



**SALES TAX 2018**

**GUIDE:**

**SALES TAX ON  
LOW VALUE GOODS (LVG)**

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**OVERVIEW ON IMPORTATION OF GOODS**

- (i) Duty / tax will be charged on goods imported into Malaysia via land, sea or air mode. The duty / tax rate is based on the Harmonized System Code (HS Code) of the item as listed in the Customs Duties Order 2022, Excise Duties Order 2022 and Sales Tax (Rates of Tax) Order 2022.
  
- (ii) The duties / taxes involved during importation are:
  - a. Import duty
  - b. Excise duty
  - c. Sales Tax on Imports
  
- (iii) Goods imported using air courier service (including postal service) through airports listed under Item 94, Part I of the Schedule, Customs Duties (Exemption) Order 2017 and Item 24, Schedule A, Sales Tax (Persons Exempted From Payment of Tax) Order 2018 with Cost, Insurance and Freight (CIF) value of the goods does not exceed MYR500 per consignment, are exempted from import duty and sales tax on imports. This facility is known as *De Minimis*.
  
- (iv) Goods under *De Minimis* facility are eligible to get immediate customs clearance subject to condition stated under Item 94, Part I of the Schedule, Customs Duties (Exemption) Order 2017 and Item 24, Schedule A, Sales Tax (Persons Exempted From Payment of Tax) Order 2018.
  
- (v) Hand carry goods brought into Malaysia by passengers are subject to
  - a. import duty at a flat rate of 10%;
  - b. excise duty as specified in the Excise Duties Order 2022; and
  - c. sales tax on imports as specified in the Sales Tax (Rates of Tax) Order 2022.

## 1. INTRODUCTION

- 1.1. The Ministry of Finance announced in Budget 2022 that Low Value Goods (LVG) not exceeding MYR500 from abroad sold online by seller and delivered to consumers in Malaysia is subject to sales tax. This is to ensure level playing field and fair treatment between all LVG purchased from overseas or locally.
- 1.2. The implementation of sales tax on LVG is effective on 1 January 2023. Hence, eligible sellers are required to register from the effective date. The imposition of sales tax on LVG will be starting from 1 January 2024.
- 1.3. This guide explains the implementation of sales tax on LVG. Therefore, any person who sells LVG through an online platform or operates online marketplace should make this guide as a reference.
- 1.4. The Sales Tax Act 2018 has been amended accordingly to include the scope of sales tax on LVG.
- 1.5. This guide consists of two (2) parts: -
  - (i) Part I – Scope and Imposition on Low Value Goods (LVG)
  - (ii) Part II – Customs Clearance Procedures on the Importation of Low Value Goods (LVG)

# **PART I**

## **Scope and Imposition on Low Value Goods (LVG)**

## 2. TERMINOLOGY

- 2.1. “Designated Areas (DA)” means Labuan, Langkawi, Tioman and Pangkor.
- 2.2. “Low Value Goods (LVG)” refers to all goods which are sold at a price not exceeding MYR500 and are brought into Malaysia by land, sea or air excluding:
- (i) cigarettes;
  - (ii) tobacco products;
  - (iii) intoxicating liquors;
  - (iv) smoking pipes (including pipe bowls);
  - (v) electronic cigarettes and similar personal electric vaporizing devices;  
and
  - (vi) preparation of a kind used for smoking through electronic cigarette and electric vaporizing device, in forms of liquid of gel, whether or not containing nicotine.
- 2.3. “Malaysia” refers to Principal Customs Area including Designated Areas (DA) and Special Areas (SA).
- 2.4. “Online platform” refers to a platform that provides facilities for the sale and purchase of LVG which includes marketplace operated via website, internet portal or gateway.
- 2.5. “Registered Seller (RS)” means seller who is registered under section 13 of the Sales Tax Act 2018 (LVG).
- 2.6. “Seller” means a person, whether in or outside Malaysia, who sells LVG on an online platform or operates an online marketplace for the sales and purchase of LVG.
- 2.7. “Special Areas (SA)” means any free zone, licensed warehouse and licensed manufacturing warehouse, the Joint Development Area, and petroleum supply base licensed under section 77<sub>B</sub> of the Customs Act 1967.



### 3. SCOPE AND IMPOSITION OF TAX

#### 3.1. LVG refers to:

3.1.1. all goods (excluding cigarettes; tobacco products; intoxicating liquors; smoking pipes (including pipe bowls); electronic cigarettes and similar personal electric vaporizing devices; and preparation of a kind used for smoking through electronic cigarette and electric vaporizing device, in forms of liquid of gel, whether or not containing nicotine);

3.1.2. sold at a price not exceeding MYR500; and

3.1.3. brought into Malaysia by land, sea or air mode.

3.2. Sales tax on LVG shall be charged and levied at the rate of 10%.

3.3. The sales tax is charged on the sale value of LVG **not including** any tax, duty, fee or other charges such as transportation, insurance or other costs.

