



**SALES TAX AND SERVICE TAX
2018**

**GUIDE ON :
SPECIAL AREA (SA)**

Published by:

**Royal Malaysian Customs Department
Intenal Tax Division
Putrajaya**

03 October 2018

Publication

Date: 03 October 2018

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This information is intended to provide a general understanding of the relevant treatment under Sales Tax Legislation and aims to provide a better general understanding of taxpayers' tax obligations. It is not intended to comprehensively address all possible tax issues that may arise. While RMCD has taken the initiative to ensure that all information contained in this Guide is correct, the RMCD will not be responsible for any mistakes and inaccuracies that may be contained, or any financial loss or other incurred by individuals using the information from this Guide. All information is current at the time of preparation and is subject to change when necessary

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INTRODUCTION

1. Effective from 1 September 2018, Sales Tax Act 2018 and the Service Tax Act 2018 together with its respective subsidiary legislations are introduced to replace the Goods and Service (GST) Act 2014.
2. This guide is prepared to assist manufacturers, importers or exporters in understanding matters pertaining to the sales tax chargeable on the goods transported, imported, or exported to or from the Special Area and also service tax on services provided to Special Area.

SPECIAL AREA (SA)

Interpretation

3. Special Areas (SA) means:
 - (i) any Free Zone (FZ) under subsection 2(1) of the Free Zones Act 1990;
 - (ii) any Licensed Warehouse (LW) under section 65 of the Customs Act 1967;
 - (iii) any Licensed Manufacturing Warehouse (LMW) under section 65A of the Customs Act 1967; and
 - (iv) Joint Development Area (JDA) under section 2 of the Malaysia–Thailand Joint Authority Act 1990.
4. Designated Areas (DA) means :
 - (i) Labuan;
 - (ii) Langkawi; and
 - (iii) Tioman.
5. Free Zone (FZ) means any part of Malaysia declared under the provisions of subsection 3(1) of the Free Zones Act 1990 to be:
 - (i) a Free Commercial Zone (FCZ); or
 - (ii) a Free Industrial Zone (FIZ).

Goods sold or disposed of other than by sales in SA

6. Based on section 56 of the Sales Tax Act 2018, no sales tax is chargeable on any taxable goods sold or disposed of other than by sales in SA. Therefore, any manufacturers in SA cannot be registered as a Registered Manufacturer under Sales Tax Act 2018.

Goods imported from a place outside Malaysia into SA.

7. Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on any taxable goods imported from a place outside Malaysia (Overseas) into SA except for the taxable goods prescribed in Sales Tax (Imposition of Sales Tax in respect of Special Area) Order 2018.

Example 1: The buyer in SA purchase the taxable goods from Overseas and directly import the goods into SA. No sales tax shall be charged on the goods imported into SA.

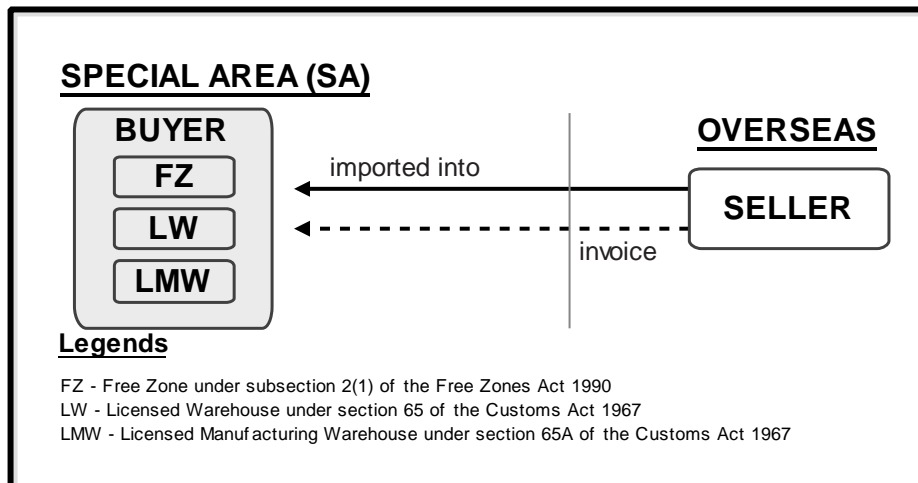


Figure 1: Taxable goods from Overseas directly imported into SA.

- (1) Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods imported from Overseas into SA. The buyer shall declare the importation of the goods in the import declaration form as follows:
 - (i) Customs Prescribed Form No.8 (K8) – imported by the buyer in FZ;

- (ii) *Free Zone Form No.1 (ZB1 import) – imported by the buyer in FCZ at port or airport;*
 - (iii) *Customs Prescribed Form No.8 (K8) – imported by the buyer in LW;
or*
 - (iv) *Customs Prescribed Form No.1 (K1) – imported by LMW.*
- (2) *Bill of lading / airway bill / waybill shall indicate the following details:*
- (i) *Consignor is the seller; and*
 - (ii) *Consignee is the buyer.*
- (3) *The import declaration form shall indicate the followings:*
- (i) *Consignor is the seller;*
 - (ii) *Consignee is the buyer; and*
 - (iii) *The value of the goods is the value for the purpose of customs duty as determined in accordance with the Customs Act 1967.*

Example 2: *The buyer purchased the taxable goods from Overseas through the trader in PCA and the buyer directly import the goods into SA. No sales tax shall be charged on the goods imported into SA.*

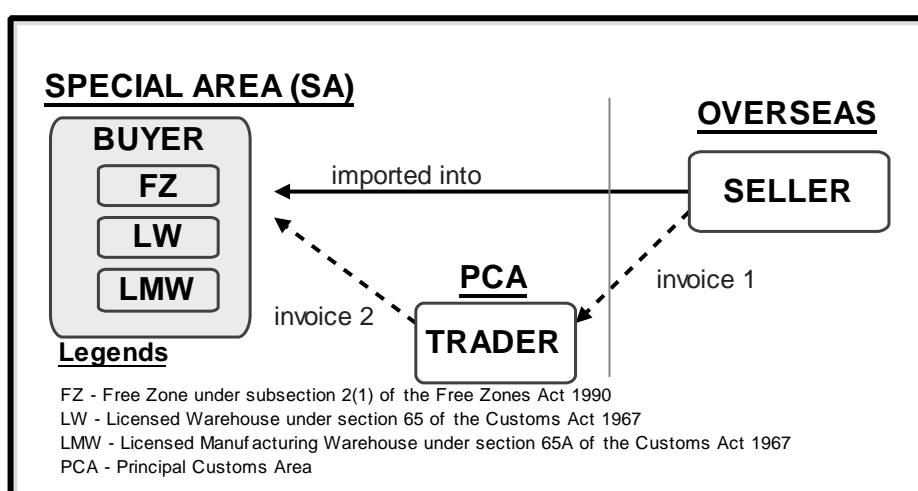


Figure 2: *Taxable goods from Overseas directly imported into SA.*

- (1) *Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods imported from Overseas into SA. The buyer shall declare the importation of the goods in the import declaration form as follows:*
 - (i) *Customs Prescribed Form No.8 (K8) – imported by the buyer in FZ;*
 - (ii) *Free Zone Form No.1 (ZB1 import) – imported by the buyer in FCZ at port or airport;*
 - (iii) *Customs Prescribed Form No.8 (K8) – imported by the buyer in LW;
or*
 - (iv) *Customs Prescribed Form No.1 (K1) – imported by the LMW.*
- (2) *Bill of lading / airway bill / waybill shall indicate the following details:*
 - (i) *Consignor is the seller; and*
 - (ii) *Consignee is the buyer.*
- (3) *Import declaration form shall indicate the followings:*
 - (i) *Consignor is the seller;*
 - (ii) *Consignee is the buyer;*
 - (iii) *Notify Party is the trader; and*
 - (iv) *The value of the goods is the value for the purpose of customs duty as determined in accordance with the Customs Act 1967.*

Example 3: *The buyer purchased the taxable goods from Overseas through trader in PCA where the trader import the goods into PCA and subsequently transported the goods to SA. Sales tax shall be charged on the goods imported into PCA and no sales tax is to be charged on the goods transported to SA.*

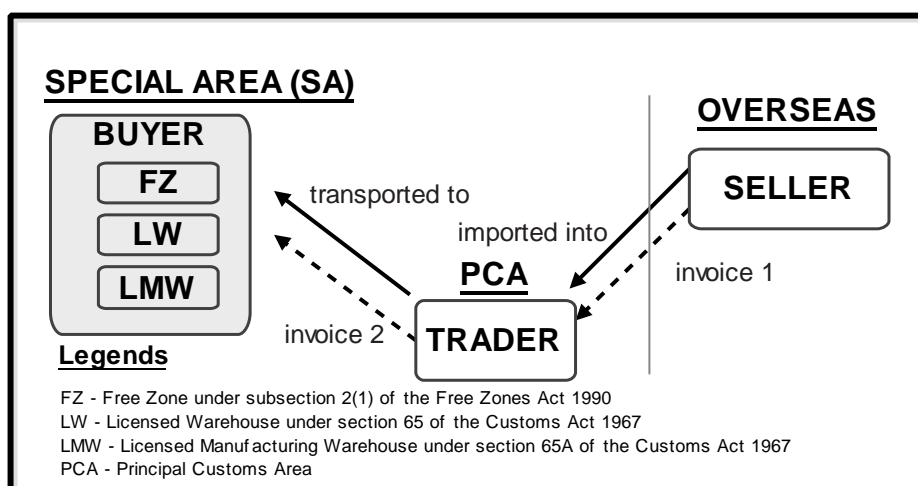


Figure 3: The goods imported into PCA and subsequently transported to SA.

