Notice 7: What is ‘export of goods’

1. Any movement or transfer of GOODS by land, sea or air from Malaysia to any territory outside of Malaysia; OR
2. Any transfer of ownership in GOODS from Malaysia by a resident to a non-resident abroad or a Labuan entity declared by the Bank as a non-resident.

Notice 7: Key requirement on export of goods

Upon receiving the export proceeds of goods, resident exporters-

OPTION 1
(a) Retain 25% of export proceeds in Trade Foreign Currency Account (TFCA) with onshore banks; and
(b) Convert the remaining 75% of the export proceeds into ringgit with onshore banks-
(i) if the exporter’s TFCA balance is sufficient to meet up to 6-month of its foreign currency obligation; or
(ii) In cases where the TFCA balance is less than the exporter’s 6-month foreign currency obligation, the shortfall can be met with the foreign currency export proceed without the need to convert.

OPTION 2
(c) Fully convert into ringgit

How does exporter establish the 6 months requirement?
- Alert your banker that you have foreign currency payment obligations such as import, loan, royalty, interest prior to receiving the export proceeds
- Provide proof of payments such as invoice, financial statements, loan agreement (depending on the internal requirement of your banker)

One-off process and may be subject to your banker’s periodic review.
Notice 7: Key requirements on export of goods

1. Receipt and repatriation of export proceeds

- Resident exporter shall receive export proceeds, in FULL either in ringgit or foreign currency, in Malaysia, within 6 months from the date of shipment.

A. What the requirement entails:
1. Credit term given to importer shall not exceed 6 months from the date of shipment.
2. Export proceed of goods cannot be retained outside Malaysia.
3. The FULL amount of export proceeds must be brought back unless falls within permitted reasons.

B. Permitted reasons to not receive in FULL:
- Adjustment for agency commission, handling charges related to the export
- Administrative errors
- Discounts
- Loss in quantity due to pilferage
- Quality claims
- Short shipments
- Shut-out (call-back shipment)
- Goods that are not for sale (samples, gifts, goods sent for repair that will be reimported or goods belonging to non-resident used in exhibition)

Balance of the export proceeds must be received within the 6 months.

* Case 1: Invoice date: 5 February, Shipment date: 5 March, Payment received: 4 Sept, 6 months from shipment date: 4 Sept
* Comply with the requirement of Notice 7

* Case 2: Invoice date: 9 May, Shipment date: 9 May, Payment received: 7 Nov, 6 months from shipment date: 5 Nov
* Does not comply with the requirement of Notice 7