#### Example 1

*Siti buys a watch from abroad worth MYR200 through ABC, an online shopping platform. During payment, 10% sales tax on LVG is charged on the price of the watch. In addition, a delivery cost of MYR10 is charged. Therefore, the price to be paid by Siti is as follows:*

Description		Price (MYR)
Price of watch (per unit)	=	200
<b>Sales tax on LVG (10%)</b>	=	<b>200 x 10% = 20</b>
Delivery fee	=	10
<b>Total</b>	=	<b>230</b>

- 3.4. Sales tax on LVG will be charged based on the sale value per piece / unit as examples given below:

### Example 2

#### Scenario 1

Description	Unit Price (MYR)	Quantity	Price (MYR)	Sales Tax on LVG
Watch	200	1	200	<b>Applicable</b>
		Total	200	

#### Scenario 2

Description	Unit Price (MYR)	Quantity	Price (MYR)	Sales Tax on LVG
Watch	200	1	200	<b>Applicable</b>
Wallet	200	1	200	<b>Applicable</b>
Belt	200	1	200	<b>Applicable</b>
		Total	600	

#### Scenario 3

Description	Unit Price (MYR)	Quantity	Price (MYR)	Sales Tax on LVG
Watch	200	3	600	<b>Applicable on each piece / unit</b>
		Total	600	

**Example 3**

Tan purchases a shirt from a supplier on ABC online shopping platform (Registered Seller) with a price of MYR200 and a pair of shoes with a price of MYR600. Tan applies the following discount during checkout:

- (i) discount of MYR30 for the shirt; and
- (ii) discount of MYR150 for the shoes.

Accordingly, the sale value is computed as below:

Item	Description	Qty.	Unit Price (MYR)	Discount (MYR)	Price After Discount (MYR)	Sales Tax on LVG (MYR)
1.	Shirt	1	200	30	170 (subject to sales tax on LVG)	170 x 10% = 17
2.	Shoes	1	600	150	450 (subject to sales tax on LVG)	450 x 10% = 45

**Example 4**

Anis purchases a wallet from a supplier on DEF online shopping platform (Registered Seller) with a price of MYR300. Anis applies voucher worth of MYR50 during checkout:

Accordingly, the sale value is computed as below:

Description	Qty.	Unit Price (MYR)	Sales Tax on LVG (MYR)	Voucher (MYR)
Wallet	1	300	300 x 10% = 30	50

In this situation, the voucher has a monetary value of MYR50. However, this voucher will not be treated as discount and sales tax on LVG will be charged on the actual sale value.

### 3.5. Seller consist of:

#### 3.5.1. Local and Overseas seller

Sells LVG on an online platform directly to consumers (example: via own website)

#### 3.5.2. Local and Overseas online marketplace operators

Regarded as the seller of the LVG if any of these conditions are met:

- (i) authorised to charge the customer;
- (ii) authorised to deliver the LVG to the customer;
- (iii) sets the terms and conditions under which the transaction of sales is made;
- (iv) documentation issued to customer identifies the transaction of sales is made by the marketplace; or
- (v) the marketplace and merchant contractually agree that the marketplace is responsible for sales tax on LVG obligations.

## 4. REGISTRATION

### 4.1. Liability to be registered

4.1.1. Any seller with the total sale value of LVG brought into Malaysia by land, sea or air mode in 12 months exceeds **MYR500,000** is liable to be registered as RS.

4.1.2. A seller of LVG is liable to be registered at the following time, whichever the earlier:

4.1.2.1. At the end of any month, where the total sale value of LVG in that month and the eleven months immediately preceding that month has exceeded MYR500,000 (Historical Method);

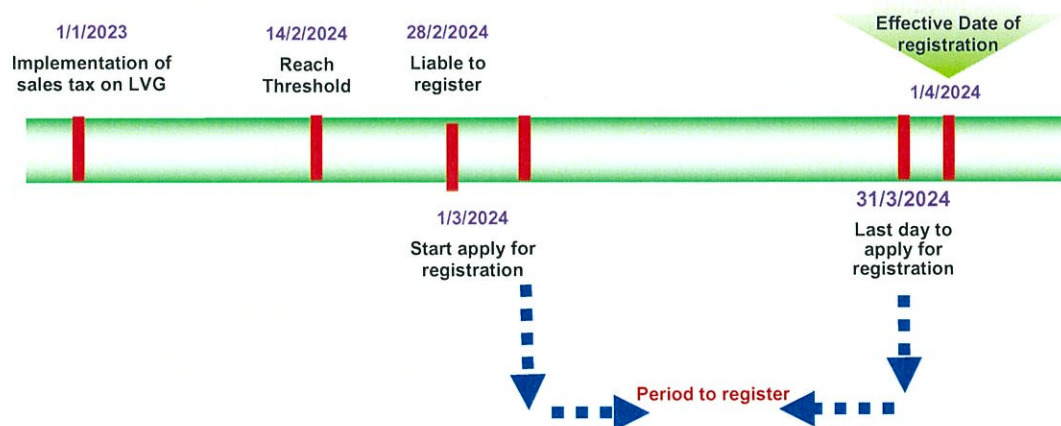
or

- 4.1.2.2. At the end of any month, where the total sale value of LVG in that month and the eleven months immediately succeeding that month will exceed MYR500,000 (Future Method).