- (1) Sales tax shall be charged pursuant to subsection 8(1) of the Sales Tax Act 2018 on the taxable goods imported into PCA by the trader. The trader shall declare the importation of the goods in the Customs Form No.1 (K1) and the import declaration form shall indicate the followings:
 - (i) Consignor is the seller;
 - (ii) Consignee is the trader;
 - (iii) The value of the goods is the value for the purpose of customs duty as determined in accordance with the Customs Act 1967; and
 - (iv) Bill of lading / airway bill / waybill shall indicate the following details:
 - (a) Consignor is the seller; and
 - (b) Consignee is the trader.
- (2) Based on section 61 of the Sales Tax Act 2018, the trader who paid the sales tax on importation may be allowed to claim for the sales tax drawback according to section 40 of the Sales Tax Act 2018 except for the sales tax paid the on the taxable goods declared in Sales Tax (Imposition of Sales Tax in respect of Special Area) Order 2018.
- (3) Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on any taxable goods transported from PCA to SA and the

trader shall declare the transportation of goods into SA in the export declaration form or related documents as follows:

- (i) Customs Prescribed Form No.2 (K2) – transported to the buyer in FZ;*
 - (ii) Delivery Order (DO) – transported to the buyer in LW; or*
 - (iii) Delivery Order (DO) – transported to LMW.*
- (4) The export declaration form or DO shall indicate the followings:*
- (i) Consignor is the trader;*
 - (ii) Consignee is the buyer; and*
 - (iii) The value is based on the invoice issued by the trader to the buyer.*
- (5) The trader who claims for the sales tax drawback shall keep and maintain the following documents:*
- (i) Purchase order from the buyer to the trader;*
 - (ii) Invoice issued by the trader to the buyer;*
 - (iii) Export declaration form for the goods transported to FZ or DO for the goods transported to LW or LMW;*
 - (iv) Purchase order from the trader to the Seller;*
 - (v) Invoice issued by the Seller to the trader; and*
 - (vi) Import declaration form – Customs Prescribed Form No.1 (K1).*

Goods transported from Principal Customs Area (PCA) to Special Areas (SA)

8. Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on any taxable goods transported from PCA to SA except for the taxable goods prescribed in Sales Tax (Imposition of Sales Tax in respect of Special Area) Order 2018.

Example 4: The buyer purchased the taxable goods from a registered manufacturer in PCA and the goods are transported from PCA to the buyer in SA. No sales tax shall be charged on the goods transported to SA.

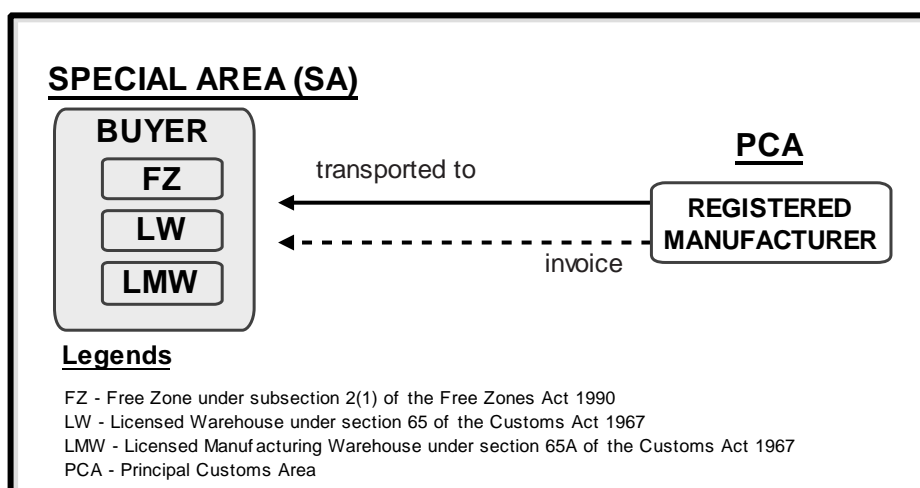


Figure 4: The goods are transported to SA.

- (1) Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods transported from PCA into SA. The Registered Manufacturer shall declare the export declaration form or related documents as follows:
 - (i) Customs Prescribed Form No.2 (K2) – transported to the buyer in FZ;
 - (ii) Delivery Order (DO) – transported to the buyer in LW; or
 - (iii) Delivery Order (DO) – transported to the LMW.
- (2) Export declaration form shall indicate the followings:
 - (i) Consignor is the Registered Manufacturer;

- (ii) *Consignee is the buyer; and*
 - (iii) *The value is based on the invoice issued by the Registered Manufacturer to the buyer.*
- (3) *The Registered Manufacturer shall keep and maintain the following documents:*
- (i) *Export declaration form;*
 - (ii) *Purchase order from the buyer to the Registered Manufacturer;*
 - (iii) *Invoice issued by the Registered Manufacturer to the buyer;*
 - (iv) *Delivery Order/Packing List shall indicate the following details:*
 - (a) *Consignor is the Registered Manufacturer; and*
 - (b) *Consignee is the buyer.*

Example 5: *The buyer purchased the taxable goods from a registered manufacturer in PCA through the trader in PCA and subsequently the trader transported the goods to SA. Sales tax shall be charged on the taxable goods sold to the trader and no sales tax shall be charged on the goods transported to SA by the trader.*

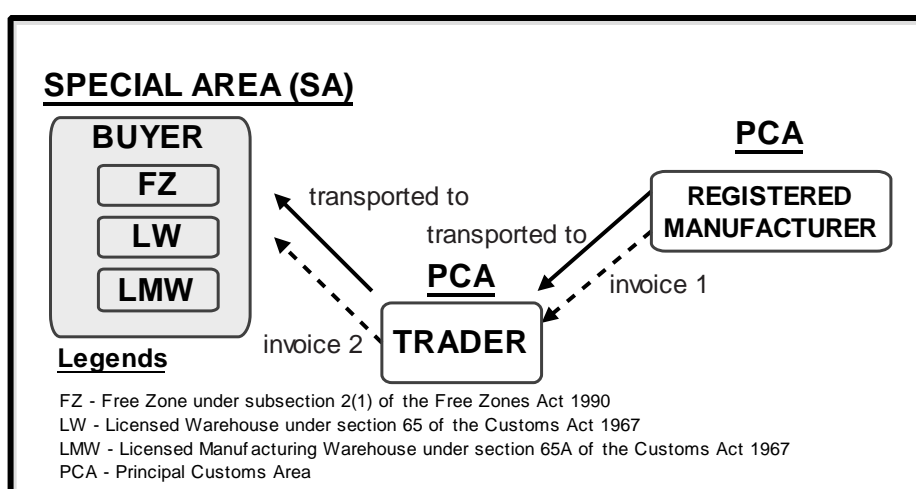


Figure 5: *The goods transported within PCA and subsequently transported to SA.*

- (1) *Sales tax shall be charged pursuant to subsection 8(1) of the Sales Tax Act 2018 on the taxable goods sold by the registered manufacturer to the*

trader in PCA and the registered manufacturer shall issue an invoice to the trader.

- (2) Based on section 61 of the Sales Tax Act 2018, the trader who paid the sales tax on the purchase may be allowed to claim for the sales tax drawback according to section 40 of the Sales Tax Act 2018 except for the sales tax paid the on the taxable goods declared in Sales Tax (Imposition of Sales Tax in respect of Special Area) Order 2018.*
- (3) Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods transported from PCA into SA. The trader shall declare the transportation of goods to SA in the export declaration form or related documents as follows:*

 - (i) Customs Prescribed Form No.2 (K2) – transported to the buyer in FZ;*
 - (ii) Delivery Order (DO) – transported to the buyer in LW; or*
 - (iii) Delivery Order (DO) – transported to the LMW.*
- (4) The export declaration form shall indicate the followings:*

 - (i) Consignor is the trader;*
 - (ii) Consignee is the buyer; and*
 - (iii) The value is based on the invoice issued by the trader to the buyer.*
- (5) The trader who claims for the sales tax drawback shall keep and maintain the following documents:*

 - (i) Purchase order from the buyer to the trader;*
 - (ii) Invoice issued by the trader to the buyer;*
 - (iii) Export declaration form for the goods transported to FZ or DO for the goods transported to LW or LMW;*

- (iv) Purchase order from the trader to the registered manufacturer; and
- (v) Invoice issued by the registered manufacturer to the trader.

Goods transported between Special Areas

9. Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on any taxable goods transported between Special Areas except for the taxable goods prescribed in Sales Tax (Imposition of Sales Tax in respect of Special Area) Order 2018.

Example 6: The buyer purchased the taxable goods from the seller in SA and the goods are directly transported from SA to the buyer in another SA. No sales tax shall be charged on the goods transported from SA to another SA.

