

**PROSEDUR
CUKAI JUALAN
(SALES TAX PROCEDURES)**

*SIRI BUKU PANDUAN KASTAM BIL.
CUSTOMS GUIDE BOOK-SERIES NO.3
ISBN 980-9224-03-4
PERCUMA*

FOREWORD

The objective of this booklet is to provide information and guideline to members of the public concerning Sales Tax Procedures.

Members of the public are advised to contact the nearest Customs Office for further details, if necessary

SALES TAX PROCEDURES

What is Sales Tax?

Sales tax that is practiced in this country is a single stage tax levied on certain imported and locally manufactured goods, either at the time of importation or at the time the goods are sold or otherwise disposed of by the manufacturer.

Rate of Sales Tax

It is an ad valorem tax and current rates are as follows:

- Fruits, certain foodstuffs and building materials - 5%
- General goods (including motor vehicles) - 10%
- Liquor and alcoholic drinks - 20%
- Cigarette and cheroots - 25%

Taxable Goods

All goods manufactured in Malaysia (except Labuan, Langkawi and Tioman) or imported are taxable unless they are specifically exempted by order of the Minister of Finance. Petroleum and petroleum products are subjected to sales tax as listed under the Third Schedule of the Sales Tax (Rate of Tax) Order 1997.

Goods Exempted

Goods exempted from sales tax are not taxable goods. They are listed in Schedule A of the Sales Tax (Exemption) Order 1980.

Persons Exempted

Persons exempted from sales tax are those listed under Schedule B and C of the Sales Tax (Exemption from Licensing) Order 1997.

When is Sales Tax Levied and Charged?

Tax on goods imported is assessed and paid at the time the goods are cleared from Customs control. It will be calculated and shown on the import declaration together with the customs duties to be paid (if any).

Tax on goods manufactured in the country is to be charged and levied by the licensed manufacturer at the time goods are sold or disposed of otherwise than by sale. Any disposal of goods by a licensed manufacturer otherwise than by sale or first used otherwise than as materials in the manufacture of taxable goods by the licensed manufacturer, is also chargeable to sales tax. Disposal can include self-use, to destroy, to give away, to donate and to supply free of charge, etc.

Sales Value

Sales value is the value on which tax is calculated and assessed. In the case of goods imported into Malaysia for home consumption, the value of the goods shall be the sum of the following amounts:

- a) The value of such goods for the purpose of customs duty determined in accordance with the Customs Act 1967;
- b) The amount of customs duty, if any, payable on such goods; and
- c) The amount of excise duty, if any, payable on such goods.
- (b) Goods on hire;
- (c) Goods disposed of on 'sale or return' basis; and
- (d) Goods on consignment to a purchaser on terms providing that the seller retains an interest in the goods, or that the goods are delivered under any conditions as to future payments.

In case of locally manufactured goods: -

- a) The sales value shall be determined on the basis of the transaction value of the goods as the primary basis of valuation as set out under Regulation 4, of the Sales Tax (Rules Of Valuation) Regulations 2002 that is, price for which the goods are actually sold.
- b) In case where transaction value is not available/cannot be determined, the sale value will be fixed base on the order of valuation as follows:
 - i) transaction value of identical goods.
 - ii) transaction value of similar goods.
 - iii) the computed value of the manufactured goods.
 - iv) the deductive value of the manufactured goods or
 - v) flexible value.

Transactions Regarded As Sale

Generally a sale takes place when the property of the goods passes from the seller to the purchaser.

In addition to normal sales the following transactions are regarded as 'sales' for sales tax purposes:

- (a) Goods on hire purchase or time payment terms;

Sales Invoices

The amount of tax charged is to be shown separately on the customer's invoice. An invoice, which includes both taxable and non-taxable goods sold, must clearly indicate the item on which tax is charged.

Return

Licensed manufacturers are required to furnish returns to the Royal Customs Malaysia. The returns are to be submitted in Form S.T.No.3 within twenty-eight days after the end of each taxable period. Taxable periods are periods of two calendar months.

The returns are to show the aggregate amount of sale value of all taxable goods sold during the taxable period of the return.

When Sales Tax is Payable?

Sales tax charged by the licensed manufacturer must be paid to the Royal Customs Malaysia within twenty-eight days after the end of each taxable period. Payment of sales tax may be made by:

- (1) Cash
- (2) Cheque or bank draft

(3) Postal or money order

c) Opening or closing of any place of business

d) Any change or addition of commodities manufactured.