#### Example 4(i) Historical method

*ABC is an online shopping platform which sells consumer goods on behalf of both local and overseas suppliers. The total sale value of LVG made to consumer in Malaysia has exceeded MYR500,000 on 14.02.2024. ABC is liable to notify to Director General (DG) and register as RS before 31.03.2024. The effective date of registration will be on 01.04.2024.*

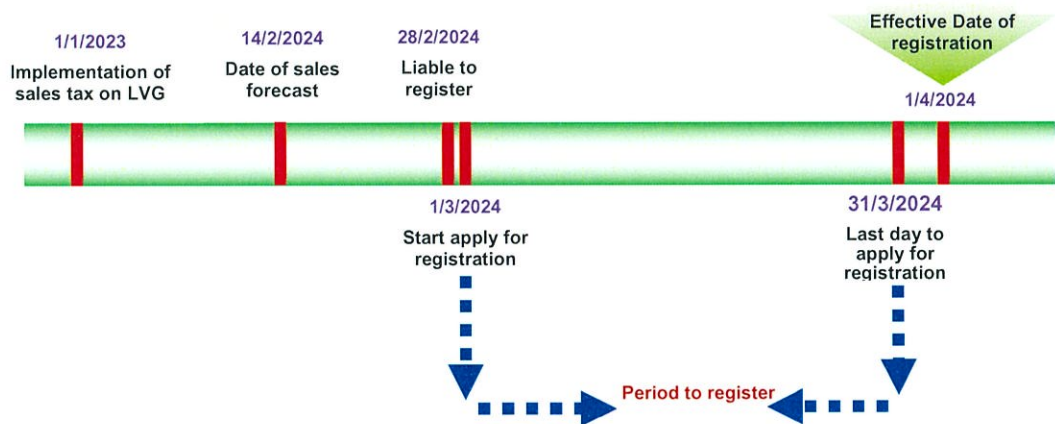
#### Diagram 4(i) Historical Method



### Example 4(ii) Future method

LMN is an online shopping platform which sells LVG of its own brand. LMN forecasted on 14.02.2024 that the total sale value of LVG made to consumer in Malaysia will exceed MYR500,000 within year 2024. LMN is liable to notify to Director General (DG) and register as RS before 31.03.2024. The effective date of registration will be on 01.04.2024.

### Diagram 4(ii) Future Method



## 4.2. Application for registration

- 4.2.1. A seller may apply for registration with effect from 1 January 2023. Application shall be made via <https://lvg.customs.gov.my>.
- 4.2.2. Please refer to the registration manual: [https://lvg.customs.gov.my/LVG\\_USER\\_GUIDE\\_VERSION\\_1.pdf](https://lvg.customs.gov.my/LVG_USER_GUIDE_VERSION_1.pdf)
- 4.2.3. Upon approval, the **effective date of registration** will be on the first day of the following month, after the month which seller becomes liable to be registered.

### **Example 5**

*ABC is liable to be registered in March 2024. ABC has applied for registration on 15.04.2024. The registration effective date for ABC will be on 1.5.2024 and has to charge sales tax on LVG starting from 1.5.2024.*

4.2.4. The RS will be notified and assigned with a registration number through e-mail stated on the application.

4.2.5. Where a seller fails to register when he is liable under Sales Tax Act 2018 (LVG) and fails to notify the Director General of his liability, the Director General shall register him on the date as the Director General may determine but not earlier than the date he is liable to be registered under section 12 of the Sales Tax Act 2018 (LVG).

## **5. NOTIFICATION OF THE CHANGES ON PARTICULARS**

### **5.1. Registration information**

5.1.1. Any RS shall apply via <https://lvg.customs.gov.my> if there are any changes for the following particulars (subject to approval):

- (i) in the name of the business;
- (ii) in the address of any place of business;
- (iii) in the status of the business;
- (iv) of the authorized person or details of authorized person; or
- (v) an opening of any new business premises or closing of any business premises.

### **5.2. Amendment of effective date on registration**

5.2.1. The following are the situations that allow the amendment of the effective date on registration through application from RS:

- (i) New effective date **earlier than** the assigned effective date:  
RS can apply to amend the effective date of registration. RS must provide a reasonable reason regarding the amendment of the effective date. The effective date of registration can be earlier but cannot be earlier than the date the seller is liable to be registered in accordance with subsection 13(3) Sales Tax Act 2018 (LVG).
- (ii) New effective date **later than** the assigned effective date is **not allowed**.

