

# SALES TAX (PERSONS EXEMPTED FROM PAYMENT OF TAX) (AMENDMENT) (NO. 3) ORDER 2023

PU(A) 411

29 December 2023

IN exercise of the powers conferred by paragraph 35(1)(b) of the Sales Tax Act 2018 [Act 806], the Minister makes the following order:

## Citation and commencement

1(1) This order may be cited as the **Sales Tax (Persons Exempted From Payment Of Tax) (Amendment) (No. 3) Order 2023**.

1(2) This Order comes into operation on 1 January 2024.

## Amendment of Schedule B

2 The Sales Tax (Persons Exempted From Payment Of Tax) Order 2018 [*P.U. (A) 210/2018*], which is referred to as the “principal Order” in this Order, is amended in the Schedule B—

(a) in relation to item 1—

(i) in column (3), by deleting the words “(including packing materials)”;

(ii) in column (4)—

(A) in subitem (a), by inserting after the words “registered manufacturer” the words “or transported from a licensed warehouse under section 65 of the Customs Act 1967, a licensed manufacturing warehouse under section 65A of the Customs Act 1967 or a free zone established under the Free Zones Act 1990”;

(B) in subitem (c), by substituting for the full stop at the end of the subitem a semicolon;

(C) by inserting after subitem (c) the following subitem:

“(d) any other conditions as the Director General may deem fit to impose”;  
and

(iii) in column (5), by substituting for the words “The person approved by the Director General” the words “The manufacturer in column (2)”;

(b) in relation to item 2—

(i) in column (3), by deleting the words “(including packing materials)”;

(ii) in column (4)—

(A) in subitem (a), by inserting after the words “registered manufacturer” the words “or transported from a licensed warehouse under section 65 of the Customs Act 1967, a licensed manufacturing warehouse under section 65A of the Customs Act 1967 or a free zone established under the Free Zones Act 1990”;

(B) in subitem (c), by substituting for the full stop at the end of the subitem a semicolon;

(C) by inserting after subitem (c) the following subitem:

“(d) any other conditions as the Director General may deem fit to impose”;  
and

- (iii) in column (5), by substituting for the words “The person approved by the Director General” the words “The manufacturer in column (2)”;
- (c) in relation to item 3, in column (3), by deleting the words “(including packing materials)”;
- (d) in relation to item 4—
  - (i) in column (3), by substituting for the words “Taxable raw materials and components (including packing materials)” the words “Raw materials, components, manufacturing aids, cleanroom equipment and, packing and packaging materials”;
  - (ii) in column (4)—
    - (A) by substituting for subitem (a) the following subitem:
 

“(a) That the goods are imported or purchased from a registered manufacturer or transported from a licensed warehouse under section 65 of the Customs Act 1967, a licensed manufacturing warehouse under section 65A of the Customs Act 1967 or a free zone established under the Free Zones Act 1990”;
    - (B) by inserting after subitem (a) the following subitem:
 

“(aa) in the case of manufacturing aids and cleanroom equipment, the goods as may be specified by the Director General;”;
    - (C) by substituting for subitem (b) the following subitem:
 

“(b) that the goods in column (3) are used solely for the manufacture of exempted goods;”;
    - (D) by inserting after subitem (b) the following subitem:
 

“(ba) that the produced exempted goods shall be exported within twelve months from the date of import or purchase from a registered manufacturer or transported from a licensed warehouse under section 65 of the Customs Act 1967, a licensed manufacturing warehouse under section 65A of the Customs Act 1967 or a free zone established under the Free Zones Act 1990, or such further period as approved by the Director General;”;
    - (E) by substituting for subitem (c) the following subitem:
 

“(c) that the goods in column (3) and the produced exempted goods thereof shall not be sold or otherwise disposed of in Malaysia except as approved by the Director General and upon payment of the appropriate amount of tax;”;
    - (F) by deleting subitem (d);
    - (G) in subitem (e), by substituting for the words “raw materials and components” the words “goods in column (3)”;

- (H) by substituting for subitem (f) the following subitem:
  - “(f) that if the goods in column (3) are not used and the produced exempted goods thereof are not exported within twelve months from the date of import or purchase from a registered manufacturer or transported from a licensed warehouse under section 65 of the Customs Act 1967, a licensed manufacturing warehouse under section 65A of the Customs Act 1967 or a free zone established under the Free Zones Act 1990, or such further period as approved by the Director General, the manufacturer in column (2) shall be liable to pay the sales tax;”; and
- (I) by inserting after subitem (f) the following subitem:
  - “(g) any other conditions as the Director General may deem fit to impose”; and
- (iii) in column (5), by substituting for the words “The person approved by the Director General” the words “The manufacturer in column (2)”.

