



JOHOR PORTS SHIPPING AND FORWARDING ASSOCIATION

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Date: 10th March 2015

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


FAIZULNUDIN BIN HASHIM
Penolong Kanan Pengarah Kastam II
Sektor V
Bahagian GST
Ibu Pejabat Kastam Diraja Malaysia
15/3
2015

Dear Puan Husna,

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

We refer to our last GST seminar held at Berjaya Waterfront Hotel on 5th January 2015 whereby there are still many concerns from our membership on the clarification of applicable GST charge on their services. Since these questions remained unclarified, we now seek your department's assistance to make clear what the applicable charges on the list of services are which we have listed below.

1. Since the Port Charges inside the port area are zero rated and therefore shipping lines invoices to forwarding agent should be zero rated. If the forwarding agent only provides customs forwarding and trucking services, are these services under standard rate when the forwarding agent bills their customers? **YES**

CHARGES BY PORT IS COST TO SHIPPING LINES. WHEN SHIPPING LINES INVOICES FREIGHT FORWARDER FOR INTERNATIONAL TRANSPORTATION SERVICES, IT IS ZERO RATED. NOW THE CHARGES BY SHIPPING LINES BECOME COST COMPONENT TO FREIGHT FORWARDER. WHEN FREIGHT FORWARDER CHARGE THE CUSTOMER, THE SUPPLY IS STANDARD RATE.

- If a forwarding agent invoices the customer all charges under international export that may include ocean freight, port charges, trucking charge, customs clearance, etc., is this tax invoice to be zero rated? **NO, ALL STANDARD RATED**

STANDARD RATE

2. For FOB term, international freight is payable by buyer (overseas). Forwarding agent will have to bill customer (Malaysian company) for standard rated for all charges inclusive shipping line local charges. Is this correct? **YES**

STANDARD RATE



3. For CIF term to overseas, customer pay the shipping line ocean freight plus local charges to shipping line directly. Forwarder will bill ocean freight, forwarding fee, trucking fee and port charges to customer under standard rated? **YES**

STANDARD RATE

4. For exwork/DDU term to overseas, forwarding agent may be billing to overseas customer, all the handling charges under zero rated?? **NO, STANDARD RATED.**

STANDARD RATE. THIS SERVICES DOES NOT QUALIFY FOR ZERO RATE UNDER ITEM 12 2ND SCHEDULE OF GST ZERO RATE ORDER

5. Forwarding Agent pay on behalf of their customer the shipping line local charges for export to overseas. Shipping line charges are classified under disbursement if the shipping line invoice party is the customer instead of forwarding agent. Is this correct? **YES**

YES

6. If the shipping line invoice party is forwarding agent, forwarding agent will have to bill GST under standard rated. Is this correct? **YES**

YES

7. If forwarding agent pay on behalf for customer on shipping line charges that is standard rated, how do the forwarding agent prepare the Tax Invoice? **Forwarder to claim the GST as input tax and bill the charges to customer the same amount of GST. Forwarder shall input the GST to customer invoice as output tax.**

AGREED

8. In the GST seminar, we have been advised that one shipment is not allowed to issue multiple invoices and any adjustment will be under DN or CN. What happen if we have one shipment with 2 types of payment terms ie. CASH and 30 days terms. For example, custom duty on CASH term which is disbursement and the rest of charges under 30 days terms. Are we allowed to issue two invoices for this shipment? **YES, if different charges. DN if shortcharged and CN if overcharged.** Are we allowed to issue two invoices for same shipment but to different billing party? **YES**

AGREED. HOWEVER IF THE CHARGES IS FOR DISBURSEMENT ONLY, DO NOT USE TAX INVOICE, USE NORMAL INVOICE OR DEBIT NOTE.



9. Toll is an exempt supplies. If trucker quoted all in price inclusive toll, it is mandatory for trucker to have separate item of toll instead of all in price? **The trucker will bill you GST on toll as it is 2nd tier invoice. Therefore, we have to bill to customer the GST on toll charges.**

TOLL CHARGES BECOMES COST COMPONET TO TRUCKER. WHEN TRUCKER BILL TO CUSTOMER THEN TOLL CHARGES IS TO BE TAKEN INTO CONSIDERATION FOR COSTING OF THE SERVICE PROVIDED.

10. In the seminar, it is mention that custom will not issue compound within the next 2 years upon implementation for any mistake, can we have the confirmation in writing? **It is not in written however custom confirm will not issue any compound within the next 2 years but those short collected must pay back to custom.**

CUSTOMS WILL TAKE ACTION IN THE CASE THAT IT INVOLVES FRAUD OR WILFUL DEFAULT TO COMPLY.

We look forward to your confirmation on a suitable date for our clarification of our services and your advice on the GST charge that is applicable.

Thank you.

Celine Ho
Executive Secretary
Johor Ports Shipping & Forwarding Association (JPSFA)
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