## 6. CANCELLATION OF REGISTRATION

6.1. RS may cancel his registration under the following circumstances;

- (i) ceases to sell LVG; or
- (ii) the total sale value of LVG in that month and the eleven months immediately succeeding that month does not exceed MYR500,000.

6.2. RS is required to submit application for cancellation within thirty (30) days from the date of such occurrence. However, if no notification is made, RS is still liable to charge sales tax on LVG, submit LVG-02 return and other related matters.

6.3. RS will be notified on the approval and effective date of cancellation through e-mail.

## 7. ACCOUNTING FOR TAX

### 7.1. Accounting basis

7.1.1. The sales tax on LVG shall be due and payable at the time when the LVG are sold by RS.

7.1.2. **Point of sale** refers to the time when purchase order is confirmed.



## 7.2. Issuance of invoice or any document

- 7.2.1. Section 21 Sales Tax Act 2018 (LVG) requires RS to issue an invoice or any document containing prescribed particulars to the consumer with regard to the transaction.
- 7.2.2. The invoice or any document shall state the following particulars in the national language (*Bahasa Melayu*) or English language:
- (i) serial number of invoice or document;
  - (ii) date of invoice or document;
  - (iii) name and address of the RS;
  - (iv) RS registration number (LVG registration number);
  - (v) sufficient description to identify the sale of LVG; and
  - (vi) the total amount payable excluding sales tax, the rate of the sales tax and total sales tax chargeable shown as a separate amount.
- 7.2.3. RS may apply for any particulars **not to be stated** on an invoice or any document.

## 7.3. Credit Notes and Debit Notes

- 7.3.1. RS who sells LVG shall issue a credit note or debit note, if there is a deduction or addition to the amount of sales tax payable on LVG, after the sales tax return (Form LVG-02) for the taxable period has been furnished to the Director General in the following situations:
- (i) any changes on sales tax rate on LVG in force under section 10 of the Sales Tax Act 2018; or
  - (ii) financial adjustments made in the course of a business transaction.

7.3.2. A credit note or debit note must contain the following particulars:

- (i) the words “credit note” or “debit note” clearly stated;
- (ii) the serial number;
- (iii) the date of issuance;
- (iv) the name, address and registration number of the RS;
- (v) the name and address of the person to whom the LVG is sold;
- (vi) the reason for the issuance;
- (vii) the description, quantity and amount of LVG for which the credit note or debit note is given;
- (viii) the total amount excluding sales tax;
- (ix) the rate and amount of sales tax; and
- (x) the number and date of the issuance of the original invoice.

7.3.3. RS may apply for any particulars **not to be stated** on credit note or debit note.

#### 7.4. Duty to keep records

7.4.1. It is the responsibility of every RS to keep complete and true records written up to date of all transactions which affect or may affect his liability to sales tax on LVG.

7.4.2. Such records or books of accounts must be maintained in the national language (*Bahasa Melayu*) or English language for a period of seven (7) years from the latest date to which the record relates.

7.4.3. If the record is in an electronically readable form, the record should be kept in such manner and can be readily accessed and convertible into written form.

7.4.4. A copy of the record shall be admissible as evidence in any proceedings.

## 7.5. Taxable period

7.5.1. RS will be assigned a taxable period for which he is required to account for tax in his return to be furnished to the DG. The taxable period shall be a period of three (3) months ending on the last day of any month of any calendar year.

### Example 6

*ABC is an RS starting from 1 April 2024. ABC needs to submit return for the 1<sup>st</sup> taxable period as following:*

Filing Frequency	Taxable period
Financial Year End: December	
First Taxable period	Apr. – June
Subsequent Taxable period	July – Sept., Oct. – Dec.
Specific Basis Period	Subject to DG's approval

7.5.2. The DG may reassign the taxable period for RS other than the period previously assigned to him, as he deems fit, and also upon application by RS to vary the taxable period or the date on which the taxable period begins or ends.

7.5.3. Application for change of taxable period may be considered due to the following matters:

- (i) in line with the financial year end month of RS; or
- (ii) application from RS for varied taxable period

## 7.6. Manner of furnishing LVG-02 return

- 7.6.1. RS shall account sales tax due and payable in LVG-02 form and submit the return. The return shall be furnished not later than the last day of the month following the end of taxable period.
- 7.6.2. All the transaction values shall be accounted in Ringgit Malaysia (MYR).
- 7.6.3. For the purpose of converting the value of LVG sold in foreign currency to MYR, RS is allowed to use the prevailing acceptable exchange rate at the following time consistently:
- (i) daily basis;
  - (ii) the end of the taxable period; or
  - (iii) the time of filing the LVG-02 return.
- 7.6.4. RS may use one (1) of the following suggested prevailing acceptable exchange rates and **shall use it consistently**:

No.	Sources of Currency Exchange Rates	Example
1.	Central Bank of Malaysia (Bank Negara Malaysia - BNM)	<a href="https://www.bnm.gov.my/exchange-rates">https://www.bnm.gov.my/exchange-rates</a>
2.	Exchange rates published by local banks	These include rates published by Commercial Banks, Islamic Banks, and Investment Banks in Malaysia.
3.	Exchange rates published by reputable news agencies	<a href="https://www.reuters.com/markets/currencies/">https://www.reuters.com/markets/currencies/</a>

7.6.5. The LVG-02 return shall be furnished according to the taxable period whether or not there is any sales tax to be paid.

