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GES Tax Alert

Malaysia— Special Voluntary Disclosure Program 2.0

Overview

On 2 June 2023, the Inland Revenue Board of Malaysia (IRBM) announced the commencement of the Special Voluntary Disclosure Program 2.0 (SVDP 2.0) effective from 6 June 2023 until 31 May 2024.

Alongside the announcement, the IRBM has issued the Operational Guidelines No. 2/2023 on SVDP 2.0 and its Frequently Asked Questions (FAQs).

Highlighted below are the key features of SVDP 2.0 from the perspective of an individual.

What is SVDP 2.0?

The SVDP 2.0 is one of the Malaysian government's efforts to encourage taxpayers to come forward voluntarily and declare their income accordingly during the program implementation period.

In return, the IRBM offers 0% penalty/surcharge on any tax/additional tax arising from income declared under the program.

The voluntary disclosure under SVDP 2.0 includes reporting of :

- undeclared / under-declared income;
- overclaimed / disallowed expenses / claims; and/or
- overclaimed relief / deductions / rebates.

Who is eligible to participate in the SVDP 2.0?

SVDP 2.0 is offered to the following categories of taxpayers:

Voluntary disclosure category	Period covered
New taxpayers: <ul style="list-style-type: none">• who have yet to apply for or already have a Tax Identification Number (TIN); and• are reporting income for the first time	Year of Assessment (YA) 2022 and preceding YAs
Existing taxpayers who have previously declared income to IRBM and : <ul style="list-style-type: none">• have yet to submit the Income Tax Return Form (ITRF); or• have submitted the ITRF but still have unreported additional income	YA 2021 and preceding YAs

Who cannot participate in the SVDP 2.0?

SVDP2.0 would not apply to the following:

- Taxpayers who are not eligible to participate in the SVDP2.0 for any YA where the IRBM has initiated audit/ investigation action.
- Employers in respect of their employer tax obligation matters.
- Cases which would result in a non-taxable assessment, reduced assessment, or tax repayment,

How to participate in the SVDP 2.0?

Taxpayers who wish to participate in the SVDP 2.0 will need to follow the implementation methods provided in the Guidelines on SVDP 2.0 issued by the IRBM as follows:

Voluntary disclosure category	Methods of implementation
New taxpayers	<ul style="list-style-type: none"> • Check for TIN availability • If do not have a TIN, register via e-Daftar or at any nearest IRBM service counter • Submit the ITRF via e-filing or manual submission
Existing taxpayers who have previously declared income to IRBM but have not submitted ITRF for any YA	<ul style="list-style-type: none"> • Submit the ITRF via e-filing or manual submission
Existing taxpayers who have previously declared income to IRBM and have submitted the ITRF but still have unreported additional income	<ul style="list-style-type: none"> • Submit the duly signed SVDP 2.0 Additional Income Reporting Form via the SVDP 2.0 link on the IRBM official portal

Applications will be processed within 14 working days from the date of receipt of duly completed applications.

When is payment due under the SVDP 2.0?

- SVDP 2.0 participants shall settle the tax payment on the voluntary disclosure made :
 - In full within 30 days from the date of the notice of assessment/additional assessment raised by the IRBM; or
 - In instalments based on the agreed instalment payment arrangements with the IRBM. Where instalment payments are until 31 May 2024, no supporting documents are required.
- If the SVDP 2.0 participant fails to settle the tax payment within the stipulated period, penalties will be imposed based on the provisions of the respective tax laws in force. In addition, legal action may be taken and taxpayers can be audited/investigated in the future for the YA where voluntary disclosure has been made.

What are the benefits of the SVDP 2.0?

- The penalty and surcharge rate offered by the IRBM under the SVDP 2.0 is 0%, i.e. equivalent to a waiver of penalty/surcharge.

- The IRBM shall accept the voluntary disclosure made in good faith, provided the voluntary disclosures made are :
 - in order and accurate;
 - in line with the IRBM rulings in effect; and
 - have taken into account all taxable income (i.e. full disclosure).
- Tax audit/investigation will not be carried out in the future on the relevant YA(s) relating to the income declared voluntarily.

However, tax audit/investigation action can be taken for the relevant YA(s) relating to the income declared voluntarily, if the tax payment on the voluntary disclosure has not been settled within the stipulated timeline.

 **Deloitte's view**

The SVDP 2.0 should not be viewed as exclusively applicable to those that are non-compliant.

Employers should also use the opportunity of the SVDP 2.0 to increase their level of tax compliance and governance. Employers should consider looking into their internal tax processes to assess if there are any tax risks and gaps that need to be addressed. For example, it is even more timely now to review payroll and off-payroll disbursements to employees to ensure accurate payroll withholding, reporting and declaration in the Employer's Annual Return (Form E) and Employee's Annual Statement of Remuneration.

Deloitte Malaysia offers a wide range of services in relation to the SVDP 2.0, including, but are not limited to:

- Assistance with the preparation and submission of voluntary disclosure documents to the IRBM.
- Liaison with the IRBM following the submission to secure an amicable tax position.
- Assistance with the application for instalments of tax payable per the notice of assessment/additional assessment raised.
- Assistance with the appeal against notice of assessment/additional assessment raised if it is not in accordance with the submission made.
- Review of employer's internal tax processes to identify any gaps or touchpoints for improvement.

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