

Special Voluntary Disclosure Programme 2.0

9 June 2023



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Special Voluntary Disclosure Programme 2.0

The Honorable Prime Minister of Malaysia and Minister of Finance, YAB Dato' Seri Anwar Bin Ibrahim has announced in Budget 2023 on 24 February 2023 that the Special Voluntary Disclosure Programme ("SVDP") 2.0 and the Voluntary Disclosure Programme ("VDP") will be implemented from 1 June 2023 to 31 May 2024.

The SVDP 2.0 provides an opportunity for taxpayers to come forward voluntarily to report their income and tax computations for **direct taxes** that are accurate and orderly in line with the Inland Revenue Board of Malaysia ("IRBM") rulings that are in force as well as encouraging taxpayers to pay taxes within the stipulated period.

The VDP is also to encourage taxpayers to voluntarily declare any mistakes or omissions related to **indirect taxes** that were previously unknown or undiscovered by the Royal Malaysian Customs Department ("RMCD").

Direct Taxes

The Guidelines and Frequently Asked Questions ("FAQ") on SVDP 2.0 dated 2 June 2023 have been released by the IRBM and the key points are as follows:

Key Points	Description
Implementation period	From 6 June 2023 to 31 May 2024
Types of voluntary disclosure	<ul style="list-style-type: none">▪ To report undeclared/under-declared income, overclaimed/disallowed expenses, overclaimed relief/deductions/rebates and overclaimed capital allowance/incentives.▪ To report disposal of assets (real properties and shares in real property companies).▪ Stamping of documents/agreements that are not stamped within the stipulated period.
Eligible persons	<p>Applicable to all categories of taxpayers except for the employer file category:</p> <ul style="list-style-type: none">▪ New taxpayers who have never reported income to the IRBM but have started a business or have income / disposed asset.▪ Existing taxpayers who have previously declared income to the IRBM but have not submitted the Income Tax Return Form ("ITRF") / Real Property Gains Tax Return Form ("RPGTRF") for any other year of assessment.▪ Existing taxpayers who have previously declared income to the IRBM but still have unreported additional income.▪ Duty payers who fail to stamp documents / agreements within the stipulated stamping period.

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Key Points	Description
Non-eligible person	<p>This programme is not applicable to the following:</p> <ul style="list-style-type: none"> ▪ Audit action taken on taxpayers has commenced for the year(s) of assessment involved. ▪ Non-taxable, reduced assessment or tax repayment. ▪ Investigation action has been initiated or prosecution proceedings following a criminal investigation has been filed in court.
Categories of voluntary disclosure	<ul style="list-style-type: none"> a) New taxpayers (taxpayer who has yet to obtain or has obtained Tax Identification Number and will be declaring income for the first time) <ul style="list-style-type: none"> - Year of assessment 2022 and preceding years of assessment b) Existing taxpayers <ul style="list-style-type: none"> - Year of assessment 2021 and preceding years of assessment c) Disposal of assets <ul style="list-style-type: none"> - Year of assessment 2022 and preceding years of assessment d) Stamping of documents/agreements <ul style="list-style-type: none"> - For documents/agreements executed (signed) on or before 1 May 2023 for stamping from 6 June 2023 to 31 May 2024. e) Voluntary disclosure resulting in an assessment/additional assessment f) Voluntary disclosure for transfer pricing issues
Good faith	<ul style="list-style-type: none"> ▪ The IRBM will accept information voluntarily disclosed made during the SVDP 2.0 period in good faith. ▪ Supporting documents not required for the voluntary disclosure. ▪ A review of the tax computation (mathematical/calculation error) will be carried out to ensure the accuracy of the voluntary disclosures submitted. ▪ Audit/investigation action will not be carried out in the future for the year of assessment voluntary disclosure is made.
Processing time	<ul style="list-style-type: none"> ▪ Voluntary disclosure application will be processed within fourteen (14) working days from the date of receipt of the completed application. ▪ For transfer pricing issues, voluntary disclosure application will be processed within thirty (30) working days from the date of receipt of the completed application.
Method of disclosure	Voluntary disclosure can be made online via MyTax Portal or manually
Penalty and surcharge	0% for all categories of voluntary disclosure

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Key Points	Description
Payment rules	<ul style="list-style-type: none">▪ Lump sum tax payment within thirty (30) days from the date of notice; or▪ Instalments based on the agree instalment payments arrangement until the end of the SVDP 2.0 implementation period.▪ If the taxpayer fails to settle the balance of tax payment at the end of the stipulated period, the tax increase will be charged based on the provisions of the tax law in force.▪ If the tax arrears are not paid within the stipulated period, legal action may be taken and taxpayers can be audited/investigated in the future for the year of assessment where voluntary disclosure has been made.