7.6.6. Upon approval, RS who ceases to be liable to be registered shall furnish a final return not later than thirty days or such later date.

## 7.7. Furnishing return amendment

7.7.1. If there is any error in LVG-02 declaration, RS may correct the errors by amending the respective LVG-02.

7.7.2. Amendment to the LVG-02 are subject to the following rules:

Situation	Amendment Rules
(1) Before submission of return	No limitation to amend (edit) the declaration (LVG-02)
(2) After submission of return and no payment made	If the amendment results in: (i) Addition to the amount of sales tax, the tax shall be paid accordingly.
(3) After submission of return and payment has been made	(ii) Reduction to the amount of sales tax, a verification by RMCD officer is required.

## 7.8. Payment of sales tax due and payable

7.8.1. RS is required to pay the amount of sales tax due and payable not later than the last day of the month following after the end of taxable period.

7.8.2. Any payment of sales tax on LVG payable under Sales Tax Act 2018 (LVG) shall be made to the DG through the methods provided by RMCD.

- 7.8.3. Payment of sales tax on LVG by RS shall be deemed to be paid when the payment is received and credited to the DG's account.
- 7.8.4. Any amount of sales tax on LVG can only be done in MYR and the payment amount should follow as per LVG-02 declaration or other bills (e.g. Bill of Demand).
- 7.8.5. Any bank charges relate to the payment transaction, shall be borne by the RS.

### 7.9. **Penalty for late payment of sales tax**

7.9.1. The penalty under subsection 26(8), Sales Tax Act 2018 (LVG) is imposed on part or all of the amount of **sales tax that remains unpaid** after the last day the tax is due and payable.

7.9.2. The penalty imposed is as follows;

<b>Period of Late Payment</b>	<b>Rate of Penalty (%)</b>
1 to 30 days from the first day after the payment deadline	10%
31 to 60 days from the first day after the payment deadline	Additional 15% (10% + 15% = 25%)
61 to 90 days from the first day after the payment deadline	Additional 15% (10% + 15% + 15% = 40%)

7.9.3. The example of the penalty is as follows:

### Example 7

*ABC apply for registration on 1 March 2024. The effective date to charge LVG will be on 1 April 2024. ABC needs to submit LVG-02 return for the 1st taxable period from April till June 2024 by 31 July 2024.*

*Based on the calculation made by ABC, the value of sales tax that need to be declared and accounted to RMCD is MYR10,000. However, ABC have failed to pay sales tax and calculation of penalty on the sales tax due as shown below;*

Taxable period	Last day of return and payment (31 July 2024)	10% Penalty on first (1 <sup>st</sup> ) 30 days (1 August – 30 August 2024)	15% Penalty on the second (2 <sup>nd</sup> ) 30 days (31 August - 29 September 2024)	15% Penalty on the third (3 <sup>rd</sup> ) 30 days (30 September – 29 October 2024)
April - June 2024	MYR10,000 sales tax value	MYR1,000	MYR1,500	MYR1,500
<b>TOTAL AMOUNT (SALES TAX + PENALTY) DUE = MYR14,000</b>				

## 8. REFUND OF SALES TAX, PENALTY, FEE OR OTHER MONEY

8.1. RS who sells LVG may make a claim of refund under section 39 Sales Tax Act 2018 (LVG), to the DG, if there is an error in the amount of sales tax payable under the following circumstances;

- (i) has overpaid the amount due in the return; or
- (ii) erroneously paid; or
- (iii) entitled to the refund under subsection 41(3) of the Sales Tax Act 2018 (LVG) – Remission of sales tax, etc.

- 8.2. An application for refund shall be made via online <https://lvg.customs.gov.my> and to be submitted together with the relevant supporting documents. Each claim shall be made separately.

## 9. REMISSION OF PENALTY

- 9.1. The DG may remit the whole or any part of the surcharge accrued, or penalty, fee or other money payable as he deems fit.
- 9.2. Application for remission should be made via online <https://lvg.customs.gov.my> and submitted together with the relevant supporting documents.

## 10. TRANSITIONAL PROVISIONS

- 10.1. If any LVG are purchased before the effective date for charging and levying sales tax, such goods shall not be subjected to sales tax even though the delivery of such goods is made after the effective date.

