THE EXPANSION OF SERVICE TAX (SST) IN THE FINANCIAL INDUSTRY

1. Introduction

1.1 Following FIMM's engagement with the Ministry of Finance (MOF) and JKDM, we submitted the industry's consolidated feedback regarding the proposed SST on fees and commissions, based on input gathered on 20 December 2024 and 15 January 2025). In consultation with the Securities Commission Malaysia (SC), FIMM also submitted a proposal advocating for the retention of the current exemption of the Service Tax for the fund management industry.

1.2 However, during the latest meeting on 12 February 2025, JKDM highlighted the following key points:

- a. Removing of the existing exemption for management service companies registered with the Securities Commission Malaysia under Group G, Item 9, Service Tax Regulations 2018
- b. Industry Feedback on revised Tax Policy – A draft discussion paper has been shared with FIMM for industry feedback.
- c. Implementation timeline - The expansion of service tax will be implemented in two phases, dependent on the industry's readiness:
 - i. **Phase 1** by 1st May 2025: Manual-processed services.
 - ii. **Phase 2** by 1st July 2025: Systems-based services, allowing sufficient time for system updates.

2. Actions Needed from Members and Distributors

2.1 Enclosed is JKDM's second draft of the "KERTAS PERBINCANGAN DASAR PERLUASAN CUKAI PERKHIDMATAN KE ATAS SEKTOR KEWANGAN" for reference.

We wish to inform you that while JKDM initially granted an extension until 7 March 2025, we were notified this morning that the deadline has been brought forward to Friday, 21 February 2025. Given the urgency of the matter and the need for a coordinated industry response, FIMM invites all Members and Distributors to participate in an Industry Working Group (IWG) to deliberate JKDM's proposals. To ensure broad representation, we strongly encourage each Member/Distributor to nominate at least one representative from your organization. Please register via the link below:

[Register here](#)

2.2 Kindly submit your responses by end of today **18 February 2025 (Tuesday) by 5.30 pm**. An immediate meeting will be held tomorrow 19th February 2025 (Wednesday) afternoon at 2.30 pm. The meeting link will be sent to the respective nominated representative by tomorrow morning.

If you require further information or clarification, please contact the Industry Development Department (ID) at ID@fimm.com.my.

Thank you.

Yours faithfully



Heow Yen Fen

General Manager

Industry Services Division