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GST treatment of commercial and Islamic banking – *Rengasamy Thambu Doraisamy*

The introduction of Goods and Services Tax (GST) in Malaysia since 1 April 2014 has attracted the interest of the general community, business community, professionals and academics nationwide. To assist the understanding of GST and its implications on specific business areas, the Royal Malaysian Customs Department has provided over 55 Industry Guides. This article highlights the GST implications on banking services offered by both Commercial banks and Islamic banks in respect of three types of supplies that are either exempt, standard rated or zero-rated. Financial services undertaken by commercial banks such as cash deposits or withdrawals, late payment or finance charges are exempt from GST. Profits derived by Islamic banks as a result of deposit-taking through various types of accounts are not subject to GST. Nevertheless, when Islamic banks and financial institutions provide fee-based services, the income derived from these services is subject to GST.

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CASE NOTE – *Gina Lazanas and Robyn Thomas*

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GST UPDATE

Be reasonable – Apportion it my way – *Chris Sievers*

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