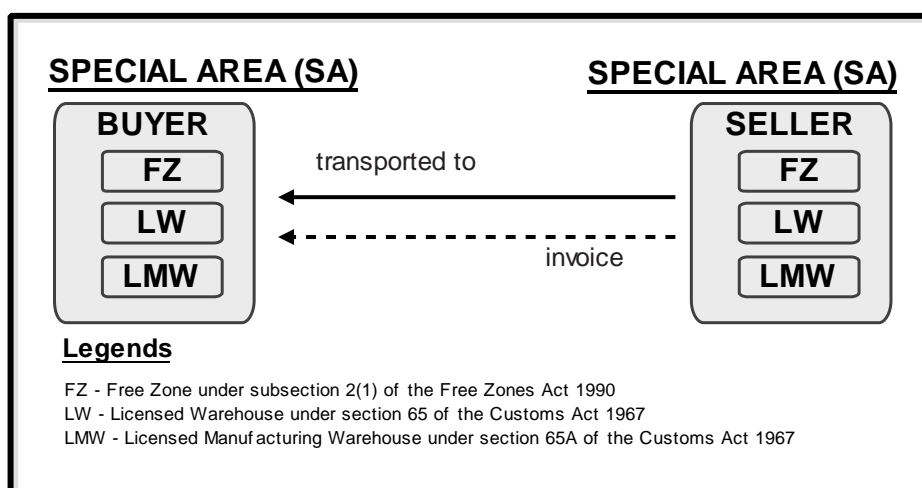


Figure 6: The goods transported from SA to SA.

- (1) Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods transported between SA. The import or export declaration shall be made in the form as follows:
- (i) Customs Prescribed Form No.8 (K8) – FZ to FZ;
 - (ii) Customs Prescribed Form No.8 (K8) – FZ to LW;
 - (iii) Customs Prescribed Form No.1 (K1) – FZ to LMW;
 - (iv) Customs Prescribed Form No.8 (K8) – LW to FZ;

- (v) *Customs Prescribed Form No.8 (K8) – LW to LW;*
 - (vi) *Customs Prescribed Form No.1 (K1) or Customs Prescribed Form No.9 (K9) – LW to LMW;*
 - (vii) *Customs Prescribed Form No.2 (K2) – LMW to FZ;*
 - (viii) *Gudang Pengilangan Berlesen Form No.2 (GPB2) – LMW to LW; or*
 - (ix) *Gudang Pengilangan Berlesen Form No.1 (GPB1) – LMW to LMW.*
- (2) *The declaration form shall indicate the followings:*
- (i) *Consignor is the seller;*
 - (ii) *Consignee is the buyer; and*
 - (iii) *The value of goods exported is based on the invoice issued by the seller to the buyer and the value of the goods imported is the value for the purpose of customs duty as determined in accordance with the Customs Act 1967.*

Example 7: *The buyer purchased the taxable goods from SA through trader in PCA and the trader transported the goods direct from SA to the buyer in another SA. No sales tax shall be charged on the goods transported from SA to another SA.*

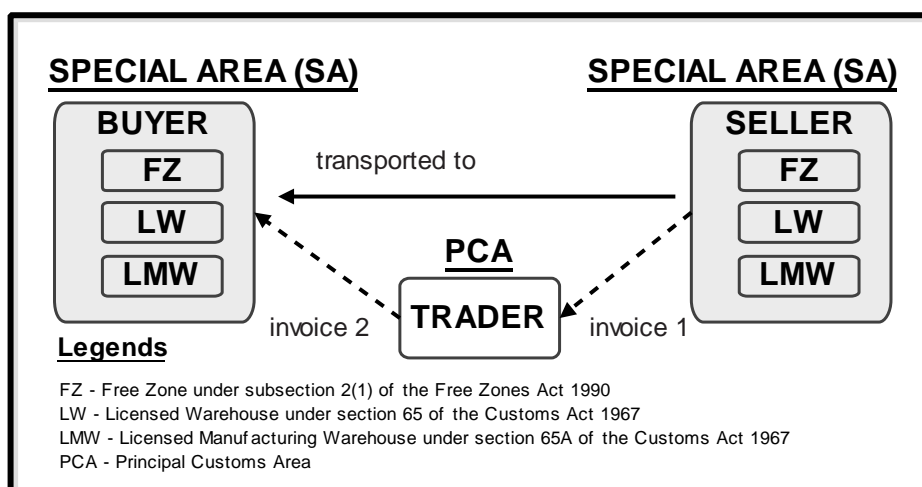


Figure 7: *The goods are transported between SA.*

- (1) *Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods between SA. The import or export declaration shall be made in the form or related documents as follows:*
 - (i) *Customs Prescribed Form No.8 (K8) – FZ to FZ;*
 - (ii) *Customs Prescribed Form No.8 (K8) – FZ to LW;*
 - (iii) *Customs Prescribed Form No.1 (K1) – FZ to LMW;*
 - (iv) *Customs Prescribed Form No.8 (K8) – LW to FZ;*
 - (v) *Customs Prescribed Form No.8 (K8) – LW to LW;*
 - (vi) *Customs Prescribed Form No.1 (K1) or Customs Prescribed Form No.9 (K9) – LW to LMW;*
 - (vii) *Customs Prescribed Form No.2 (K2) – LMW to FZ;*
 - (viii) *Gudang Pengilangan Berlesen Form No.2 (GPB2) – LMW to LW; or*
 - (ix) *Gudang Pengilangan Berlesen Form No.1 (GPB1) – LMW to LMW.*
- (2) *The export/import declaration form shall indicate the followings:*
 - (i) *Consignor is the trader;*
 - (ii) *Consignee is the buyer;*
 - (iii) *Notify Party is the seller; and*
 - (iv) *The value of goods exported is based on the invoice issued by the seller to the buyer and the value of the goods imported is the value for the purpose of customs duty as determined in accordance with the Customs Act 1967.*
- (3) *The seller shall keep and maintain the following documents:*
 - (i) *Purchase order from the trader to the seller;*

- (ii) *Invoice issued by the seller to the trader;*
 - (iii) *Export declaration form; and*
 - (iv) *Delivery Order/Packing List shall indicate the followings:*
 - (i) *Consignor is the trader;*
 - (ii) *Consignee is the buyer; and*
 - (iii) *Notify Party is the seller.*

- (4) *The trader shall keep and maintain the following documents:*
 - (i) *Purchase order from the trader to the seller;*
 - (ii) *Invoice issued by the seller to the trader;*
 - (iii) *Purchase order from the buyer to the trader;*
 - (iv) *Invoice issued by the trader to the buyer;*
 - (v) *Export/import declaration form; and*
 - (vi) *Delivery Order/Packing List shall indicate the followings:*
 - (a) *Consignor is the trader;*
 - (b) *Consignee is the buyer; and*
 - (c) *Notify Party is the seller.*

- (5) *The buyer shall keep and maintain the following documents:*
 - (i) *Purchase order from the buyer to the trader;*
 - (ii) *Invoice issued by the trader to the buyer;*
 - (iii) *Import declaration form; and*
 - (iv) *Delivery Order/Packing List shall indicate the followings:*

- (a) Consignor is the trader;
- (b) Consignee is the buyer; and
- (c) Notify Party is the seller.

Example 8: The buyer purchased the taxable goods from the seller in SA through the trader in PCA and subsequently the trader transported the goods to buyer in another SA. Sales tax shall be charged on the goods transported to the trader and no sales tax shall be charged on the goods transported by the trader to the buyer in another SA.

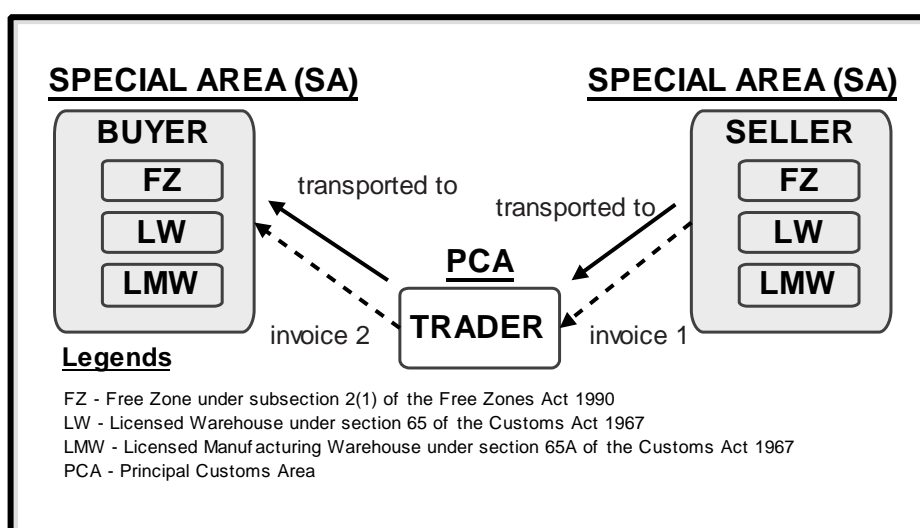


Figure 8: The goods are transported into PCA and subsequently transported to another SA.

- (1) Pursuant to subsection 58(1) of the Sales Tax Act 2018, transportation of the goods from SA to PCA is as if such goods were imported into Malaysia from a place outside Malaysia. Sales tax is chargeable on the goods transported from SA to the trader in PCA. The trader shall declare the transportation of goods in the import declaration form or related documents as follows:
 - (i) Customs Prescribed Form No.1 (K1) – transported from FZ;
 - (ii) Customs Prescribed Form No.1 (K1) or No.9 (K9) – transported from LW; or
 - (iii) Customs Prescribed Form No.9 (K9) – transported from the LMW.

