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Impact of MCO on Customs and SST Matters

Importing and exporting face masks

The current shortage of face masks worldwide has presented an imminent risk to the safety of healthcare workers who are at the forefront of the battle against the COVID-19 pandemic. In view of this, the Malaysian government recently took the following steps in an effort to curb the shortage of face masks in the country:

- (a) Granted an import duty and sales tax exemption on the importation of face masks;
- (b) Exempted registered manufacturers from imposing sales tax on the sale of face masks; and
- (c) Banned the export of face masks to all countries.

The import duty and sales tax exemption will be in effect (starting 23 March 2020) until a later date to be announced by the government. The export ban, on the other hand, came into effect on 20 March 2020. The following are the face masks enlisted by the government:

Product	Tariff code
Face mask (surgical/medical) 1-ply (ear loop)	6307.90.40.00
Face mask (surgical/medical) 2-ply (ear loop)	
Face mask (surgical/medical) 3-ply (ear loop/head loop/head tie-on)	
Face mask (surgical/medical) N95	6307.90.90.00

The announcement on the import duty and sales tax exemption was posted on the Customs' portal, which can be viewed [here](#). Meanwhile, the export ban was gazetted in an export prohibition order on 19 March 2020, which can be viewed [here](#).

Extension of deadline to file returns and remission of penalties

In addition, following the implementation of the Movement Control Order (**MCO**), Customs has extended the deadline for any sales and services tax returns due to be filed on 31 March 2020 to 15 April 2020 (click [here](#)). Any penalties applicable will also be fully remitted if the new deadline is complied with. Businesses are encouraged to make payment online or through postal services.

All meetings, discussions and round table discussions (**RTD**) during the MCO period are adjourned, unless parties agree for the meeting to be held virtually. Any decision arising from such arrangement will be subject to the receipt and authentication of the relevant documents.

For taxpayers who have audits and investigations pending with Customs, it will be prudent to communicate with its officers and reach an agreement on new timelines for the submission of documents as well as to reschedule discussions and RTDs.

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