

**ROYAL MALAYSIAN CUSTOMS
DEPARTMENT**

- CUSTOMS CLEARANCE PROCESS

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OBJECTIVES

- TO COLLECT CUSTOMS DUTIES AND TAXES**
- TO PREVENT LOSS OF REVENUE BY COMBATING SMUGGLING**
- TO ASSIST INDUSTRIES BY PROVIDING FACILITIES**

MAIN LEGISLATIONS

- **CUSTOMS ACT 1967**
- **EXCISE ACT 1976**
- **SALES TAX ACT 1972**
- **SERVICE TAX ACT 1975**
- **FREE ZONE ACT 1990**
- **VEHICLE LEVY ACT 1983**
- **ANTI DUMPING DUTY ACT 1993**

Customs Documentation

Form No.	Description
Customs No.1	Declaration of Goods Imported
Customs No.2	Declaration of Goods Exported
Customs No.3	Permit to Transport Duty Paid Goods Within The Federation 통-A1 알레몬아프
JKED No.4	Inward, Outward & Transshipment Manifest
Customs No.8	Application / Permit / to Move / Transship Duty Unpaid Goods
Customs No.9	Permit to remove goods from Warehouse

Complete list of Customs Forms

IMPORT DECLARATION

- Section 79 & 87 of Customs Act 1967:

All declarations should indicate a full and true account of the goods imported, such as no. of packages, description, weight, measure or quantity, value and country of origin.

PREPARATION & SUBMISSION OF DECLARATION FORMS

- **Submitted in accordance with the method of entry e.g. K1, K8, and K9**
- **Declarations forms to be complete, transparent and accurate**
- **Declaration can be made by owner or Authorised Customs Broker (S.90 CA)**
- **Electronic Declaration vide electronic Data Interchange for registration and agents to receive response for duty payment.**
- **<http://www.dagangnet.com/>**
- **Electronic Declaration since 1996**

RATE OF DUTY

- **Rate of duty will be based on;**
 - **Customs Duties Order 2007 (effective 1.4.2008)**
 - **Common Effective Preferential Tariff / AHTN 2012 (effective 17.5.10) (ATIGA)**
 - **ACFTA, MPCEPA, MJEPA, AKFTA, AJCEP, AIFTA, AANZFTA, MNZFTA**

CUSTOMS CLEARANCE

- **CLASSIFICATION : WCO Rules of Classification**
- **VALUATION : WTO Rules of Valuation**
- **INSPECTION : Documentary / Physical / Scanner**
- **PERMIT REQUIREMENT : 24 Agencies**
- **EXEMPTIONS : TE/LMW/CDEO/STEO/CJ5**
- **RISK MANAGEMENT : CVI**
- **OFFENCES : Compound / court / seizure**

SUPPORTING DOCUMENTS

- **Bill of Lading, AWB**
- **Invoices**
- **Certificate of origin – Forms D, E, AK, MJEPA, MPFTA etc.**
- **Import License (where necessary)**
- **Certificate of Exemptions**

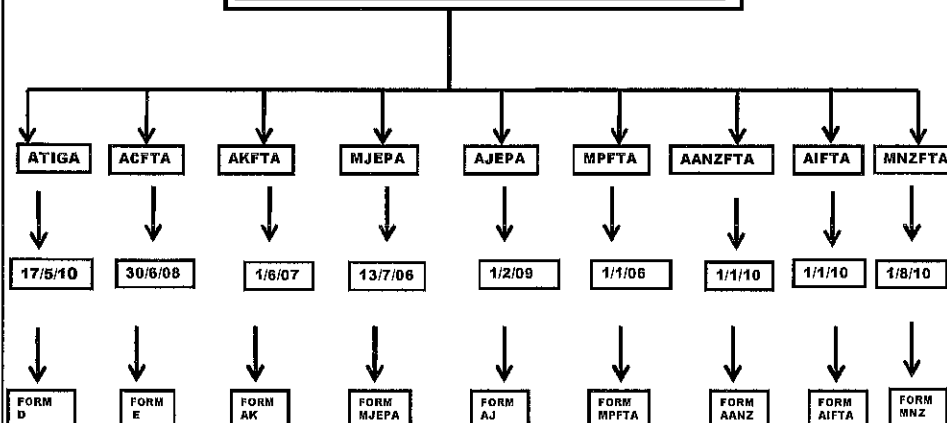
CUSTOMS EXAMINATION

- **Customs examination done to determine :-**
 - **goods declared are true & correct**
 - **whether goods are prohibited under Prohibition Orders**
 - **whether goods are correctly valued and classified**
 - **correct quantity imported**
- **Physical inspection serves the following purposes:-**
 - **determining liability in respect of customs duties**
 - **survey in the event of breakages, damages etc.**
 - **written application for survey within 24 hours of arrival**

