

Zero-rated supply

17. (1) A zero-rated supply is—

(a) any supply of goods or services determined to be a zero-rated supply by the Minister under subsection (4); and

(b) any supply of goods if the goods are exported.

(2) Where a taxable person supplies goods or services and the supply is zero-rated, whether or not tax would be chargeable on the supply apart from this section, no tax shall be charged on the supply.

(3) The supply referred to in subsection (2) shall, in any other respect, be treated as a taxable supply and the rate at which tax is treated as charged on the supply shall be zero per cent.

(4) The Minister may, by order published in the *Gazette*, determine any supply of goods or services in Malaysia to be a zero-rated supply.

(5) Any order made under subsection (4) shall, at the next meeting of the Dewan Rakyat, be laid before the Dewan Rakyat and shall, at the expiration of one hundred and twenty days of being so laid or of such extended period as the Dewan Rakyat may by resolution direct, cease to have effect if and insofar as it is not confirmed by resolution passed by the Dewan Rakyat within the said one hundred and twenty days or, if such period has been extended, within such extended period.

(6) Where an order ceases to have effect in whole or in part as provided in subsection (5), any tax charged and levied in pursuance of the order or, as the case may be, of such part thereof as ceases to have effect shall, subject to subsections (7) and (8), be refundable to the persons by whom the tax was paid.

(7) Unless the Minister otherwise directs, no tax refundable under subsection (6) shall be refunded, unless the person by whom the tax was paid makes a claim in writing to the Director General within one year from the date on which the order ceases to have effect in whole or in part and the claim shall contain such particulars as the Director General may require.

(8) The Director General may reduce or disallow any tax refundable under subsection (6) to the extent that the refund would unjustly enrich the person by whom the tax was paid.

(9) Where any goods are claimed to have been or were to be exported and the supply of the goods is a zero-rated supply, not being goods zero-rated if supplied for home consumption and—

(a) the goods are found in Malaysia after the date on which they were claimed to have been or were to be exported; and

(b) the presence of the goods in Malaysia after that date has not been approved by the Director General,

the tax that would have been chargeable on the supply but for the zero-rating shall become due and payable forthwith by the supplier or by any person in whose possession the goods are found in Malaysia and the goods may be liable to seizure under this Act.