



LAWS OF MALAYSIA

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Act 329

FINANCE (NO. 2) ACT 1986

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FINANCE (NO. 2) ACT 1986

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ARRANGEMENT OF SECTIONS

CHAPTER I PRELIMINARY

Section

1. Short title
2. Amendment of Acts

CHAPTER II AMENDMENTS TO THE CUSTOMS ACT 1967

3. Deletion of sections 146, 147, 148, 149, 150, 151, 152 and 153
4. Amendment of section 154
5. New sections 163A, 163B, 163C, 163D, 163E, 163F and 163G

CHAPTER III AMENDMENTS TO THE SALES TAX ACT 1972

6. Amendment of section 72
7. Deletion of sections 81 and 82
8. New sections 83, 84, 85, 86, 87, 88, 89 and 90

CHAPTER IV AMENDMENTS TO THE EXCISE ACT 1976

9. New sections 91A, 91B, 91C and 91D

CHAPTER V

AMENDMENTS TO THE SERVICE TAX ACT 1975

Section

10. Amendment of section 1
11. Amendment of section 2

LAWS OF MALAYSIA**Act 329****FINANCE (NO. 2) ACT 1986**

An Act to amend the Customs Act 1967, the Sales Tax Act 1972, the Excise Act 1976 and the Service Tax Act 1975.

[1 January 1987]

BE IT ENACTED by the Seri Paduka Baginda Yang di-Pertuan Agong with the advice and consent of the Dewan Negara and Dewan Rakyat in Parliament assembled, and by the authority of the same, as follows:

CHAPTER I**PRELIMINARY****Short title**

1. This Act may be cited as the Finance (No. 2) Act 1986.

Amendment of Acts

2. The Customs Act 1967 [*Act 235*], the Sales Tax Act 1972 [*Act 64*], the Excise Act 1976 [*Act 176*] and the Service Tax Act 1975 [*Act 151*] are amended respectively in the manner specified in Chapters II, III, IV and V respectively.

CHAPTER II**AMENDMENTS TO THE CUSTOMS ACT 1967****Deletion of sections 146, 147, 148, 149, 150, 151, 152 and 153**

3. The Customs Act 1967, which in this Chapter is referred to as “the principal Act”, is amended by deleting sections 146, 147, 148, 149, 150, 151, 152 and 153.

- (c) import duty shall be payable upon all dutiable goods transported to the principal customs area from Langkawi as if such transportation to the principal customs area were importation into Malaysia;
- (d) export duty shall be payable upon all dutiable goods transported from the principal customs area to Langkawi to all intents as if such transportation from the principal customs area were export from Malaysia; and
- (e) the Minister may by order, prescribe the meaning of the word “value” in relation to goods transported from Langkawi to the principal customs area.

(2) Subsections 11(2), (3), (4), (5) and (6) shall apply to any order made by the Minister under subparagraph (1)(a)(ii) or paragraph 1(b).

(3) Nothing in this section shall render inapplicable to Langkawi any other customs duty which may be fixed by the Minister under subsection 11(1).

Transportation of goods to or from Langkawi from or to the principal customs area

163c. Where goods are transported—

- (a) from Langkawi to the principal customs area; or
- (b) from the principal customs area to Langkawi,

the provisions of this Act, other than sections 81, 82, 83, 84, 85, 86, and 87 thereof, shall with such modifications and adaptations as may be necessary, apply as if such goods were imported into, or as the case may be, exported from, the principal customs area from or to a place outside Malaysia, and without prejudice to the above generality, the provisions of Part XII shall apply to goods transported to or from Langkawi from or to the principal customs area and to persons and vehicles transporting such goods as if Langkawi were a place outside Malaysia.

Declaration of goods transported from Langkawi into the principal customs area

163D. The person in charge of any vessel or aircraft on which goods are transported from Langkawi to the principal customs area shall make a declaration substantially in the prescribed form giving particulars of the goods transported in such vessel or aircraft.

Dutiable goods to be deemed to be non-dutiable while in Langkawi

163E. Except for the purpose of section 48, any dutiable goods, other than petroleum and petroleum products, and other goods declared by the Minister under subparagraph 163B(1)(a)(ii) or deemed to have been declared by the Minister under that section, shall while in Langkawi, be deemed to be non-dutiable goods and the provisions of this Act shall be construed accordingly.

Collection of duties in Langkawi

163F. In making regulations under section 142, the Minister may provide for the collection in Langkawi of the customs duties payable in respect of goods transported or about to be transported from or to Langkawi to or from the principal customs area.

Application of Part X to goods transported to Langkawi

163G. The provisions of Part X which deals with drawback shall apply to goods other than those specified under subparagraph 163B(1)(a)(i) and goods declared by the Minister under subparagraph 163B(1)(a)(ii) or deemed to have been declared by the Minister under that section, transported from the principal customs area to Langkawi as if such goods had been exported.”.

CHAPTER III

AMENDMENTS TO THE SALES TAX ACT 1972

Amendment of section 72

6. Section 72 of the Sales Tax Act 1972, which in this Chapter is referred to as “the principal Act”, is amended by inserting after the word “Labuan” the words “and Langkawi” in the interpretation of “principal customs area”.

