

Date: 4th March 2015

To,
The Pengarah,
Jabatan Kastam DiRaja Malaysia,
Negeri Johor



FAIZULNUDIN BIN HASHIM
Penolong Kanan Pengarah Kastam
Sektor V
Bahagian GST
Ibu Pejabat Kastam Diraja Malaysia

15/4

2015

Tuan,

Re: Clarification on Determinant of Applicable GST Charge on Shipping Services

Reference to the notes distributed by your department during the seminar, it was stated that "it will be zero rated supply if it provides **local transportation services which is part of an international journey**. An illustration for example:

Shipping Company Invoices

a. Ocean Freight	-	USD 500 x 3.3 = RM 1,650.00
b. BAF (Emergency Bunker Surcharge)	-	USD 75 x 3.3 = RM 247.50
c. Terminal Handling Charge	-	RM 350.00
d. BL Fee	-	RM 160.00
e. EDI	-	RM 30.00
Total Billing	-	RM 2437.50

The actual amount that is subject to GST is only RM 350.00 + RM 160.00 + RM 30.00 = RM 540.00. Is this correct? No, International shipment all zero rated

YOUR INVOICE (CHARGES) SHOULD BE LIKE THIS (example)

Charges for international transportation*: RM2437.50

Detail breakdown as listed:

GST @ 0% RM0
Total RM2437.50

*

a. Ocean Freight	-	USD 500 x 3.3 =	RM 1,650.00
b. BAF (Emergency Bunker Surcharge)		USD 75 x 3.3 =	RM 247.50
c. Terminal Handling Charge	-	=	RM 350.00
d. BL Fee	-	=	RM 160.00
e. EDI	-	=	RM 30.00
Total	-	=	RM 2437.50

2. After completing the job, I will bill my customer, AZE Manufacturing S/B. Applying your terms, it means my shipping charges RM 2,437.50 plus my transport and clearance charges RM 510.00 total is RM 2,947.50 plus my profit margin RM 250.00 so I will bill my customer RM 3,197.50 will subject to zero rate or only certain billing items? Please clarify. ZERO RATED

GST is calculated \rightarrow RM3,197.50 X 6% = RM191.85

The international transportation charges incurred by you is part of cost components for your supply.

In the case your customer requires breakdown on the charges you produce invoice (example) as below

Shipping charges*:

Detail breakdown as listed:

Arranging for international transportation RM2437.50

Local transportation & clearance charges RM510.00

Other charges RM250

Total shipping charges

RM3197.50

GST @ 6%

RM191.85

Total inclusive GST

RM3389.35

3. To define "overseas party being invoiced" & "local party being invoiced" as subject to standard rate or zero rate. Eg: Shipping Line's vendor issuing an invoice stating Wan Hai Line Ltd (Taipei) or Wan Hai Line Ltd(Taipei) c/o Wan Hai Line Sdn Bhd. Is there any difference on application of GST charge? SR BUT CAN APPLY FOR ZERO RATED

It depends on what kind of supply. For eg. If the supply relates to item 4 of 1st Schedule of Zero Rated Order (i.e ship spares), if the invoice is issued to Wan Hai Line Ltd (Taipei) or Wan Hai Line Ltd (Taipei) c/o Wan Hai Line Sdn Bhd. the vendor can zero rate the supply. However if the invoice is issued to Wan Hai Line Sdn Bhd. then the supply is SR. Subsequent invoice by Wan Hai Line Sdn Bhd. to Wan Hai Line Ltd (Taipei) then is ZR

4. The vendor's billing to the shipping line involves the following: BELOW ALL SR
- a. Depot charges (outside the port area)
 - b. Empty Trucking (from port to the off dock depot)
 - c. Port charges eg. On Dock, ICFS
 - d. Warehouse
 - e. Customs Clearance



All the above charges are SR.

5. When a shipping agent collects the below charges on behalf of their principal and receives a commission, are the following charges subject to GST standard, zero or exempt charge?
BELOW ALL ZERO RATED

In general, all commission is SR. If you charge each independently, then all charges as listed below are SR. However depending on the scenario, the charge is ZR if it is part of components for services that falls under 2nd schedule Zero Rate Order

- Item 1(f) – agency services in relation to ship
- Item 2 – management services

- a. Sales commission - SR
- b. D&D collection – IT DEPENDS
- c. M&R collection - IT DEPENDS
- d. Container Handling Fee - SR
- e. Transshipment handling fee - IT DEPENDS
- f. Advertising fee - IT DEPENDS
- g. Communication fee - IT DEPENDS
- h. Transportation fee - IT DEPENDS
- i. Agency fee - IT DEPENDS
- j. OGA Permitting fee - IT DEPENDS
- k. Cash To Master - IT DEPENDS
- l. Medical treatment - IT DEPENDS
- m. Sign on/sign off - IT DEPENDS



6. Please clarify which of the following charge codes are applicable for GST charge under their respective rated category.

If you charge each components independently, then all charges as listed below are SR. However depending on the scenario, the charge is ZR if it is part of components for services that falls under 2nd schedule Zero Rate Order

- Item 1 – services in relation to ship
 - Item 2 – management services
 - Item 3(2) - as same supplier for local & international transportation service
 - Item 4 – international transportation
- a. Ocean Freight/Feeder freight ZR
 - b. Terminal Handling Charge ZR
 - c. Documentation Fee / Delivery Order ZR
 - d. Telex release fee ZR
 - e. Carrier EDI ZR
 - f. Seal Fee ZR
 - g. Cleaning Fee ZR
 - h. Agency recovery charge ZR
 - i. EBS/FAF/CAF/PCS/EMS fee ZR
 - j. War risk surcharge ZR
 - k. ENS/AMS fee ZR
 - l. Late BL collection fee ZR
 - m. BL amendment fee ZR



- n. D&D charges SR
 - o. Container deposit NO NEED
 - p. Container repair charges SR
 - q. LO/LO charge SR
 - r. Switch B/L fee ZR
 - s. Cancellation fee / empty repo charge / no show charge ZR
 - t. Cheque administrative fee SR
 - u. Change of port fee ZR
 - v. Fumigation charge ZR
 - w. Genset charge SR
 - x. Courier fee SR
 - y. Manual booking / documentation fee ZR
 - z. Pre-trip Inspection INSIDE PORT ZR / OUTSIDE PORT SR
 - aa. Manifest amendment fee ZR
 - bb. Inland haulage additional OUTPORT ADDITIONAL ZR
7. Please define box operators scope i.e. do they fall under the shipping line group or the freight forwarding group? Are their shipping charges GST zero rate?

BOX OPERATOR?? DO YOU MEAN THEY ARE CONTAINER AGENTS.

THEIR SERVICE IS ON ITS OWN. SUPPLY IS STANDARD RATE UNLESS LISTED IN ZERO RATED SUPPLY ORDER. EG. LEASE OF BOX CONFORM TO INTERNATIONAL STANDARD IS ZERO RATED (ITEM 24).



IMPORTATION OF EMPTY CONTAINER IS GIVEN RELIEF. ITEM 19 & 20 OF RELIEF ORDER