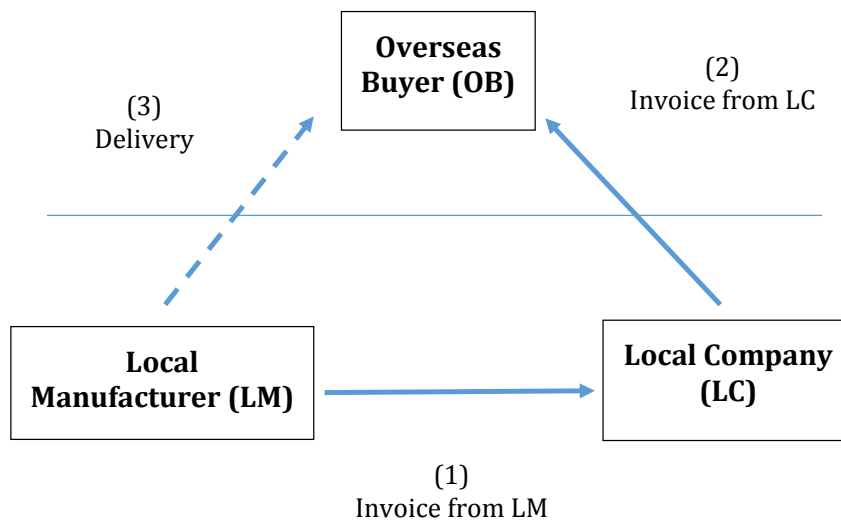


**DECISION BY DIRECTOR GENERAL, ROYAL MALAYSIAN CUSTOMS**

**ITEM 2:**

**Local company (LC) purchased goods from a local manufacturer (LM) and request LM to export the goods to his overseas buyer (OB)**

*Whether the supply made by LM to LC qualify for a zero rate?*



- (1) The supply of goods made by LM to LC is a standard rated supply, because the transfer of ownership of the goods took place in Malaysia. However the supply by LM to LC and LC to OB will qualify for a zero rate subject to compliance with the following conditions – *(Amended 7/7/2015)*
- (a) The supply is related to goods other than wine, spirit, beer, intoxicating liquor, malt liquor, tobacco and tobacco products;
  - (b) LM must keep and maintain the following documents –
    - (i) Purchase order from LC to LM;
    - (ii) Tax invoice issued by LM to LC and shipped to OB;
    - (iii) Written instruction from LC that the purchase goods is to be exported to OB;
    - (iv) Proof of payment from LC to LM;

- (v) Export document such as K2/K8 where it is stated that the consignor is LM and the consignee is OB; and
  - (vi) Bill of lading / airway bill stating the following details:
    - (aa) LM as the shipper;
    - (bb) OB as the consignee; and
    - (cc) Indicate under column "Notify Party" the details of OB or his representative and LC as the owner of the goods.
  - (c) LM must export the goods within 60 days or any extended period as approved by the Director General (DG) from the time of supply;
  - (d) Time of supply for LM is the date of invoice issued or payment received, whichever is the earlier;
  - (e) The local company (LC) must keep and maintain the following documents –
    - (i) Purchase order from OB to LC;
    - (ii) Invoice issued by LC to OB; and
    - (iii) Proof of payment from OB to LC;
- AND**
- (f) Any other necessary conditions as the Director General may require from time to time.
- (2) If LM does not have possession of the goods to be exported or control over the export arrangement he must treat the sales as local supply and subject to GST at standard rate.