Date of order confirmed by RS	Date of goods being removed to consumer	Subject to Sales Tax?	Remarks
Before 1 January 2024	Before 1 January 2024	No	When order is confirmed and goods are removed to the consumer before 1 January 2024, the transaction is not subject to sales tax.
	On or after 1 January 2024		
On or after 1 January 2024	On or after 1 January 2024	Yes	When order is confirmed and goods are removed to the consumer on or after 1 January 2024, the transaction is subject to sales tax.



## **11. OTHER RELATED INFORMATION**

### **11.1. Hours for submission of return and payment**

11.1.1. For the purposes of receiving returns and payments of sales tax or penalty payable through electronic banking, the ordinary hours shall be from 7:30 a.m. to 11:30 p.m. Malaysian standard time (UTC / GMT + 8 hours) on any day of the week.

# **PART II**

## **Customs Clearance Procedures on the Importation of Low Value Goods (LVG)**

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## 12. TERMINOLOGY

- 12.1. **“Consignment”** - A batch of goods destined for or delivered to one recipient (individual) or many recipients (consolidated).
- 12.2. **“Courier service”** - A person or an organization that offers a service of delivering parcels, packages, letters, and documents from one location to another.
- 12.3. **“Customs agent”** - Any person approved under Section 90 of the Customs Act 1967 to undertake any customs transactions on behalf of another person.
- 12.4. **“Customs Form No.1 (K1): Declaration of Goods Imported”** - A declaration statement used by the importers or customs agents acting on their behalf, for goods imported into Malaysia by air, road, or sea for the purpose of customs clearance.
- 12.5. **“De minimis”** - A treatment facility when goods imported by air courier service (including postal service), with a total CIF value not exceeding MYR500 per consignment (excluding cigarettes; tobacco products; intoxicating liquors; smoking pipes (including pipe bowls); electronic cigarettes and similar personal electric vaporizing devices; and preparation of a kind used for smoking through electronic cigarette and electric vaporizing device, in forms of liquid or gel, whether or not containing nicotine), **are exempted from Import Duties and Sales Tax on Imports** during importation through any airports listed under Item 94, Part I of the Schedule, Customs Duties (Exemption) Order 2017 and Item 24, Schedule A, Sales Tax (Persons Exempted From Payment of Tax) Order 2018.
- 12.6. **“e-PAM”** - An online system to submit Pre-Alert Manifest electronically for all goods imported by air courier service.

- 12.7. **“Pre-Alert Manifest (PAM)”** - A list of information of goods, including letters and documents submitted by air courier service prior to the arrival of the goods at any airports listed under Item 94, Part I of the Schedule, Customs Duties (Exemption) Order 2017 and Item 24, Schedule A, Sales Tax (Persons Exempted from Payment of Tax) Order 2018.

### 13. GENERAL IMPORT PROCEDURES

- 13.1. In general, the current importation procedures remain unchanged. Certain goods may require permits / approvals from relevant agencies prior to the goods arrival. Goods may also be screened, inspected, or examined prior to their release.

### 14. LVG INFORMATION REQUIREMENTS DURING IMPORTATION

All relevant information is required to be provided during LVG importation, including the additional information as below:

#### 14.1. Information on the package

- 14.1.1. The **LVG Registration Number** information is required to be provided by the exporters / RS in the consignment note (CN) / Air Waybill and must be displayed on all packages.

Note: It is advisable for exporters / RS to provide LVG Registration Number under the exporter / consignor column / field (**refer to Appendix 1**).

## 14.2. Import declaration

- 14.2.1. Customs agents / courier services are required to provide the **LVG Registration Number** information upon completing their import declaration.
- 14.2.2. Any supporting documents may also be required to be provided when requested by the proper officer of customs.
- 14.2.3. LVG that have been charged Sales Tax at the point of sale will not be charged Sales Tax on Imports, provided that the LVG Registration Number is included in the import declaration. Therefore, it is essential for the customs agents / courier services to fully understand the importation procedures of LVG on all modes.

## 15. IMPORTATION OF LVG VIA AIR MODE

- 15.1. Importation of LVG by means **other than air courier services** will use the K1 for import declaration as the *de minimis* facility is not applicable.
- 15.2. However, LVG imported via air courier services are eligible for the *de minimis* facility, where courier services are responsible for declaring pre-alert manifest using the e-PAM system with minimal data requirements. Please refer to this link for more information on the e-PAM system: [http://www.customs.gov.my/en/ip/Pages/ip\\_epam.aspx](http://www.customs.gov.my/en/ip/Pages/ip_epam.aspx)

15.3. Goods that are eligible for *de minimis* may be released immediately via the e-PAM system, subject to the following conditions:

15.3.1. goods that are not listed under the existing Customs (Prohibition of Imports) Order; or

15.3.2. non-suspicious goods

15.4. Importers / customs agents will be required to declare K1 if the goods do not comply with the conditions mentioned in paragraph 15.3.

