



## TAX FLASH

JUNE 2023 (SPECIAL EDITION NO. 1)

### Inland Revenue Board

#### - Special Voluntary Disclosure Programme 2.0

In the 2023 Budget (re-tabled), it was announced that the Special Voluntary Disclosure Programme ["SVDP"] will be re-introduced to encourage tax compliance among taxpayers by providing an opportunity to new and existing taxpayers to voluntarily declare any unreported or under-declared income and pay the respective taxes within the stipulated period, with full remission of penalties. The implementation of this programme is in line with the objective to incentivize and increase the taxpayers' tax compliance level based on the concept of Awareness, Education and Services practised by the Inland Revenue Board ["IRB"].

Following the above, the IRB has issued the following to provide further details on the eligibility of participation, implementation procedures and payment procedures in respect of the SVDP 2.0:-

- *Operational Guidelines No. 2/2023 – SVDP 2.0 dated 2<sup>nd</sup> June 2023;*
- *Frequently Asked Questions – SVDP 2.0 dated 2<sup>nd</sup> June 2023; and*
- *Application Flowchart – SVDP 2.0.*

- [Moore Malaysia](#)
- [Moore Global](#)
- [Inland Revenue Board](#)

### **Period of Implementation**

The SVDP 2.0 will be implemented from 6<sup>th</sup> June 2023 to 31<sup>st</sup> May 2024.

### **Eligible Participants**

- The SVDP is offered to all categories of taxpayers except for the employer file category.
- Both residents and non-residents are eligible to participate in the SVDP 2.0.

### **Scope of Voluntary Disclosure**

- The voluntary disclosures under SVDP 2.0 cover the following:-
  - reporting for undeclared / under-declared income, overclaimed / non-allowable expenses/claims, overclaimed relief/deductions/rebates and overclaimed capital allowances / incentives which will result in an assessment / additional assessment raised on taxpayer;
  - reporting for disposal of chargeable assets (properties and shares in real property companies) under the Real Property Gains Tax ["RPGT"] Act 1976;
  - stamping of documents/agreements that are not performed within the stipulated period; and
  - transfer pricing ["TP"] issues subject to the Voluntary Disclosure Criteria and Procedures of TP Cases as set out in the TP Audit Framework currently in force.

### **Non-application**

- SVDP 2.0 will not apply to cases where:-
  - tax audit has commenced for the years of assessment involved;
  - the voluntary disclosure will result in non-taxable, reduced assessment or tax repayment except for TP cases; or
  - tax investigation has been initiated or prosecution proceedings following a criminal investigation have been filed in court based on the provisions under the Income Tax Act 1967 ["ITA 1967"], RPGT Act 1976, Stamp Act 1949 ["SA 1949"] or Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001.

### **Years of Assessment Covered and Implementation Procedure**

- The voluntary disclosure can be made by taxpayers / duty payers under the following situations covering the years of assessment as summarised below:-

<b>Category of Taxpayers</b>	<b>Type of Non-compliance</b>	<b>Year(s) of Assessment Involved</b>	<b>Implementation</b>
New Taxpayer - taxpayers who do not have or already have tax identification number ["TIN"] and will be declaring income for the first time	Taxpayer who has never reported to IRB but has started a business or have income / disposed asset	Year of assessment ["YA"] 2022 and preceeding years of assessment	i. Check for availability of TIN online through e-Daftar service. If the taxpayer does not have TIN, registration can be made via e-Daftar at MyTaxPortal or any nearest IRB service counter.

			<p>ii. Submission of Income Tax Return Form ["ITRF"]</p> <ul style="list-style-type: none"> <li>• Must be submitted online via e-Filing services; or</li> <li>• If ITRF is unavailable online, the manual ITRF must be submitted to the IRB office handling the taxpayer's file / nearest IRB office.</li> </ul> <p>iii. Submission of RPGT form</p> <ul style="list-style-type: none"> <li>• Submission online via e-CKHT service at MyTaxPortal; or</li> <li>• Submission to the IRB office handling the disposer's file / nearest IRB office using the manual RPGT form.</li> </ul>
Existing Taxpayer	ITRF not submitted for any year of assessment	YA 2021 and preceeding years of assessment	<p>i. ITRF must be submitted online via e-Filing services.</p> <p>ii. If ITRF is unavailable online, the manual ITRF must be submitted to the IRB office handling the taxpayer's file / nearest IRB office.</p>
	RPGT form not submitted for any year of assessment	YA 2022 and preceeding years of assessment	<p>i. Submission can be made:-</p> <ul style="list-style-type: none"> <li>• Online via e-CKHT service at MyTaxPortal; or</li> <li>• Manually to the IRB office handling the disposer's file / nearest IRB office using the manual RPGT form.</li> </ul>
	Previously declared income to IRB but still has unreported additional income	YA 2021 and preceeding years of assessment	<p>i. The SVDP 2.0 Additional Income Reporting Form is to be completed and submitted through the SVDP 2.0 link at MyTaxPortal. Tax computations are required to be submitted together with the aforementioned form for taxpayers falling under the companies, businesses and partnerships file category.</p>

			ii. Voluntary disclosure involving TP issues will need to complete the Voluntary Disclosure Form for TP Case and submit the completed form together with the relevant attachments to the IRB office handling the taxpayer's file / nearest IRB office.
Duty Payers	Failure to stamp documents / agreements within the stipulated period	Documents /agreements that have been executed (i.e. signed) on or before 1 <sup>st</sup> May 2023	<p>i. Documents/agreements requiring stamping must be submitted online through the Stamp Assessment and Payment System ["STAMPS"] service on the MyTaxPortal.</p> <p>ii. Upon receiving the Notice of Assessment, appeal for waiver of penalty under SVDP 2.0 must be submitted via STAMPS.</p>

