

THE FOLLOWING GROUPS OF SUPPLIES ARE GIVEN

RELIEF BY MINISTER OF FINANCE UNDER SECTION 56(3)(b) OF THE GST ACT 2014

EFFECTIVE DATE: 1 JULY 2017

**GROUP 1 – RELIEF FROM CHARGING OF GST ON THE SUPPLY OF HANDLING OR STORAGE SERVICES**

The supply of services **directly in connection with goods for export** to an **overseas customer** who belongs in a country other than Malaysia who is outside Malaysia at the time the services are performed.

| SUPPLIES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | CONDITIONS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
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| <p>A. Handling services:</p> <p>(i) transport ancillary to the handling of ship or aircraft cargo (including the movement of goods to or from a ship/aircraft);</p> <p>(ii) stevedoring and portorage;</p> <p>(iii) loading, unloading, reloading, stowing, securing and shifting cargo for the use of cranes and weighing machines together with an operator. (If you provide a crane without an operator, your supply is to be standard-rated.);</p> <p>(iv) soiling, opening for inspection, repairing and making good weighing and taring, taping and sealing, erasing and re-marking, labelling and re-numbering,</p> | <p>a. The services are supplied under a contract to the overseas customer wholly in his business capacity (and not in his private or personal capacity), but shall not include any services comprising either one or both of the following:</p> <p>(i.) the supply of a right to promulgate an advertisement by means of any medium of communication; and</p> <p>(ii.) the promulgation of an advertisement by means of any medium of communication;</p> <p>b. The overseas customer does not have a fixed establishment in Malaysia including a branch or an agency through which the overseas customer carries on a business in Malaysia;</p> <p>c. The services supplied are limited to the services that have physical contact with the goods but do not change the properties of the goods;</p> <p>d. Written confirmation from the overseas customer to the service provider that the goods are to be exported within 60 days upon completion of the services;</p> <p>e. If the goods to be exported are sent by the service provider to a third party in Malaysia for other services, then the services supplied by the service provider are subject to GST at standard rate. However, the service provider is relieved from charging GST on such</p> |

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| <p><i>tallying, checking, sampling, measuring or gauging of goods;</i></p> <p>(v) <i>packing and unpacking of cargo;</i></p> <p>(vi) <i>survey of cargo (including damaged cargo);</i></p> <p>(vii) <i>cargo security services;</i></p> <p>(viii) <i>presenting goods for Customs examination;</i></p> <p>(ix) <i>preparing or amending Customs entries;</i></p> <p>(x) <i>preparing or amending bills of lading, air waybills, and certificates of shipment;</i></p> <p>(xi) <i>container handling for which a box charge is made; or</i></p> <p>(xii) <i>transit rate, basic rate, consolidated rate and stevedoring rate, if they relate solely to goods handling at Free Zone;</i></p> <p>B. Storage services<br/>(fee charged per storage of goods to be exported)</p> | <p><i>services, if upon completion of the services, the goods are exported by the third party and the service provider complies with the following conditions:</i></p> <p>(i.) <i>written confirmation from the overseas customer that the goods are to be exported by the third party (name of the third party is required) within 60 days or any other period approved by the Director General upon completion of the services by the service provider; and</i></p> <p>(ii.) <i>the third party shall have control over the goods to be exported. If the goods are not exported by the third party, the services supplied by the service provider will be subjected to GST at standard rate;</i></p> <p>f. <i>The service provider must keep and maintain the following documents –</i></p> <p>(i.) <i>Purchase order (P.O.) or a contract from the overseas customer to the service provider;</i></p> <p>(ii.) <i>tax invoice issued by the service provider to the overseas customer. If the goods are sent to the third party, the service provider must state “the goods will be sent to .....” (name of the third party is required) in the invoice;</i></p> <p>(iii.) <i>delivery order (D.O.) issued by the service provider if the goods are sent to the third party where the overseas customer is the notified party;</i></p> <p>(iv.) <i>proof of payment from the overseas customer to the service provider for the services performed; and</i></p> <p>(v.) <i>a copy of the export documents such as Customs Prescribed Form K2/K8 or Free Zone Prescribed Form ZB 1;</i></p> <p><b>AND</b></p> <p>g. <i>Any other conditions determined by the Director General from time to time.</i></p> |
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**GROUP 2 - RELIEF FROM CHARGING OF GST ON THE SUPPLY OF THE FOLLOWING SERVICES**

