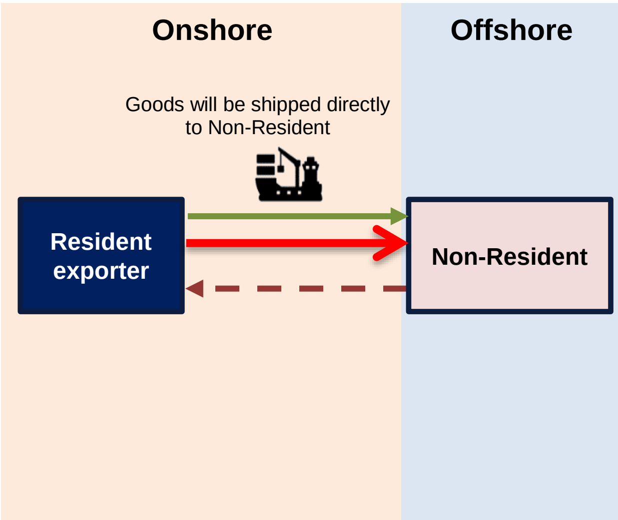
Frequently Asked Questions (FAQ)

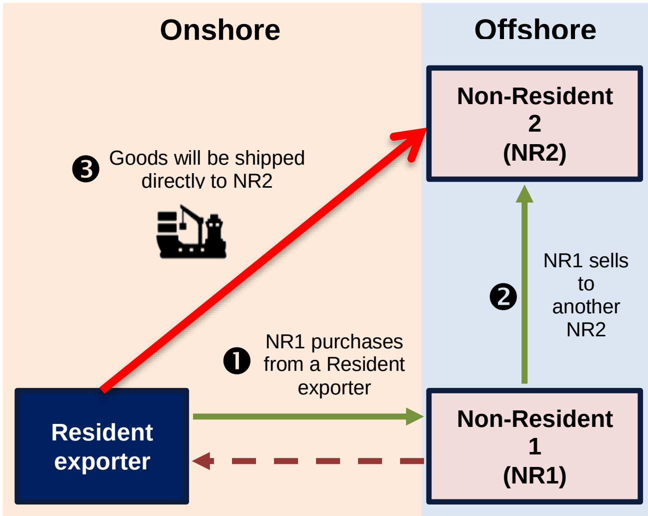
Export of Goods (Notice 7)	
Question	**Answer**
Export of goods	

1. What is the scope of export of goods?
   - Any movement or transfer of goods by land, sea or air from Malaysia to any territory outside of Malaysia; or
   - Any transfer of ownership in goods originated from Malaysia by a resident to a non-resident abroad or a Labuan entity which was declared by the Bank as a non-resident.

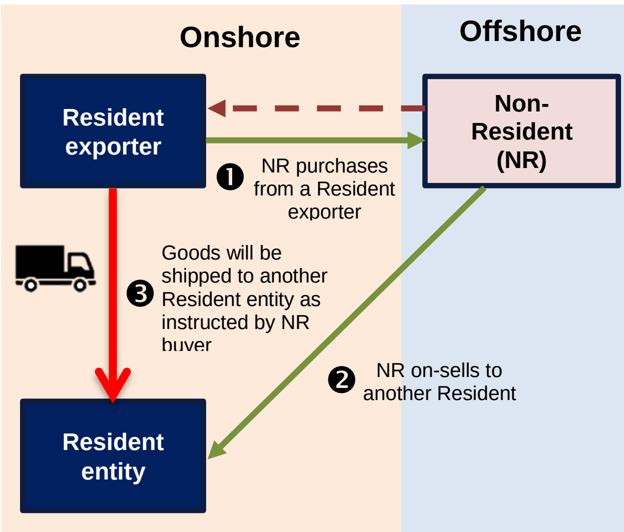
Scenario 1: A resident exports goods to a non-resident



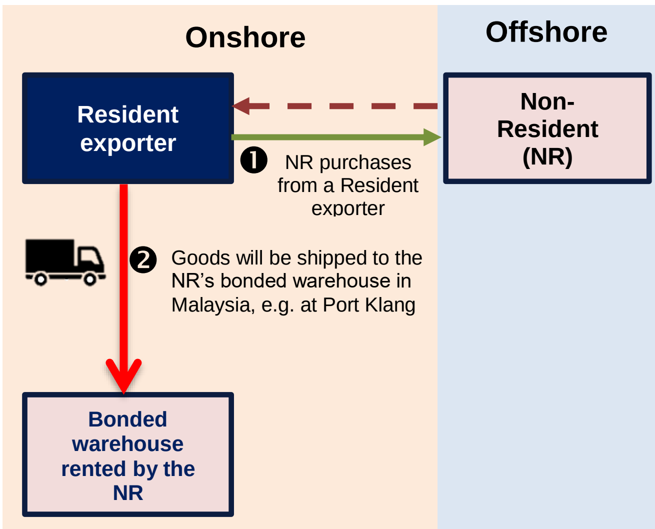
Scenario 2: A non-resident on-sells to another non-resident



