



Service Tax FAQ

Q1. What is the service tax?

A1. Service tax is a consumption tax and chargeable to the customer, as provided for in the service tax laws.

Q2. When is the service tax implementation date start from?

A2. Effective 15 September 2011, prepaid reloads and starter packs will be charged 6% service tax which was previously absorbed by the telcos since the introduction of the prepaid services in 1998. Levying service tax is in accordance to the service tax laws.

Q3. Is this a new tax?

A3. No, this is not a new tax. The service tax laws require the telecommunication companies to levy service tax at the prevailing rate on telecommunication services, including prepaid reload and starter packs

However, the telcos have been absorbing the service tax since the introduction of the prepaid services in 1998.

Q4. Why are you charging this tax now after all these years when you have been absorbing it?

A4. In accordance to the service tax laws, prepaid reload and starter packs are subjected to applicable service tax. This is similar to the service tax levied on food and beverage purchase from restaurants and hotels, for example.

Prepaid service is the only service whereby the service tax has been absorbed by the telcos, not by the customer.

Prepaid call and sms charges were more expensive then and have progressively dropped over the years. For example customers used to pay RM0.60 per minute when the service was first introduced but today it is as low as RM0.12 per minute. As for SMS, it has dropped from RM0.20 to as low as RM0.01 and MMS was previously RM0.50 and now it is as low as RM0.10.

In addition, customers now enjoy various promotions such as free airtime and bonus credits amongst others as part of the benefit of being a prepaid customer.

Q5. How much will I pay now with the service tax?

A5. The 6% service tax will be charged on top of the prepaid reload and starter pack at point of sale for every purchase.

For example, when you purchase RM10 prepaid reload, you need to pay RM10.60 and will get prepaid credit of RM10. The 60sen is the service tax. The service tax will be remitted to the Government.



Q6. Will service tax be charged on starter packs and every mobile prepaid reload channels; i.e ATMs, online, epay, etc?

A6. Yes, starter packs and reloads will be charged the 6% service tax effective 15 September 2011 regardless of channels.