1st October 2025

Notification on the implementation of 8% Service Tax on Selected Banking Services

Dear Valued Customer,

Thank you for banking with Sumitomo Mitsui Banking Corporation, Labuan Branch (Licensed Labuan Bank No. 930016C) ("SMBC LBN", "the Bank", "we", "our" or "us").

Imposition of service tax on financial services

Pursuant to Service Tax Policy 1/2025 (Amendment No.2) ("STP1/2025") (*URL1) released by the Royal Malaysian Customs Department ("Customs" or "RMCD") on 17 September 2025, SMBC LBN will collect an 8% service tax under the Service Tax Act 2018 on applicable fees, charges and commissions of financial services in a phased approach.

*URL1: https://mysst.customs.gov.my/TaxPolicy

Implementation Timeline and Clarification

As guided by the RMCD, the implementation timeline and scope are as follows:

> **Phase 1 – Effective 1st July 2025**: The 8% service tax shall be paid by customers on fees, charges and commissions of "Corporate Banking Advisory Services or similar services" (as detailed in Item (A) 1.2, Appendix A of the STP1/2025) supplied by SMBC LBN on and from 1 July 2025.
>
> **Phase 2 – Effective 1st October 2025**: The 8% service tax shall additionally be paid by customers on and from 1st October 2025 on fees, charges and commission set out in the First Schedule, Group H, Service Tax (Amendment) Regulations 2025 (*URL2).
>
> *URL2: https://mysst.customs.gov.my/SSTRegulations

For all taxable services pursuant to the Service Tax Act 2018 provided by SMBC LBN, service tax at 8% is payable by customers at the same time as and in addition to payments for the taxable services.

<u>Service tax registration number of SMBC LBN</u>

We wish to inform that SMBC LBN has registered as a taxable entity, with the service tax registration number : **E10-2508-32000022**

SMBC LBN's service tax registration number will be stated in all invoices and e-Invoices for fees, charges and commissions subject to service tax, in accordance with the requirements of the RMCD.

<u>Special provisions relating to Designated Areas ("DA") or Special Areas ("SA") stated in Service Tax Act 2018</u>

You may contact our Relationship Manager if you are entitled to service tax exemption under paragraphs 37 and 38 of the Guide on Financial Services (*URL3) issued on 9 June 2025 by RMCD. For clarity, "DA" means Labuan, Langkawi and Tioman, and "SA" means any free zone, licensed warehouse and licensed manufacturing warehouse, and the Joint Development Area.

*URL3: https://mysst.customs.gov.my/IndustryGuides

Quote

37. Financial service provider shall be treated as providing any financial services within or between the DA or SA if fulfilled the following conditions: –
    a) The principal place of business (PPOB) of financial services provider is in the SA or DA; and
    b) The principal place of business or place of residence of its client is in the SA or DA.

38. The determination of the principal place of business is based on the following criteria:
    a) The primary location where the essential decisions concerning the general management of a company are adopted and where the functions of its central administration are carried out;
    b) Registered office, central administration, directors meet, and the place, the general policy of that company is being determined; and
    c) The place of residence of the main directors, general meetings are held, and administrative and business documents are kept.

Unquote

Future updates

We will continue to closely monitor regulatory developments and update our fees and charges accordingly. Kindly visit our website at *https://www.smbc.co.jp/asia/malaysia/* for the latest information.

Please do not hesitate to contact our Relationship Manager if you have any queries relating to the above.

We look forward to continue serving you in our long-term business relationship together.

Thank you.

Sumitomo Mitsui Banking Corporation, Labuan Branch
(Licensed Labuan Bank No. 930016C)