

DECISION BY DIRECTOR GENERAL, ROYAL MALAYSIAN CUSTOMS

ITEM 6:

What is the GST treatment for goods manufactured locally which is supplied or sold by a local supplier to an overseas buyer but the goods are in the possession of the supplier and subsequently released for export in stages as instructed by the overseas buyer?

- (1) Such supply of goods 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) The supplier must issue invoice before the goods are exported to the overseas buyer;
 - (c) The time of supply will be invoice issued or payment received whichever is the earlier;
 - (d) The goods are physically exported within 60 days from the time of supply or any extended period as approved by the Director General (DG);
 - (e) The supplier must export the goods in his name through his appointed freight forwarder or through his overseas buyer's appointed freight forwarder;
 - (f) The supplier must keep and maintain the following documents –
 - (i) Agreement with the overseas buyer which shows that they agreed to such transaction;
 - (ii) The export, transit and other related documents such as customs forms and shipping documents as required under the customs legislation;
 - (iii) Purchase order from overseas buyer to the supplier;
 - (iv) Supplier's sale invoice to overseas buyer; and
 - (v) Any other records as the DG may determine.

AND

- (g) Any other necessary conditions as the Director General may require from time to time.
- (2) If the goods are not exported physically overseas within 60 days from the time of supply or any extended period as approved by the Director General (DG), the supply to the overseas buyer is a standard rated supply and the supplier has to account the GST at a standard rate.
- (3) The supplier will not qualify for zero rating if he does not have in his possession the goods to be exported or does not have control over the export arrangement.