Voluntary Disclosure Programme

Indirect Taxes

The VDP Guidelines and FAQ for Indirect Taxes dated 2 June 2023 have been released by the RMCD and the key points are as follows:

Key Points	Description
Implementation period	From 6 June 2023 to 31 May 2024 (“VDP Period”)
Scope of VDP	<p>The taxes covered in the VDP are as follows:</p> <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
Scope of taxes	<p>The taxes covered in this programme are indirect taxes liabilities until 28 February 2023, excluding:</p> <ul style="list-style-type: none"> ▪ Tax liabilities that are being or have been investigated by the Enforcement Division of the RMCD; ▪ Taxes where a Bill of Demand (“BOD”) has been issued by the RMCD; ▪ Tribunal / court cases that are currently under trial; or ▪ The cases being audited by Compliance Division of the RMCD.
Eligible persons	<p>Persons eligible to participate in the VDP are:</p> <ol style="list-style-type: none"> a) Any person who has registered, and: <ol style="list-style-type: none"> i. submitted NIL return for a return in which taxes should have been declared and paid; ii. failed to submit a return despite taxes being due; iii. tax returns have been submitted, but there are under-declaration and under-payment of tax; or iv. imposed tax on goods / services that are not taxable, but not paid to the RMCD. b) Any person who is liable to be registered but failed to register, and has charged taxes but failed to remit it to the RMCD; c) Any person who is liable to be registered but not registered, and not collect tax from customers; d) Any person who acquires imported taxable service (“ITS”) under the Goods and Services Tax Act 2014 or Service Tax Act 2018 but has not accounted for tax payable to the RMCD; or e) Any person who is licensed / registered under the Sales Tax Act 1972 or the 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) Regulations 2018, including transactions involving related parties.

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Key Points	Description
Non-eligible person	<p>This programme is not applicable for any person who is under audit for the taxable periods until 28 February 2023. Under audit is defined as follows:</p> <ul style="list-style-type: none"> 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 the audit team and the BOD has yet to be issued.
Processing time	<ul style="list-style-type: none"> Approval will be granted within a period of three (3) working days for complete applications and registrations. VDP Approval Letter (VDP-03) will be issued within fourteen (14) days after the applicant has fulfilled the prescribed conditions under this programme.
Compound	No compound will be imposed
Incentive offered	<ul style="list-style-type: none"> 100% penalty remission (subject to the condition that taxes are fully paid within the VDP Period). The taxable periods declared under this programme will not be audited by the RMCD's compliance Division at the zone/state level.
Method of declaration	Declarations must be made through the MyVDP system
Withdrawal from VDP	Any withdrawal from this programme shall be made before the issuance of the VDP Participation Eligibility Letter (VDP-02)
Payment rules	<p>Payments except for Service Tax on Digital Services (SToDS) must be made by cheques or bank drafts. Payments for SToDS may also be made via FPX or telegraphic transfer. Payment can be made:</p> <ul style="list-style-type: none"> Lump sum (one-off – single payment made within the VDP period); or Payment in instalments (based on the prescribed instalment schedule issued by the RMCD). <p>If any person fails to make any tax payment within the VDP period, programme participation eligibility will be void and subject to existing legal action including recovery of tax and penalties.</p>

Contact us

Find out how Grant Thornton can help you with your taxation matters.



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Upcoming webinars

Webinar: SVDP 2.0 (Direct Tax)



21 June 2023, Wednesday
10.00am – 11.30am
Zoom webinar



4 July 2023, Tuesday (Re-run)
2.30pm – 4.00pm
Zoom webinar



Chow Chee Yen
Senior Executive Director
Tax Advisory & Compliance

Webinar: VDP (Indirect Tax)



22 June 2023, Thursday
10.00am – 11.00am
Zoom webinar



5 July 2023, Wednesday (Re-run)
2.30pm – 3.30pm
Zoom webinar



Alan Chung
Senior Executive Director
Indirect Tax &
Transfer Pricing

