

A BILL

*i n t i t u l e d*

An Act to amend the Excise Act 1976.

[ ]

**ENACTED** by the Parliament of Malaysia as follows:

**Short title and commencement**

1. (1) This Act may be cited as the Excise (Amendment) Act 2024.

(2) This Act comes into operation on a date to be appointed by the Minister by notification in the *Gazette*.

**Amendment of section 2**

2. The Excise Act 1976 [*Act 176*], which is referred to as the “principal Act” in this Act, is amended—

(a) in subsection 2(1), by inserting after the definition of “public ruling” the following definition:

‘ “Pulau 1” has the meaning assigned to it under subsection 2(1) of the Customs Act 1967;’; and

- (b) in subsection 2(1B), in the definition of “principal customs area”, by substituting for the words “and Pangkor” the words “, Pangkor and Pulau 1”.

### **Amendment of section 87**

3. Section 87 of the principal Act is amended in the definition of “principal customs area” by substituting for the words “and Pangkor” the words “, Pangkor and Pulau 1”.

### **Amendment of section 90A**

4. Subsection 90A(2) of the principal Act is amended by substituting for the words “Subsections 6(2), (3), (4) and (5)” the words “Subsection 6(2)”.

### **Amendment of section 91A**

5. Section 91A of the principal Act is amended in the definition of “principal customs area” by substituting for the words “and Pangkor” the words “, Pangkor and Pulau 1”.

### **Amendment of section 91DA**

6. Subsection 91DA(2) of the principal Act is amended by substituting for the words “Subsections 6(2), (3), (4) and (5)” the words “Subsection 6(2)”.

### **Amendment of section 91E**

7. Section 91E of the principal Act is amended in the definition of “principal customs area” by substituting for the words “and Pangkor” the words “, Pangkor and Pulau 1”.

**Amendment of section 91I**

8. Subsection 91I(2) of the principal Act is amended by substituting for the words “Subsections 6(2), (3), (4) and (5)” the words “Subsection 6(2)”.

**Amendment of section 91Q**

9. Section 91Q of the principal Act is amended in the definition of “principal customs area” by substituting for the words “and Pangkor” the words “, Pangkor and Pulau 1”.

**Amendment of section 91U**

10. Subsection 91U(2) of the principal Act is amended by substituting for the words “Subsections 6(2), (3), (4) and (5)” the words “Subsection 6(2)”.

**New Part XVE**

11. The principal Act is amended by inserting after section 91Z the following part:

“PART XVE

SPECIAL PROVISIONS DEALING WITH PULAU 1

**Interpretation**

91AA. In this Part, unless the context otherwise requires, “principal customs area” means Malaysia exclusive of Labuan, Langkawi, Tioman, Pangkor and Pulau 1.

**Retail trade in Pulau 1**

91AB. (1) No person shall sell by retail any goods declared by the Minister under paragraph 91AF(1)(a) in Pulau 1 without approval of the Minister.

(2) An application for the approval under subsection (1) shall be made in the manner as prescribed by the Minister in the regulations.

(3) Any person who contravenes this section shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding three years or to both.

### **Non-application of Part IV and Part V**

**91AC.** The provisions of Part IV and V of this Act shall not apply to goods declared by the Minister under paragraph 91AF(1)(a) which are manufactured in Pulau 1.

### **Application of Customs Act 1967**

**91AD.** (1) Goods declared by the Minister under paragraph 91AF(1)(a) which are manufactured in Pulau 1 shall be deemed to have been manufactured outside Malaysia.

(2) The provisions of the Customs Act 1967 shall apply to goods declared by the Minister under paragraph 91AF(1)(a)—

- (a) when the goods are transported to the principal customs area from Pulau 1 as if such transportation to the principal customs area were importation into Malaysia; and
- (b) when the goods are transported to Pulau 1 from the principal customs area as if such transportation to Pulau 1 were exportation from Malaysia.

### **Goods manufactured in principal customs area shall be deemed to have been exported when transported to Pulau 1**

**91AE.** Goods declared by the Minister under paragraph 91AF(1)(a) which are manufactured in the principal customs area when transported to Pulau 1 shall be deemed to have been exported from the principal customs area to a place outside Malaysia for the purposes of section 19 and paragraph 28(d).

