



Malaysia Digital Economy Corporation Sdn Bhd (389346-D)

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PROCEDURES AND GUIDELINES

Application for Duty Free Importation of Multimedia Equipment

INTRODUCTION

1. Malaysia Digital Economy Corporation Sdn Bhd ("MDEC") is responsible for the processing of import duty tax exemption applications submitted by MSC Malaysia Status entities. This incentive is part of the MSC Malaysia Bill of Guarantee #5.
2. Applications submitted by MSC Malaysia Status entities will be tabled and reviewed by a Committee, known as the Jawatankuasa Pengecualian Cukai Peralatan Multimedia ("JPCPM"); comprising of officers from the Ministry of Finance ("MOF"), the Royal Malaysian Customs Department ("JKDM"), Malaysian Communication and Multimedia Commission ("MCMC"), Malaysian Investment Development Authority ("MIDA"), and MDEC.

EXEMPTION CRITERIA

3. Subject to the provisions under the Customs Act 1967 and Sales tax Act 2018, and such conditions as may be imposed by the Minister of Finance, the import by MSC Malaysia Status entities of multimedia equipment and components for direct use in the operation of their MSC Malaysia qualifying activities are exempted from import duties tax and sales tax. The sales tax exemption is effective from 21 Feb 2020.
4. The exemption criteria to be met for such multimedia equipment and components are as follows:
 - i. Multimedia equipment;
 - ii. Equipment is not available locally (i.e. not locally manufactured, however locally manufactured Multimedia equipment purchased by MSC Malaysia Status entity);
 - iii. Equipment is not for trading;
 - iv. Equipment is "directly used" for MSC Malaysia qualifying activities; and
 - v. The MSC Malaysia Status entity complies with the relocation requirement in its Conditions of Grant of MSC Malaysia Status.

CONDITIONS OF APPLICATION

5. An application will be considered if the following conditions are fulfilled:
 - i. Effective 6th April 2011, only applications for total duty of RM500.00 and above (per submission) will be considered for exemption.
 - ii. Application is submitted prior the importation date and clearance of equipment from the Customs station. MSC Malaysia Status entities (hereafter will be referred to as 'applicants') are advised to submit application at least one (1) month before the date of importation or purchase of equipment.
 - iii. Completed applications are submitted online via the e-Dfi ('Electronic Duty Free Importation') System. Incomplete applications will not be processed and returned.

- iv. The Multimedia equipment is imported directly from the country where the equipment will be imported from.
6. The Committee will review and determine the equipment availability in the local market. If the Committee finds that the equipment can be sourced locally, the equipment may not be recommended for exemption.
7. Please take note that MOF's exemption does not cover the following:
 - i. Multimedia equipment which will be imported via land from Singapore.
 - ii. Multimedia equipment which will be installed at the applicants' clients' sites.
 - iii. Multimedia equipment which were cleared earlier from the Customs station without utilizing MDEC's Acknowledgment Letter with the applicants' Bank Guarantee (i.e. duties have already been paid prior submission of application to MDEC).

DEFERRED APPLICATIONS

8. Applications that require further clarification or information will be deferred (KIV) by MDEC until such information is received.
9. Applications shall not be deferred / KIVed for more than five (5) months from the date the application is received by MDEC.
10. If applicants fail to revert with the requested information within the aforementioned 5 months, the application will be cancelled by MDEC and applicants are required to submit a fresh application. Applicants who have used Bank Guarantee in advance to clear shipments prior issuance of MOF's official letter will therefore need to bear / absorb the amount lost.

DURATION OF EXEMPTION

11. Exemption can be considered for a duration period of one (1) year from the date the application is received by MDEC via e-Dfi. Depending on the applicants' requirement, two (2) years exemption period may be considered.
12. Application for extension of duration must be made prior to the expiry of the exemption approval period. Applicants are advised to submit the duration extension application at least one (1) month before the expiry date. If the exemption period has expired, applicants are to submit a new application.