- (2) *The import declaration form shall indicate the followings:*
- (i) *Consignor is the seller;*
 - (ii) *Consignee is the trader; and*
 - (iii) *The value of the goods is the value for the purpose of customs duty as determined in accordance with the Customs Act 1967.*
- (3) *Based on section 61 of the Sales Tax Act 2018, the trader who paid the sales tax on importation may be allowed to claim for the sales tax drawback according to section 40 of the Sales Tax Act 2018 except for the sales tax paid on the taxable goods declared in Sales Tax (Imposition of Sales Tax in respect of Special Area) Order 2018.*
- (4) *Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods transported from PCA to SA. The trader shall declare the transportation of goods to SA in the export declaration form or other documents as follows:*
- (i) *Customs Prescribed Form No.2 (K2) – transported to the buyer in FZ;*
 - (ii) *Delivery Order (DO) – transported to the buyer in LW; and*
 - (iii) *Delivery Order (DO) – transported to the LMW.*
- (5) *The export declaration form shall indicate the followings:*
- (i) *Consignor is the trader;*
 - (ii) *Consignee is the buyer; and*
 - (iii) *The value is based on the invoice issued by the trader to the buyer.*
- (6) *The trader who claims for the sales tax drawback shall keep and maintain the following documents:*
- (i) *Purchase order from the buyer to the trader;*

- (ii) Invoice issued by the trader to the buyer;
- (iii) Export declaration form for the goods transported to FZ or DO for the goods transported to LW or LMW;
- (iv) Purchase order from the trader to the seller;
- (v) Invoice issued by the seller to the trader; and
- (vi) Import declaration form – Customs Prescribed Form No.1 (K1) or Customs Prescribed Form No.9 (K9).

Goods transported from Designated Areas (DA) to Special Areas (SA)

10. Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on any taxable goods transported from DA to Special Areas except for the taxable goods prescribed in Sales Tax (Imposition of Sales Tax in respect of Special Area) Order 2018.

Example 9: The buyer purchased the taxable goods from the seller in DA and the goods are directly transported from DA to the buyer in SA. No sales tax shall be charged on the goods transported from DA into SA.

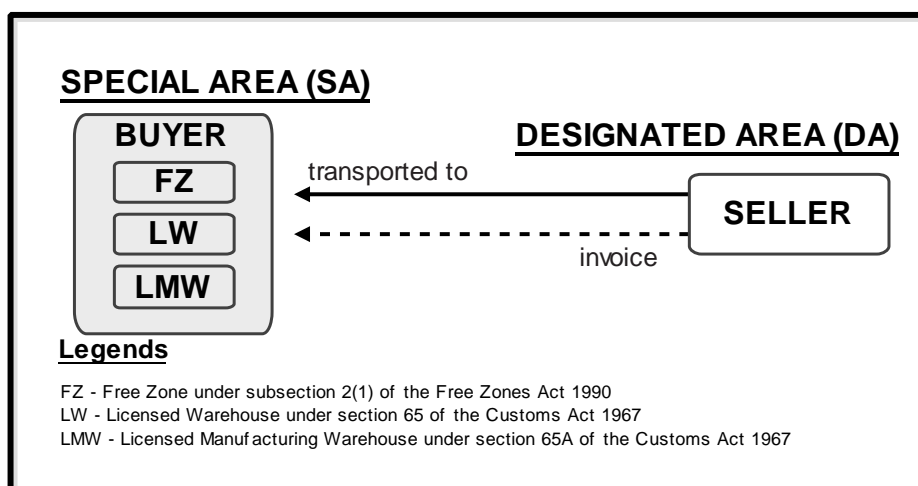


Figure 9: The goods transported from DA to SA.

- (1) Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods transported from DA to SA. The buyer

shall declare the transportation of goods in the import declaration form as follows:

- (i) Customs Prescribed Form No.8 (K8) – transported to the buyer in FZ;*
 - (ii) Customs Prescribed Form No.8 (K8) – transported to the buyer in LW; or*
 - (iii) Customs Prescribed Form No.1 (K1) – transported to the LMW.*
- (2) The import declaration form shall indicate the followings:*
- (i) Consignor is the seller;*
 - (ii) Consignee is the buyer; and*
 - (iii) The value of the goods is the value for the purpose of customs duty as determined in accordance with the Customs Act 1967.*
- (3) Delivery Order/Packing List shall indicate the followings:*
- (i) Consignor is the seller; and*
 - (ii) Consignee is the buyer;*

Example 10: *The buyer purchased the goods from DA through trader in PCA and the seller directly transported the goods from DA to the buyer in SA. No sales tax shall be charged on the taxable goods transported from DA into SA.*

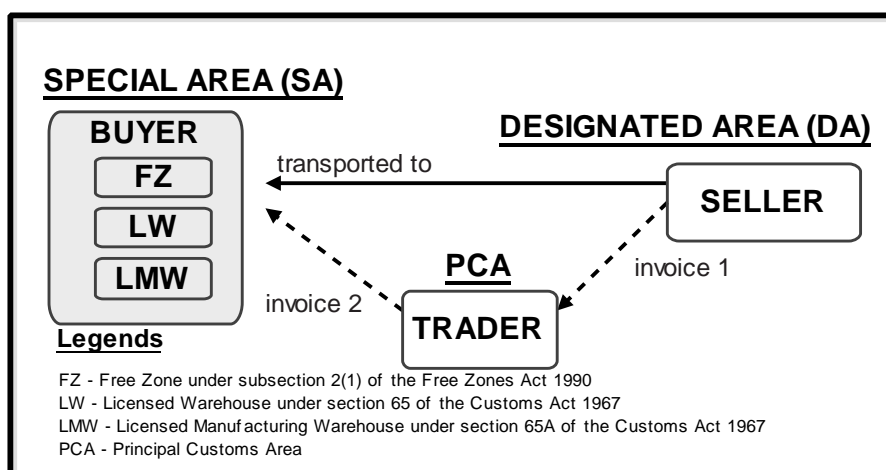


Figure 10: The goods transported from DA to SA.

- (1) *Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods transported from DA to SA. The buyer shall declare the transportation of goods in the import declaration form as follows:*
 - (i) *Customs Prescribed Form No.8 (K8) – transported to the buyer in FZ;*
 - (ii) *Customs Prescribed Form No.8 (K8) – transported to the buyer in LW; or*
 - (iii) *Customs Prescribed Form No.1 (K1) – transported to the LMW.*
- (2) *The import declaration form shall indicate the followings:*
 - (i) *Consignor is the seller;*
 - (ii) *Consignee is the buyer;*
 - (iii) *Notify Party is the trader; and*
 - (iv) *The value of the goods is the value for the purpose of customs duty as determined in accordance with the Customs Act 1967.*
- (3) *Delivery Order/Packing List shall indicate the followings:*
 - (i) *Consignor is the seller;*

- (ii) Consignee is the buyer; and
- (iii) Notify Party is the trader.

Example 11: The buyer purchased the taxable goods from DA through the trader in PCA and the trader transported the goods from DA to PCA and subsequently transported the goods to the buyer in SA. Sales tax shall be charged on the goods transported from DA into PCA and no sales tax shall be charged on the goods transported from PCA to SA.

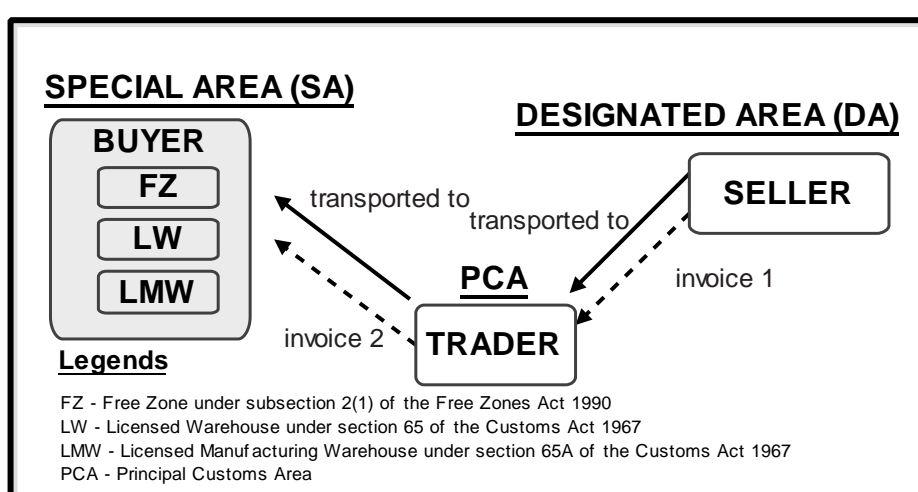


Figure 11: The goods transported from DA to PCA and subsequently transported to SA.

