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Malaysia News:

Malaysia Introduces “Special Voluntary Disclosure Program”

November 2018

Malaysia Introduces “Special Voluntary Disclosure Program”

Background

During the 2019 Budget speech made on 2 November 2018, the Government announced the launch of a Special Program for Voluntary Disclosure.

The Program is aimed at encouraging the voluntary disclosure and settlement of tax arrears within the stipulated period by offering reduced penalty rates of between 10% and 15% of the tax payable.

This Special Program covers voluntary disclosure and payment within the stipulated period on:

- income not previously declared / under declared, expenses over claimed / not allowed and reliefs / deductions / rebates over claimed;
- gains on disposal of assets (real properties and shares in real property companies); and
- stamping of instruments not previously stamped.

Aim

The program is part of the government's tax reform initiative to address tax leakages, reduce the existing tax gap and explore new sources of revenue to increase tax collection, with a view of increasing tax revenue needed for the nation's development.

The Special Program also gives an opportunity to taxpayers to report the correct income in view of recently implemented of the Common Reporting Standard on 30 September 2018 whereby Malaysia will be receiving financial information of taxpayers from foreign tax administrations.

Disclosure Period

Voluntary disclosure can be made at any time between 3 November 2018 and 30 June 2019.

Upon the expiry of the Special Program for Voluntary Disclosure on 1 July 2019, the penalty rates would range from 80% up to a maximum of 300%.

Penalty Rates

The penalty rates are as follows:

Disclosure Period	Penalty Rate
03/11/2018 - 31/03/2019	10%
01/04/2019 - 30/06/2019	15%

Eligible Taxpayers

The following categories of taxpayers are eligible for the Special Voluntary Disclosure Program:

- Taxpayers who are not registered with the Inland Revenue Board Malaysia (“**IRBM**”) and have not submitted the Income Tax Return Forms (“**ITRF**”) / Petroleum Tax Returns (“**PTR**”) / Real Property Gains Tax Returns (“**RPGTR**”) for any year of assessment;
- Registered taxpayers but have not submitted ITRF / PTR / RPGTR for any year of assessment;
- Taxpayers who have submitted ITRF / PTR / RPGTR but did not make the right declaration;
- Stamp duty payers who failed to present stampable instruments within a stipulated period of time.

Your Contact



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