

Malaysia Updates: PDK 2012 to expire at the end of March Are customs duties orders for different FTAs ready for this?

As reported in our *Trade Intelligence Asia Pacific (December 2016 – January 2017)* publication, all tariff lines in Malaysia will have to be converted to a 10 digit code under the implementation of the new Harmonised System 2017. This is formalized in the Customs Duty Order / *Perintah Duti Kastam 2017* (PDK 2017), which takes effect on 1 April 2017. This replaces the PDK 2012. A few highlights to be aware of:

1. Some Malaysia customs classification codes require an additional “0” (zero). For instance, PDK 2012 code 3401.30 000 is changed to PDK 2017 code 3401.30.0000.
2. Some codes subject are subject to tariff re-classification, i.e. the current last three digits change when the code is converted to a PDK 2017 ten digit code. For example:

PDK 2012	PDK 2017
3303.00 : Perfume, and toilet waters	3303.00.0000 : Perfume, and toilet waters
3303.00 300 : - Perfume	
3303.00 900 : - Other	
3304.99 500: - - - Anti-acne cream	3304.99.2000 : - - - Anti-acne preparations
3304.99 600: - - - Other face or skin creams and lotions	3304.99.3000 : - - - Other face or skin creams and lotions
3304.99 900: - - - Other	3304.99.9000: - - - Other

3. At present, no correlation table between PDK 2012 and PDK 2017 has been issued by the Royal Malaysian Customs Department (RCMD) to the public.
4. All declarations that have been submitted before 1 April 2017 but are approved after 2400 hours on 31 March 2017, will be assessed based on PDK 2012. Amongst other things, this means that PDK 2012 duty rates will apply.
5. All Forms K1 and K9 submitted from 1 April 2017 onwards must use PDK 2017, except those declared under a Free Trade Agreement (FTA) preference scheme. The RMCD has issued guidance letter No. KE.HE(44) 669/17 (15) dated 13 March 2017 specifying that the following tariff codes prevail for goods traded under FTAs:

Free Trade Agreement (FTA)	Tariff Code	Special Treatment Code
ASEAN Trade In Goods Agreement (ATIGA)	PDK 2017 (10 digits)	3
ASEAN – China (ACFTA)	AHTN 2012 (10 digits)	4
ASEAN – Korea (AKFTA)	AHTN 2012 (10 digits)	7
Malaysia – Turkey (MTFTA)	AHTN 2012 (10 digits)	G
ASEAN – Australia – New Zealand (AANZFTA)	PDK 2012 (9 digits)	9
Malaysia – Australia (MAFTA)	PDK 2012 (9 digits)	E
Developing 8 Countries (D8) -Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan, and Turkey	PDK 2012 (9 digits)	F
ASEAN –Japan (AJCEP)	PDK 2007 (9 digits)	8
Malaysia – Japan (MJEPA)	PDK 2007 (9 digits)	6
Malaysia – Pakistan (MPCEPA)	PDK 2007 (9 digits)	5
Malaysia – New Zealand (MNZFTA)	PDK 2007 (9 digits)	B

Note: There are three other FTAs which are not included in this guidance letter, i.e. ASEAN-India Free Trade Agreement (AIFTA), Malaysia- Chile Free Trade Agreement (MCFTA), and Malaysia- India Comprehensive Economic Cooperation Agreement (MICECA).

6. All COs, either preferential or non-preferential, issued by Malaysian authorities after 1 April 2017 must use the PDK 2017 tariff codes.

We envisage that importers may continue to face difficulties if the PDK 2017 amendments to the FTA-rates orders are not made quickly. This will also require companies to maintain different classification databases if they import and claim preference rates under any of the above FTAs.

Let's talk

If you would like further advice or a deeper discussion of how this issue might affect your business, please contact:

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