- (1) Pursuant to subsection 51(1) of the Sales Tax Act 2018, transportation of the goods from DA to PCA is as if such goods were imported into Malaysia from a place outside Malaysia. Sales tax is chargeable on the goods transported from DA to the trader in PCA. The trader shall declare the transportation of goods in the import declaration form or related documents as follows:
 - (i) Consignor is the seller;
 - (ii) Consignee is the trader;
 - (iii) The value of the goods is the value for the purpose of customs duty as determined in accordance with the Customs Act 1967; and
 - (iv) Bill of lading / airway bill / waybill shall indicate the following details:

- (a) *Consignor is the seller; and*
 - (b) *Consignee is the trader.*

- (2) *Based on section 61 of the Sales Tax Act 2018, the trader who paid the sales tax on importation may be allowed to claim for the sales tax drawback according to section 40 of the Sales Tax Act 2018 except for the sales tax paid the on the taxable goods declared in Sales Tax (Imposition of Sales Tax in respect of Special Area) Order 2018.*

- (3) *Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on any taxable goods transported from PCA to SA and the trader shall declare the transportation of goods into SA in the export declaration form or related documents as follows:*
 - (i) *Customs Prescribed Form No.2 (K2) – transported to the buyer in FZ;*
 - (ii) *Delivery Order (DO) – transported to the buyer in LW; or*
 - (iii) *Delivery Order (DO) – transported to the LMW.*

- (4) *The export declaration form shall indicate the followings:*
 - (i) *Consignor is the trader;*
 - (ii) *Consignee is the buyer;*
 - (iii) *The value is based on the invoice issued by the trader to the buyer;*
and
 - (iv) *Delivery Order/Packing List shall indicate the followings:*
 - (a) *Consignor is the trader; and*
 - (b) *Consignee is the buyer.*

- (6) *The trader who claims for the sales tax drawback shall keep and maintain the following documents:*
- (i) *Purchase order from the buyer to the trader;*
 - (ii) *Invoice issued by the trader to the buyer;*
 - (iii) *Export declaration form for the goods transported to FZ or DO for the goods transported to LW or LMW;*
 - (iv) *Purchase order from the trader to the seller;*
 - (v) *Invoice issued by the seller to the trader; and*
 - (vi) *Import declaration form – Customs Prescribed Form No.1 (K1).*

Goods transported from Special Area to Principal Customs Area (PCA)

11. Sales Tax is chargeable on any taxable goods transported from Special Areas to PCA. The transportation of taxable goods from Special Areas to Principal Customs Area is as if such goods were imported into Malaysia from a place outside Malaysia.

Example 12: *The buyer purchased the goods from the seller in SA and transported the goods to PCA. Sales tax shall be charged on the taxable goods transported from SA to PCA.*

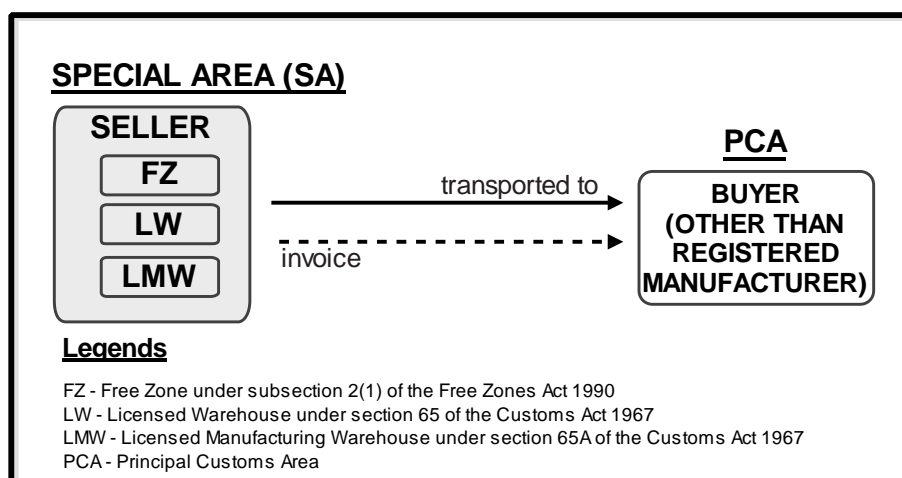


Figure 12a: The goods transported from SA to PCA.

- (1) *Sales tax shall be charged pursuant to subsection 8(1) of the Sales Tax Act 2018 on the taxable goods transported from SA to the Buyer in PCA. The buyer shall declare the importation of the goods in the Customs Form No.1 (K1) and the import declaration form shall indicate the followings:*
- (i) *Customs Prescribed Form No.1 (K1) – transported from FZ;*
 - (ii) *Customs Prescribed Form No.1 (K1) or No.9 (K9) – transported from LW; or*
 - (iii) *Customs Prescribed Form No.9 (K9) – transported from the LMW.*
- (2) *The Import declaration form shall indicate the followings:*
- (i) *Consignor is the seller;*
 - (ii) *Consignee is the buyer; and*
 - (iii) *The value of the goods is the value for the purpose of customs duty as determined in accordance with the Customs Act 1967.*

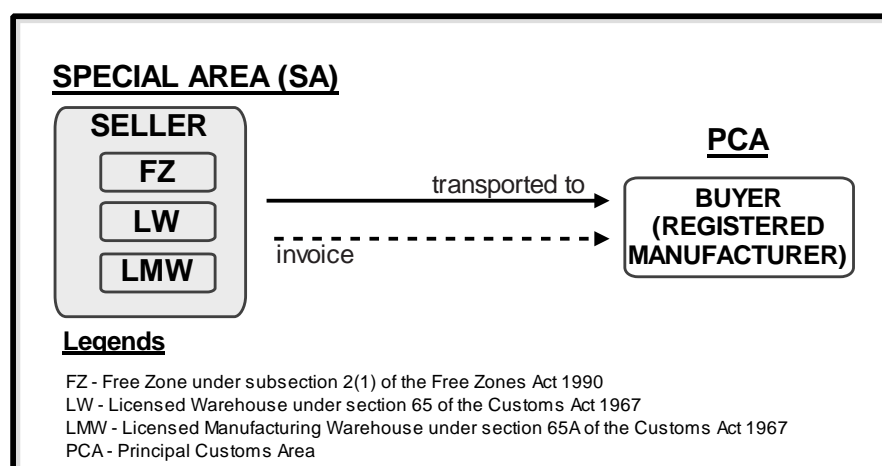


Figure 12b: The goods transported from SA to PCA.

- (3) *If the buyer is a Registered Manufacturer under Sales Tax Act 2018, the buyer may claim for exemption from payment of sales tax according to item 1 of Schedule C of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018.*

- (4) The buyer who is a registered manufacturer who claim for sales tax exemption shall keep and maintain the following documents:
- (i) Import declaration form;
 - (ii) Purchase order from the buyer to the seller;
 - (iii) Invoice issued by the seller to the buyer; and
 - (iv) Certificate of exemption issued by Royal Malaysian Customs Department to the buyer.

Example 13: The buyer purchased the goods from SA through the trader in PCA and subsequently the goods are transported to the buyer in PCA. Sales tax shall be charged on the taxable goods imported from the SA into PCA.

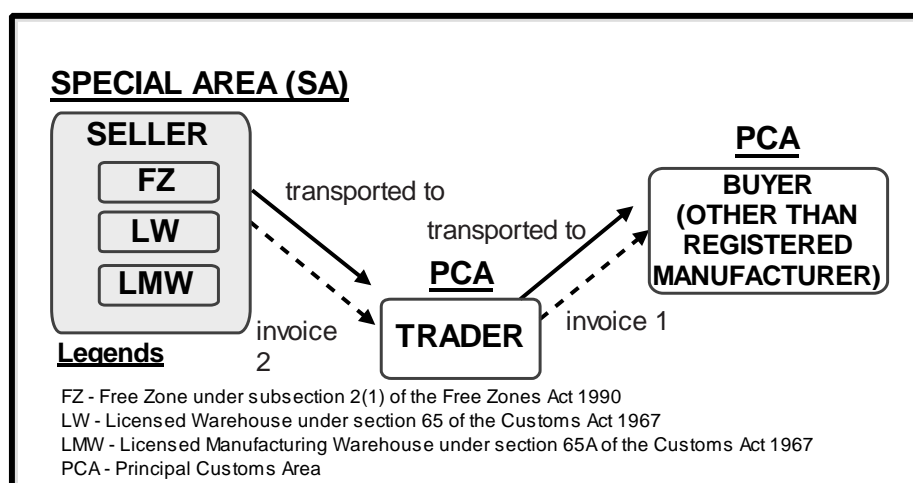


Figure 13a: Goods transported from SA to PCA.

- (1) Sales tax shall be charged pursuant to subsection 8(1) of the Sales Tax Act 2018 on the taxable goods transported from SA to the trader in PCA. The trader shall declare the transportation of goods in the import declaration form as follows:
- (i) Customs Prescribed Form No.1 (K1) – transported from FZ;
 - (ii) Customs Prescribed Form No.1 (K1) or No.9 (K9)– transported from LW; or
 - (iii) Customs Prescribed Form No.9 (K9) – transported from the LMW.