## **16. IMPORTATION OF LVG VIA ROAD AND SEA MODE**

16.1. Importers / customs agents are required to declare K1 for LVG imported via road or sea mode.

16.2. The *de minimis* does not apply to LVG imported by road or sea. Thus, these LVG will be subjected to Import Duties and Sales Tax on Imports (if applicable) during importation.

16.3. However, Sales Tax on Imports will not be charged during importation if the Sales Tax on LVG has been charged by the RS.

16.4. Importers / customs agents are required to provide the LVG Registration Number in K1 to avoid Sales Tax on Imports being charged during importation.

## 17. IMPORTATION OF LVG USING POSTAL SERVICE

- 17.1. LVG imported by using the postal service are either via air, road, or sea. Despite the implementation of Sales Tax on LVG, the current import procedures for the postal service remain unchanged.
- 17.2. Consignment Note (CN) 22 / CN23 are used by postal service for import declaration. To avoid Sales Tax on Imports being charged during importation, the LVG Registration Number information must be provided by the exporters / RS in the CN22 / CN23 declaration (**refer to Appendix 1**).

## 18. DECLARATION OF LVG USING K1

- 18.1. When lodging an import declaration for LVG in the system, importers / customs agents are required to select a specific **Transaction Type: "LG"** and **SST Exemption Type: "LG"**.
- 18.2. Once the **Transaction Type** and **SST Exemption Type** for LVG have been selected, importers / customs agents are required to enter all relevant import data requirements, including the **LVG Registration Number**, into the system.
- 18.3. Importers / customs agents are required to provide the **LVG Registration Number** in the "SST No." data field, which has been relabeled as "**SST / LVG**" in the system (**refer to Appendix 2**).
- 18.4. These Transaction Type, SST Exemption Type, and LVG Registration Number are only applicable for the importation of an LVG consignment or a consignment containing both LVG and non-LVG (a mixed item).
- 18.5. Upon importation, the customs values declared are as below:  
Customs values (CIF)  
= **Cost (excluding Sales Tax on LVG) + Insurance + Freight**

- 18.6. Mixed items (LVG and non-LVG) bought from the same RS and shipped in a single consignment to a recipient / importer in Malaysia can be declared in a single K1. However, it **must be itemized per line** (as per line items displayed at the point of sale), and the value of each line item is declared as a CIF value.
- 18.7. The system will not charge Sales Tax on Imports for line items with a total CIF value of MYR500 and below. Line items with a total CIF value greater than MYR500 will be charged Sales Tax on Imports based on the tax rate stipulated by the HS Code. However, importers / customs agents are required to inform and provide supporting documents to the proper officer of customs on any line items with a total CIF value greater than MYR500 that have already been charged Sales Tax on LVG by the RS to avoid double taxation.
- 18.8. K1 declarations that cannot be itemized per line may result in the imposition of Sales Tax on Imports (if applicable) upon importation.
- 18.9. If the actual sale value of line items does not exceed MYR500 (Sales Tax on LVG has been charged at the point of sale), but the CIF value of the line items exceeds MYR500 (probably caused by the foreign exchange rate or insurance and freight), importers / customs agents must provide supporting documentation to the proper officer of customs for further assessment. The proper officer of customs may amend the calculation of the Sales Tax on Imports in the system if it is proved to his satisfaction that the Sales Tax on LVG has been imposed.



## 19. ENQUIRY

For any enquiries for this guide please contact:

(i) **PART I: Scope and Imposition on Low Value Goods (LVG)**

Royal Malaysian Customs Department  
Internal Tax Division  
Level 5&6, Tower A, Saujana PjH  
Jalan Tun Razak, Precinct 2  
62100 Putrajaya, Malaysia

e-mail: [mylvg@customs.gov.my](mailto:mylvg@customs.gov.my)

(ii) **PART II: Customs Clearance Procedures on the Importation of Low Value Goods (LVG)**

Royal Malaysian Customs Department  
Customs Division  
Level 4, North Block, Ministry of Finance Complex  
No. 3, Persiaran Perdana, Precinct 2  
62596 Putrajaya, Malaysia

e-mail: [lvg.perkastamanhq@customs.gov.my](mailto:lvg.perkastamanhq@customs.gov.my)

(iii) **General Enquiries**

Customs Call Center (CCC)  
Monday to Friday  
8:00 am – 5:00 pm  
Malaysian standard time (UTC / GMT + 8 hours)

1-300-888-500

e-mail: [ccc@customs.gov.my](mailto:ccc@customs.gov.my)