### **Amendment of Schedule C**

3 The principal Order is amended in the Schedule C—

(a) in relation to item 1—

- (i) in column (3), by substituting for the words “and packaging materials” the words “, manufacturing aids, cleanroom equipment and, packing and packaging materials”; and
- (ii) in column (4)—
  - (A) by inserting after subitem (a) the following subitem:
    - “(aa) in the case of manufacturing aids and cleanroom equipment, the goods as may be specified by the Director General;”;
  - (B) in subsubsubitem (b)(iii)(B), by deleting the words “by person acting on behalf of a registered manufacturer”;
  - (C) by substituting for subitem (c) the following subitem:
    - “(c) that the goods shall be used in the manufacturing of finished goods of taxable goods of the person mentioned in column (2) or both taxable and exempted goods of the person mentioned in column (2);”;
  - (D) by substituting for subsubitem (cb)(iii) the following subsubitem:
    - “(iii) milk products under headings or subheadings 04.01, 04.02, 0403.20.19 00, 0403.20.99 00, 0403.90.10 00, 0403.90.90 00, 04.04, 1901.10.20 00, 1901.90.31 00, 1901.90.32 00, 1901.90.39 00 and 2202.99.10 00 of the Customs Duties Order 2022;”; and
  - (E) by inserting after subitem (cc) the following subitems:
    - “(cd) if the goods in column (3) found damaged, destroyed due to unavoidable accident or does not meet the specified quality, the person mentioned in column (2) may export, transport or return the goods to the supplier, and no sales tax shall be levied or charged;
    - (ce) subject to subitem (cd), the person mentioned in column (2) may apply in writing to the Director General and the Director General may approve such application;”;

- (b) in relation to item 2—
- (i) in column (3), by substituting for the words “and packaging materials” the words “, manufacturing aids, cleanroom equipment and, packing and packaging materials”; and
  - (ii) in column (4)—
    - (A) by inserting after subitem (a) the following subitem:
 

“(aa) in the case of manufacturing aids and cleanroom equipment, the goods as may be specified by the Director General;”;
    - (B) by substituting for subitem (b) the following subitem:
 

“(b) that the goods are—

      - (i) imported;
      - (ii) purchased from another registered manufacturer; or
      - (iii) transported from—
        - (A) a licensed warehouse under section 65 of the Customs Act 1967 or a licensed manufacturing warehouse under section 65A of the Customs Act 1967;
        - (B) a petroleum supply base licensed under section 77B of the Customs Act 1967; or
        - (C) a free zone established under the Free Zones Act 1990;”;
    - (C) by inserting after subitem (c) the following subitems:
 

“(ca) if the goods in column (3) found damaged, destroyed due to unavoidable accident or does not meet the specified quality, the person mentioned in column (2) may export, transport or return the goods to the supplier, and no sales tax shall be levied or charged;

“(cb) subject to subitem (ca), the person mentioned in column (2) may apply in writing to the Director General and the Director General may approve such application;”;
- (c) in relation to item 3—
- (i) in column (3), by substituting for the words “and packaging materials” the words “, manufacturing aids, cleanroom equipment and, packing and packaging materials”; and
  - (ii) in column (4)—
    - (A) by inserting after subitem (b) the following subitem:
 

“(ba) in the case of manufacturing aids and cleanroom equipment, the goods as may be specified by the Director General;”;
    - (B) in subsubsubitem (c)(iii)(B), by deleting the words “by person acting on behalf of a registered manufacturer”;

(C) by substituting for subsubitem *(db)(iii)* the following subsubitem:

“(iii) milk products under headings or subheadings 04.01, 04.02, 0403.20.19 00, 0403.20.99 00, 0403.90.10 00, 0403.90.90 00, 04.04, 1901.10.20 00, 1901.90.31 00, 1901.90.32 00, 1901.90.39 00 and 2202.99.10 00 of the Customs Duties Order 2022;”; and

(D) by inserting after subitem *(dc)* the following subitems:

“(dd) if the goods in column (3) found damaged, destroyed due to unavoidable accident or does not meet the specified quality upon receiving such goods—

(i) the person mentioned in column (2) may export, transport or return the goods to the supplier; or

(ii) the registered manufacturer may return the goods to the person mentioned in column (2),

and no sales tax shall be levied or charged;

*(de)* subject to subitem *(dd)*, the person mentioned in column (2) or the registered manufacturer may apply in writing to the Director General and the Director General may approve such application;”; and

*(d)* in relation to item 4—

(i) in column (3), by substituting for the words “and packaging materials” the words “, manufacturing aids, cleanroom equipment and, packing and packaging materials”; and

(ii) in column (4)—

(A) by inserting after subitem *(b)* the following subitem:

“(ba) in the case of manufacturing aids and cleanroom equipment, the goods as may be specified by the Director General;”;

(B) by substituting for subitem *(c)* the following subitem:

“(c) that the goods are—

(i) imported;

(ii) purchased from another registered manufacturer; or

(iii) transported from—

(A) a licensed warehouse under section 65 of the Customs Act 1967 or a licensed manufacturing warehouse under section 65A of the Customs Act 1967;

(B) a petroleum supply base licensed under section 77B of the Customs Act 1967; or

(C) a free zone established under the Free Zones Act 1990;”; and

(C) by inserting after subitem *(e)* the following subitems:

“(ea) if the goods in column (3) found damaged, destroyed due to unavoidable accident or does not meet the specified quality upon receiving such goods—

- (i) the person mentioned in column (2) may export, transport or return the goods to the supplier; or
- (ii) the registered manufacturer may return the goods to the person mentioned in column (2),

and no sales tax shall be levied or charged;

- (eb) subject to subitem (ea), the person mentioned in column (2) or the registered manufacturer may apply in writing to the Director General and the Director General may approve such application;”.