

## Approved Toll Manufacturer Scheme

72. (1) There shall be a scheme to be known as the “Approved Toll Manufacturer Scheme” which allows any taxable person who qualifies to disregard the supply of services which comprises the treatment or processing of goods for and to a person who belongs in a country other than Malaysia subject to the prescribed conditions (hereinafter referred to as the “toll manufacturer”).

(2) Any person who belongs in Malaysia and receives the treated or processed goods from the toll manufacturer (hereinafter referred to as the “recipient”) shall account and pay for tax as if the recipient had himself supplied and acquired the goods in Malaysia in the course or furtherance of his business and as if the supply were a taxable supply.

(3) Notwithstanding section 11, the supply of the treated or processed goods shall be regarded as taking place at the earlier of the following time:

- (a) whenever a payment in respect of the supply is made; or
- (b) whenever the recipient receives an invoice relating to the supply.

(4) Where the recipient is a taxable person, he shall include the tax due and payable in his return.

(5) Where the recipient is a person other than a taxable person, tax shall be charged on the supply made by him and he shall be liable for any tax due and payable on the supply.

(6) This section shall not apply to a person who does not belong in Malaysia and who has appointed an agent to act on his behalf under subsection 65(6).

(7) For the purposes of this section, a person shall be treated as belonging in a country if—

- (a) he has his usual place of residence in that country where the supply is made to him as an individual and received by him otherwise than for the purpose of any business carried out by him; and
- (b) in the case where paragraph (a) does not apply—
  - (i) he has in that country a business establishment or fixed establishment and no such establishment elsewhere;
  - (ii) he has no business establishment or fixed establishment in any country but his usual place of residence is in that country; or
  - (iii) he has business establishments or fixed establishments both in that country and elsewhere and his establishment which is most directly concerned with the supply is in that country.

(8) For the purposes of subsection (7), a fixed establishment in any country includes a branch or an agency through which a person carries on a business in that country.