

Self-Declaration Mechanism For Tax Exemption

Self-Declaration Mechanism for Import Duty And/Or Sales Tax Exemption On Machinery, Equipment, Spare Parts, Consumables, Prime Movers and Container Trailers Through The Customs Duties (Exemption) Order 2013 and Sales Tax (Exemption) Order 2013:

Manufacturers in the Principal Customs Area (PCA), companies engaged in the hotel business and haulage operators can benefit from these facilities by claiming the exemption on import duty and/or sales tax on machinery, equipment, spare parts, consumables, prime movers and container trailers under these Orders through a self-declaration process.

Under this new self-declaration mechanism, a company is required to submit a confirmation letter issued by MIDA together with the list of machinery, equipment, spare parts, consumables, prime movers and container trailers to be imported or purchased to Customs for permission to claim the exemption. Companies would be able to obtain the permission within a period of two (2) weeks from the date of complete submission received by Customs.

Prior to the introduction of this new mechanism, an application to MIDA for import duty and/or sales tax exemption on machinery, equipment, spare parts, consumables, prime movers and container trailers under the provisions of Section 14(2) Custom Act 1967 and/or Section 10 Sales Tax Act 1972 would require a processing period of four (4) weeks from the date of complete information received.

The implementation of the Customs Duties (Exemption) Order 2013 and Sales Tax (Exemption) Order 2013 took effect on 2nd May 2014.

The key areas of the exemptions are:

Manufacturers in the PCA

[\(Guidelines\)](#) [\(Form\)](#) [\(Appendix\)](#) [\(CJ\(P\)2\)](#)

1. Import duty exemption on machinery and equipment excluding spare parts and consumables imported or purchased from a Licensed Manufacturing Warehouse, Bonded Warehouse or Free Zone under item 115 Customs Duties (Exemption) Order 2013
2. Sales tax exemption on machinery, equipment, spare parts and consumables imported or purchased from a Licensed Manufacturing Warehouse, Bonded Warehouse or Free Zone under item 106 Sales Tax (Exemption) Order 2013
3. Sales tax exemption on machinery, equipment, spare parts and consumables purchased from a manufacturer (licensed under the Sales Tax Act 1972) under item 106 Sales Tax (Exemption) Order 2013

Companies engaged in hotel business

[\(Guidelines\)](#) [\(Form\)](#) [\(Lampiran I&II\)](#) [\(Appendix\)](#) [\(CJ\(P\)2\)](#)

1. Import duty exemption on specific equipment or machinery imported or purchased from a Licensed Manufacturing Warehouse, Bonded Warehouse or Free Zone under item 116 Customs Duties (Exemption) Order 2013
2. Sales tax exemption on specific equipment or machinery imported or purchased from a Licensed Manufacturing Warehouse, Bonded Warehouse or Free Zone under item 108 Sales Tax (Exemption) Order 2013
3. Sales tax exemption on specific equipment or machinery purchased from a manufacturer (licensed under the Sales Tax Act 1972) under item 107 Sales Tax (Exemption) Order 2013

Haulage operators

[\(Guidelines\)](#) [\(Form\)](#) [\(Appendix\)](#) [\(CJ\(P\)2\)](#)

1. Sales tax exemption on prime mover (HS 8701.20.210) purchased from a manufacturer (licensed under the Sales Tax Act 1972) under item 109 Sales Tax (Exemption) Order 2013
2. Sales tax exemption on container trailer (HS 8716.39.000) purchased from a manufacturer (licensed under the Sales Tax Act 1972) under item 109 Sales Tax

(Exemption) Order 2013

The application must be submitted prior to the importation or purchase of the machinery, equipment, spare parts, consumables, prime movers and container trailers. As such, companies are advised to take into consideration the duration needed for the whole process to claim the exemption. This new mechanism with a self-declaration and self-regulatory environment; and time saving measures would be able to reduce the cost of doing business without the necessity of obtaining bank guarantee facilities for the clearance of goods.

MIDA provides online applications facilities for the applications of the Self Declaration Mechanism for Tax Exemption:

1. SPM 1/2014 (Manufacturers In The Principal Customs Area)
2. SPM 2/2014 (Companies Engaged In A Hotel Business)
3. SPM 3/2014 (Haulage Operators)

With this facility, users will be able to use the e-filing digital certificate (from LHDN) or download the digital certificate from MIDA to digitally signed the application form prior to the submission to MIDA.

With the implementation of the system, all confirmation letters will be signed using digital signature.

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