**Excise duties relating to Pulau 1**

**91AF.** (1) Excise duty shall be payable upon—

- (a) all dutiable goods manufactured in or imported into Pulau 1, other than goods which the Minister may from time to time declare by order published in the *Gazette*; and
- (b) all goods declared by the Minister under paragraph (a) transported to the principal customs area from Pulau 1 as if such transportation to the principal customs area were importation into Malaysia.

(2) The Minister may, by order, prescribe the meaning of the word “value” in relation to goods transported from Pulau 1 to the principal customs area.

(3) Subsection 6(2) shall apply to any order made by the Minister under subsection (1).

**Goods deemed to be non-dutiable while in Pulau 1**

**91AG.** Any goods declared by the Minister under paragraph 91AF(1)(a) shall, while in Pulau 1, be deemed to be non-dutiable goods and the provisions of this Act shall be construed accordingly.

**Collection of duties**

**91AH.** In making regulations under section 85 the Minister may provide—

- (a) for the collection in Pulau 1 of excise duties payable in respect of goods imported into Pulau 1, or transported or about to be transported from or to Pulau 1 to or from the principal customs area;

- (b) for the limitation or restriction of vehicle, vessel and aircraft which may be used to transport such goods; and
- (c) for the licensing or control of persons or vehicle, vessel or aircraft transporting such goods.”.

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### EXPLANATORY STATEMENT

This Bill seeks to amend the Excise Act 1976 (“Act 176”). The main purposes of the amendment are to exclude Pulau 1 from the principal customs area and to provide for special provisions dealing with Pulau 1, in line with the amendment to the Customs Act 1967 [Act 235].

2. *Clause 1* contains the short title and the provision on the commencement of the proposed Act.

3. *Clause 2* seeks to amend section 2 of Act 176.

*Paragraph 2(a)* seeks to amend subsection 2(1) of Act 176 to introduce the new definition of “Pulau 1” into Act 176.

*Paragraph 2(b)* seeks to amend paragraph 2(1B)(b) of Act 176 to exclude Pulau 1 from the definition of “principal customs area”.

4. *Clauses 3, 5, 7 and 9* seek to amend sections 2, 87, 91A, 91E and 91Q of Act 176 to exclude Pulau 1 from the definition of principal customs area under those provisions.

5. *Clauses 4, 6, 8 and 10* seek to amend subsections 90A(2), 91DA(2), 91I(2) and 91U(2) of Act 176 consequent to the deletion of subsections 6(3), (4) and (5) of Act 176 by the Finance Act (No. 2) 2023 [Act 851].

6. *Clause 11* seeks to introduce new Part XVE which deals with Pulau 1 into Act 176.

The proposed new section 91AA seeks to provide for the definition of “principal customs area”.

The proposed new section 91AB seeks to prohibit the selling by retail of any goods declared by the Minister under the proposed paragraph 91AF(1)(a) in Pulau 1 without prior approval of the Minister.

The proposed new section 91AC seeks to provide that provisions of Parts IV and V of Act 176 do not apply to goods declared non-dutiable by the Minister under paragraph 91AF(1)(a) if such goods are manufactured in Pulau 1.

The proposed new section 91AD seeks to provide that goods declared by the Minister under paragraph 91AF(1)(a) manufactured in Pulau 1 are deemed to have been manufactured outside Malaysia. Therefore, transportation of goods from Pulau 1 to principal customs area is treated as importation into Malaysia while transportation of goods from the principal customs area to Pulau 1 is treated as exportation from Malaysia and the Customs Act 1967 shall apply to those goods.

The proposed new section 91AE seeks to provide that when the goods declared by the Minister under paragraph 91AF(1)(a) manufactured in principal customs area are transported to Pulau 1, such transportation is deemed as exported to a place outside Malaysia for the purposes of section 19 and paragraph 28(d) of Act 176.

The proposed new section 91AF seeks to provide for the treatment of excise duty in Pulau 1 relating to the manufacturing, importation and transportation of goods.

The proposed new section 91AG seeks to provide that goods declared by the Minister under the proposed paragraph 91AF(1)(a) shall be deemed to be non-dutiable goods while in Pulau 1.

The proposed new section 91AH seeks to empower the Minister to make regulations under section 85 of Act 176 to provide for certain matters in relation to Pulau 1.

7. Other amendments not specifically dealt with in this Statement are minor or consequential in nature.

*FINANCIAL IMPLICATIONS*

This Bill will involve the Government in extra financial expenditure the amount of which cannot at present be ascertained.

[PN(U2)3375]