Penalty For Late Payment of Tax

If a licensed manufacturer fails to pay the sales tax due within the stipulated period of twenty-eight days, a penalty of 10% shall be imposed on the amount due, and if the tax remains unpaid the penalty is increased by ten percent for every succeeding period of thirty days or part thereof during which the amount due remains unpaid subject to a maximum of fifty percent.

Who is Required to be Licensed?

Any person who is engaged in the manufacture of taxable goods is required to apply for a licence.

Application and Issuance For License

Application for license is made in Form JKED No.1 to the senior officer of sales tax in charge of the district in which the applicant's principal place of business is located.

Sales tax license will be issued in Form S.T. No.2 and is not subjected to any fees. Licencee is to display the sales tax licence in a conspicuous place of at his principal place of business. Licencee shall notify any change in particulars shown on the licence in the following cases;

- a) Alteration of company business
- b) Change of address

Persons Not Required to be Licensed

Three categories of persons are not required to be licensed under the Sales Tax Act as follows:

- (1) Any person who manufactures solely any of the goods exempted as licensed in Schedule A of the Sales Tax (Exemption) Order 1980.
- (2) Manufacturer of taxable goods in which the annual sale value does not exceed RM100,000/- . However, this category of manufacturer must apply for a certificate of exemption from licensing.
- (3) Manufacturer of taxable goods in which his manufacturing operations are exemption from licensing (see appendix 1)

Certificate of Exemption From Licensing

Any person who satisfies the Senior Officer of Sales Tax that the sale value of the goods manufactured or disposed of does not exceed the threshold of RM100,000/- during the preceding twelve months and that the sale value of taxable goods likely to be manufactured or sold or otherwise disposed of by him during the next twelve months is not expected to exceed that sum, may apply for a certificate of exemption from being licensed as a licensed manufacturer.

Application is made in the Form S.T No.6. The Certificate of Exemption from licensing is

issued as in Form S.T. No.7 and is free of charge. The holder of a certificate of exemption (S.T.No.7) is not required to charge tax on taxable goods manufactured and sold or disposed of by him.

A person found manufacturing without a certificate of exemption is deemed to be manufacturing without a license. However, this category of manufacturer may apply to be licensed as licensed manufacturer in order to enjoy the facilities given to licensed manufacturer.

Goods for Export

All goods manufactured and subsequently exported by a licensed manufacturer are exempted from payment of sales tax under Item 16, Schedule B, of the Sales Tax (Exemption) Order 1980. Proof of export is necessary by producing customs export declaration (Customs No.2) and the licensed manufacturer's export sale invoices. Failing which, goods shall deem to be sold locally.

Any person, other than a licensed manufacturer, may also be exempted from payment of sales tax when he exports goods purchased from licensed manufacturers within 6 months from date of purchase, under Item 91, Schedule B, Sales Tax (Exemption) Order 1980. Approval from the Director General of Customs is required before any purchase is made.

Application for approval is made on form S.T. (Admin) No. 2 to the Sales Tax Office. When the exemption is approved, purchases can be made from licensed manufacturers without sales tax being charged and the goods must be exported within 6 months from the date of purchase.

Facilities To The Licensed Manufacturer

A licensed manufacturer can purchase raw materials, components or packaging materials free of sales tax for use in manufacturing of taxable goods. Application can be made in three ways as follows:

- (i) Ring system
- (ii) Refund system
- (iii) Credit system

(i) Ring system

Application is to be made in Form S.T.No.5 to the Sales Tax Office where the application is licensed. Records on those purchases are to be maintained.

(ii) Refund System

A licensed manufacturer can obtain raw materials, components and packaging materials free of sales tax from a vendor in which the sales tax on those goods have been paid by such vendor. Such vendor may apply to claim a refund of the sales tax paid in Form JKED No.2.

(iii) Credit system

This system is to assist licensed manufacturers who are not able to use the facility of ring system or the refund system. Application is to be made in form S.T.No.10. Credits are given to licensed manufacturers for tax paid on raw materials, components or packaging material used in manufacturing of taxable

goods. The deduction depends on the categories and rates of sales tax of the goods purchased as follows: -

the goods for further manufacture and to acquire them back free of sales tax. Application for this facility is to be made on Form S.T. No. 5B.