- (2) *The import declaration form shall indicate the followings:*
- (i) *Consignor is the seller;*
 - (ii) *Consignee is the trader; and*
 - (iii) *The value of the goods is the value for the purpose of customs duty as determined in accordance with the Customs Act 1967.*

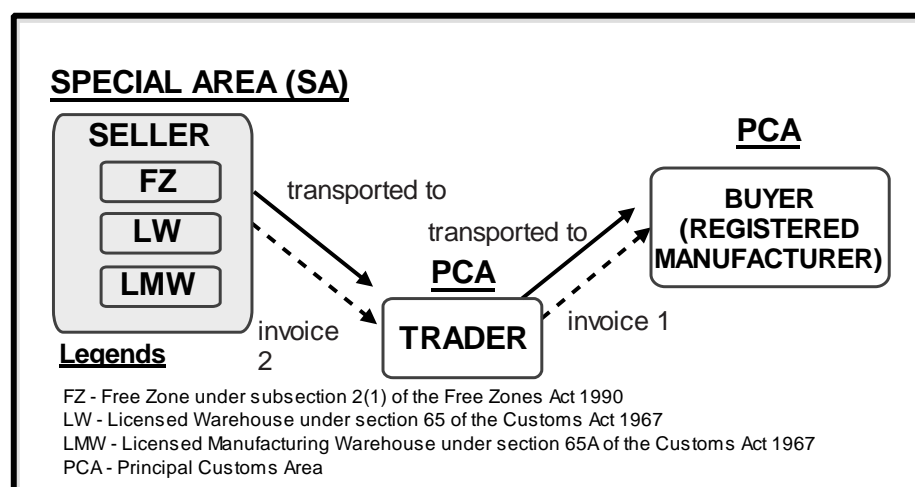


Figure 13b: Goods transported from SA to PCA.

- (3) *If the buyer is a Registered Manufacturer under Sales Tax Act 2018, the buyer who appoints the trader to purchase the taxable goods may apply for exemption from payment of sales tax according to item 3 of Schedule C of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018.*
- (4) *The trader who claims for sales tax exemption on behalf of the buyer shall keep and maintain the following documents:*
- (i) *Import declaration form;*
 - (ii) *Purchase order from the buyer to the trader;*
 - (iii) *Purchase order from the trader to the seller;*
 - (iv) *Invoice issued by the seller to the trader;*
 - (v) *Invoice issued by the trader to the buyer;*

- (vi) A copy of Certificate of exemption issued by Royal Malaysian Customs Department to the buyer; and
- (vii) Delivery Order/Packing List shall indicate the followings:
 - (a) Consignor is the trader; and
 - (b) Consignee is the buyer.

Goods exported from Special Areas to a place outside Malaysia

12. Based on section 56 of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods transported from SA to Overseas.

Example 14: The buyer purchased the goods from the seller in SA and the goods are directly exported from SA to the buyer in Overseas. No sales tax shall be charged on the taxable goods exported from SA to overseas.

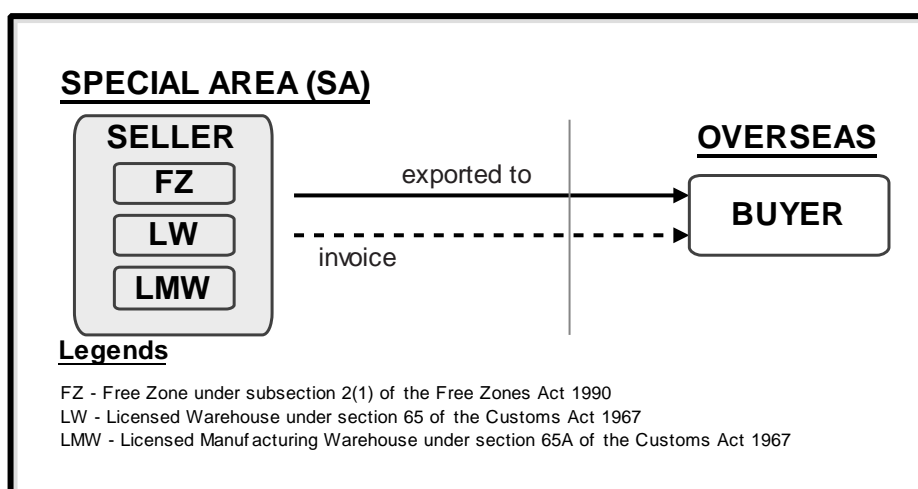


Figure 14: Goods exported to Overseas.

- (1) Based on section 8 and 56 of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods transported from SA to Overseas. The seller shall declare the exportation in the export declaration form as follows:
 - (i) Customs Prescribed Form No.8 (K8) – exported from FZ.
 - (ii) Customs Prescribed Form No.8 (K8) – exported from LW.

- (iii) *Customs Prescribed Form No.2 (K2) – exported from LMW*
- (2) *The export declaration form shall indicate the followings:*
 - (i) *Consignor is the seller;*
 - (ii) *Consignee is the buyer; and*
 - (iii) *The value is based on the invoice issued by the seller to the buyer.*
- (3) *Bill of lading / airway bill / waybill stating the following details:*
 - (i) *Consignor is the seller; and*
 - (ii) *Consignee is the buyer.*

Example 15: *The buyer purchased the goods from SA through trader in PCA and the trader exported the goods directly from SA to the buyer in Overseas. No sales tax shall be charged on any taxable goods exported from SA to Overseas.*

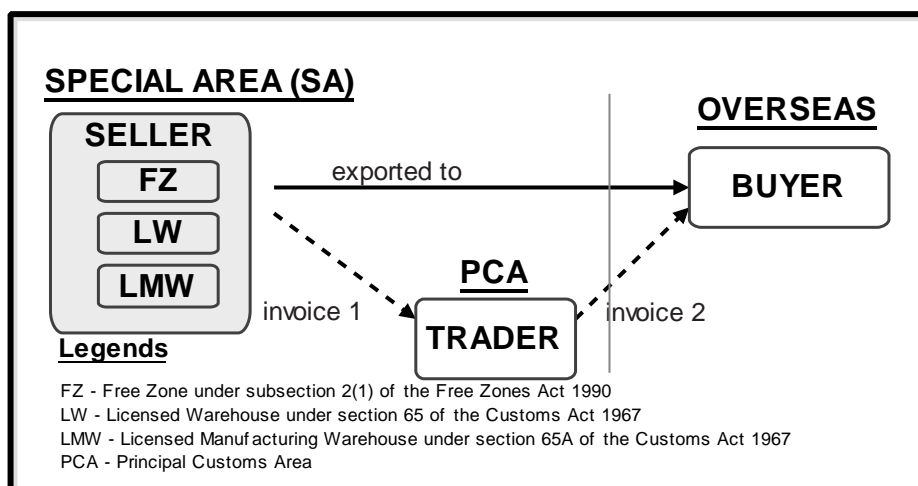


Figure 15: Goods exported from SA to Overseas.

- (1) *Based on subsection 56 of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods transported from SA to Overseas. The trader shall declare the exportation in the export declaration form as follows:*
 - (i) *Customs Prescribed Form No.8 (K8) – exported from FZ;*

- (ii) *Customs Prescribed Form No.8 (K8)– exported from LW; or*
 - (iii) *Customs Prescribed Form No.2 (K2) – exported from LMW.*
- (2) *The export declaration form shall indicate the followings:*
 - (i) *Consignor is the trader;*
 - (ii) *Consignee is the buyer;*
 - (iii) *Notify Party is the seller; and*
 - (iv) *The value is based on the invoice issued by the trader to the buyer.*
- (3) *The seller shall keep and maintain the following documents:*
 - (i) *Purchase order from the trader to the seller;*
 - (ii) *Invoice issued by the seller to the trader; and*
 - (iii) *Export declaration form.*
- (4) *The trader shall keep and maintain the following documents:*
 - (i) *Export declaration form;*
 - (ii) *Purchase order from the trader to the seller;*
 - (iii) *Invoice issued by the seller to the trader;*
 - (iv) *Purchase order from the buyer to the trader;*
 - (v) *Invoice issued by the trader to the buyer; and*
 - (vi) *Bill of lading / airway bill / waybill stating the following details:*
 - (a) *Consignor is the trader;*
 - (b) *Consignee is the buyer; and*
 - (c) *Notify Party is the seller.*

Example 16: The buyer purchased the goods from SA through the trader in PCA and the trader transported the goods from SA to PCA and subsequently the goods are exported to the buyer in Overseas. Sales tax shall be charged on the taxable goods transported from SA to PCA. No sales tax shall be charged on any taxable goods exported from PCA to Overseas.

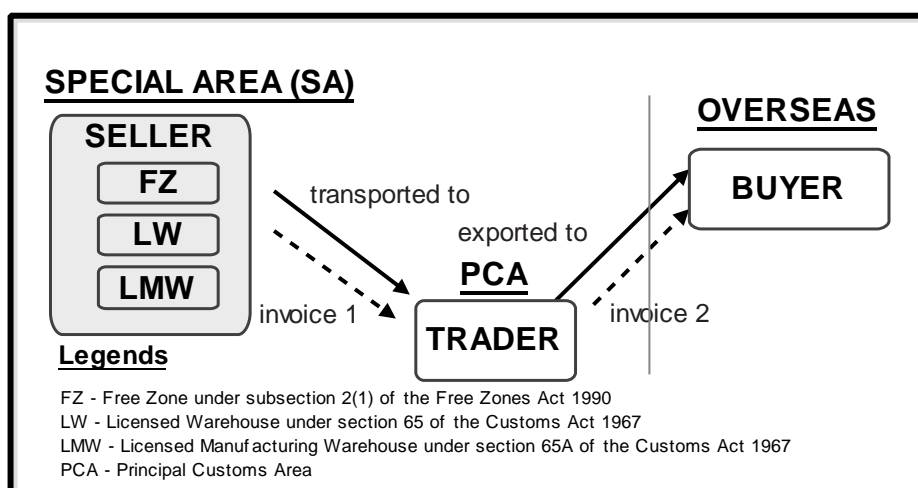


Figure 16: Goods transported from SA and subsequently exported to Overseas.

