



CIRCULAR

Circular No. 001/2016

12 January 2016

GOODS AND SERVICES TAX (GST) TREATMENT ON STRING CONTRACT

We refer to our Circular Letter dated 11th August 2015 (Ref. No. 21/2015) with regard to GST treatment on Malaysian Palm Oil Industry.

2. One of the outstanding issues was string contract and Royal Malaysian Customs Department (RMCD) had responded that 6% GST standard rate shall apply to all string transactions regardless of the destination. In view of this response, a meeting was convened on 30th September 2015 with the presence of representatives from Ministry of Finance (MoF), RMCD and MPOB with the objective to explain in details the mechanics and working of a string transaction and why it should be zero-rated from GST.

3. The Secretariat was informed by RMCD that they have finalized their review and submitted their findings to MoF in late November 2015. Please find enclosed an email from MoF in reply to our follow-up email dated 12th January 2016. A copy of the translation of the email is also enclosed herein.

Thank you and kind regards.

Yours sincerely,

Mohammad Jaaffar Ahmad
Chief Executive Officer
The Palm Oil Refiners Association of Malaysia

Translation

MoF's Email dated 12th January 2016

Dear Sir,

Please be informed that the Ministry of Finance and Royal Malaysian Customs Department are at the final stages of determining the GST treatment on string contract. A letter to that effect will be issued shortly once the decision is finalized.

Ezleezan Othman
Tax Department

From: Ezleezan Bin Othman <ezleezan.othman@treasury.gov.my>
Sent: Tuesday, 12 January, 2016 8:11 AM
To: saiful@poram.org.my
Subject: Re: GST and String Contract

Follow Up Flag: Follow up
Flag Status: Flagged

Tuan,

Adalah dimaklumkan bahawa Kementerian Kewangan dan Jabatan Kastam Diraja Malaysia adalah di peringkat akhir menetapkan layanan GST ke atas string contract dan surat berkenaan perkara tersebut akan dikeluarkan sebaik sahaja penetapan tersebut dimuktamadkan dalam masa terdekat.

Ezleezan Othman
Bahagian Cukai

From: saiful@poram.org.my
To: "hidayah aziz" <hidayah.aziz@treasury.gov.my>
Cc: "ezleezan othman" <ezleezan.othman@treasury.gov.my>, "ceo" <ceo@poram.org.my>, "Teoh Beng Chuan" <teoh@poram.org.my>, "Susila" <susila@poram.org.my>
Sent: Monday, January 11, 2016 4:37:24 PM
Subject: GST and String Contract

Askm wbt Cik Hidayah,

Perbualan telefon antara saya dan Cik Hidayah dirujuk.

Sebagaimana dibincangkan, pihak kami ingin mengadakan satu mesyuarat diantara pihak Kementerian Kewangan bagi membincangkan perkara berkaitan Cukai Barang dan Perkhidmatan dan perlaksanaannya terhadap urusan "String Contract"

Untuk makluman, satu perjumpaan telah diadakan pada 30 September 2015 dimana wakil dari pihak Kementerian Kewangan, En. Ezleezan telah hadir bagi mendengar penerangan dari pihak persatuan berkenaan "String Contract". Turut hadir pada mesyuarat tersebut adalah wakil dari Kastam Di Raja Malaysia (KDRM) dan wakil dari Lembaga Minyak Sawit Malaysia (MPOB). Susulan dari mesyuarat tersebut, beberapa pertemuan telah diadakan bersama pihak persatuan dan KDRM bagi membincangkan lebih mendalam perkara tersebut. Dokumen-dokumen dan maklumat tambahan turut diberi bagi membantu pihak KDRM membuat rumusan berkenaan permintaan kami. Pada hujung November 2015, kami dimaklumkan pihak KDRM bahawa rumusan tersebut telah selesai dan diserahkan kepada pihak Kementerian Kewangan.

Sehingga kini, pihak kami masih belum menerima sebarang keputusan berkaitan perkara di atas. Sehubungan itu, kami berharap agar satu pertemuan / mesyuarat dapat diadakan bagi membincangkan perkara ini. Kami berharap agar pihak Kementerian dapat mencadangkan tarikh yang sesuai dalam masa terdekat bagi pertemuan tersebut.

Jawapan balas segera dari pihak kementerian amat kami hargai.

Sekian, terima kasih.

Md Saiful Md Hussin
Executive