Categories	Sale Tax Deduction
For any taxable goods subject to a 5 per centum rate of sales tax	4 per centum of the total value of the goods purchased
For any taxable goods subject to a 10 per centum of sales tax.	8 per centum of the total value of the goods purchased
For any taxable goods subject to a 20 per centum of sales tax.	16 per centum of the total value of the goods purchased
For any taxable goods subject to a 25 per centum rate of sales tax	20 per centum of the total value of the goods purchased

Claim for deduction must be made in the return for that taxable period.

Additional Facilities

- (a) A vendor can apply to import or acquire taxable goods free from sales tax for the use of licensed manufacturer who possesses a valid Form S.T No.5. An application is to be made by the vendor in Form S.T. No.5A.
- (b) Where a licensed manufacturer requires another licensed manufacturer to complete the manufacture of his taxable goods, he is allowed to deliver

Keeping of Accounts and Records.

A licensed manufacturer must keep full and true records written up to date of all business transactions in either Bahasa Malaysia or English. The records shall be preserved for a period of six years from the latest date to which such records relate.

It is not an offence to keep records in other language if a translation is provided at the request of a senior office of sales tax. The translation must be made by an interpreter nominated by the sales tax officer and will be done at the expense of a licensed manufacturer.

An audit certificate signed by a qualified accountant may be required to be submitted annually in relation to records of:

- (a) Raw materials purchased, used and balance in stock (in quantity and value);
- (b) Goods manufactured, sold or otherwise disposed of;
- (c) Balance in stock (in quantity and value); and
- (d) Total tax paid for the year on the goods.

Refund, Drawback, Tax Relieve On Bad Debts And Remission

A licensed manufacturer or importer can apply for refund of the sales tax that have been paid by reason of error, provided that a claim in respect of any refund is made within one year after the over payment occurred.

Tax Relieve On Bad Debts

Sales tax that has been paid by licensed manufacturer but such tax was not recoverable from the customer may be refunded, provided that such amount has been written off as bad debt.

A licensed manufacturer or importer can claim drawback of full amount of the sales tax paid in respect of goods, which are subsequently exported . Application to claim drawback is to be made in JKED No.2 under the conditions that the claim is made within 3 months from the date the goods are exported. The goods must be exported within 12 months from the date sales tax has been paid. A notice to claim sales tax drawback shall be endorsed on Export Declaration Form. Application to claim drawback must be made at the place where the goods are exported.

Remission

The Minister of Finance has the power to remit the whole or any part of any penalty payable.

Any licensed manufacturer aggrieved on claim of tax and penalty may apply to the Minister of Finance for remission.

Dispute and Appeal

Any person who dispute the decision made by the senior officer of sales tax may appeal to the Director General of Customs.

Any person aggrieved by a decision of the Director General may, within thirty days of being notified as such decision, appeal to the Minister whose decision thereon shall be final and not to be subjected to review in any court. In cases relating to refund of sales tax due to bad debts, appeal shall be made to the Court.

Surrender And Revocation of License

A licensed manufacturer is required to notify and surrender his licence to the sales tax office, which issued his licence, and a new licence will be issued for the following cases:

- (a) When a company is leased (new licence will be under the licensee's name)
- (b) The status of the company is changed (e.g. from private to public)
- (c) Changes in partnerships.

A licensed manufacturer who ceases or intends to cease his manufacturing operation shall surrender his license and settle all outstanding sales tax due to the Government.

If any licensed manufacturer ceases to carry on business as such, or dies or being a company is dissolved, the Director General of Customs shall be notified accordingly and the licence shall be revoked.

Liquidators and Receivers.

A liquidator or a person appointed as receiver, in respect of a licensed manufacturer must inform the Director General of Customs within fourteen days of his appointment and before disposing of any of the assets must set aside a sum sufficient to cover any sales tax payable by the licensee. Failure to do so makes the liquidator or receiver personally liable for any sales tax that is payable or which becomes payable after his appointment.

Offences and Penalties

Importers and manufacturers of taxable goods who ignore their obligations under the Sales Tax Act 1972 are liable to an offence under section 43 of the Act and punishable by imprisonment of up to twelve months or to a fine not exceeding five thousand ringgit or to both imprisonment and fine.

