CIRCULAR NO: 84/2025 DATE: 23 JUNE 2025

TO: ALL MEMBERS

SALES TAX EXEMPTION FOR IMPORTED AND LOCALLY PURCHASED MACHINERY

We wish to bring to your attention the availability of Sales Tax exemption on machinery, equipment, and spare parts imported or purchased locally, as provided under **Item 55, Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018.**

This exemption applies to **manufacturers located in the Principal Customs Area (PCA)** who have obtained a **confirmation letter from MIDA** and **use the machinery, equipment, or spare parts directly in the manufacturing of taxable goods.** The exemption is granted under **Item 55, Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018** and **must be applied for through both MIDA and the mySST portal.**

To qualify, the machinery, equipment, or spare parts must be brand new, used solely and directly in the production of taxable finished goods, and not intended for administrative, maintenance, or general utility purposes. Only equipment used specifically in the manufacturing process will be considered for exemption.

APPLICATION PROCEDURE
Step 1: Apply to MIDA for Confirmation Letter
You must obtain confirmation from MIDA that your company qualifies as a manufacturer in the PCA.

Apply via https://www.mida.gov.my/forms-and-guidelines/manufacturing-sector/manufacturing-sector-group-duty-exemption/

MIDA will issue a Confirmation Letter (Surat Pengesahan) upon approval.

Step 2: Apply for Sales Tax Exemption via mySST
Once MIDA confirmation is obtained, apply to the Royal Malaysian Customs Department (RMCD) through the mySST portal.

Apply via https://mysst.customs.gov.my and select **"Application for Exemption – Schedule A – Item 55."** Applicants are required to upload the confirmation letter from MIDA along with specifications of the machinery intended for import or purchase. Once submitted, the application will be reviewed by RMCD for approval.

RMCD will issue a Sales Tax Exemption Certificate Number, which must be quoted in import declarations (K1) or local purchase invoices.

At the point of import or local purchase, manufacturers must provide the **MIDA confirmation letter,** the **RMCD exemption certificate**, and the **invoice along with the machinery description** to Customs or the local supplier in order to receive the Sales Tax exemption at the point of entry or purchase.

RECORDKEEPING AND COMPLIANCE

Manufacturers are required to maintain proper records for compliance purposes, including a **copy of the exemption certificate, import or purchase records, and detailed documentation of machinery usage and location**. If the company is also a Registered Manufacturer, **SST-02 returns must be submitted as required.** All records should be properly filed and may be subject to review during Customs audits.

REFERENCES

MIDA: https://www.mida.gov.my/forms-and-guidelines/manufacturing-sector/manufacturing-sector-group-duty-exemption/

mySST Registration Portal: https://mysst.customs.gov.my

Sales Tax Act & Orders: https://www.customs.gov.my/en/tp/Pages/tp_sst.aspx

We encourage all member companies planning to import or purchase new manufacturing machinery to explore this exemption facility, which can lead to significant cost savings and improved cash flow.

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