



LAWS OF MALAYSIA

Act 329

FINANCE (No. 2) ACT 1986

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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.

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BE IT ENACTED by the Duli Yang Maha Mulia 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

1. This Act may be cited as the Finance (No. 2) Act 1986 and shall come into effect on the 1st January 1987. Short title and commencement.
2. The Customs Act 1967, the Sales Tax Act 1972, the Excise Act 1976 and the Service Tax Act 1975 are amended respectively in the manner specified in Chapters II, III, IV and V respectively. Amendment of Acts.
Act 235,
Act 64,
Act 176,
Act 151.

CHAPTER II

AMENDMENTS TO THE CUSTOMS ACT 1967

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. Deletions of sections 146, 147, 148, 149, 150, 151, 152 and 153.
Act 235.
4. Section 154 of the principal Act is amended by substituting for the words "and Penang" the words "and Langkawi" in the interpretation of "principal customs area". Amendment of section 154.

New sections
163A, 163B,
163C, 163D,
163E, 163F
and 163G.

5. The principal Act is amended by inserting after Part XIX the following new Part XIXA and new sections 163A, 163B, 163C, 163D, 163E, 163F and 163G:

PART XIXA

SPECIAL PROVISIONS DEALING WITH
LANGKAWI

Interpre-
tation. /163A. 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;

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

Customs
duties
relating
to Langkawi. /163B. (1) Notwithstanding anything to the
contrary contained in this Act—

(a) no import duty shall be payable upon
any goods imported into Langkawi,
other than the following:

(i) petroleum and petroleum
products; and

(ii) any goods which the Minister
may from time to time declare by
order published in the *Gazette*;

(b) no export duty shall be payable upon
any goods exported from Langkawi,
other than any goods which the
Minister may from time to time declare
by order published in the *Gazette*;

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

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

Trans-
portation
of goods
to or from
Langkawi
from or to
the princi-
pal 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.

Declara- tion of goods trans- ported 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 paragraph (a) (ii) of subsection (1) of section 163B 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.
Collec- tion 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.
Applica- tion of Part X to goods trans- ported to Langkawi.	163G. The provisions of Part X which deals with drawback shall apply to goods other than those specified under paragraph (a) (i) of subsection (1) of section 163B and goods declared by the Minister under paragraph (a) (ii) of subsection (1) of section 163B 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.
Act 64.

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”.

7. The principal Act is amended by deleting sections 81 and 82. Deletion of sections 81 and 82.
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: New sections 83, 84, 85, 86, 87, 88, 89 and 90.

PART XVII
SPECIAL PROVISIONS DEALING WITH
LANGKAWI

Inter-
pretation.

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
trans-
ported 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
manufac-
tured
in
Langkawi
to be
goods
manu-
factured
outside
the
Federation.

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

Trans-
portation
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.

Decla-
ration
of goods
transported
from
Langkawi
to the
principal
customs
area.
Act 235.

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.

Appli-
cation 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

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:

New sections
91A, 91B, 91C
and 91D.
Act 176.

“

PART XVA

SPECIAL PROVISIONS DEALING WITH LANGKAWI

Interpre-
tation.

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
manu-
factured
in Langkawi
shall be
deemed to
be manu-
factured
outside the
Federation.
Act 235.

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
manu-
factured
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 sections 19 and 28 (c).”.

CHAPTER V

AMENDMENTS TO THE SERVICE TAX ACT 1975

Amendment
of section 1.
Act 151.

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;”.