



Tax Audit & Investigation Update

Article summary: 6 Specific Business Industries Being Targeted by Tax Authorities

By Chow Kuo Seng

The Malaysian Inland Revenue Board ("MIRB"), under the direction of its new Chief Executive Officer, Datuk Sabin Samitah, is ushering in the new year by beefing up their operations starting 1 January 2017 – involving 272 intelligence officers and tax investigators ("task force").

6 specific Business Industries

The MIRB's task force will be focusing specifically on 6 business industries that are listed as having tax compliance issues:

1. Jewellery
2. Pawn-broking companies
3. Licensed money lenders
4. Online businesses
5. Medical businesses
6. Businesses with Approved Permits (AP) except vehicle importers

Focused Audit vs Full Audit

It is said that focused audits will no longer be carried out as they have not been entirely effective at increasing compliance amongst taxpayers. From 1 January 2017 onwards, only full audits will be conducted on all taxpayers in Malaysia.

Central Credit Reference Information System ("CCRIS")

The MIRB is looking to collaborate with Bank Negara on having tax defaulters and those who purposely delay their tax payments to be listed in the CCRIS. The consequence for those listed in the CCRIS is significant as they will not be able to borrow from banks or finance companies.

Transfer Pricing audits on multinational companies

"The MIRB will also focus on audits on multinational companies, some of which were found to have transferred their profits to other countries with lower tax regimes even though their profits were made in Malaysia".¹

¹ From "Task force ready to nab tax evaders", *The Star*, 16 December 2016

IRB's total collection for the year 2016 vs 2017

"IRB had collected more than RM100bil in taxes this year and the Government's target next year was RM127bil, which he said was achievable with the country's economic size of more than RM1.2tril."²

Moving forward for taxpayers

- Increased number of companies being selected for full audits leading to potential increase in additional tax payables and penalties to be imposed on non-compliant taxpayers.
- Wrongdoers being reprimanded by way of CCRIS leading to increased financial issues.

Chow Kuo Seng is the Business Tax Audit & Investigation Leader of Deloitte Malaysia that specializes in tax audit & investigation.

² From "Task force ready to nab tax evaders", *The Star*, 16 December 2016

How Deloitte Malaysia's Tax Audit & Investigation can help you

Deloitte's Tax Audit & Investigation (A&I) 6-member team is spearheaded by Chow Kuo Seng, who has more than 30 years' experience in tax audits and back duty investigations.

The team focuses on providing value-added services to its clientele which includes local and multinational companies spanning various industries as well as high net worth individuals. Focus is also put on bringing the tax authorities and taxpayers together for early engagement, settlement negotiations, facilitation and amicable resolution of disputes through the Dispute Resolution Proceeding at the local tax headquarters.

In applying his extensive experience to assist clients, Chow's approach is to take a respectful and educative methodology to the tax authorities, while meticulously protecting a taxpayer's rights and responsibilities both at law and adherence with local practice and policies.

Deloitte has experience in servicing various industries in tax field audit. We enjoy working with these clients and have formed mutually beneficial relationships through quality services provided and client needs insights for clients within similar industries.

Our services

Guiding the Client through an audit process to gain fair and amicable resolutions.

Reviewing the basis of workings and treatments adopted by the IRBM, their proposals and counter proposals. Alternative proposals will be submitted, whatever applicable, to resolve issued in dispute.

Attending meetings and discussions, whenever necessary, or as required by the IRBM to clarify and provide additional information and workings for their consideration in arriving at a fair basis when ascertaining tax adjustments (if any), or in concluding the case.

Responding to technical issues and provide the necessary input for discussions.

Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/my/about to learn more about our global network of member firms.

Deloitte provides audit, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 245,000 professionals make an impact that matters, please connect with us on [Facebook](#), [LinkedIn](#), or [Twitter](#).

About Deloitte Southeast Asia

Deloitte Southeast Asia Ltd – a member firm of Deloitte Touche Tohmatsu Limited comprising Deloitte practices operating in Brunei, Cambodia, Guam, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam – was established to deliver measurable value to the particular demands of increasingly intra-regional and fast growing companies and enterprises.

Comprising 290 partners and over 7,400 professionals in 25 office locations, the subsidiaries and affiliates of Deloitte Southeast Asia Ltd combine their technical expertise and deep industry knowledge to deliver consistent high quality services to companies in the region.

All services are provided through the individual country practices, their subsidiaries and affiliates which are separate and independent legal entities.

About Deloitte in Malaysia

In Malaysia, services are provided by Deloitte Tax Services Sdn Bhd and its affiliates.

Disclaimer

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.