

A BILL

*i n t i t u l e d*

An Act to amend the Sales Tax Act 2018.

[ ]

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

**Short title and commencement**

**1.** (1) This Act may be cited as the Sales Tax (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 Sales Tax Act 2018 [*Act 806*], which is referred to as the “principal Act” in this Act, is amended in subsection 2(1)—

(a) in the definition of “designated areas”, by substituting for the words “and Pangkor” the words “, Pangkor and Pulau 1”; and

(b) by inserting the after definition of “petroleum” the following definition:

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

### **Amendment of section 49**

3. Section 49 of the principal Act is amended—

(a) by renumbering the existing section as subsection (1);  
and

(b) by inserting after the renumbered subsection (1) the following subsection:

“(2) In the case of Pulau 1, this Act shall apply to any taxable goods manufactured in Pulau 1, other than any goods which the Minister may declare by order published in the *Gazette*.”.

### **New section 49A**

4. The principal Act is amended by inserting after section 49 the following section:

#### **“Retail trade in Pulau 1**

**49A.** (1) No person shall sell by retail any goods declared by the Minister under paragraph 50(2)(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 commits 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.”.

**Amendment of section 50**

5. Section 50 of the principal Act is amended—

- (a) by renumbering the existing section as subsection (1);
- (b) in the renumbered paragraph (1)(a), by inserting after the words “designated areas” wherever appearing the words “other than Pulau 1”; and
- (c) by inserting after the renumbered subsection (1) the following subsection:

“(2) Where the designated area is Pulau 1—

(a) sales tax shall be levied and payable on all goods—

(i) imported into Pulau 1; or

(ii) transported from Malaysia, designated areas or special areas to Pulau 1,

other than goods which the Minister may from time to time declare by order published in the *Gazette*;

(b) sales tax shall be levied and payable on all goods declared by the Minister under paragraph (a) transported from Pulau 1 to Malaysia as if such transportation to Malaysia were importation into Malaysia;

(c) no sales tax shall be levied and payable on any goods declared by the Minister under paragraph (a) transported from Pulau 1 to other designated areas or special areas; and

(d) the sale value of taxable goods liable to sales tax in accordance with paragraph (a) or (b) shall be determined in accordance with subsection 9(2).”.

**Amendment of section 54**

6. Section 54 of the principal Act is amended by substituting for the words “paragraph 50(a)” the words “paragraph 50(1)(a) or 50(2)(a)”.

**Amendment of section 57**

7. Section 57 of the principal Act is amended—

(a) by renumbering the existing section as subsection (1);  
and

(b) by inserting after the renumbered subsection (1)  
the following subsection:

“(2) Notwithstanding subsection (1), where the designated area under subparagraph (1)(a)(iii) is Pulau 1, no sales tax shall be levied and payable on any taxable goods declared by the Minister under paragraph 50(2)(a) transported from special areas to Pulau 1.”.

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**EXPLANATORY STATEMENT**

This Bill seeks to amend the Sales Act 2018 (“Act 806”).

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 806.

*Paragraph 2(a)* seeks to include Pulau 1 in the definition of “designated areas”.

*Paragraph 2(b)* seeks to introduce the new definition of “Pulau 1” into Act 806.

4. *Clause 3* seeks to introduce new subsection 49(2) into Act 806. The proposed subsection 49(2) seeks to provide for the application of sales tax on taxable goods manufactured in Pulau 1, other than any goods declared by the Minister under the proposed paragraph 50(2)(a).

5. *Clause 4* seeks to introduce new section 49A into Act 806 to prohibit the selling by retail of any goods declared by the Minister under the proposed paragraph 50(2)(a) in Pulau 1 without prior approval of the Minister.

6. *Clause 5* seeks to introduce new subsection 50(2) into Act 806. The proposed subsection 50(2) seeks to provide for the application of sales tax in relation to goods imported into Pulau 1, or transported from Malaysia, designated areas or special areas to Pulau 1 or from Pulau 1 to Malaysia, designated areas or special areas.

7. *Clause 7* seeks to provide that no sales tax shall be levied and payable on any taxable goods declared by the Minister under paragraph 50(2)(a) transported from special areas to Pulau 1.

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

*FINANCIAL IMPLICATIONS*

This Bill will not involve the Government in any extra financial expenditure.

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