

## **Agong, heads of state exempted from GST**

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The Yang di-Pertuan Agong and the heads of state will be exempted from paying the goods and services tax (GST) on all items except petroleum, according to a list gazetted by the government yesterday.

Known as the Goods and Services Tax (Relief) Order 2014, the 42-page document spells out a list of groups and individuals, the goods and services that they may import or purchase without being charged the GST, and the conditions imposed.

This relief is in addition to two other lists gazetted by the government, which list the items that are GST-exempt and items that are zero-rated.

For the Agong, the only condition needed to have his purchases tax-exempt is “that it is proved to the satisfaction of the director-general (of Customs) that the goods are imported, purchased from a registered person or purchased under the warehousing scheme for the personal or official use of the Yang di-Pertuan Agong”.

The conditions for the heads of state, including governors, are similar, except for an additional condition that the number of tax-exempt cars do not exceed the number decided by the Council of Rulers.

All purchases given relief should not be sold, given or left unaccounted for, unless tax for it has been paid, the document adds.

Also enjoying tax relief on all goods except petrol are government departments, both at the federal and state level.

Unlike the rulers however, they are subject to more conditions and imported cars are not given relief, and is solely for the use of the department.

Commenting on the relief list, Deloitte Malaysia partner Tan Eng Yew said the list was odd and probably a “legacy” from the Sales and Services Tax (SST) system that will be abolished once GST is in force.

This is because most countries only have a list of tax-exempt and zero-rated items, whereas both the government and the royalty have both enjoyed tax exemptions under SST.

Other purchases that are given relief from paying GST include:

All goods except motor vehicles and petrol for charities;

All goods except intoxicating liqueur and tobacco imported through air courier services,

provided that its value is less than RM500 per consignment;

Medical equipment of private healthcare facilities;

Teaching equipment and materials for institutions of higher learning and private schools;

Equipment for foreign travel writers and journalists, on condition that it is re-exported once their work in Malaysia is completed;

Personal effects of any person entering Malaysia, plus up to a litre of alcoholic drinks, up to 225 grams of tobacco and up to RM75 in food for personal use; and

One foreign-registered motor vehicle for foreign nationals or Malaysians holding permanent resident status, provided that it does not remain in the country for more than three months.

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