

GST Update

A simple guided principle based on Royal Malaysia Customs Department's FAQ dated 25 May 2018.

No	Policy Issuance Date	Inception Date	Premium Payment	GST on Premium
1	Before 1 June 2018	On or after 1 June 2018	Before 1 June 2018 or after 1 June 2018	GST 6% will be charged. No refund of 6% GST will be paid
2	On or after 1 June 2018	On or after 1 June 2018	After 1 June 2018	GST 0% will be charged.
3	Before 1 June 2018	Span across 1 June 2018 ie. 15 Feb 2018 to 14 Feb 2019	Before 1 June 2018 or after 1 June 2018	GST 6% will be charged. No refund of 6% GST will be paid
4	On or after 1 June 2018	Span across 1 June 2018 ie. 15 May 2018 to 14 May 2019	After 1 June 2018 (not applicable to Cash Before Cover policies)	Period before 1 June 2018 – Collect pro-rated GST 6% Period after 1 June 2018 – GST 0%
5	On or after 1 June 2018	Span across 1 June 2018 ie. 15 May 2018 to 14 May 2019	Before 1 June 2018	GST 6% will be charged. No refund of 6% GST will be paid
To still practice GENERAL RULES ie. Cancellation and Endorsements.				

Please take note that above all, the GST rules are still in forced. GST is still charged based on the earlier of the two:

- (1) Tax Invoice issued; or
- (2) Payment received.

What does this mean?

1)

Q: My policy expires on 28 May 2018, but I want to enjoy GST 0%. What can I do?

A: Only policies with payment and inception date from 1 June 2018 onwards will be charged with GST at 0%. Hence you can take a risk and not have an active insurance policy from 28 May 2018 to 31 May 2018. **WE DO NOT RECOMMEND** this as this is a risk on your part.

2)

Q: I can consider taking the risk for 3 days because I don't want to pay GST of 6%.

A: Do consider that the 6% GST will not be pocketed by MPI Generali Insurans Berhad. Again, we strongly encourage you to have an insurance coverage during the period as it may pose unnecessary risks.

3)

Q: My Motor Policy expires on 28 May 2018, if I only re new on 1 June 2018, no issue right?

A: There must be an active Motor Policy to enable renewal of Road Tax. Hence you are putting yourself at risk driving around without a Road Tax and active insurance policy which is against the law. Please do not take this risk.

4)

Q: What if I buy my policy now with GST 6% implied (before 1 June 2018) and I cancel on 1 June 2018 and then buy a new policy?

A: For Motor Policy holder, you must cancel your road tax first before you can cancel your policy. After which you need to reapply for your road tax after you purchase your new policy. This process may take a few days and you are exposing yourself to unnecessary risk if you are still driving the car.

A1: For other policy holders, yes you can, as it will be considered **a brand new policy** (no longer renewal). However, do reconsider as this will

take time as it takes 14 days for cancellations with refunds and 7 days for new policy issuance under normal circumstances.

Do remember, the 6% GST will not be pocketed by MPI Generali Insurans Berhad.

5)

Q: My Policy is expiring 2 June 2018, but of course I want to renew now (28 May 2018), why are you charging me GST 6%?

A: Please be informed that as at now, GST rules are still applicable. GST will still be charged based on Transaction Date i.e. policy issuance or payment received. The revised rate from 6% to 0% is only effective 1 June 2018.

This means for GST 6% is imposed on transaction date or payment date on or before 31 May 2018 regardless of inception or period of cover.

DO remember, the 6% GST will not be pocketed by MPI Generali Insurans Berhad.

6)

Q: Are all treatment of this GST the same across insurance and takaful operators?

A: The overall implementation of GST 6% to 0% is guided by Royal Malaysian Custom Department.