

SALES TAX (AMENDMENT) REGULATIONS 2020

PU (A) 196
30 June 2020

IN exercise of the powers conferred by section 106 of the Sales Tax Act 2018 [Act 806], the Minister makes the following regulations:

Citation and commencement

1(1) These regulations may be cited as the **Sales Tax (Amendment) Regulations 2020**.

1(2) These Regulations come into operation on 1 July 2020.

New Part IXA

2 The Sales Tax Regulations 2018 [*P.U. (A) 203/2018*], which are referred to as the “principal Regulations” in these Regulations, are amended by inserting after Part IX the following part:

“PART IXA APPROVED MAJOR EXPORTER SCHEME

Intepretation

26A. In this Part –

“approved person” means any trader or manufacturer who is granted an approval by the Director General under the Approved Major Exporter Scheme under section 61A of the Act.

Application for approval

26B. (1) Any person is eligible to make an application to the Director General to be approved under section 61A of the Act if the person satisfies the Director General that -

- (a) he is a trader who:
 - (i) has been operating in Malaysia at least one year;
 - (ii) at the time the application is made, the annual sales value of the taxable goods exceeds ten million ringgit; and
 - (iii) at least eighty percent of the annual sales value of the taxable goods are sales exported or transported to a designated area or special area.
- (b) he is a manufacturer who:
 - (i) has been operating in Malaysia at least one year;
 - (ii) at the time the application is made, the annual sales value of the manufactured goods exempted from sales tax exceeds ten million ringgit; and
 - (iii) at least eighty percent of the annual sales value of the manufactured goods exempted from sales tax are sales exported or transported to a designated area or special area.
- (c) he is a trader and a manufacturer who fulfills the conditions for eligibility determined under paragraph (a) or (b); or
- (d) he is a person as determined by the Minister.

(2) Any person who has been approved under subregulation (1) shall be subject to the following conditions:

- (a) any importation, transportation and exportation of goods shall be declared by the approved person in the prescribed form under the Customs Act 1967 or any document as the Director General may determine;

- (b) keep a complete and true record or accounts in relation to the goods imported, transported, purchased, exported and sold under this scheme;
 - (c) his accounting and internal control system are able to fulfill such accounting and auditing standards;
 - (d) notify in writing to the Director General within fourteen days after any change in the business particulars of the approved person;
 - (e) prepare a statement relating to this scheme in such manner as the Director General may determine and submit such statement for inspection as may be required by a senior officer of sales tax at any time; and
 - (f) any other conditions as the Director General may deem fit to impose.
- (3) Every application for approval under subregulation (1) shall be made in such form and manner as the Director General may determine.
 - (4) The Director General may refuse any application made under subregulation (1), if he deems fit for the protection of revenue.

Validity of approval

- 26C. (1) An approval granted under this scheme shall be valid for a period of two years or any period as the Director General may determine.
- (2) An application for renewal of the approval period may be made in such form and manner as the Director General may determine within thirty days before the expiry date of such approval.
- (3) The Director General may refuse to renew an approval if the approved person fails to comply with any conditions determined under subregulation 26B.

Exemption from payment of sales tax

- 26D. Any approved person is allowed to be exempted from payment of sales tax on the taxable goods imported or transported from a designated area or special area or purchased or acquired from a registered manufacturer and such exemption shall be subject to the following conditions if –
 - (a) the approved person is a trader:
 - (i) the taxable goods are directly imported or transported from a designated area or special area or purchased or acquired from a registered manufacturer by the trader;
 - (ii) the taxable goods shall not be used or carried out any value-added process;
 - (iii) the taxable goods are subsequently exported or transported to a designated area or special area by the trader; and
 - (iv) the taxable goods shall not be disposed of other than by way of destruction as approved by the Director General, not sold locally or not accounted for unless the sales tax exempted on such taxable goods shall be paid to the Director General.
 - (b) the approved person is a manufacturer:
 - (i) the raw materials, components, packing and packaging materials shall be directly imported or transported from a designated area or special area or purchased or acquired from registered manufacturer by the manufacturer;
 - (ii) the raw materials, components, packing and packaging materials shall be used directly and solely in the manufacture of goods exempted from sales tax;
 - (iii) the manufactured goods exempted from sales tax shall be exported or transported to a designated area or special area by the manufacturer;
 - (iv) the raw materials, components, packing and packaging materials shall not be disposed of other than by way of destruction as approved by the Director General, not used other than for the purpose of manufacture of goods exempted from sales tax, not sold locally or not accounted for unless the sales tax exempted on such

- goods shall be paid to the Director General; and
- (v) the manufactured goods exempted from sales tax shall not be disposed of other than by way of destruction as approved by the Director General, not sold locally or not accounted for unless the sales tax exempted on raw materials, components, packing and packaging materials used in the manufacturing of the goods exempted from sales tax shall be paid to the Director General.
- (c) the approved person is a trader and a manufacturer:
 - (i) he shall comply with the prescribed conditions for a trader in subparagraphs 2(a)(i) to (iv); and
 - (ii) he shall comply with the prescribed conditions for a manufacturer in subparagraphs 2(b)(i) to (iv).

Goods not eligible for exemption from payment of sales tax

26E. The following goods which shall not be eligible for exemption from payment of sales tax under regulation 26D:

- (a) wine, spirits, beer and malt liquor;
- (b) cigarettes, tobacco and tobacco products; and
- (c) petroleum.

Variations, suspension and revocation of approval

- 26F. (1) The Director General may at any time, by notice in writing, vary the conditions or suspend or revoke any approval granted under regulation 26B, if he is satisfied that the approved person –
- (a) has provided any false, misleading or inaccurate information in his application, records, accounts or statements submitted;
 - (b) has, at any time, ceased to fulfill any of the conditions for eligibility under subregulation 26B(1);
 - (c) has failed to comply with any of the conditions imposed under subregulation 26B(2); or
 - (d) has failed to renew the approval period.
- (2) The Director General may, by notice in writing, vary the conditions or revoke any approval granted under regulation 26B upon request in writing by the approved person.
- (3) Notwithstanding subregulation (2), the Director General may by notice in writing, vary the conditions or revoke any approval granted under regulation 26B if he deems fit for the protection of revenue.

Sales tax due and payable

- 26G. (1) Where the approved person fails to comply with any of the prescribed conditions under regulation 26D, the sales tax exempted shall be due and payable and shall be paid in such manner as the Director General may determine.
- (2) The sales tax payable under subregulation (1) shall be due and payable as follows –
- (a) in the case the approved person is a trader, on the date the taxable goods are disposed of other than by way of destruction as approved by the Director General, sold locally or not accounted for.
 - (b) in the case the approved person is a manufacturer –

- (i) on the date the raw materials, components, packing and packaging materials are disposed of other than by way of destruction as approved by the Director General, used other than for the purpose of manufacture of goods exempted from sales tax, sold locally or not accounted for; or
 - (ii) on the date the manufactured goods exempted from sales tax are disposed of other than by way of destruction as approved by the Director General, sold locally or not accounted for.
 - (c) in the case the approval of the approved person is revoked under regulation 26F, on the date the approval is revoked.
- (3) The amount of sales tax due and payable under subregulation (2) shall be paid to the Director General not later than the last day of the following month after the month on which the sales tax becomes due and payable.