PROCEDURES

13. Effective April 2010, all applications are to be submitted online via the e-Dfi System. First time e-Dfi user is required to contact the MSC Malaysia Client Contact Center (CliC) at clic@mdec.com.my or 03 8315 3000 OR email Mrs. Shuhana Binti Jamaludin at shuhana.jamaludin@mdec.com.my to initiate the registration and roll-out process. Please refer to the e-Dfi System Roll-Out process flow at page 6 for further details.
14. Once the e-Dfi System Roll-Out is completed, applicants may then submit applications online via e-Dfi. Applicants are required to log in e-Dfi system and complete all required fields.
15. Applicants must ensure completeness and accuracy of the e-Dfi Application Form and Lampiran C. In view of technicalities involved, applicants normally will engage a freight forwarder to assist in completing the Lampiran C. Applicants are to ensure:

- i. Description of the equipment in the Lampiran C must match the description as per equipment invoice.
 - ii. Equipment that are manufactured in ASEAN countries are to be declared under AHTN tariff code (ten digits) in the Lampiran C.
 - iii. Specific function of the equipment and how it relates to the applicants' MSC Malaysia qualifying activities are to be provided in the Lampiran C.
 - iv. Equipment brochures, and other supporting documents, must be uploaded in e-Dfi.
16. After the application has been successfully submitted online, MDEC will accept the application via e-Dfi and will take not more than two (2) working days to do the necessary assessment and review on the completeness of the application. MDEC will also ensure that the equipment is for the operational use of the MSC Malaysia qualifying activities as detailed in the applicants' business plan during their application for the award of MSC Malaysia Status.
17. Once application is deemed satisfactory, MDEC will issue an Acknowledgment Letter within the aforementioned 2 working days. This letter states that the application for duty free importation has been received by MDEC pending JPCPM Committee's review and MOF's approval. MDEC will inform applicants to collect the Acknowledgment Letter at MDEC Headquarter.
18. In urgent cases, such as when the imported equipment have arrived at the Malaysia port, applicants may forward the Acknowledgment Letter together with a Bank Guarantee to JKDM (to the total amount of duty import tax, plus ten percent (10%) of the total duties) to clear the equipment. Applicants to apply for a Bank Guarantee through their current arrangement with their financial institutions. The Bank Guarantee must be made out to 'Pengarah Kastam Negeri' with a minimum validity of 1 year.
19. Applications will be tabled in the JPCPM Meeting which normally convenes twice a month at MDEC for a decision. Once unanimous decision has been made, MOF will issue an official letter addressed to the applicant and MDEC will collect it on behalf. Normally the whole process, from applicants' submission to MOF's decision, takes 2 to 3 working weeks.
20. If the application is approved, applicants can reclaim the Bank Guarantee if it has been submitted earlier to JKDM to clear the equipment prior receipt of MOF's official letter. If the equipment has not been cleared yet, applicants may proceed to do so using the official MOF letter. We advise for applicants to check through the list of equipment approved by MOF since there are possibilities that some equipment may not be exempted from duties. In this case, the applicants will have to bear the duties of the disapproved equipment.

SIRIM APPROVAL, IMPORT PERMIT AND APPARATUS ASSIGNMENT REQUIREMENTS

21. Please be advised that any communication apparatus capable of being used for telecommunication, or their motherboards and apparatus to be attached or connected to Public Network or System or licensed network, must obtain approval from SIRIM QAS International Sdn Bhd ("SIRIM QAS"). Approval from SIRIM QAS could either be for Type Approval / Special Approval, Import Permit or both. This approval must first be acquired before applicants are allowed to clear the equipment from the customs station by JKDM.
22. To apply for the above, applicants are to email the technical specifications, brochures, and invoices of the equipment to the following SIRIM officers:
1. En Rustam bin Samsul at rustam@sirim.my (Tel: 03-55445911)

2. CC to En Ahmad Faizan Hj Pardi at afaizan@sirim.my (Tel: 03-55446948)
23. The SIRIM officers will respond and advice whether applicants are required to apply for either :
- i. Type Approval / Special Approval, or
 - ii. Import Permit, or
 - iii. Both
24. Thereafter, applicants are to visit SIRIM QAS to fill in application forms and for payment of SIRIM fees for the aforementioned approval / permit.
- SIRIM QAS International Sdn Bhd
SIRIM Complex, Block 25, 1, Persiaran Dato' Menteri, Section 2, 40911 Shah Alam
Tel: 603-5544 6400 Fax: 603-5544 6810
25. '**Apparatus Assignment**' is required for persons or organizations that need to use and/or operate telecommunication apparatus in a specific frequency band, e.g. broadcast or cellular stations. The register of Apparatus Assignment is issued and maintained by MCMC. Enquiries regarding this matter can be made to MCMC at 603-8688 8000.

