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TAX
**SPECIAL VOLUNTARY DISCLOSURE
PROGRAMME**

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During the 2019 Budget announcement, the Minister of Finance introduced a Special Voluntary Disclosure Programme (SVDP) for eligible taxpayers. This programme is offered to encourage taxpayers to voluntarily disclose, amongst others, any unreported income and settle the tax arrears. The SVDP runs for the period from 3 November 2018 to 30 June 2019, which was subsequently extended to 30 September 2019.

Under the Common Reporting Standard/ Automatic Exchange of Information, an initiative by the Organisation for Economic Co-operation and Development, the Inland Revenue Board of Malaysia (IRBM) has begun to receive financial information in particular details of bank accounts held by Malaysians in overseas beginning September 2018. With this, the IRBM now has more information on the financial position of the taxpayers. The SVDP is also aimed to offer a solution to taxpayers having bank accounts outside Malaysia to declare any income derived from Malaysia which has not been reported previously.

The IRBM has indicated that it will accept in good faith all voluntary disclosures made under the SVDP. Audit or investigation will not be carried out by the IRBM on the years of assessment where voluntary disclosure has been made. Based on the guidelines issued by the IRBM on 24 April 2019, taxpayers must make sure that all taxable income has been accounted for in the voluntary disclosure made.

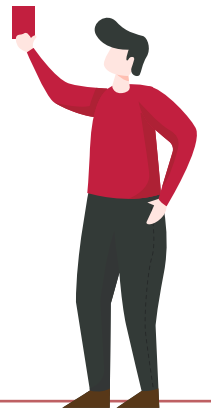
The SVDP covers voluntary disclosure in the following areas:



VOLUNTARY DISCLOSURE AREA

- ▶ Unreported income, under declared income, expenses/ reliefs/ deductions/ rebates over claimed under Income Tax Act 1967 or Petroleum (Income Tax) Act 1967
- ▶ Gains on the disposal of real property or shares in real property companies not reported for the purposes of Real Property Gains Tax Act 1976
- ▶ Instruments not stamped after six (6) months from the stamping period for the purposes of Stamp Act 1949

Under the existing legislations, the IRBM is empowered to impose penalties for the following non-compliance cases:



PENALTIES

- ▶ A penalty equal to 300% of the tax payable for failure to submit the return required under Income Tax Act 1967, Petroleum (Income Tax) Act 1967 or Real Property Gains Tax Act 1976e
- ▶ A penalty equal to 100% of the tax undercharged due to an incorrect return submitted under Income Tax Act 1967, Petroleum (Income Tax) Act 1967 or Real Property Gains Tax Act 1976
- ▶ A penalty equal to RM100 or 20% of the amount of the deficient duty, whichever is greater, for an instrument not stamped after six (6) from the stamping period under Stamp Act 1949

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(continued)

Under the SVDP, lower penalty rates are offered whereby payments of taxes and penalties must be made by the specified dates as follows:

SPECIAL VOLUNTARY DISCLOSURE PROGRAMME			
Category	Period of Voluntary Disclosure	Penalty Rate	Payment to be made on or before
Income not declared and expenses over claimed etc. under Income Tax Act 1967, Petroleum (Income Tax) Act 1967 or Real Property Gains Tax Act 1976; and Unreported gains under Real Property Gains Tax Act 1976	3 November 2018 until 30 June 2019	10%	1 July 2019
	1 July 2019 until 30 September 2019	15%	1 October 2019
	After the SVDP, i.e. 1 October 2019 onwards	At least 45%	
Unstamped instruments exceeding six (6) months from the stamping period under Stamp Act 1949	3 November 2018 until 30 June 2019	10% or a minimum of RM50	1 July 2019
	1 July 2019 until 30 September 2019	15% or a minimum of RM100	1 October 2019
	After the SVDP, i.e. 1 October 2019 onwards	As per the penalty provisions in Stamp Act 1949 for instruments not stamped within the stamping period. For instruments stamped after six (6) months after the stamping period, the penalty is RM100 or 20% of the amount of the deficient duty, whichever is greater.	

The SVDP provides an avenue to delinquent taxpayers or taxpayers who need to rectify their past returns to make the necessary disclosure to the IRBM where the IRBM has indicated that the voluntary disclosure will be accepted in good faith.

By the end of March 2019,
the IRBM has received close to
380,000 cases
of voluntary disclosure made
by taxpayers.

With the extension of the period of the SVDP, it is expected that more taxpayers who have not been in compliance with the law will come forward as heavy penalties will be imposed after the expiry of the programme.

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