



Indirect Tax Alert

Launch of “AViP”: the new Compliance Verification Audit Program by RMCD

Dear valued client,

Greetings from Deloitte Malaysia Tax Services.

On 10 July 2024, the Royal Malaysian Customs Department (“RMCD”) officially launched the implementation of AViP, which stands for “Audit Verifikasi Pematuhan” (Compliance Verification Audit Program).

This initiative, led by the Compliance Management Division of the RMCD Headquarters in Putrajaya, is a new audit strategy which aims to enhance tax compliance and prevent tax leakage over a three-year period from 2024 to 2026. It is designed to be business-friendly and encourages voluntary disclosure by taxpayers.

Areas Covered

Sales Tax, Service Tax, Tourism Tax, Departure Levy, and Service Tax on Digital Services (SToDS).

Benefits under AViP

- Blanket approval of penalty remission:
 - **100% Remission:** If tax is paid within 6 months from the date of submitting the supplementary return.
 - **50% Remission:** If tax is paid after 6 months but before 12 months from the date of submitting the supplementary return.
- No penalty remission if tax is paid after 12 months from the date of submitting the supplementary return.
- An instalment scheme is available when Bill of Demand (BOD) is issued.

Key points on RMCD's Approach to AViP

1. Risk Management – Verification and Profiling:

- The RMCD will profile and identify taxpayers subject to AViP.
(Note: Alternatively, taxpayers can voluntarily participate in AViP by approaching the Compliance Branch of RMCD offices, which is in charge of AViP.)

2. Minimising Checks: The RMCD will be conducting minimum checks ('mini audit') to reduce the administrative burden on taxpayers.

3. Audit Outcomes:

- a) **Compliance:** Issuance of a "Sijil Audit Verifikasi Pematuhan" (Certificate of Audit Verification Compliance).
- b) **Non-Compliance:** Conducting Round Table Discussion (RTD) session and issue a Voluntary Disclosure Agreement Form to taxpayers (this is expected to be completed by taxpayer to disclose the exposure based on the adverse audit finding).

4. Voluntary Disclosure:

- a) If the audit outcome indicates non-compliance and the taxpayers agrees to the RMCD findings, the RMCD will issue:
 - i. A Voluntary Disclosure Eligibility Letter (which is expected to indicate the amount of exposure as expected to be disclosed in the Voluntary Disclosure Agreement Form);
 - ii. A Penalty Remission Form; and
 - iii. An Instalment Payment Request Form.
- b) Taxpayers are required to file relevant supplementary tax returns (e.g., SST-02/ TTx-02/ DST-02/ DL-02).

c) For declarations (e.g., import declarations), self-calculation of underpaid duties/taxes during the Post Clearance Audit (“PCA”) phase of AViP pursuant to which BOD is expected to be issued.

- 5. Field Audit:** The RMCD will conduct a full audit if taxpayers fail to meet specified terms and conditions, such as:
- If the amount declared in the supplementary return is lower than the RMCD’s Voluntary Disclosure Eligibility Letter.
 - If the taxpayer disputes the RMCD’s audit finding.

During the launch, it was clarified that any future voluntary disclosures by taxpayers will be processed through AViP. The RMCD stated that if a taxpayer approaches them for a voluntary disclosure now, they will be placed under the AViP program and will need to go through the AViP process.

What should businesses do?

From our experience, even the most organised enterprises may have potential errors and non-compliance from a Customs perspective that can go unnoticed due to a variety of reasons. Under the AViP, businesses are encouraged to use the opportunity to perform a self-review and take advantage of the benefits by volunteering for AViP if any inadvertent non-compliance is discovered.

How can Deloitte help?

Deloitte Malaysia offers a wide range of services in relation to the AViP, including:

- Assistance in undertaking customised health checks and reviews targeted towards identifying non-compliance with RMCD-related laws and regulations;
- Review of internal tax processes to identify any gaps for improvement;
- Review of sales tax/service tax return(s) submitted and documentation(s) to identify any potential tax risk areas;
- Assistance with the AViP procedures, including the documentation(s), submission of supplementary returns, and liaison with the RMCD.

Contacts

If you would like to have further discussions on any of the above, please reach out to your usual Deloitte indirect tax contact or any of our leaders below:

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You can also reach out to anyone from the team [here](#).



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