- (1) Sales tax shall be charged pursuant to subsection 8(1) of the Sales Tax Act 2018 on the taxable goods transported from SA to the trader in PCA. The trader shall declare the transportation of goods in the import declaration form as follows:
 - (i) Customs Prescribed Form No.1 (K1) – transported from FZ;
 - (ii) Customs Prescribed Form No.1 (K1) or No.9 (K9)– transported from LW; or
 - (iii) Customs Prescribed Form No.9 (K9) – transported from the LMW.
- (2) The import declaration form shall indicate the followings:
 - (i) Consignor is the seller;
 - (ii) Consignee is the trader; and

- (iii) *The value of the goods is the value for the purpose of customs duty as determined in accordance with the Customs Act 1967.*
- (3) *The trader may claim for exemption from payment of sales tax according to item 57 of Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018.*
- (4) *The trader who claims for sales tax exemption shall keep and maintain the following documents:*
 - (i) *Export declaration form;*
 - (ii) *Purchase order from the buyer to the trader;*
 - (iii) *Purchase order from the trader to the seller;*
 - (iv) *Invoice issued by the seller to the trader;*
 - (v) *Invoice issued by the trader to the buyer;*
 - (vi) *Certificate of exemption issued by Royal Malaysian Customs Department to the buyer; and*
 - (vii) *Bill of lading / airway bill / waybill stating the following details:*
 - (a) *Consignor is the trader; and*
 - (b) *Consignee is the buyer.*

Transportation of goods within SA

13. Based on section 56 of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods transported within SA.

Example 17: *The buyer purchased the goods from the seller in SA and the goods are transported to the buyer in the same SA. No sales tax shall be charged on any taxable goods transported within SA.*

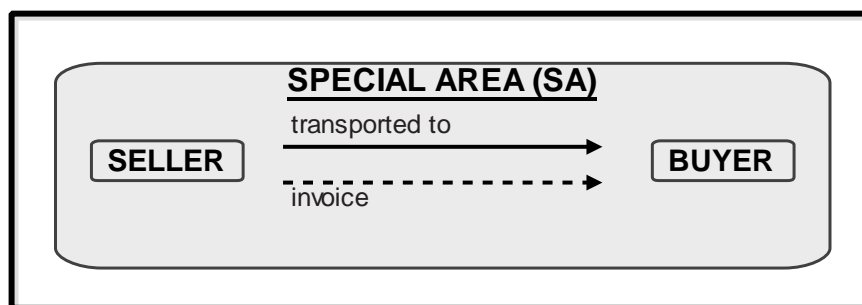


Figure 17: Goods transported within SA.

(1) Declaration of the transportation of goods shall be made in the related declaration form or other documents as follows:

- (i) Free Zone Form No.4 (ZB4) – within FCZ;
- (ii) Delivery Order (DO) – within FIZ; or
- (iii) Delivery Order (DO) – within LW.

(2) The declaration form shall indicate the followings:

- (i) Consignor is the seller;
- (ii) Consignee is the buyer; and
- (iii) The value is based on the invoice issued by the seller to the buyer.

Example 18: The buyer purchased the goods from SA through trader in PCA where the trader transported the goods direct to the buyer in the same SA. No sales tax shall be charged on any taxable goods transported within SA.

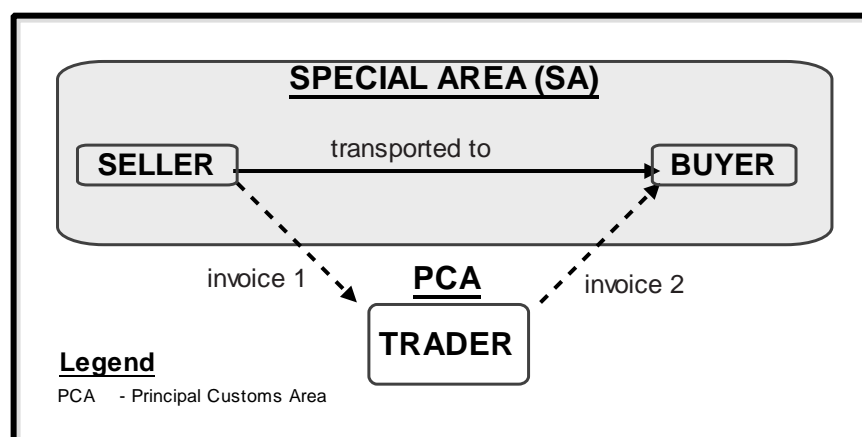


Figure 18: Goods transported within SA.

- (1) Declaration of the transportation of goods shall be made in the related declaration form or other documents as follows:
 - (i) Free Zone Form No.4 (ZB4) – within FCZ; or
 - (ii) Delivery Order (DO) – within LW.
- (2) The declaration form shall indicate the followings:
 - (i) Consignor is the trader;
 - (ii) Consignee is the buyer;
 - (iii) Notify Party is the seller; and
 - (iv) The value is based on the invoice issued by the trader to the buyer.

Example 19: The buyer purchased the goods from the seller in SA through the trader in PCA and the goods are transported to the trader in the PCA and subsequently transported to the buyer in the same SA. Sales tax shall be charged on the taxable goods transported from SA into PCA. No sales tax shall be charged on the taxable goods transported to SA by the trader.

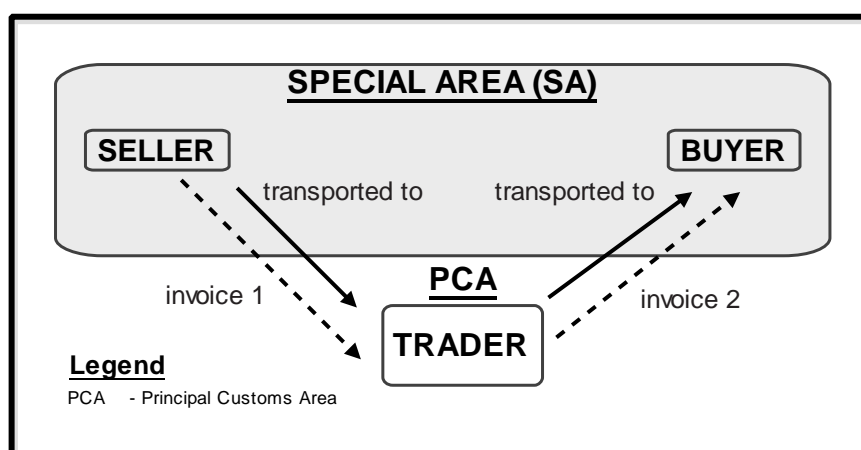


Figure 19

- (1) Sales tax shall be charged pursuant to subsection 8(1) of the Sales Tax Act 2018 on the taxable goods transported from SA to the trader in PCA. The trader shall declare the transportation of the goods in the Customs

Form No.1 (K1) or Customs Form No.9 (K9) and the import declaration form shall indicate the followings:

- (i) Consignor is the seller;*
 - (ii) Consignee is the trader; and*
 - (iii) The value of the goods is the value for the purpose of customs duty as determined in accordance with the Customs Act 1967.*
- (2) Based on section 61 of the Sales Tax Act 2018, the trader who paid the sales tax on importation may be allowed to claim for the sales tax drawback according to section 40 of the Sales Tax Act 2018 except for the sales tax paid the on the taxable goods declared in Sales Tax (Imposition of Sales Tax in respect of Special Area) Order 2018.*
- (3) Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods transported from PCA to SA. The trader shall declare the transportation of goods to SA in the export declaration form or related documents as follows:*
- (i) Customs Prescribed Form No.2 (K2) – transported to FZ;*
 - (ii) Delivery Order (DO) – transported to LW; or*
 - (iii) Delivery Order (DO) – transported to the LMW.*
- (4) The export declaration form shall indicate the followings:*
- (i) Consignor is the trader;*
 - (ii) Consignee is the buyer; and*
 - (iii) The value is based on the invoice issued by the trader to the buyer.*
- (5) The trader who claims for the sales tax drawback shall keep and maintain the following documents:*
- (i) Purchase order from the buyer to the trader;*

- (ii) Invoice issued by the trader to the buyer;
- (iii) Export declaration form for the goods transported to FZ or DO for the goods transported to LW or LMW;
- (iv) Purchase order from the trader to the seller;
- (v) Invoice issued by the seller to the trader; and
- (vi) Import declaration form – Customs Prescribed Form No.1 (K1) or Customs Prescribed Form No.9 (K9).

Goods transported from Special Area (FIZ or LMW) to Principal Customs Area for repair

14. Taxable goods transported from FIZ or LMW to PCA for repair and subsequently transported back to FIZ or LMW within three months are exempted from payment of sales tax. The person who removes the goods from FIZ or LMW may claim for exemption under item 34 of Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018. Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods transported from PCA to SA.