FREE TRADE AGREEMENTS

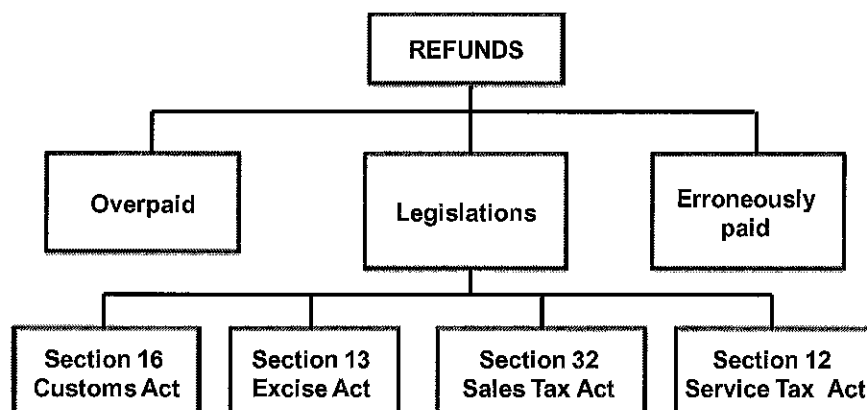
FORMS UNDER FTA'S

FREE TRADE AGREEMENTS



www.mti.gov.my

REFUND OF DUTY OVERPAID OR ERRONEOUSLY PAID



ISSUING AUTHORITY : MITI

- Ministry of International, Trade and Industry (MITI) is the authority for the issuance of certificate of origin (CoO).
- MITI will process the applications of CoO
- CoO will enable the importers in ASEAN Member States (AMS) to claim tariff preferential treatment under ATIGA, AFTA "
- Issue Certificate of Origin to our exporter if declared correctly.
- Conduct verification visit together with Customs.

ROLES OF CUSTOMS AUTHORITY

- RMCD is responsible in receiving the certificate of origin from the importers.
- Prior to the importation, RMCD is responsible in receiving the specimen signatures of authorized issuing authority from exporting countries and distribute them to all customs entry points.
- Preferential treatment shall be given once Customs is satisfied with the CoO produced.

...ROLES OF CUSTOMS AUTHORITY

- Customs will work together with MITI on matters relating to CoO.
- Customs will join MITI for verification visits.
- Customs will issue the administrative circulation on any decisions made on the any FTA

CHALLENGES ENCOUNTERED DURING IMPLEMENTATION OF RoO.

- No provisions of general application relating to RoO in Customs Act 1967.
 - (Current practice is to gazette the RoO Chapter of an FTA as a Customs order pursuant to section 11 of the Customs Act 1967.)
- Lack of trained personnel in the ROO.
- Lack of technical knowledge among Customs officers
- The degree of discretion used by the officers handing the COO

SOLUTIONS

- Proposed to amend the Customs Act 1967
- Customs and MITI have organized training courses to strengthen knowledge on rules of origin for Customs officials.
- Circulated administrative procedures to our Customs officials and also to forwarding associations.
- MITI to inform the private sectors through its website

Proposed Amendments To Customs Act. 1967 (CA)

- No provisions of general application relating to RoO in CA.
- Current practice is to gazette the RoO Chapter of an FTA as a Customs order pursuant to section 11 of the CA.
- Thus there is a need to amend the CA to ensure RoO can be managed and implemented more effectively.

Element of proposed amendments

Proof of origin:

- Malaysia requires that all claims for preferential tariff treatment must be supported by a CO. This requirement not explicitly spelt out in the CA.
- To enable implementation of self-certification, Customs proposed to amend on submission of a Declaration of Origin as a proof of origin.

...Element of proposed amendments

- To proposed amendment on authorization of public officers to carry out requirement of RoO related enforcement work e.g verification of origin.
- To proposed appropriate penalties should be imposed. Section 133 of CA should be reviewed. Specific offences and heavier penalties should be introduced.

OFFENCES & PENALTIES

■ S.133

- **Offences against documents. max. fine RM500,000 and imprisonment to a max. of 5 years or both**

■ S.134

- **Refusing to answer or give false information. Max. fine RM1,000.00 or imprisonment to a max. of 6 months or both**

OFFENCES & PENALTIES (cont.)

■ S.135

- **smuggling offences**
- **Dutiable goods**
 - **First offence**
 - **Not less than 10 times customs duty and not more than 20 times customs duty whichever is higher or imprisonment not exceeding 3 years or both**
 - **Second Offence**
 - **Not less than 20 times customs duty and not more than 40 times customs duty whichever is higher or imprisonment not exceeding 5 years or both**
 - **If customs duty not ascertainable fine not exceeding RM500,000.00 or imprisonment not exceeding 5 years or both**

OFFENCES & PENALTIES (cont.)

- **Prohibited goods**
 - **First offence**
 - **Not less than 10 times value of goods and not exceeding 20 times value of goods whichever is higher or imprisonment not exceeding 3 years or both**
 - **Second offence**
 - **not less than 20 times value of goods, and not exceeding 40 times value of goods whichever is higher or imprisonment not exceeding 5 years or both**
 - **If value not ascertainable fine not exceeding RM500,000.00 or imprisonment not exceeding 5 years or both**
- **Uncustomed goods**
 - **A fine twice the value of goods or RM 10,000.00 whichever is higher**
 - **If value not ascertainable fine not exceeding RM10,000.00**

OTHER MATTERS

- **Royal Malaysian Customs Department (RMCD) has not implementing Advance Ruling System of Rules Of Origin.**
- **Malaysia implemented Advanced Ruling on classification and valuation of goods with effective on 1 April 2007.**



**TERIMA KASIH
THANK YOU**

**ROYAL MALAYSIAN CUSTOMS DEPARTMENT
HEADQUARTERS, PUTRAJAYA**