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Deloitte TaxMax- the 42nd series

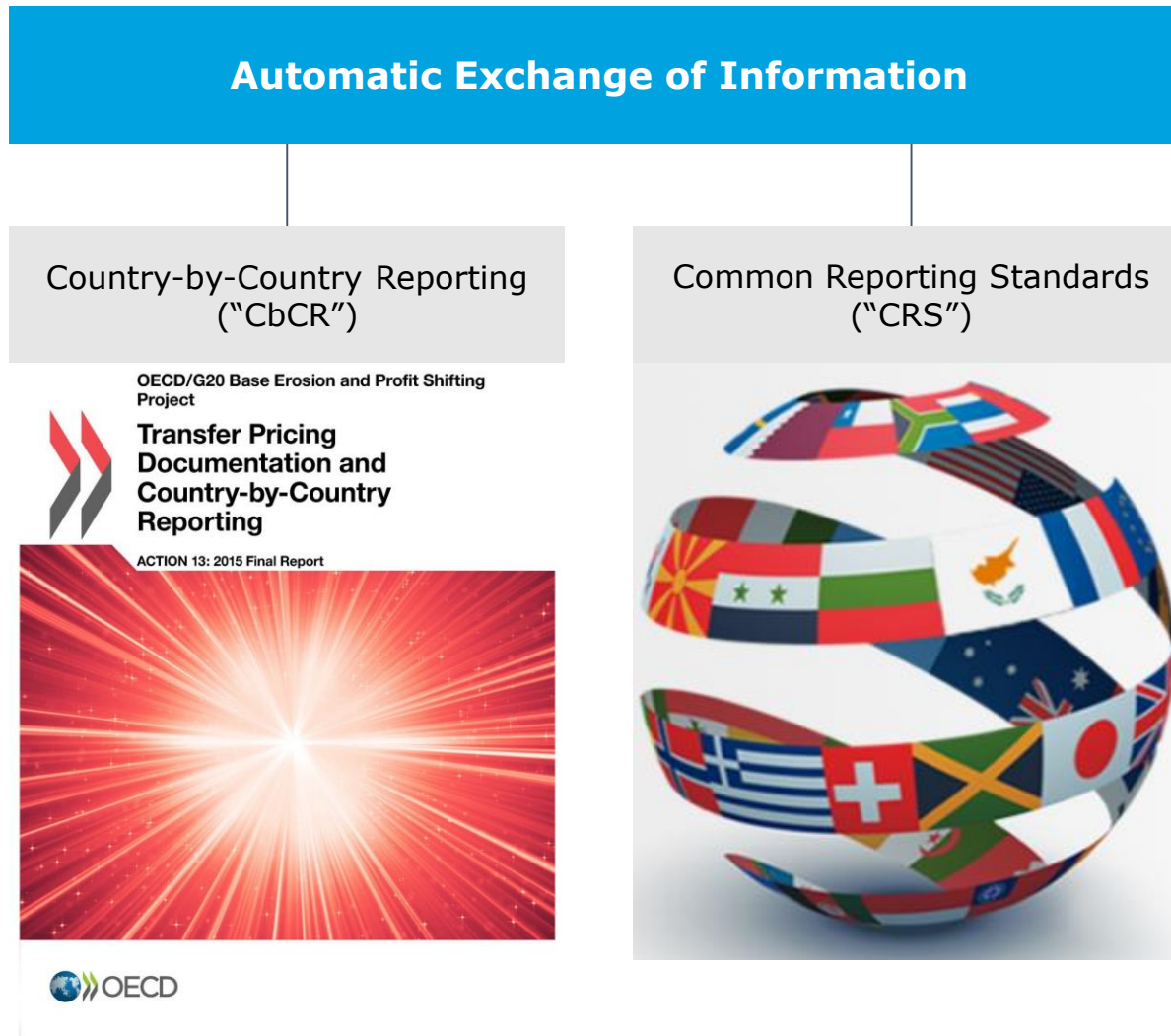
Brave decisions, Brave actions.

