

**TECHNICAL**

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**Indirect Taxation**

**RMCD – Frequently Asked Questions (FAQs) on the implementation of Budget 2021 on Cigarette, Tobacco Products, Electronic & Non-Electronic Smoking Devices Including Vape Liquid/Gel Without Nicotine which are used in Electronic Cigarette**

The Royal Malaysian Customs Department (“RMCD”) has uploaded the [FAQs<sup>1</sup> on the implementation of Budget 2021 on Cigarette, Tobacco Products, Electronic & Non-Electronic Smoking Devices Including Vape Liquid/Gel without Nicotine which are used in Electronic Cigarette](#) dated 30 December 2020 on its [website](#).

The above FAQs were issued by RMCD in relation to the proposal announced in the [Budget 2021<sup>2</sup>](#) (refer to paragraph 202) which cover the following 6 measures that the Government is implementing with effect from 1 January 2021:

- Freezing the issuance of new import licence for cigarette;
- Tightening the renewal of import licence for cigarette through review of licence conditions including the imposition of import quota;
- Limiting transshipment of cigarette to dedicated ports only;
- Imposition of tax on the importation of cigarettes with drawback facilities for re-export;
- Disallow transshipment of cigarettes and re-export of cigarettes by small boats including kumpit and instead be allowed only in ISO containers; and
- Making cigarettes and tobacco products as taxable goods in all Duty-Free Islands and any free zones that have been permitted retail sale of duty-free cigarettes.

Note:

1. The RMCD had previously uploaded the [FAQs on Imposition of Excise Duty on Electronic & Non-Electronic Smoking Devices and Electronic Smoking Liquid/Gel Including Vape Liquid/Gel Without Nicotine](#) on 8 December 2020 (see our [e-CTIM TECH-IT 42/2020](#) dated 11 December 2020).
2. The [Budget 2021 Speech and Appendices](#) were reported in our [e-CTIM TECH-DT 77/2020](#) dated 9 November 2020.

Members may read the FAQs (only available in Bahasa Malaysia) on the websites of the [Institute](#) and the [RMCD](#). Members are also encouraged to visit the Customs website for further updates by the RMCD on the above matters.

You may write to the Institute at [technical@ctim.org.my](mailto:technical@ctim.org.my) in respect of any suggestions, concern or comments you may have on the FAQs.

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