Scenario 3: Transfer of ownership although goods remain onshore



Scenario 4: Transfer of ownership to a non-resident's bonded warehouse



Export of Goods (Notice 7)	
Question	**Answer**
Repatriation of export proceeds	
2. Can a resident exporter retain the foreign currency (FC) export of goods proceeds overseas? ***(new)***	• No. The resident exporter must repatriate into Malaysia the full value of export of goods proceeds either in ringgit or FC within 6 months from the date of shipment. • The proceeds can be retained in ringgit account or Trade Foreign Currency Account (Trade FCA) maintained with onshore banks[1].
3. Does the repatriation requirement apply to FC proceeds from export of services and merchanting trade[2]?	• No.
4. Are export proceeds from toll manufacturing[3] activity performed by a resident for a non-resident deemed as export of goods?	• Yes.
5. Is there a timeline to repatriate the proceeds of export of goods? ***(new)***	• Yes, export proceeds shall be repatriated immediately upon receipt of payment which shall be within 6 months from the date of shipment. Thus, credit term given to non-resident clients shall not exceed 6 months from shipment date. • Additionally, effective 15 April 2021, the repatriation timeline can be extended up to 24 months for permitted reasons only (see Q7 below). Under such circumstances, the credit term can be further extended from 6 months up to 24 months without prior approval from BNM.
6. Will the 24-month extension flexibility be applicable to export shipment dated 15 April 2021 onwards? ***(new)***	• The flexibility is also applicable for export shipment dated 15 October 2020 onwards.

1 Onshore banks refer to licensed banks and licensed investment banks under the Financial Services Act 2013 or licensed Islamic banks under the Islamic Financial Services Act 2013.

2 Merchanting trade here refers to the selling of goods to a non-resident where the goods are shipped from an overseas location to another overseas location without entering or leaving the territory of Malaysia.

3 Toll manufacturing performed by resident for non-resident refers to an arrangement where the resident receives semi-finished goods from non-resident for further processing and onward selling to the non-resident.

<table>
<tr><th colspan="2">Export of Goods (Notice 7)</th></tr>
<tr><th>Question</th><th>Answer</th></tr>
<tr><td>7. What are the permitted reasons considered for the 24-month repatriation flexibility? (new)</td><td>• The permitted reasons refer to a situation where:
(a) a resident exporter has no control over the delay in receiving proceeds of export of goods as follows:
i) Buyer in financial difficulties;
ii) Cancellation of order by the buyer (e.g. shut out)
iii) Restriction on foreign exchange transactions in the buyer's country;
iv) Quality and/or quantity claims; or
v) Incidence of fraud.
(b) credit terms provided by a resident exporter of up to 24 months for:
i) Consignment sale; or
ii) Goods that involve testing and commissioning.</td></tr>
<tr><td>8. Does the requirement on export of goods apply to all residents including individual, sole proprietorship and general partnership?</td><td>• Yes, other than export of goods by a resident individual for personal consumption.</td></tr>
<tr><td colspan="2">9. How is the 6 months period for repatriation of export of goods computed?
• It is calculated from the date of shipment.

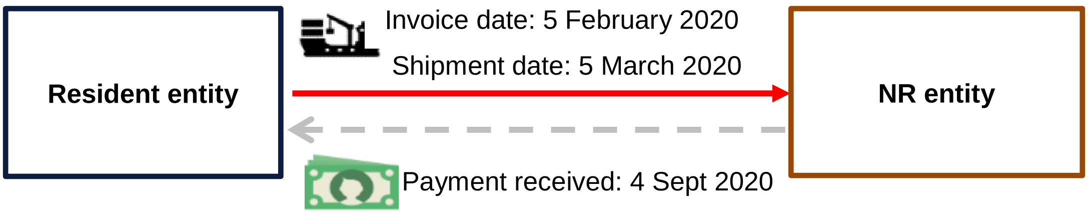
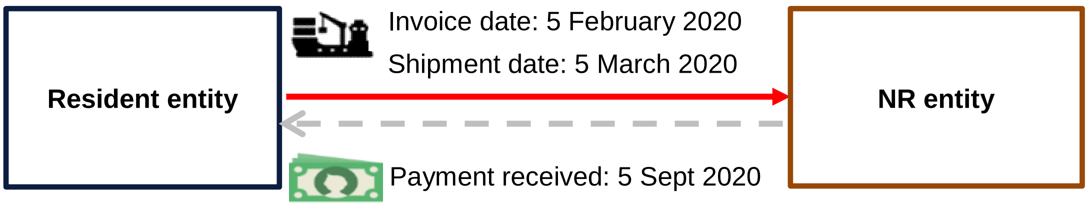
Illustration 1:
If payment for proceeds of export of goods is received within 6 months from the date of shipment, approval from Bank Negara Malaysia (BNM) is not required.