**APPENDIX 1**

**EXAMPLE: LVG REGISTRATION NUMBER IN CONSIGNMENT NOTE / AIR WAYBILL**

Postal administration		CUSTOMS DECLARATION			CN 23	
From	Name	Sender's Customs reference (if any)	No. of item (barcode, if any)	May be opened officially	Important! See instructions on the back.	
	Business					
	Street					
	Postcode	City				
	Country					
To	Name	Importer's reference (if any) (tax code/VAT No./Importer code) (optional)				
	Business	Importer's telephone/fax/e-mail (if known)				
	Street					
	Postcode	City				
	Country					
Detailed description of contents (1)		Quantity (2)	Net weight (in kg) (3)	Value (5)	For commercial items only HS tariff number (7)    Country of origin of goods (8)	
			Total gross weight (4)	Total value (6)	Postal charges/Fees (9)	
Category of item (10)	Commercial sample	Explanation:			Office of origin/Date of posting	
<input type="checkbox"/> Gift	Returned goods					
<input type="checkbox"/> Documents	Other					
Comments (11): (e.g.: goods subject to quarantine, sanitary/phytosanitary inspection or other restrictions)						

XYZ Pvt. Ltd.  
**LVG Reg.No: YYMM020001**  
 Address:

**LVG Registration Number format**

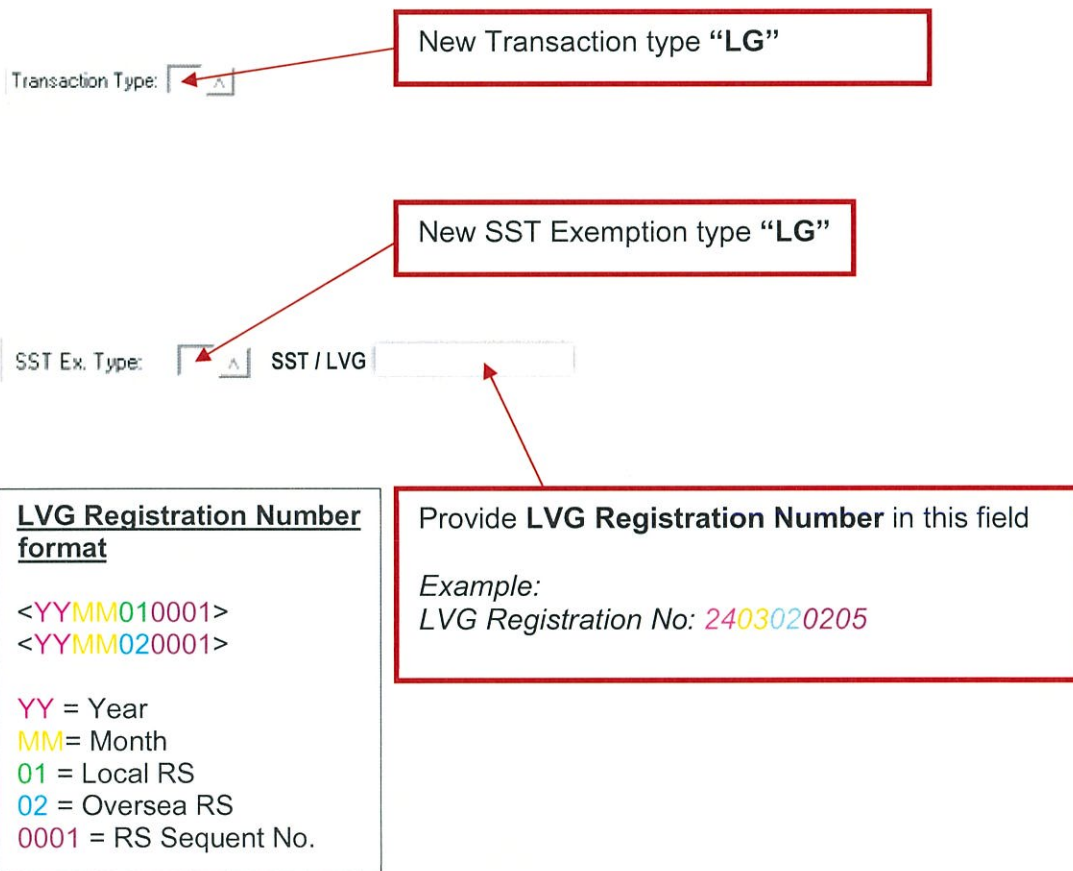
<YYMM010001>  
 <YYMM020001>

YY = Year  
 MM = Month  
 01 = Local RS  
 02 = Oversea RS  
 0001 = RS Sequent No.

**APPENDIX 2**

**IMPORT DECLARATION USING CUSTOMS FORM NO.1 (K1)**

*(Note: The image may vary depending on the system used.)*



Transaction Type:

New Transaction type "LG"

SST Ex. Type:  SST / LVG

New SST Exemption type "LG"

**LVG Registration Number format**

<YYMM010001>  
<YYMM020001>

YY = Year  
MM = Month  
01 = Local RS  
02 = Oversea RS  
0001 = RS Sequent No.

Provide LVG Registration Number in this field

Example:  
LVG Registration No: 2403020205