Working Hours

In the states where the weekly rest day is Sunday:

Full working days... 8.00 am to 4.30 pm
Half working days... 8.00 am to 12.50 pm

In the states where the weekly rest day is Friday:

Full working days.... 8.00 am to 4.15 pm
Half working days... 8.00 am to 12.25 pm

Sales Tax Office

Sales tax offices are normally placed together with the Customs Offices and are located in the prescribed districts under the Second Schedule of the Sales Tax Regulation 1972 (See Appendix II).

Forms Relating To Sales Tax

Sales Tax Forms	Use of Forms
JKED No.1	Application for license
S.T.No.2	Manufacturer's License
S.T No.3	Sales Tax Return
S.T. No.3A	Sales Tax Return – Petroleum
JKED No.2	Application for refund and drawback
S.T. No.5	Application to import/purchase tax free materials/components
S.T. No.5A	Application to import/acquire on behalf of and for delivery to a licensed manufacturer material and component free of sales tax for use in manufacture of goods.
S.T. No.5B	Application by a licensed manufacturer to deliver goods to another licensed manufacturer to complete their manufacture and to acquire back goods free of sales tax.

S.T. No.6	Application for Certificate of Exemption.
S.T No.7	Certificate of Exemption from Licensing
S.T. No.9	Information for summons.
S.T. No.10	Declaration to claim sales tax deduction

Precinct 2, Federal Government Administrative Center, 62592 Putrajaya.
 Tel: 03-88822413
 Fax: 03-88895884
 e-mail: upa@customs.gov.my
 Website: <http://www.customs.gov.my>

Legislation

Legislation governing the administration and operation of the sales tax are as follows:

- (1) Sales Tax Act 1972
- (2) Sales Tax Regulations 1972
- (3) Sales Tax (Rules of Valuation) Regulations 2002
- (4) Sales Tax (Exemption from Licensing) Order 1997
- (5) Sales Tax (Rate of Tax) Order 1972
- (6) Sales Tax (Rates of Tax) Order 1997
- (7) Sales Tax (Exemption) Order 1980
- (8) Sales tax (Petroleum) (Payment) Order 1999

They are obtainable from Percetakan Nasional Malaysia Bhd. or authorized booksellers.

Conclusion

For further information on the service provided, members of the public are advised to contact the nearest Customs Office or:

Public Relation Unit,
 Royal Customs Malaysia,
 Level 7 North, Block 2G1B,
 The Ministry of Finance Complex,

LAMPIRAN 1 APPENDIX 1

JADUAL B/ SCHEDULE B

Persons whose manufacturing operations consist of any of those set out below are exempted from the requirement of making application for a license under the Sales Tax Act, 1972 –

- (1) The developing and printing of photographs and the production of film slides;
- (2) The engraving of articles with the name of the recipient, his sports achievement or other circumstances under which the article was donated and awarded;
- (3) The incorporation of goods into building;
- (4) The manufacture of ready-made concrete;
- (5) Preparation of meals;
- (6) The preparation of tarred metal, tarred screenings, and hot-mixed preparations of bitumen and metal for road making;
- (7) The production of copies of documents by the photocopy or similar copying process;

- (8) The repacking of bulk goods into smaller packages by a person other than a licensed manufacturer;
- (9) The repair of second-hand or used goods;
- (10) The testing of eyesight, the prescription of suitable lenses and the fitting of such lenses into frames.
- (11) The following operations when performed by a person other than a licensed manufacturer-
- (i) the varnishing and/or polishing of finished pieces of furniture;
 - (ii) the fitting of glass top and/or glass doors to pieces of furniture otherwise complete.
- (12) The reduction of size and/or changing of the shape of taxable materials without changing the nature of such materials, provided-
- (i) that the sizing and/or shaping is not part of the normal process in the manufacture of a separate article, and
 - (ii) that in any disputes as to whether the process performed constitutes a manufacturing operation for the purpose of the Sales Tax Act the decision of the Director General of Customs shall be final.
- (13) The rendering of personal tailoring but excluding the manufacturing of garments and other textile articles on the basis of bulk and not personalized
- production by a firm and company engaged in the business of manufacturing garments and other textile articles.
- (14) The printing of logo on ready-made T-shirts supplied by another person.
- (15) The colouring of cloth supplied by another person without changing the size or shape of the said cloth.
- (16) The manufacture of batik fabric using traditional techniques of manual block printing, manual screen-printing and/or hand drawing/painting and their articles thereof.
- (17) The installation of air conditioners in motor vehicles.
- (18) The manufacture of jewellery and goldsmiths' wares.
- (19) The extraction of gold from mineral ores.
- (20) The recovery of gold from jewellery and/or the refining of gold.