- In cases where estimated assessment has been raised and income/gains from the disposal of assets reported in the ITRF/RPGT form during the SVDP 2.0 period are higher, the difference will be deemed as the voluntary disclosure.
- Voluntary disclosures made should be accurate and orderly in line with the IRB's rulings that are in force, taking into account all taxable income.
- The information disclosed during the SVDP 2.0 period will be accepted by the IRB in good faith. However, a review of the tax computation for mathematical/calculation error (if any) will be carried out to ensure the accuracy of the voluntary disclosure submitted.
- SVDP 2.0 applications will be processed within the following time frame:-

Type of Voluntary Disclosure Application	Processing Period
Applications other than TP issues	Within 14 working days from the date of receipt of completed applications from eligible taxpayers / duty payers.
Applications involving TP issues	Within 30 working days from the date of receipt of completed applications from eligible taxpayers.

- Tax audit/investigation will not be carried out in the future for the years of assessment involved in the SVDP 2.0. However, audit/investigation action can be taken for the years of assessment involved if there is any failure to remit the tax payment on the voluntary disclosure within the stipulated period.

#### **No Penalty to be Imposed During SVDP 2.0 Period**

- The penalty/surcharge applicable for failure to declare the income/gains under the provisions of laws will be remitted in full during the SVDP 2.0 implementation period, after which, the penalty rates applicable will apply, as summarised below:-

Type / Category of Voluntary Disclosure	Provision of Law for Penalty/Surcharge	Rate of Penalty / Surcharge	
		During SVDP 2.0 Period (06.06.2023 – 31.05.2024)	After SVDP 2.0 Period
i. New Taxpayer ii. Existing taxpayers who did not submit ITRF / RPGT form for any year of assessment	Section 112(3) of the ITA 1967 (Failure to submit income tax return)	0%	15% to 300% of tax payable
	Section 140A(3C) of the ITA 1967 (TP adjustments)	0%	Not more than 5% of TP adjustments (even if there is no additional assessment raised)
	Section 29(3) of the RPGT Act 1976 (Failure to submit RPGT return)	0%	15% to 300% of RPGT payable
iii. Taxpayers who have submitted ITRF but have not reported income accurately and in accordance with the IRB rulings that are in force for any year of assessment	Section 113(2) of the ITA 1967 (Incorrect return – tax undercharged)	0%	<ul style="list-style-type: none"> <li>• 10% to 15% of tax under-assessed for voluntary disclosure</li> <li>• 15% to 100% of tax under-assessed if discovered during tax audit</li> </ul>
	Section 140A(3C) of the ITA 1967 (TP adjustments)	0%	Not more than 5% of TP adjustments (even if there is no additional assessment raised)
iv. Duty payers who submit documents / agreements that have been executed (signed) on or before 1 <sup>st</sup> May 2023 for stamping during the SVDP 2.0 period	Section 47A(1) of the SA 1949 (Late stamping)	0%	Whichever higher:- <ul style="list-style-type: none"> <li>• Within 3 months – RM25 or 5% of unpaid duty</li> <li>• 3 to 6 months – RM50 or 10% of unpaid duty</li> <li>• More than 6 months – RM100 or 20% of unpaid duty</li> </ul>

### **Payment of Tax/Duty**

- Tax payment for SVDP 2.0 shall be made as follows:-
  - Tax payments
    - Full settlement in a lump sum payment within 30 days from the date of the Notice of Assessment / Notice of Additional Assessment; or
    - In instalments until 31<sup>st</sup> May 2024 based on the agreed instalment payment arrangements available for application through the SVDP 2.0 link in IRB's Official Portal / MyTax.

- Duty payments
  - Payment of stamp duty as prescribed on the Notice of Assessment must be paid within the stipulated period allowed in the Penalty Appeal Approval Letter.
- Failure to remit the tax payments within the stipulated period will result in a tax increase charged based on the provisions of law currently in force. In the event that tax arrears are still not paid, legal actions may be taken and taxpayers can be audited/investigated in future for the year(s) of assessment involved.

For other issues of our Tax Flash, please go to:  
[www.moore.com.my/publications](http://www.moore.com.my/publications)



[www.moore.com.my](http://www.moore.com.my)

---

This publication is provided gratuitously and without liability. It is intended as a general guide only and the application of its contents to specific situations will depend on the particular circumstances involved. Readers should seek appropriate professional advice regarding any particular problems that they encounter, and this tax update should not be relied on as a substitute for advice. Accordingly, Moore Advent Tax Consultants Sdn Bhd assumes no responsibility for any errors or omissions it may contain, whether caused by negligence or otherwise, or for any losses, however caused, sustained by any person that relies on it. Should further information, clarification or advice be required on any of the contents stated herein, please feel free to contact our tax team at [tax@moore.com.my](mailto:tax@moore.com.my).