ADDITIONAL INFORMATION

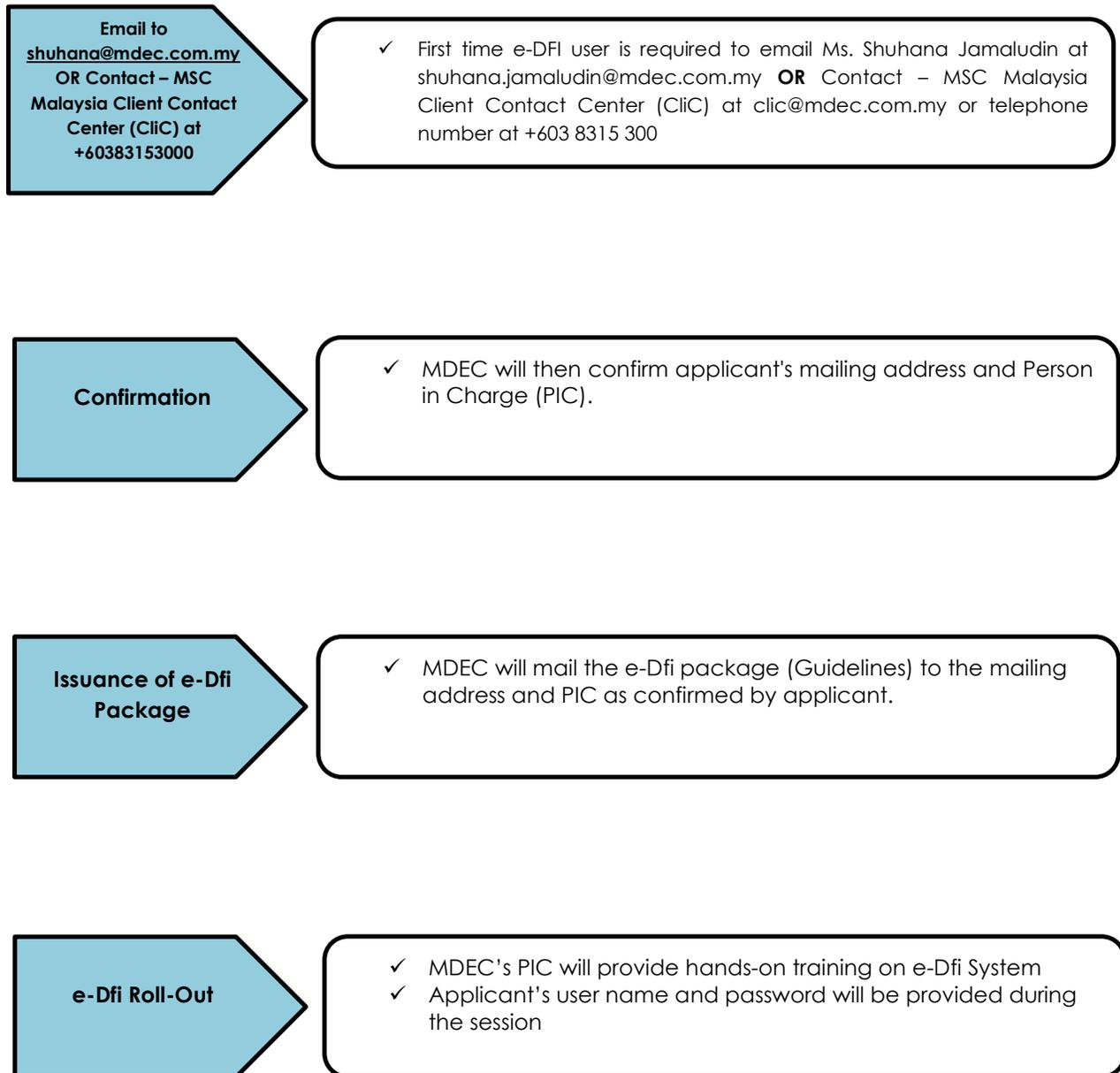
26. Multimedia equipment which have been approved by MOF cannot be moved from the approved premise or sold / disposed / donated / exported without prior written approval from JKDM.
27. Applicants are to ensure that the Bill of Lading, invoices, and other importation documents are under the name of the MSC Malaysia Status entity that is applying for the duty-free importation incentive.
28. Official letters from MOF are sensitive documents and applicants are advised to treat them with care. Applicants are to collect the documents personally from MDEC once ready for collection. MDEC will not deliver the documents via registered post or courier. In cases of lost documents, applicants are to submit a declaration or police report to MDEC, before certified copies can be obtained from MOF.
29. Correspondences to MDEC are to be made to the following personnel and coordinates:

Ms. Azliyah Wagiman
Manager, Post MSC
MSC Business Services Division
Tel: 603-8315 3141
Email: azliyah@mdec.com.my

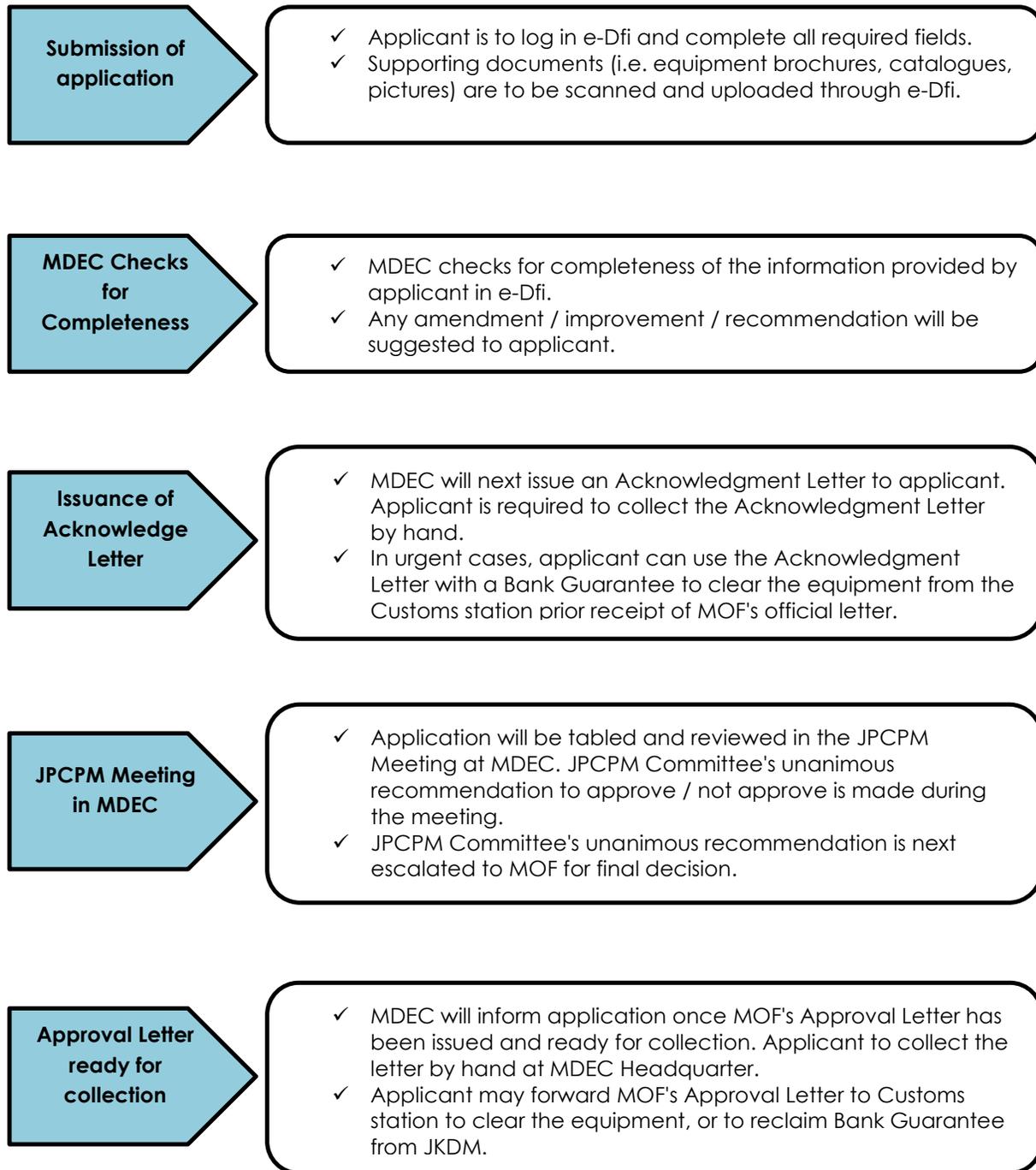
Mr. Muhammad Taufiq Bin Saedin
Senior Executive, Post MSC
MSC Business Services Division
Tel: 603-8315 3271
Email: taufiq.saedin@mdec.com.my

PROCESS FLOWS

30. The following is the process flow for e-Dfi System roll-out (one-time procedure):



31. Process flow for DFI applications via e-Dfi System is indicated below:



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