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Tax Whiz

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Links

Parliament of Malaysia

■ Departure Levy Bill 2019

12 April 2019

Dear Valued Client / Business Associate,

Departure Levy Bill 2019

The Departure Levy Bill 2019 (“the Bill”) has been tabled and passed at the Dewan Rakyat (House of Representatives) recently. The intention of the Bill is to impose and collect departure levy on any person leaving Malaysia.

Some of the salient points of the Bill are as follows:

- The departure levy is under the purview of the Ministry of Finance (“MOF”) and the administrator is the Royal Malaysian Customs Department (“RMCD”).
- Departure levy is charged and levied on any person who leaves Malaysia by a registered person (in the case the person is carried by any operator), or by any person authorized by the MOF (in the case other than a person carried by an operator).
- “Operator” is defined as any person who operates any vehicle to carry any person leaving Malaysia while “foreign operator” means any person, who operates any vehicle to carry any person leaving Malaysia, but who has no business or place of business in Malaysia.



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- “Registered person” means any operator or agent of foreign operator registered under the Bill. There is no registration threshold provided in the Bill.
- The departure levy chargeable is due when the person leaves Malaysia.
- The registered person is to account for the departure levy due on a monthly period in a prescribed return and such return together with the payment of departure levy are to be furnished and paid to RMCD not later than the last day of the month following the end of the monthly period.
- The MOF can exempt any person or class of persons from the payment of the whole or any part of the departure levy.

Pending the tabling and passing of the Bill (and the supplementary legislations) at the Dewan Negara (Senate) and further clarity on this levy, the following areas (not exhaustive) may need to be addressed:

- When is the effective date to start imposing the departure levy and what are the rates? It was proposed during the 2019 National Budget that the imposition of departure levy is to be effective from 1 June 2019 and the proposed rates are RM20 for those travelling to ASEAN countries and RM40 to countries other than ASEAN.
- The Bill defines “operator” to be any person who operates any vehicle to carry any person leaving Malaysia. Notwithstanding that the MOF has clarified that the departure levy will only be levied on any person flying out of Malaysia, the definition of “operator” in the Bill seems to imply that the scope of the levy is broader than that and could include persons who are leaving Malaysia by rail, road or sea. Will the definitions in the Bill be narrowed to only subject those flying out of Malaysia to the departure levy or exemptions be given for other modes, to reflect the intention of MOF?
- The Bill provides that the departure levy is not confined to Malaysian operators but foreign operators are also required to be registered, via an agent, to charge the departure levy. Foreign operators should take note of this particularly in terms of appointing an agent in Malaysia who can help with the charging and collection of the levy.

Please click on the above header link for a copy of the Departure Levy Bill 2019 at the official portal of Parliament of Malaysia.

Should you have any questions or require further clarification, please do not hesitate to contact any of our Executive Directors, Directors, Associate Directors or Managers whom you are accustomed to dealing with or who are responsible for the tax affairs of your organisation at the following telephone numbers for respective offices:

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Regards,

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