

TECHNICAL

Indirect Taxation

MIDA ANNOUNCEMENT - SELF-DECLARATION MECHANISM FOR IMPORT DUTY AND/OR SALES TAX EXEMPTION

The Malaysian Investment Development Authority (MIDA) has recently announced that manufacturers in the Principal Customs Area (PCA), companies engaged in the hotel business and haulage operators can claim the exemption on import duty and/or sales tax on machinery, equipment, spare parts, consumables, prime movers and container trailers under the [Customs Duties \(Exemption\) Order 2013](#) and [Sales Tax \(Exemption\) Order 2013](#) (please refer to our [e-CTIM TECH-IT 5/2014](#) and [e-CTIM TECH-IT 3/2014](#) respectively), as set-out in the table below, through a self-declaration process.

	Import Duty Exemption	Sales Tax Exemption
Manufacturers in the PCA	<p>Machinery and equipment excluding spare parts and consumables imported or purchased from a Licensed Manufacturing Warehouse (LMW), Bonded Warehouse or Free Zone (FZ).</p> <p><i>[Item 115, Part I, Schedule of the Customs Duties (Exemption) Order 2013]</i></p>	<p>Machinery, equipment, spare parts and consumables–</p> <p>1) Imported or purchased from a LMW, Bonded Warehouse or FZ.</p> <p>2) Purchased from a manufacturer (licensed under the Sales Tax Act 1972).</p> <p><i>[Item 106, Schedule B of the Sales Tax (Exemption) Order 2013]</i></p>
Companies engaged in hotel business	<p>Specific equipment or machinery imported or purchased from a LMW, Bonded Warehouse or FZ.</p> <p><i>[Item 116, Part I, Schedule of the Customs Duties (Exemption) Order 2013]</i></p>	<p>Specific equipment or machinery imported or purchased from a LMW, Bonded Warehouse or FZ.</p> <p><i>[Item 108, Schedule B of the Sales Tax (Exemption) Order 2013]</i></p> <p>Specific equipment or machinery purchased from a manufacturer (licensed under the Sales Tax Act 1972).</p> <p><i>[Item 107, Schedule B of the Sales Tax (Exemption) Order 2013]</i></p>

	Import Duty Exemption	Sales Tax Exemption
Haulage operators	Not applicable	Prime mover (HS 8701.20.210) and/or container trailer (HS 8716.39.000) purchased from a manufacturer (licensed under the Sales Tax Act 1972). <i>[Item 109, Schedule B of the Sales Tax (Exemption) Order 2013]</i>

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 the Royal Malaysian Customs (RMC) 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 the RMC.

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.

Guidelines, Forms and Appendices for manufacturers in the PCA, companies engaged in the hotel business and haulage operators to make the applications can be found by accessing [this link to the MIDA website](#).

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 which can be found by accessing [this link to the MIDA website](#).

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