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| 7. Export of Goods | <p>1) A Resident exporter shall receive the proceeds of its Export of Goods in Malaysia:</p> <p>(a) in Ringgit or Foreign Currency which shall be placed in a Ringgit account or Trade FCA, as the case may be, maintained with a LOB;</p> <p>(b) in full value excluding any</p> <ul style="list-style-type: none"> • approved deductions: <ul style="list-style-type: none"> (i) agency commission including advertising or promotion expenses; (ii) handling charge including freight and insurance or takaful costs; (iii) administrative error; (iv) discount by the Resident exporter; (v) quality and/or quantity claim; (vi) short-shipment; (vii) shut-out; (viii) write-off arising from fraud; (ix) goods that the Resident exporter does not own but is receiving payment for value added input; or (x) buyer is under liquidation. • amount spent for approved offsetting or writing-off arrangements: <ul style="list-style-type: none"> (i) import of goods and services by the Resident exporter; (ii) warranty claim by the buyer; (iii) dividend payment by the Resident exporter; (iv) other Current Account Transactions; (v) repayment of Foreign Currency Borrowing obtained by the Resident exporter in accordance with FEP Notice 2; (vi) liquidation of the Non-Resident buyer; or (vii) the Resident exporter is unable to receive the proceeds of its Export of Goods from the Non-Resident buyer after at least twenty-four (24) months from date of shipment despite following up with the Non-Resident buyer. <p>(c) earlier than or in accordance with the payment date of the export contract which shall not exceed six (6) months from the date of shipment . However, where any of the circumstances listed in below, the Resident exporter may receive the proceeds of its Export of Goods up to twenty-four (24) months from the date of shipment:</p> |
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| | <p>i. The Resident exporter has no control over the delay in receiving the proceeds of its Export of Goods due to unexpected circumstances, including but not limited to:</p> <ol style="list-style-type: none"> 1) buyer in financial difficulties; 2) buyer cancels, delays, disputes or does not respond to request for payment; 3) restriction on foreign exchange transactions in the buyer's country; 4) quality and/or quantity claims; or 5) incidence of fraud. <p>ii. The Resident exporter has exported goods on credit terms of up to twenty-four (24) months from the date of shipment to the buyer for:</p> <ol style="list-style-type: none"> 1) consignment sale; or 2) goods that involve testing and commissioning. <p>2) Non-receipt of proceeds of Export of Goods is allowed for goods exported:</p> <ol style="list-style-type: none"> (a) under a border trade agreement entered into by the Government of Malaysia with any foreign government; or (b) where the goods are not for sale, as follows: <ol style="list-style-type: none"> i. gift, donation, personal effects or business sample; ii. goods that are exported for further processing, testing, repairing, exchange or exhibition, and subsequently will be imported back to Malaysia; or iii. goods belonging to a Non-Resident that are exported after an exhibition in Malaysia or upon expiry of a lease or rental. <p>Foreign currency of proceed form export of goods shall be placed into Trade FCA, where examples of permissible sources of funds for Trade FCA are as follow:</p> <p><u>Permissible sources:</u></p> <ol style="list-style-type: none"> 1) Proceeds of the export of goods. 2) Settlement of domestic trade from another Resident within the global supply chain* as permitted under FEP Notice 4. 3) Any amount for same-party transfers from Trade or Investment FCA. |
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- 4) Other foreign currency funds arising from transaction permitted under the FEP Notices.

* *A business activity where a resident imports goods or services to support production or distribution of goods or services by a resident exporter for the resident exporter's export activities. This includes domestic trade in goods or services between the resident importer and the resident exporter undertaken through a resident intermediate entity. This includes pass-through payments for domestic trade in goods or services undertaken via resident intermediate entities along the Global Supply Chain.*

Uses of funds:

Funds from Trade FCA could be used for:

- 1) Settlement of domestic trade from another Resident within the global supply chain as permitted under FEP Notice 4.
- 2) All permissible purposes in the FEP Notices including investment in Foreign Currency Asset (incl. transfers to Investment FCA) up to the permitted aggregated investment limit in FEP Notice 3.
- 3) Any amount for same-party transfer into Trade FCA.

The documents required to support the handling of Trade FCA are as follow:

| Purpose | Examples of document to support transaction (non-exhaustive) |
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| Ascertaining exporters' status and export repatriation trend | Export invoice, Bill of Lading, Purchase order, Delivery order, Supply contract, Payment advice, Customs K2 Form |
| Ascertaining exporters' reason for export offsetting / writing-off arrangement | Import invoices, Contract Agreement, Dividend declaration |