Movement of the goods		Declaration			Sales Tax
From	To	Form	Consignor	Consignee	
FIZ	PCA	K1	FIZ Manufacturer	Person in PCA (importer)	Exempted (A34)
PCA	FIZ	K2	Person in PCA	FIZ Manufacturer	Not Chargeable [subsection 57(a)]
LMW	PCA	K9	LMW Manufacturer	Person in PCA (importer)	Exempted (A34)
PCA	LMW	DO	Person in PCA	LMW Manufacturer	Not Chargeable [subsection 57(a)]

A34 – Exemption under item 34 of Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018. The exemption certificate is to be signed by the Importer.

Goods transported to Special Area from Principal Customs Area for repair

15. Taxable goods transported from PCA to Free Industrial Zone (FIZ) or LMW for repair and subsequently transported back to PCA within three months are exempted from payment of sales tax. The person who removes the goods from FIZ or LMW may claim for exemption under item 36 of Schedule A of the Sales Tax (Persons Exempted

from Payment of Tax) Order 2018. However, tax shall be charged on any new parts added as certified by the repairer. Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods transported from PCA to SA.

Movement of the goods		Declaration			Sales Tax
From	To	Form	Consignor	Consignee	
PCA	FIZ	K2	Person in PCA	FIZ Manufacturer	Not Chargeable [subsection 57(a)]
FIZ	PCA	K1	FIZ Manufacturer	Person in PCA (importer)	Exempted (A36)
PCA	LMW	DO	Person in PCA	LMW Manufacturer	Not Chargeable [subsection 57(a)]
LMW	PCA	K9	LMW Manufacturer	Person in PCA (importer)	Exempted (A36)

A36 – Exemption under item 36 of Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018. The exemption certificate is to be signed by the Importer.

Goods transported to Special Area from Principal Customs Area for sub-contract work

16. Subject to the Director General approval, taxable goods transported by a manufacturer in PCA to Free Industrial Zone (FIZ) or LMW for sub-contract work and subsequently transported back to PCA are exempted from payment of sales tax. The manufacturer who removes the goods from FIZ or LMW may claim for exemption under item 38 of Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018. Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods transported from PCA to SA.

Movement of the goods		Declaration			Sales Tax
From	To	Form	Consignor	Consignee	
PCA	FIZ	K2	Manufacturer in PCA	FIZ Manufacturer	Not Chargeable [subsection 57(a)]
FIZ	PCA	K1	FIZ Manufacturer	Manufacturer in PCA	Exempted (A38)
PCA	LMW	DO	Manufacturer in PCA	LMW Manufacturer	Not Chargeable [subsection 57(a)]
LMW	PCA	K9	LMW Manufacturer	Manufacturer in PCA	Exempted (A38)

A38 – Exemption under item 38 of Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018. The exemption certificate is to be signed by the manufacturer.

Goods transported from Special Area to Principal Customs Area for sub-contract work

17. Subject to the Director General approval, taxable goods which are partially manufactured in FZ or LMW transported to non-registered manufacturer in PCA for sub-contract work and subsequently transported back to the manufacturer in FZ or LMW are exempted from payment of sales tax. The manufacturer who removes the goods from FZ or LMW may claim for exemption under item 54 of Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018. Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods transported back from PCA to SA.

Movement of the goods		Declaration			Sales Tax
From	To	Form	Consignor	Consignee	
<i>FIZ</i>	<i>PCA</i>	<i>K1</i>	<i>FIZ Manufacturer</i>	<i>PCA Manufacturer</i>	<i>Exempted (A54)</i>
<i>PCA</i>	<i>FIZ</i>	<i>K2</i>	<i>PCA Manufacturer</i>	<i>FIZ Manufacturer</i>	<i>Not Chargeable [subsection 57(a)]</i>
<i>LMW</i>	<i>PCA</i>	<i>K9</i>	<i>LMW Manufacturer</i>	<i>PCA Manufacturer</i>	<i>Exempted (A54)</i>
<i>PCA</i>	<i>LMW</i>	<i>DO</i>	<i>PCA Manufacturer</i>	<i>LMW Manufacturer</i>	<i>Not Chargeable [subsection 57(a)]</i>

A54 – Exemption under item 54 of Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018. The exemption certificate is to be signed by the person approved by the Director General.

Goods transported from Special Area to Inland Clearance Depot (ICD) under Section 65E of Customs Act 1967

18. Taxable goods transported from Special Area to ICD are exempted from payment of sales tax under item 49 of Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018.

Movement of the goods		Declaration			Sales Tax
From	To	Form	Consignor	Consignee	
<i>FZ</i>	<i>ICD</i>	<i>K8</i>	<i>Exporter</i>	<i>Importer</i>	<i>Exempted (A49)</i>
<i>LW</i>	<i>ICD</i>	<i>K8</i>	<i>Exporter</i>	<i>Importer</i>	<i>Exempted (A49)</i>
<i>LMW</i>	<i>ICD</i>	<i>K8</i>	<i>Exporter</i>	<i>Importer</i>	<i>Exempted (A49)</i>

Movement of the goods		Declaration			Sales Tax
From	To	Form	Consignor	Consignee	
DA	ICD	K8	Exporter	Importer	Exempted (A49)
Overseas	ICD	K8	Exporter	Importer	Exempted (A49)

A49 – Exemption under item 49 of Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018. The exemption certificate is not required.

Goods transported from Special Area to Duty Free Shop (DFS) under Section 65D of Customs Act 1967 other than DFS in DA

19. Taxable goods transported from LW or FZ to DFS are exempted from payment of sales tax under item 66 of Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018.

Movement of the goods		Declaration			Sales Tax
From	To	Form	Consignor	Consignee	
FZ	DFS	K8	Exporter	Importer	Exempted (A66)
LW	DFS	K8	Exporter	Importer	Exempted (A66)
PCA (Registered Manufacturer)	DFS	DO	Exporter	Importer	Exempted (A66)
Overseas	DFS	K8	Exporter	Importer	Exempted (A66)

A66 – Exemption under item 66 of Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018. The exemption certificate is to be signed by Duty free shop operator or any person authorised by him.

Importation and transportation of goods in respect of Joint Development Area (JDA)

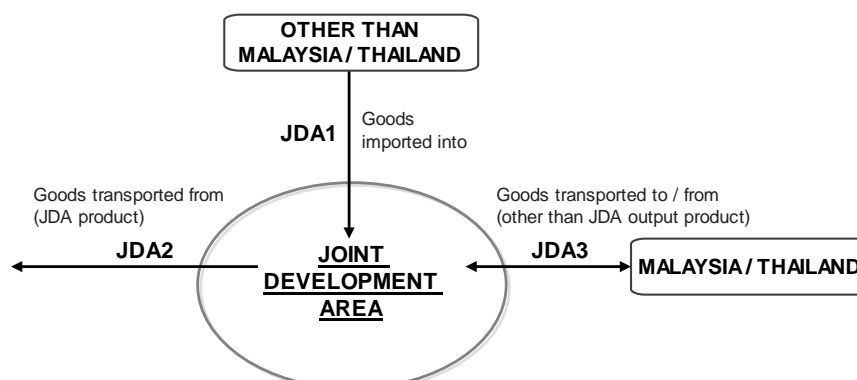


Figure 20: Transportation of Goods in respect of JDA.

20. Based on subsection 57(a) of the Sales Tax Act 2018, no sales tax is chargeable on the taxable goods imported from overseas or transported from PCA to JDA. JDA operator shall declare the importation or transportation of goods in the form as follows:

- (i) Joint Development Area Form No.1 (JDA1) – imported from overseas to JDA; or
- (ii) Joint Development Area Form No.3 (JDA3) – transported from PCA to JDA.

21. Sales tax shall be charged pursuant to subsection 8(1) of the Sales Tax Act 2018 on the taxable goods transported from JDA to PCA. The transporter/importer of the goods shall declare the transportation from JDA in the form as follows:

- (i) Joint Development Area Form No.2 (JDA2) – transported of the JDA product from JDA to PCA; or
- (ii) Joint Development Area Form No.3 (JDA3) – transported of the goods other than JDA product to PCA.

SERVICE TAX IN RESPECT OF SA

Taxable service provided within or between SA

22. No service tax shall be charged on any taxable service provided within or between SA unless on the taxable services prescribed in the Service Tax (Imposition of Tax for Taxable Service in Respect of Designated Areas and Special Areas) Order 2018.

Taxable service provided from SA to DA

23. No service tax shall be charged on any taxable service provided from SA to DA unless on the taxable services prescribed in the Service Tax (Imposition of Tax for Taxable Service in Respect of Designated Areas and Special Areas) Order 2018.

Taxable service provided within Malaysia by registered person whose principal place of business located in SA

24. Service tax shall be charged by any registered person whose principal place of business is located in SA on any taxable service provided by him within Malaysia.

Taxable service provided to SA by registered person whose principal place of business located in Malaysia

25. Service tax shall be charged by any registered person whose principal place of business is located in Malaysia who provides any taxable service to SA.

INQUIRY

For any inquiries for this guide please contact:

Internal Tax Division
Royal Malaysian Customs Department
Level 3 - 7, Block A, Menara Tulus,
No. 22, Persiaran Perdana, Presint 3,
62100 Putrajaya.

FURTHER ASSISTANCE AND INFORMATION ON SST

Further information on SST can be obtained from:

- (i) SST website: <https://mysst.customs.gov.my>
- (ii) Customs Call Center:
 - Tel: 03-7806 7200 / 1-300-888-500
 - Fax: 03-7806 7599
 - Email: ccc@customs.gov.my