Theresa Goh & Chow Kuo Seng
8 November 2016

AEOI

Automatic Exchange of Information ("AEOI")

Section 154(1)(c) – Mutual administrative assistance



Amnesty program

Amnesty program – Penalties

Applicable to cases settled & paid on or before 15 December 2016

Voluntary Disclosure

Audit

Corporate tax

Reduced to 15%

Reduced from 45% to 25%

Transfer pricing

No reduction

- i. With TP Doc
Reduced from 25% to 15%
 - ii. Without TP Doc
Reduced from 35% to 25%
-

Latest audit trends

Latest audit trends – Corporate tax audit

Currently

Previously

Settlement of audit cases at branch level

≈ 30% of cases

≈ 60% of cases

Time taken to settle audit cases

2 – 3 months

4 – 6 months

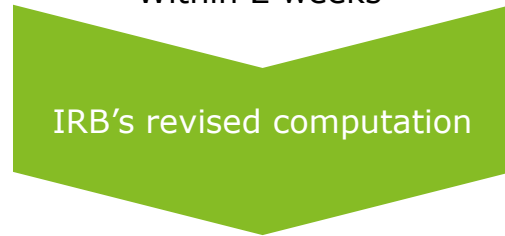
Corporate tax field audit process (Tax audit framework)



Within 2 weeks



Within 2 weeks



- Taxpayer notified by IRBM through letter of notification of audit, with **14 days** notice.
- The letter will indicate the records that should be made available and submitted for the purpose of the audit.

- Interviews are carried out to obtain an overview of the taxpayer's business activity and to discuss the audit.
- Examination of records and request for information.

- Audit findings report along with revised computation will be issued.
- **21 days (7 to 14 days)** to respond or to file official objection (with additional evidences) on the proposed tax adjustments.

- Notice of additional assessment along with appropriate penalty or Notice of non-chargeability is issued.

Latest audit trends – Transfer pricing audit

Currently

Previously

Settlement of TP audit cases at branch level

≈ 10% of cases

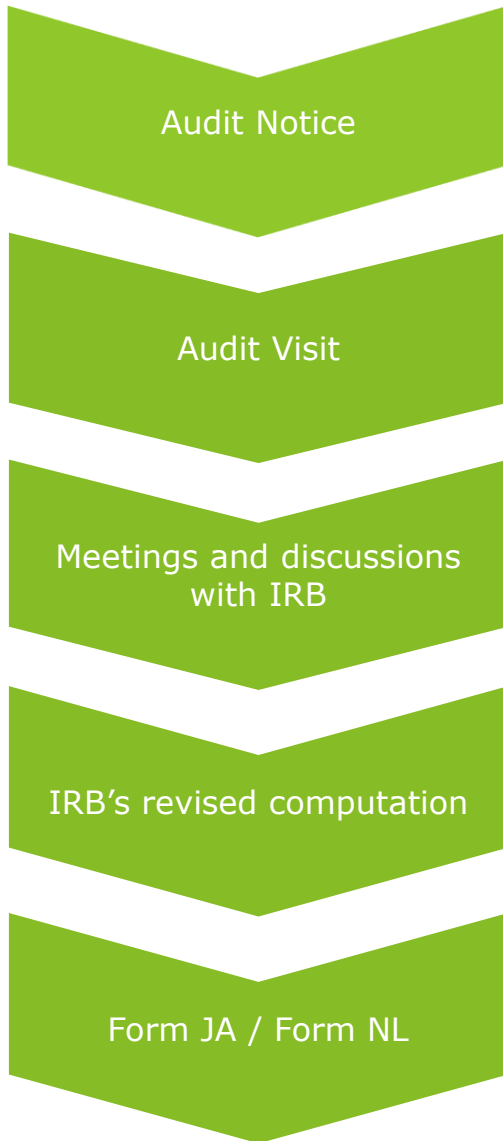
≈ 100% of cases

Time taken to settle TP audit cases

12 – 18 months

24 – 36 months

Transfer pricing field audit process (TP audit framework)



- Taxpayer notified by IRBM through letter of notification of audit, with **14 days** notice.
- The letter will indicate the records that should be made available and submitted for the purpose of the audit.
- **4 – 5 days.**
- Interviews and business presentation carried out.
- Examination of accounting records.
- Initial list of Action Items requested
- Few rounds of meetings and discussions between the taxpayer and IRB.
- Additional Action Items requested
- Audit findings report along with revised computation will be issued.
- **21 days (3, 7 or 14 days)** to respond or to file official objection (with additional evidences) on the proposed tax adjustments.
- Notice of additional assessment along with appropriate penalty or Notice of non-chargeability is issued.

Latest audit issues

Latest trends

Corporate tax audit

Deviations from Public Ruling

- S33(2) Interest Restriction
- Income recognition for property developers and contractors

Tax regularization

- Voluntary disclosure

Latest trends

Transfer pricing audit

TP Compliance

- Form C check-the-box requirement
- Quality of TP documentation
- Quality of comparable companies / IQ range
- Masterfile requirements

Business and Commercial justifications

- Business and Commercial justifications not recognized
- No transfer pricing adjustments allowed

CbCR

- Implementation of CbCR



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