

Appendix 1

FAQs: Impact of SST on Unit Trust and Private Mandate Investments (Effective October 1, 2025)

1. What is SST and why is it relevant to my investment?

SST (Sales and Service Tax) is a tax imposed on certain goods and services in Malaysia. Starting **October 1, 2025**, the scope of SST will expand to include more financial services, including those related to **unit trusts and private mandates**.

2. How will SST affect my Unit Trust or Private Mandate investment?

Management services provided by KIB, KIIB and EQ8 only (registered entity) - such as advisory, portfolio management, and administrative services, may now be subject to an **8% service tax**. This could increase the overall cost of managing your investment.

3. What is the phased implementation timeline for SST on financial services?

- **Phase 1 – Effective July 1, 2025:** SST applies to financial services listed in **Appendix A** of the The Royal Malaysian Customs Department (“RMCD”) Guide, including investment advisory, portfolio management, and brokerage services.
- **Phase 2 – Effective October 1, 2025:** SST will extend to **fee or commission-based financial services not listed in Appendix A**, such as bespoke private mandates and discretionary portfolio services.

4. Will the SST be charged directly to me?

Yes. If **KIB/KIIB/EQ8** or any service provider offers taxable services, the SST will be included in the fees you pay. This means your total investment cost may increase slightly.

For other fees charged by external parties (e.g., Bursa Malaysia or custodians), SST may apply in accordance with the guidelines issued by The Royal Malaysian Customs Department (“RMCD”).

5. Are other investment-related fees also affected by SST?

Yes, potentially. The SST expansion may apply to:

- **Brokerage fees:** Generally subject to service tax under the expanded scope of SST, unless specifically exempted under prevailing legislation or guidelines issued by the The Royal Malaysian Customs Department (“RMCD”).
- **Custodian fees:** These may be subject to SST if they are charged as part of a fee-based service model. No specific exemption has been announced for custodian services as of now.

6. Are all financial services affected?

Not all. Within our scope, fee-based services such as investment advisory and portfolio management are subject to SST. For details on exemptions applicable to other industries or services, please refer to the official guidelines from The Royal Malaysian Customs Department (“RMCD”).

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7. Will this impact my investment returns?

Service costs may generally increase due to the service tax. However, the actual impact on your investment returns will depend on several factors, including your investment size, the fee structure of your fund, and its overall performance.

8. How will I know if I've been charged Service Tax?

Invoices or e-invoices will show Service Tax as a separate line item, in accordance with Service Tax Regulations.

9. What can I do as an investor?

- **Review your fee structure:** Understand how your fund or mandate charges fees.
- **Speak to your advisor:** Ask how SST will be applied to your specific investments.
- **Monitor performance:** Keep an eye on net returns after fees and taxes.

10. Where can I get more information?

You can refer to:

- RMCD Guide on Financial Services
- FAQ Financial Services