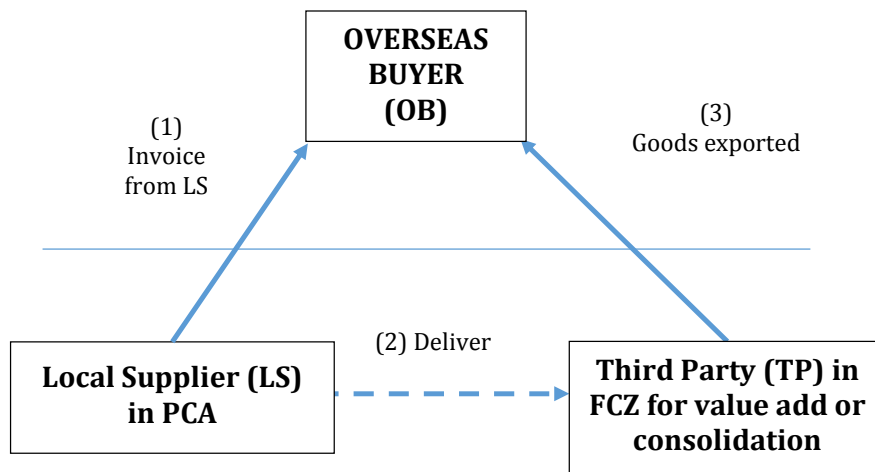


**DECISION BY DIRECTOR GENERAL, ROYAL MALAYSIAN CUSTOMS**

**ITEM 4:**

**Local supplier (LS) sell goods to overseas buyer (OB) and the OB request the goods to be delivered to the third party (TP) in the Free Commercial Zone (FCZ) for value added activity or consolidation. The third party refers to any agent appointed by the OB.**

*Whether the supply made by LS to OB qualify for a zero rate?*



- (1) Such supply of goods to the overseas buyer (OB) will qualify for a zero rate subject to compliance with the following conditions –
  - (a) The supply is related to goods other than wine, spirit, beer, intoxicating liquor, malt liquor, tobacco and tobacco products;
  - (b) LS must prove that the goods is physically removed into FCZ and sent to TP;
  - (c) LS must keep and maintain the following documents –
    - (i) Invoice issued to the overseas buyer;
    - (ii) Export, transit and other related documents such as customs forms and shipping documents as required under the customs legislation; and

(iii) Written instruction/agreement by the overseas buyer to send the goods to a third party in the FCZ for value added activity or consolidation.

(d) TP must keep and maintain the following documents –

(i) Export documents such as invoices, customs forms, free zone forms and shipping documents to prove that the goods have been physically exported overseas; and

(ii) Other related documents received from the supplier.

**AND**

(e) Any other necessary conditions as the Director General may require from time to time.

(2) If the goods are not exported physically overseas, TP is liable to account the GST at a standard rate.