



SPECIAL VOLUNTARY DISCLOSURE PROGRAMME / VOLUNTARY DISCLOSURE PROGRAMME 2.0

JUNE 2023

SPECIAL VOLUNTARY DISCLOSURE PROGRAMME FOR DIRECT TAXES

Following the announcement on the reimplementation of the Special Voluntary Disclosure Programme (“SVDP 2.0”) in the re-tabled Budget 2023, guidelines and Frequently Asked Questions (“FAQ”) on SVDP 2.0 were issued by the Inland Revenue Board of Malaysia (“IRB”) on 2 June 2023. A similar programme was implemented by the Government in 2018 for direct taxes with reduced penalty rates.

Under SVDP 2.0, no penalty or surcharge will be imposed on taxpayers who participate in the programme. The IRB will also accept the voluntary disclosure made by taxpayers in good faith. The salient features of SVDP 2.0 are as follows:

Implementation period	From 6 June 2023 to 31 May 2024.
Who can participate	All categories of taxpayers (including non-residents) except the employer file category.
Penalty or surcharge	0% (for cases involving transfer pricing, no surcharge will be imposed).
Taxes and periods covered	<p>All categories of taxpayers subject to income tax (except the employer file category)</p> <ul style="list-style-type: none"> • New taxpayers who are reporting income to the IRB for the first time -Year of assessment (“YA”) 2022 and preceding YAs. • Existing taxpayers who have previously declared income to the IRB - YA 2021 and preceding YAs. <p><u>Real property gains tax</u></p> <ul style="list-style-type: none"> • Chargeable assets disposed of where the declaration is for YA 2022 and preceding YAs. <p><u>Stamp duty</u></p> <ul style="list-style-type: none"> • Documents/agreements executed on or before 1 May 2023 for stamping from 6 June 2023 to 31 May 2024. <p><u>Transfer pricing</u></p> <ul style="list-style-type: none"> • Subject to voluntary disclosure criteria and procedures outlined in the Transfer Pricing Audit Framework that is currently in force.

Processing time by the IRB	<ul style="list-style-type: none">• Within 14 working days (other than cases involving transfer pricing) from the date of receipt of a complete application.• Within 30 working days (for cases involving transfer pricing) from the date of receipt of a complete application.
Non-application	<ul style="list-style-type: none">• Audit on the taxpayer has commenced for the YAs involved.• Non-taxable, reduced assessment or tax repayment cases.• Investigation action has been initiated or prosecution proceedings following a criminal investigation has been filed in court.
Payment rules	<ul style="list-style-type: none">• Taxpayers must make a lump sum payment within 30 days from the date of the notice of assessment or in instalments based on the agreed instalment payment arrangement.• Instalment payments are allowed to be made until 31 May 2024 without having to submit supporting documents.
Will voluntary disclosure be reviewed	<ul style="list-style-type: none">• The IRB will accept the information voluntarily disclosed in good faith. However, a review of the tax computation will be carried out to ensure there is no mathematical/calculation error.• No audit/investigation will be carried out by the IRB in the future for the YAs in which a voluntary disclosure is made.

VOLUNTARY DISCLOSURE PROGRAMME 2.0 FOR INDIRECT TAXES

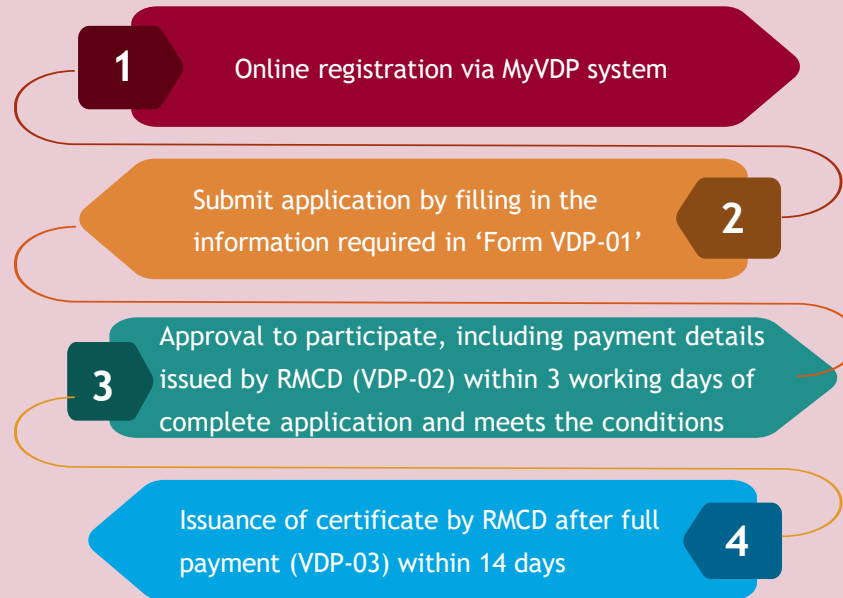
During the Budget 2023 speech, the Minister of Finance also announced the reintroduction of the Voluntary Disclosure Programme for Indirect Taxes (“VDP 2.0”). This programme will be effective from 6 June 2023 until 31 May 2024. Businesses now have an opportunity to voluntarily disclose any outstanding indirect taxes without facing any penalties.

