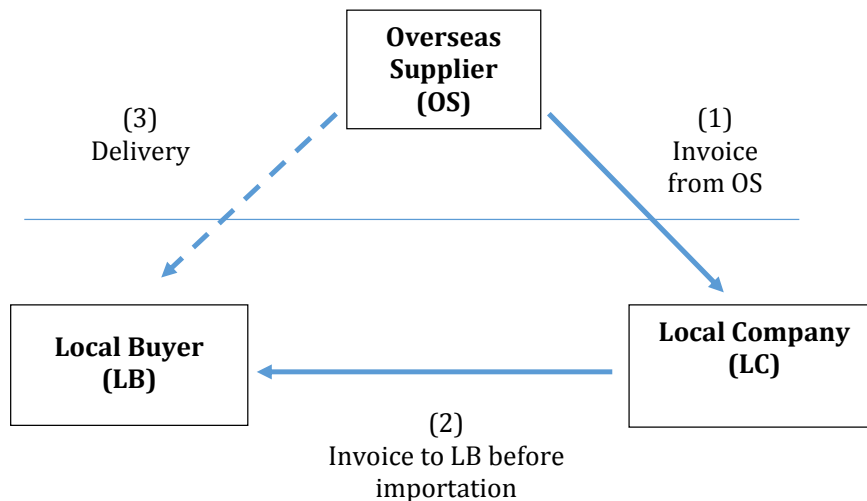


DECISION BY DIRECTOR GENERAL, ROYAL MALAYSIAN CUSTOMS

ITEM 1:

Local company (LC) purchased goods from overseas supplier (OS) and later sold the goods to local buyer (LB) and issue an invoice (local invoice). The LC requests the overseas supplier to deliver the goods direct to his local buyer (LB)

Whether the supply made by LC to LB subject to GST?



The supply made by LC to LB will qualify for an out of scope supply, subject to compliance with the following conditions –

- (a) There is proof that the transfer of ownership of the goods took place outside Malaysia before the goods are imported into Malaysia (through shipping document or incoterm);
- (b) The import declaration was in the name of LB and the value of the imported goods was based on the local invoice which stated that the goods are originated from OS;
- (c) LC must keep and maintain the following documents –
 - (i) Purchase order from LC to OS;
 - (ii) Invoice from OS to LC;
 - (iii) Invoice issued by LC to LB stated that the goods are originated from OS;
(Amended 7/7/2015)

- (iv) Written instruction from LC to OS that the purchase goods is to be exported to LB; and
- (v) Proof of payment from LC to OS and from LB to LC;
- (d) LB must keep and maintain the following documents –
 - (i) Purchase order from LB to LC;
 - (ii) Tax invoice issued by LC to LB;
 - (iii) Proof of payment from LB to LC;
 - (iv) Import declaration form under LB's name as consignee;
 - (v) Bill of lading / airway bill stating the following details:
 - (aa) OS as the shipper;
 - (bb) LB as the consignee;
 - (cc) LC as a notify party.
- (e) Any other necessary conditions as the Director General may require from time to time.