The supply of services by a company licensed under section 65A of the Customs Act, 1967 or operating in a free zone, **directly in connection with goods for export** to an **overseas customer** who belongs in a country other than Malaysia who is outside Malaysia at the time the services are performed.

| SUPPLIES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | CONDITIONS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| <p>A. Manufacturing activities;</p> <p>B. Activities in the construction, building and modifications of the ship (including any floating structure) and aircraft;</p> <p>C. Maintenance, Repair and Overhaul (MRO) activities of floating structure.</p> <p>D. Activities in installation, repair, cleaning, restoration and modification of the goods; or</p> <p>E. Blending, homogenizing, heating and other related activities in the oil and gas industry.</p> <p><b>Note:</b> Examples of floating structure are Floating, Production, Storage &amp; Offloading (FPSO), Floating, Storage &amp; Offloading (FSO), Floating Storage Unit, Rig and Liftboat.</p> | <p>a. Approval from the Director General must be obtained before the services supplied are eligible for GST relief;</p> <p>b. The services are supplied under a contract to the overseas customer wholly in his business capacity (and not in his private or personal capacity), but shall not include any services comprising either one or both of the following:</p> <p>(i) the supply of a right to promulgate an advertisement by means of any medium of communication; and</p> <p>(ii) the promulgation of an advertisement by means of any medium of communication;</p> <p>c. The overseas customer does not have a fixed establishment in Malaysia including a branch or an agency through which the overseas customer carries on a business in Malaysia;</p> <p>d. The services are supplied by the service provider who is licensed under section 65A of the Customs Act, 1967 or operating in the free zone under paragraphs 10 of the Free Zone Act 1990 and such service is performed in the licensed premise or in the free zone;</p> <p>e. Written confirmation from the overseas customer to the service provider that the goods are to be exported within 60 days upon completion of the services;</p> <p>h. The service provider must keep and maintain the following documents –</p> <p>(i) Purchase order (P.O.) or a contract from the overseas customer to the service provider;</p> |

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|  | <p>(ii.) tax invoice issued by the service provider to the overseas customer;</p> <p>(iii.) proof of payment from the overseas customer to the service provider for the services performed; and</p> <p>(iv.) a copy of the export documents such as Customs Prescribed Form K2/K8 or Free Zone Prescribed Form ZB1;</p> <p><b>AND</b></p> <p>i. Any other conditions determined by the Director General from time to time.</p> |
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### GROUP 3 - RELIEF FROM CHARGING OF GST ON THE SUPPLY OF RESEARCH & DEVELOPEMENT (R&D) SERVICES

The supply of services **directly in connection with goods involved in R&D** to an **overseas customer** who belongs in a country other than Malaysia who is outside Malaysia at the time the services are performed.

| SUPPLIES                                                                                                                                                                                 | CONDITIONS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
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| <p>A. R&amp;D service activities involving research, design and development of a new product; or</p> <p>B. R&amp;D service activities involving the enhancement of existing product.</p> | <p>a. Approval from the Director General must be obtained before the services supplied are eligible for GST relief;</p> <p>b. The services are supplied under a contract to the overseas customer wholly in his business capacity (and not in his private or personal capacity), but shall not include any services comprising either one or both of the following:</p> <p>(i.) the supply of a right to promulgate an advertisement by means of any medium of communication; and</p> <p>(ii.) the promulgation of an advertisement by means of any medium of communication;</p> <p>c. The overseas customer does not have a fixed establishment in Malaysia including a branch or an agency through which the overseas customer carries on a business in Malaysia;</p> |

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|  | <p>d. <i>Written confirmation from the overseas customer to the service provider that the goods involved in R&amp;D are to be exported within 60 days or any other period approved by the Director General upon completion of the services by the service provider;</i></p> <p>e. <i>The service provider must keep and maintain the following documents –</i></p> <p>(i.) <i>Purchase order (P.O.) or a contract from the overseas customer to the service provider;</i></p> <p>(ii.) <i>tax invoice issued by the service provider to the overseas customer;</i></p> <p>(iii.) <i>proof of payment from the overseas customer to the service provider for the services performed; and</i></p> <p>(iv.) <i>a copy of the export documents such as Customs Prescribed Form K2/K8 or Free Zone Prescribed Form ZB1;</i></p> <p>f. <i>Approval from the Director General must be obtained if the goods involved in R&amp;D activities given relief are intended to be disposed off within Malaysia. If the goods are supplied in Malaysia by the service provider, then the goods supplied are subject to GST at standard rate;</i></p> <p><b>AND</b></p> <p>g. <i>Any other conditions determined by the Director General from time to time.</i></p> |
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#### GROUP 4 - RELIEF FROM CHARGING OF GST ON THE SUPPLY OF TOOLS OR MACHINES, OR SERVICES RELATED TO SUCH TOOLS OR MACHINES