We have summarised the key points of VDP 2.0 for your attention:-

Application period	From 6 June 2023 to 31 May 2024.
Covered period	<p>Indirect tax liable up to 28 February 2023 may be eligible for this programme, excluding:-</p> <ul style="list-style-type: none"> • Tax liabilities that are being or have been investigated by the Enforcement Division of the Royal Malaysian Customs Department (“RMCD”). • Taxes where a Bill of Demand (“BOD”) have been issued by RMCD. • Tribunal or court cases with RMCD that are currently under trial. • Taxes for cases under audit by Compliance Division of RMCD. <p>▶ <i>“Under audit” means any person who has received a Letter of Request to Submit Documents/Records for auditing purposes or an audit visit has been conducted to any person’s premises by audit team and BOD has not been issued yet.</i></p>
Type of taxes covered	<ul style="list-style-type: none"> • Sales Tax Act 1972 • Service Tax Act 1975 • Goods and Services Tax Act 2014 • Tourism Tax Act 2017 • Sales Tax Act 2018 • Service Tax Act 2018 <p>▶ <i>Excluding taxes imposed on the imported goods.</i></p>

<p>Person eligible to participate in VDP 2.0</p>	<ul style="list-style-type: none"> i. Any person who is registered and:- <ul style="list-style-type: none"> • Submitted nil return which should have tax payable; • Failed to submit a return although there was tax payable; • Submitted tax return but there are undeclared or underpayment of tax; or • Imposed tax on goods/services that are not taxable and tax have not been paid to RMCD. ii. Any person who is liable to register but failed to do so and has taxes which have not been remitted to RMCD. iii. Any person who is liable to register but failed to do so and did not collect tax from customer. iv. Any person who acquired imported taxable service under Goods and Services Tax Act 2014 or Service Tax Act 2018 but did not self-account and pay tax to RMCD. v. Any person who is licensed/registered under the Sales Tax Act 1972 or Sales Tax Act 2018 and has declared sales tax that is not in accordance with the valuation method under Sales Tax (Valuation) Regulations 2002 or Sales Tax (Determination of Value of Taxable Goods) Regulation 2018, including transactions involving related parties.
<p>Benefits of joining VDP 2.0</p>	<ul style="list-style-type: none"> • No compounds will be imposed under this programme. • 100% penalty remission provided tax fully paid within the programme period (i.e. by 31 May 2024). • Taxable period(s) declared under this programme will not be audited by RMCD's Compliance Division at the zone/state level. For the undeclared taxable period(s), audits may be conducted from 1 June 2024. While for taxable periods after 28 February 2023, audit may be conducted from 1 June 2025. <p>▶ <i>Incentives offered will be revoked and an investigation will be conducted if there is information received regarding fraud.</i></p>
<p>Payment of tax</p>	<ul style="list-style-type: none"> • Lump sum payment (one-off). • Instalment payment from the total amount is allowed only within the programme period and based on the prescribed instalment schedule. <p>▶ <i>If applicant fails to settle the tax payment due to a reasonable ground, they are required to notify RMCD and an extension may be applied for subject to RMCD's discretion. Application for extension should be submitted at least 30 days before the last month indicated in the instalment payment schedule.</i></p>

Application and registration to participate in VDP 2.0 shall be made online via MyVDP



- ▶ *For voluntary disclosure related to digital services provided by foreign registered persons, apart from the application via the MyVDP system, applicants may also amend their returns through the MySToDS system.*

Withdrawal from participation in VDP 2.0

- Applicant must apply before issuance of VDP 2.0 i.e. Participation Eligibility Letter (“VDP-02”).
 - Applications must be made in writing and sent by email or post to RMCD headquarters/zone/state office, based on the location of the application.
 - No refund is allowed under VDP 2.0.
- ▶ *Any applications for withdrawal from participating in VDP 2.0 must be made before the issuance of VDP-02.*

SVDP/VDP 2.0 provides an opportunity for taxpayers to rectify any non-compliance or unreported income in prior years with the benefit of not triggering any penalties or compounds. It is timely for corporates, businesses and individuals to review their direct tax and indirect tax compliance records as well as compliance with stamp duty requirements to assess if a voluntary disclosure should be made. Proper consultation with your tax advisers should be made to manage your risks prior to the participation in SVDP/VDP 2.0.

At BDO, we are able to assist you with the following:

- Review your past records to ensure proper declaration of income to the IRB or RMCD.
- Discuss your business transactions and assess any tax issues identified.
- Identify the areas of non-compliance and assess your eligibility for SVDP/VDP 2.0.
- Prepare the relevant tax computations to quantify the tax exposure for a participation in SVDP/VDP 2.0.
- Assist you with the submission of the tax return and liaise with the tax authorities in relation to SVDP/VDP 2.0.



CONTACT

BDO TAX SERVICES SDN BHD (114863-K)
Level 8
BDO@Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur, Malaysia

t: +603 2616 2888
f: +603 2616 2970
e: marcomms@bdo.my

OUR TAX TEAM

BEH TOK KOAY
Senior Advisor
tkbeh@bdo.my

ONG ENG CHOON
Senior Advisor
ongec@bdo.my

ON BEE YEE
Executive Director
onby@bdo.my

YONG MEE THING
Executive Director
yongmt@bdo.my

DAVID LAI
Executive Director
davidlai@bdo.my

WOON YOKE LEE
Executive Director
woonyl@bdo.my

SOH PIN TAU
Executive Director
sohpt@bdo.my

YEAP LAY SUAT
Executive Director
yeapls@bdo.my

NG SWEE WENG
Senior Advisor
swng@bdo.my

KOO KIAN MING
Executive Director
kookm@bdo.my

YAP MEI SEI
Executive Director
yapms@bdo.my

CHAN KWAN YEE
Executive Director
chanky@bdo.my

CHRISTOPHER LOW
Executive Director
chrislow@bdo.my

LEE BOON HOOI
Executive Director
leebh@bdo.my

TAN CHIN TECK
Executive Director
tanct@bdo.my

TAN SIN HUAT
Advisor
shtan@bdo.my

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