

Date: 15 February 2024

Dear Valued Business Partners & Policyholders,

**SERVICE TAX RATE REVISION FROM 6% TO 8% BEGINNING 1<sup>st</sup> MARCH 2024**

Greetings from The Pacific Insurance Berhad!

Following the announcement made by the Finance Minister during the Budget 2024 on 13 October 2023, please be advised that the proposed Service Tax ("ST") rate revision from 6% to 8% will be implemented on applicable taxable policies with inception dates on or after 1 March 2024. The proposed ST rate is pending the gazette order and further information from the relevant authorities.

The Pacific Insurance Berhad ("The Company") reserves the right to collect from policy holders any amount equivalent to the revised ST payable on the applicable taxable policies where the period of insurance spans across 1 March 2024.

For the avoidance of doubt, the Company shall adopt the following approach:

- i) All policies (new and renewal) issued on or after 1 March 2024 with period of insurance on or after 1 March 2024 shall be subject to full-service tax of 8%.
- ii) All policies (new and renewal) issued prior to 1 March 2024 but with insurance period spanning across 1 March 2024, the Company reserves the right to collect any undercharged ST from policyholders by way of endorsements and accordingly shall pro-rate the premium and calculate the ST as follows:
  - a) Insurance period before 1 March 2024 – ST at 6%
  - b) Insurance period on or after 1 March 2024 – ST at 8%

Policyholders are obligated to pay any applicable service tax and shall form part of the terms and conditions as stated in the insurance policy.

All the above is subject to change solely at The Company's discretion based on further information from the relevant authorities.

Please contact us should you require further information.

Thank you for your continuous support.

Best Regards,

**Financial Services Department**

*Note: The Pacific Insurance Berhad reserves the rights at any time to add, delete, alter, or modify any of the terms and conditions of this Circular*