The supply of **tools or machines and services directly in connection with such tools or machines** to an **overseas customer** who belongs in a country other than Malaysia who is outside Malaysia at the time the services are performed.

| SUPPLIES                                                                   | CONDITIONS                                                                                                                                                                           |
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| A. <i>Supply of highly customized or specialized in nature of tools or</i> | a. <i>The tools or machines or services related to such tools or machines are supplied under a contract to the overseas customer wholly in his business capacity (and not in his</i> |

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| <p><i>machines which are used for manufacturing of goods in Malaysia including the development of prototypes of the tools or machines, equipment including jigs, mould, pattern, template, die, punch or similar tool; or</i></p> <p><i>B. Supply of services in connection to the highly customized or specialized in nature of tools or machines which are used for manufacturing of goods in Malaysia.</i></p> | <p><i>private or personal capacity), but shall not include any services comprising either one or both of the following:</i></p> <p><i>(i.) the supply of a right to promulgate an advertisement by means of any medium of communication; and</i></p> <p><i>(ii.) the promulgation of an advertisement by means of any medium of communication;</i></p> <p><i>b. The overseas customer does not have a fixed establishment in Malaysia including a branch or an agency through which the overseas customer carries on a business in Malaysia;</i></p> <p><i>c. The tools or machines or services related to such tools or machines are supplied by the manufacturer;</i></p> <p><i>d. The tools or machines supplied are owned by the overseas customer and cannot be capitalized under the manufacturer account;</i></p> <p><i>e. The tools or machines or services related to the tools or machines must be directly used as part of the manufacturing process of the goods to be exported by the manufacturer;</i></p> <p><i>f. The manufacturer and the overseas customer must have written agreement or contract regarding the tools or machines and the exportation of the manufactured goods;</i></p> <p><i>g. The tools or machines are specifically used to manufacture the overseas customer's goods in the manufacturer's premises and must not be available for use in Malaysia by other than the manufacturer;</i></p> <p><i>h. The manufacturer must export at least <b>eighty percent</b> of the manufactured goods;</i></p> <p><i>i. The manufacturer must keep and maintain documents related to the tools or machines, services and the manufactured goods, such as –</i></p> <p><i>(i) Purchase order (P.O.) or a contract from the overseas customer;</i></p> <p><i>(ii) tax invoice issued to the overseas customer;</i></p> |
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|  | <p>(iii) <i>proof of payment from the overseas customer; and</i></p> <p>(iv) <i>a copy of the export documents such as Customs Prescribed Form K2/K8 or Free Zone Prescribed Form ZB1;</i></p> <p>j. <i>The tools or machines must be exported after the end of the manufacturing process or the tools or machines are no longer used for the manufacturing process. Any supply of the tools or machines made in Malaysia is subject to the GST at standard rate;</i></p> <p>k. <i>If the tools or machines are to be disposed off within Malaysia because of damage or they have no commercial value, no GST is chargeable on such disposal. The manufacturer has to prove to the Director General the reason for the disposal;</i></p> <p><b>AND</b></p> <p>l. <i>Any other conditions determined by the Director General from time to time.</i></p> |
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**Note:**

- ***For any inquiries for these relief please contact:***

1. Sector 2 of GST Division, Royal Malaysian Customs Department Level 3 – 7, Block A, Menara Tulus, No. 22, Persiaran Perdana, Presint 3, 62100 Putrajaya. Email: [gstsector2@customs.gov.my](mailto:gstsector2@customs.gov.my) , (Tel No: 03 88822614 / 03 83111306).
2. Facilitation & Consultation Subdivision, Facilities Control Unit, GST Division, Royal Malaysian Customs Department Level 3 – 7, Block A, Menara Tulus, No. 22, Persiaran Perdana, Presint 3, 62100 Putrajaya; Tel No : 03 83237535.

- ***Written application of GST relief under categories 2 and 3 can be made to:***

3. Facilitation & Consultation Subdivision, Facilities Control Unit, GST Division, Royal Malaysian Customs Department Level 3 – 7, Block A, Menara Tulus, No. 22, Persiaran Perdana, Presint 3, 62100 Putrajaya. (Tel No: 03 83237535).