**LAMPIRAN 11
APPENDIX 11**

**BAHAGIAN B- PEJABAT-PEJABAT DAN
DAERAH-DAERAH CUKAI JUALAN DI
MALAYSIA**

**PART B – SALES TAX OFFICES AND
DISTRICTS IN MALAYSIA**

Letaknya Pejabat dikhidmati Location of Office	Daerah-daerah yang Districts Served	Ipoh	Kinta
A. PERLIS		Lumut	Manjong Perak Tengah
Kangar	Perlis	Teluk Intan	Batang Padang Cameron Highlands Perak Hilir Sabah Bernam
B. KEDAH		E. SELANGOR	
Alor Star	Kota Setar Kubang Pasu Padang Terap Pendang Yan	Pelabuhan Klang	Klang Kuala Langat Kuala Selangor Petaling (Majlis Bandaraya Shah Alam dan Majlis Perbandaran Subang Jaya)
Sungai Petani	Baling Kuala Muda Sik		
C. PENANG		F. WILAYAH PERSEKUTUAN KUALA LUMPUR	
Prai	Seberang Prai Utara Seberang Prai Tengah Seberang Prai Selatan	Kuala Lumpur International Airport (KLIA)	Sepang Wilayah Persekutuan Putrajaya
Georgetown Tel: 04-3622411	Pulau Pinang Barat Daya Pulau Pinang Timur Laut		
D. PERAK		Kuala Lumpur	Gombak Petaling Jaya (kecuali Majlis Perbandaran Shah Alam dan Majlis Perbandaraan Subang Jaya) Ulu Selangor
Taiping	Krian Kuala Kangsar Larut dan Matang Perak Hulu Selama		

	Wilayah Persekutuan		Lipis Raub
		Temerloh	Temerloh Jerantut Maran Bera
G. NEGERI SEMBILAN			
Seremban	Jelebu Kuala Pilah Port Dickson Rembau Seremban	Kuantan	Kuantan Pekan Rompin (kecuali Pulau Tioman)
	Tampin		
		K. TERENGGANU	
H. MELAKA		Kuala Terengganu	Kuala Terengganu Marang Ulu Terengganu Besut Setiu
Melaka	Alor Gajah Jasin Melaka Tengah		
		Kemaman	Kemaman Dungun
I. JOHOR			
Muar	Muar Segamat	L. KELANTAN	
Batu Pahat	Batu Pahat	Kota Bahru	Bachok Gua Musang Kota Bharu Kuala Krai Machang Pasir Mas Pasir Putih Tanah Merah Tumpat
Kluang	Kluang Mersing		
Johor Bahru	Johor Bahru Kota Tinggi Pontian		
		M. SARAWAK	
J. PAHANG			
Bentong	Bentong	Kuching	Semua daerah dalam

	Bahagian Kuching, Samarahan, dan Sri Aman All districts of the Kuching Samarahan and Sri Aman Divisions		All districts of the West coast, Interior and Kudat Divisions.
2. Sibü	Semua daerah dalam Bahagian Kapit & Sibü All districts of the Kapit and Sibü Divisions	2. Lahat Datu 3. Sandakan	Daerah Lahat Datu Lahad Datu District. Semua daerah dalam Bhg Sandakan All districts of the Sandakan Division
3. Miri	Semua daerah dalam Bahagian Miri All districts of the Miri Division.	4. Tawau	Semua daerah dalam Bahagian Tawau (kecuali Daerah Lahad Datu) All districts of the Tawau Division (except Lahad Datu District)
4. Limbang	Semua daerah dalam Bahagian Limbang All districts of the Limbang Division	5. Keningau	Semua daerah dalam Bahagian Keningau All districts of the Keningau Division.
5. Sarikei	Semua daerah dalam Bahagian Sarikei All districts of the Sarikei Division		
6. Bintulu	Semua daerah dalam Bahagian Bintulu All districts of the Bintulu Division		

N. NEGERI SABAH

1. Kota Kinabalu	Semua daerah Bahagian Pantai Barat Dari Bahagian Pendalaman termasuk Bahagian Kudat
------------------	---