Illustration 2:
If payment for proceeds of export of goods is received after 6 months from the date of shipment other than arising from the permitted reasons (up to 24 months from the date of shipment), approval from BNM is required. Application for approval from BNM shall be submitted prior to expiry of the 6 months period.

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Export of Goods (Notice 7)	
Question	**Answer**
Retention of export proceeds in foreign currency	
10. Upon repatriation into Malaysia, can a resident exporter retain the export proceeds in FC? ***(new)***	• Yes. Effective 15 April 2021, a resident exporter can freely retain any amount of export proceeds in FC in its Trade FCA maintained with a licensed onshore bank or convert to ringgit according to its FC and ringgit cash flow needs.
11. Is there a time limit on the retention of the FC proceeds in Trade FCA? ***(new)***	• No.
Offsetting and Writing-Off Arrangements	
12. What is the approved offsetting and writing-off arrangements? ***(new)***	• Effective 15 April 2021, export proceeds can be offset against the following FC obligations with a non-resident: (a) Import of goods or services; (b) Warranty claims; (c) Dividend payments; (d) Other current account transactions (e.g. management fees); or (e) Repayment of FC borrowing. This includes global offsetting arrangement undertaken by a resident exporter through its non-resident treasury management centre (TMC) for the above FC obligations. • Additionally, export proceeds also can be written-off due to the following reasons: (a) Liquidation of the non-resident buyer; or (b) Unable to receive export proceeds from the non-resident buyer at least 24 months from date of shipment despite following up with the buyer.
13. Can a resident exporter offset export proceeds against anticipated FC obligations in the future? ***(new)***	• No, the offsetting flexibility is only for incurred FC obligations based on firm commitment. Otherwise, the resident exporter shall repatriate export proceeds to Malaysia in full value.
14. Does a resident exporter need to provide supporting documents to a licensed onshore bank to be eligible for such flexibility? ***(new)***	• Yes, to substantiate that its export proceeds are being offset against the permitted reasons only, subject to the licensed onshore bank's due diligence process.
15. Can a resident exporter offset export proceeds against its investment abroad or its commodity hedging contract (entered directly with a non-resident counterparty)? ***(new)***	• No.

Export of Goods (Notice 7)		
	Question	**Answer**
Trade Foreign Currency Account (Trade FCA)		
16.	Can a resident exporter open multiple Trade FCA with onshore banks?	• Yes.
17.	What can the retained FC funds be used for?	• The retained FC can be used among others to meet FC obligations such as import payment and FC borrowing repayment. • The use of export proceeds for investment in FC asset shall be subject to the investment in FC asset limit as stipulated in Notice 3 (Investment in Foreign Currency Assets).
18.	Can a resident without export proceeds convert ringgit into FC to pay import and borrowing obligations?	• Yes.
19.	Is a resident exporter allowed to transfer FC funds from Trade FCA to Investment FCA or vice versa?	• Yes. However, transfer of funds from Trade FCA to Investment FCA shall be subject to the permissible limit on investment in FC asset. • There is no restriction for transfer of funds from Investment FCA to Trade FCA or between the same type of FCA (i.e. Trade FCA to Trade FCA, or Investment FCA to Investment FCA) of the same account holder.
Reporting requirements		
20.	Does a resident exporter need to submit any report on exports of goods to BNM?	• Once a resident exporter's export of goods exceeds RM250 million equivalent (based on the preceding calendar year), they are required to submit report to BNM on quarterly basis within 21 days after the end of each reporting quarter in the calendar year. • The report should be submitted online through Foreign Exchange Policy website at https://bnm.my/fep. • The resident exporter shall continue to submit the quarterly reports regardless of value of exports in subsequent years. • The resident exporter may write to BNM to seek exemption from reporting requirements if its annual export proceeds have been consistently below RM250 million equivalent.

Bank Negara Malaysia
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