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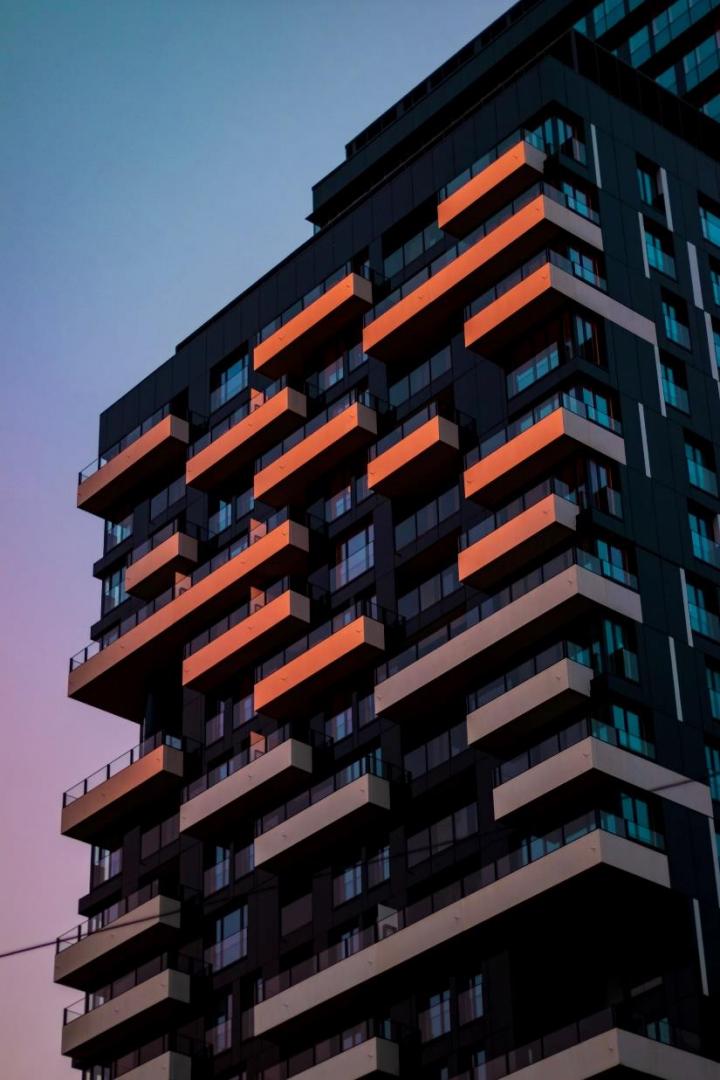
Special Voluntary Disclosure Program **(SVDP)** for Indirect Taxes

2 December 2021

Special Voluntary Disclosure Program (SVDP) for Indirect Taxes

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Special Voluntary Disclosure Program (SVDP) for Indirect Taxes

In the recent 2022 Malaysian Budget announcement broadcasted on 29 October 2021, the Minister of Finance announced the Special Voluntary Disclosure Program (“SVDP”) for indirect taxes.

Proposed Measures of the SVDP

The SVDP is proposed to be available for a period of 9 months from 1 January 2022 to 30 September 2022.

Based on the proposed measures, the SVDP would cover the majority of the indirect taxes namely:

- Import Duty,
- Export Duty,
- Excise Duty,
- Sales Tax,
- Service Tax,
- Goods and Services Tax,
- Tourism Tax,
- Windfall Profit Levy, and
- Departure Levy.

The SVDP would apply to any indirect taxes relating to the period on or before 31 October 2021. However, the SVDP does not apply to cases that are currently undergoing audit or investigation which the RMCD Enforcement Division is conducting, except for the following cases:

- a) The RMCD has yet to commence the audit in Year 2022;
- b) The audit is still in progress but the RMCD has yet to issue the Notice of Assessment or Audit Results; and
- c) The RMCD has completed the audit. The auditee who has been audited before the SVDP began is still eligible to participate in this SVDP, including the period which the RMCD has previously audited.

Special Voluntary Disclosure Program (SVDP) for Indirect Taxes

The following persons are encouraged to voluntarily disclose any underpayment of indirect taxes:

-  A registered person (e.g. for omissions in declaring indirect taxes in the previously submitted returns, or for failure to submit the returns, etc.);
-  A person who is liable to be registered (e.g. for late registration or non-registration for indirect taxes which has led to underpayment of indirect taxes, etc.);
-  A person who is not liable to be registered (e.g. a non-registered person had erroneously imposed indirect taxes but the said indirect tax has not been paid to the RMCD, etc.);
-  A person who has been granted with an indirect tax exemption or facility (e.g. but had non-fulfilment of the conditions, etc.);
-  An importer who imports goods (e.g. for incorrect declaration of tariff code upon the importation of goods);
-  An importer who imports services (e.g. for failure to account and pay for GST or Service Tax on imported taxable services, etc.); and
-  An exporter (e.g. for under-declaration of export duty upon the exportation of goods, etc.).

Special Voluntary Disclosure Program (SVDP) for Indirect Taxes

Benefits of the SVDP

A person who intends to participate in the SVDP should pay the underpayment of indirect taxes before the proposed stipulated period in order to enjoy the remission of penalty and indirect tax which are summarised below:

	Phase 1	Phase 2
Period of voluntary disclosure	1 January 2022 to 30 June 2022 (6 months)	1 July 2022 to 30 September 2022 (3 months)
Remission of penalty	100%	50%
Remission of indirect tax (for certain cases)	30%	15%

The RMCD will issue a confirmation letter to the person who is participating in this SVDP.

The RMCD will accept this voluntary disclosure in good faith i.e. no audit will be carried out for the activities and periods in respect of which voluntary disclosures are made.

Special Voluntary Disclosure Program (SVDP) for Indirect Taxes

Actions required from businesses

Similar to the previous SVDP which the IRB administered for income tax, the RMCD who administers this SVDP has provided an opportunity to businesses to pay a reduced penalty as well as reduced indirect taxes. Additionally, the RMCD is willing to accept the SVDP in good faith with no audit to be conducted on the disclosed information.

In this regard, businesses are encouraged to take this opportunity to disclose all errors under this SVDP.

While waiting for the RMCD to publish the detailed SVDP information, businesses should start planning to conduct an indirect tax health check to identify any underpayment of indirect taxes that need to be disclosed under this SVDP.



Start the conversation



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