Deletion of sections 81 and 82

7. The principal Act is amended by deleting sections 81 and 82.

New sections 83, 84, 85, 86, 87, 88, 89 and 90

8. The principal Act is amended by inserting after section 82 the following new Part XVII and new sections 83, 84, 85, 86, 87, 88, 89 and 90:

“

PART XVII

SPECIAL PROVISIONS DEALING WITH LANGKAWI

Interpretation

83. In this Part, unless the context otherwise requires—

“Langkawi” means Langkawi Island and all adjacent islands lying nearer to Langkawi Island than to the mainland;

“principal customs area” means the Federation exclusive of Labuan and Langkawi.

Sales tax on goods imported into or exported from Langkawi transported to or from Langkawi

84. Notwithstanding anything to the contrary contained in this Act, no sales tax shall be payable upon any taxable goods imported into Langkawi or transported to Langkawi from the principal customs area other than such taxable goods, which the Minister may from time to time declare by order published in the *Gazette* .

Goods manufactured in Langkawi to be goods manufactured outside the Federation

85. For the purpose of this Act goods manufactured in Langkawi are deemed to be goods manufactured outside the Federation.

Transportation of goods to or from Langkawi from or to the principal customs area

86. Where goods are transported—

- (a) from Langkawi to the principal customs area; or
- (b) from the principal customs area to Langkawi,

the provisions of this Act shall, with such modifications and adaptations as may be necessary, apply as if such goods were imported into, or as the case may be, exported from, the principal customs area from or to a place outside the Federation, and without prejudice to the above generality, the provisions of Part IX shall apply to goods transported to or from Langkawi from or to the principal customs area and to persons and vessels and aircraft transporting such goods as if Langkawi were a place outside the Federation.

Declaration of goods transported from Langkawi to the principal customs area

87. The person in charge of any vessel or aircraft on which goods are transported from Langkawi to the principal customs area shall make a declaration substantially in the form as prescribed under the Customs Act 1967 or under any other laws in force for the time being giving particulars of the goods transported in such vessel or aircraft.

Taxable goods to be deemed non-taxable while in Langkawi

88. Any taxable goods, shall while in Langkawi, be deemed to be non-taxable and the provisions of this Act shall be construed accordingly:

Provided that the foregoing shall not apply in respect of any goods declared by the Minister to be taxable on importation into Langkawi.

Collection of taxes in Langkawi

89. In making regulations under section 61 of the Act, the Minister may provide—

- (a) for the collection in Langkawi of sales tax payable in respect of goods transported or about to be transported from or to Langkawi to or from the principal customs area;
- (b) for the limitation or restriction of vessels and aircraft which may be used to transport such goods; and
- (c) for the licensing or control of persons or vessels or aircraft transporting such goods.

Application of section 29 to goods transported to Langkawi

90. The provisions of section 29 shall apply to goods (other than any goods declared by the Minister to be taxable on importation into Langkawi) transported from the principal customs area to Langkawi as if such goods had been exported or re-exported, as the case may be.”.

CHAPTER IV

AMENDMENTS TO THE EXCISE ACT 1976

New sections 91A, 91B, 91C and 91D

9. The Excise Act 1976 is amended by inserting after section 91, the following new Part XVA and new sections 91A, 91B, 91C and 91D:

“

PART XVA

SPECIAL PROVISIONS DEALING WITH LANGKAWI

Interpretation

91A. In this Part, unless the context otherwise requires—

“Langkawi” means the Langkawi Island and all adjacent islands lying nearer to Langkawi Island than to the mainland.

Dutiable goods in Langkawi

91B. The provisions of this Act shall not apply to goods manufactured in Langkawi, other than the following:

- (i) petroleum and petroleum products; and
- (ii) any other goods which the Minister may from time to time declare by order published in the *Gazette* .

Goods manufactured in Langkawi shall be deemed to be manufactured outside the Federation

91C. Goods subject to excise duty, other than those referred to in section 91B, when manufactured outside the Federation and when moved from Langkawi to the other territories in the Federation shall be deemed to be import into those territories and the provisions of the Customs Act 1967 shall apply.

Goods manufactured in other territories of the Federation shall be deemed to be export when moved to Langkawi

91D. Goods subject to excise duty, other than those referred to in section 91B, manufactured in other territories of the Federation when moved to Langkawi shall be deemed to be export from such territories to a place outside the Federation for the purpose of section 19 and paragraph 28(c).”.

CHAPTER V

AMENDMENTS TO THE SERVICE TAX ACT 1975

Amendment of section 1

10. Section 1 of the Service Tax Act 1975, which in this Chapter is referred to as “the principal Act”, is amended by inserting after the word “Malaysia” the words “, excluding Langkawi” in subsection (1).

Amendment of section 2

11. Section 2 of the principal Act is amended by inserting after the interpretation of “goods” the following new interpretation of “Langkawi”:

‘ “Langkawi” means Langkawi Island and all adjacent islands lying nearer to Langkawi Island than to the mainland;’.

LAWS OF MALAYSIA

Act 329

FINANCE (NO. 2) ACT 1986

LIST OF AMENDMENTS

Amending law

Short title

In force from

– NIL –

LAWS OF MALAYSIA**Act 329****FINANCE (NO. 2) ACT 1986**

LIST OF SECTIONS AMENDED

| Section | Amending Authority | In force from |
|---------|--------------------|---------------|
|---------|--------------------|---------------|

– NIL –
