

**GUIDELINES AND PROCEDURES FOR AEROSPACE MAINTENANCE, REPAIR AND OVERHAUL (MRO) COMPANY TO CLAIM EXEMPTION FOR:**

1. Sales Tax on machinery, equipment and specialised tools to be used for Aerospace MRO activities imported, transported from designated area, from a Licensed Warehouse under Section 65 of the Customs Act 1967 or Licensed Manufacturing Warehouse under Section 65A of the Customs Act 1967, from a free zone under the Free Zones Act 1990, or purchased from a registered manufacturer under Item 33A Sales Tax (Persons Exempted From Payment of Tax)(Amendment)(No.2) Order 2018; and
2. Sales Tax on spare parts, components, materials and specialised consumables goods to be used for Aerospace MRO activities imported, transported out from designated area, from a Licensed Warehouse under Section 65 of the Customs Act 1967 or Licensed Manufacturing Warehouse under section 65A of the Customs Act 1967, from a free zone under the Free Zones Act 1990, or purchased from a registered manufacturer manufacturer under Item 33B Sales Tax (Persons Exempted From Payment of Tax)(Amendment)(No.2) Order 2018

**1. INTRODUCTION**

The implementation of the self-declaration mechanism for sales tax exemption on:

- a) machinery, equipment and specialised tools; and
- b) spare parts, components, materials and specialised consumables goods

to be used for Aerospace MRO activities is provided under the provisions of Sales Tax (Persons Exempted From Payment Of Tax) (Amendment) (No.2) Order 2018 effective 1 January 2019.

Registered Aerospace MRO company in Malaysia are allowed to claim for the exemption on sales tax on machinery, equipment, specialised tools, spare parts, components, materials and specialised consumables goods under Sales Tax (Persons Exempted From Payment Of Tax) (Amendment) (No.2) Order 2018 through a self-declaration process.

Under this mechanism, prior to the importation or purchase a company is required to submit to Royal Malaysian Customs Department the confirmation letter issued by MIDA and the list of machinery, equipment, specialised tools, spare parts, components, materials and specialised consumables goods to be imported or purchased or transported for permission to claim the exemption. Application for import duty exemption should be manually submitted to Ministry of Finance (MoF) whereas for sales tax exemption it has to be submitted online via <https://mysst.customs.gov.my>

## 2. ELIGIBILITY

1. Sales Tax (Persons Exempted From Payment Of Tax) (Amendment) (No.2) Order 2018 **provide an exemption** for the followings:
  - a) Sales Tax on **machinery, equipment and specialised tools to be used directly for Aerospace MRO activities** imported or transported from designated area, from a Licensed Warehouse under Section 65 of the Customs Act 1967 or Licensed Manufacturing Warehouse under Section 65A of the Customs Act 1967, from a free zone under the Free Zones Act 1990, or purchased from a registered manufacturer under **Item 33A Schedule A Sales Tax (Persons Exempted From Payment Of Tax) (Amendment) (No.2) Order 2018**

- b) Sales Tax on **spare parts, components, materials and specialised consumables goods to be used directly for Aerospace MRO activities** imported, transported out from designated area, from a Licensed Warehouse under Section 65 of the Customs Act 1967 or Licensed Manufacturing Warehouse under section 65A of the Customs Act 1967, from a free zone under the Free Zones Act 1990, or purchased from a registered manufacturer under **Item 33B Schedule A Sales Tax (Persons Exempted From Payment Of Tax) (Amendment) (No.2) Order 2018**
2. To **qualify** for the **exemption**, the **machinery, equipment, specialised tools, spare parts, components, materials and specialised consumables goods** must be **directly used** in the **MRO activities within Malaysia by the person exempted from payment of tax.**

### **3. SUBMISSION OF DOCUMENTS**

The application for confirmation letter and permission to claim the exemption must be submitted prior to the importation or purchase of the **machinery / equipment / specialised tools / spare parts / components, materials and specialised consumables goods**. The self-declaration mechanism would reduce the costs of doing business without the necessity of obtaining bank guarantee facilities for the clearance of goods. Companies are advised to take into consideration the duration needed for the whole process to claim for the exemption.

**i) SUBMISSION TO MIDA FOR THE CONFIRMATION LETTER AS A MRO AEROSPACE COMPANY**

No.	Document to be Submitted	Type of Application		
		New	Extension	Additional
1.	MRO-ST form downloaded from <a href="http://www.mida.gov.my">www.mida.gov.my</a>	√	√	
2.	Latest approval or certificate of CAAM certification, FAA Form, EASA form or other equivalent certification related to MRO activities certified by international or local organization	√	√	√
3.	Business Premise Licence from the Local Authority	√	√	
4.	SSM Company Profile (e-info) latest printout from Companies Commission of Malaysia (SSM)	√	√	
5.	MRO Process Flow Chart	√	√	
6.	The layout plan for the machinery and equipment in the approved company's premise and to indicate where the machinery and equipment will be located	√		
7.	Memorandum of Association (M&A) (if any)	√		
8.	List of machinery, equipment and specialised tools used directly for Aerospace MRO activities requested for sales tax exemption under Item 33A, Sales Tax (Persons Exempted From Payment of Tax)(Amendment)(No.2) Order 2018	√	√	√
9.	List of spare parts, components, materials and specialised consumables goods to be used for MRO activities requested for sales tax exemption under Item 33B, Sales Tax (Persons Exempted From Payment of Tax)(Amendment)(No.2) Order 2018	√	√	√
10.	Import duty exemption decision letter by Ministry of Finance (MOF)	√	√	√
11.	All copies of previous Surat Pengesahan MIDA		√	√

- All documents should be accompanied by the following documents and submitted to MIDA:
  - a. Company's covering letter
  - b. Confirmation letter issued by MIDA (for extension/additional item application)
  
- Company should submit to MIDA a valid renewal approval from CAAM FAA, EASA or other equivalent certification related to MRO activities certified by international or local organization. Failure to submit the renewal, the MIDA confirmation letter will be automatically cancelled.

**ii) SUBMISSION TO CUSTOMS FOR PERMISSION TO CLAIM THE EXEMPTION**

Application for **sales tax exemption on machinery/ equipment/ specialised tools/ spare parts/ components, materials and specialised consumables goods** under **Item 33A and Item 33B Schedule A Sales Tax (Persons Exempted From Payment Of Tax) (Amendment) (No.2) Order 2018** has to be submitted online via <https://mysst.customs.gov.my>

**4. OTHERS**

- No payment fee will be charged for the application at this point of time until further notification when online application system is ready.
  
- Company is eligible to claim the sales tax for the **machinery/ equipment/ specialised tools/ spare parts/ components, materials and specialised consumables goods** that **already purchased** and will be evaluated on case to case basis. Applications to be submitted to Ministry of Finance **before 30<sup>th</sup> April 2019**.