



Insight into the Special Voluntary Disclosure Programme 2.0

mazars

Special Voluntary Disclosure Programme 2.0 (“SVDP 2.0”)

The Malaysian Government has rolled out the implementation of SVDP 2.0 from 6 June 2023 to 31 May 2024 covering both direct taxes and indirect taxes. Taxpayers are given an opportunity to come forward voluntarily to report their unreported income or under declared income and pay their taxes thereon without any penalty.

What is the ultimate of the SVDP (both direct and indirect taxes)?

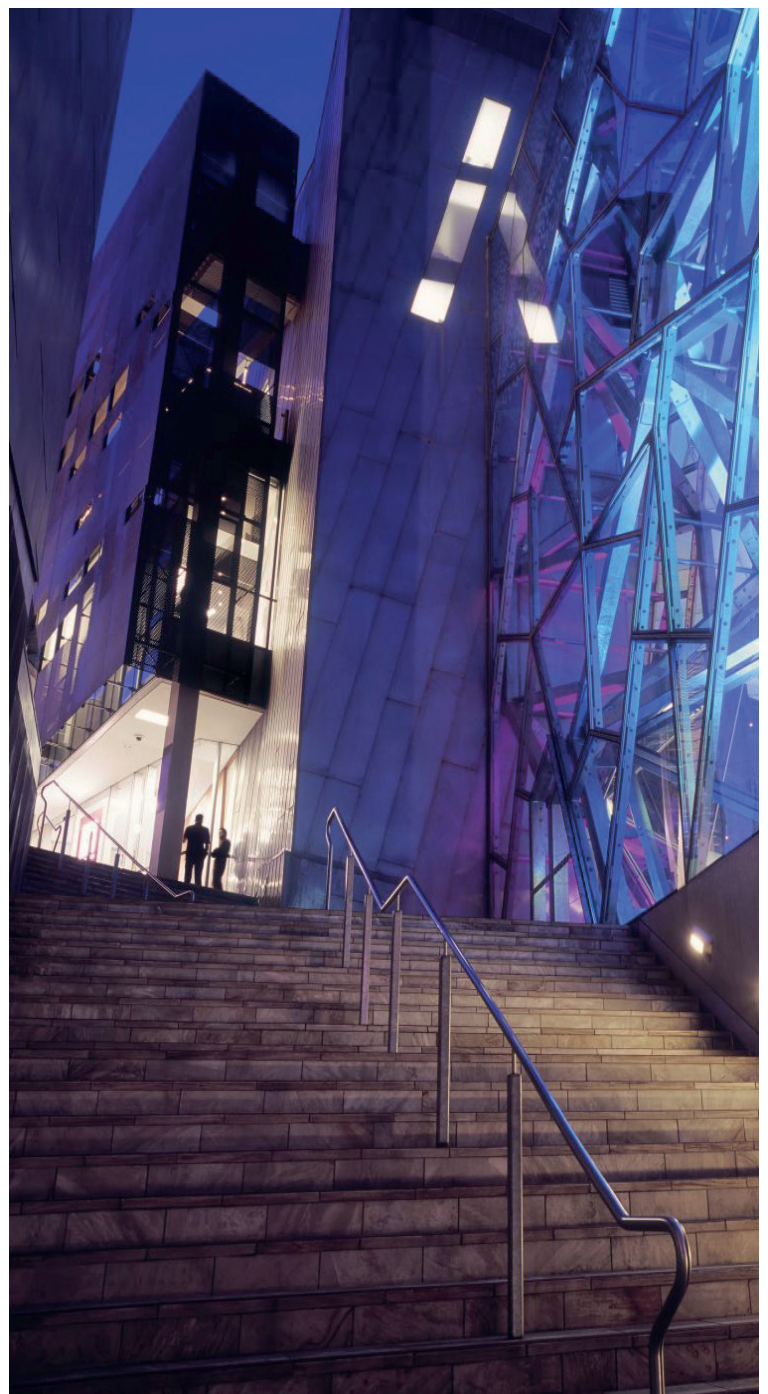
The programme provides taxpayers the opportunity to voluntarily declare any unreported or under-reported income previously without subject to any penalty.

What are the benefits for taxpayers to come forward?

0% penalty to be imposed (except for transfer pricing where any transfer pricing adjustment arising from the voluntary disclosure can be subject to a surcharge under subsection 140A (3C), ITA 1967).

Audit or investigation action will not be carried out in the future for the year of assessment in which the voluntary disclosure is made, unless the tax payment on the voluntary disclosure is not made within the stipulated time period.

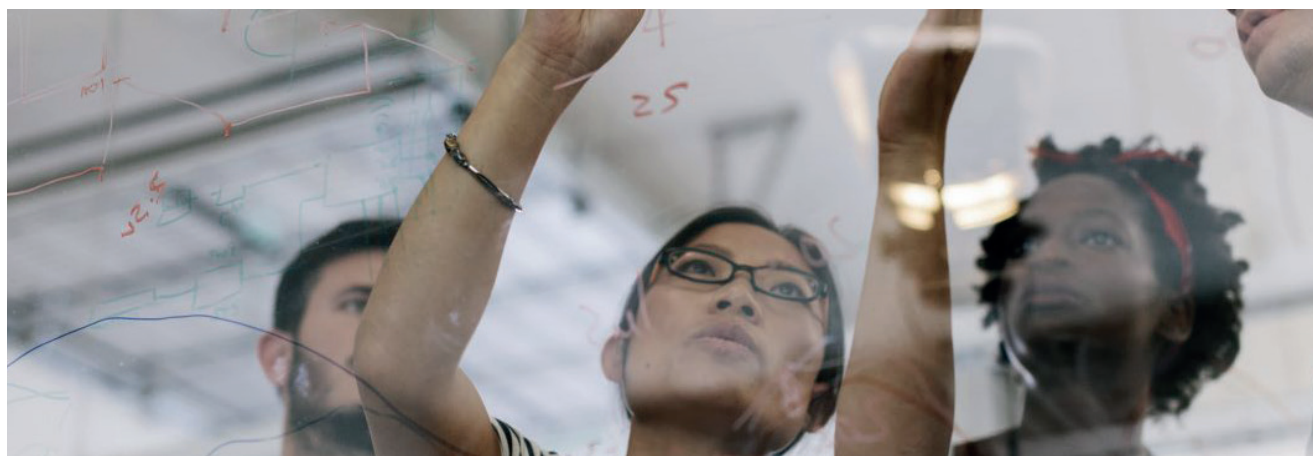
Voluntary disclosures made under the programme will be accepted by the IRB /RMCD in good faith. However, a review of the calculation will be performed to ensure there is no mathematical/ calculation error in the submission. No supporting documentation is required to be submitted to them except for transfer pricing cases where the handling of this voluntary disclosure is subject to the Voluntary Disclosure Criteria and Procedures of Transfer Pricing Cases as set out in the Transfer Pricing Audit Framework that is currently in force.



Direct Tax

The salient features of SVDP 2.0 under the purview of the Malaysian Inland Revenue Board (“IRB”) are summarised below:

Salient Point	Description
Implementation period	6 June 2023 to 31 May 2024
Taxes covered	<ul style="list-style-type: none">Income tax not related to transfer pricing (“TP”) issuesIncome tax involving TP issuesReal property gains tax (“RPGT”)Stamp duty
Excluded taxes	<ul style="list-style-type: none">Taxes and return related to employer file i.e. Monthly Tax Deduction and Employer Return.
Eligible taxpayers	<ul style="list-style-type: none">All categories of taxpayers (individuals and corporate) excluding employer file category.Taxpayers without audited accounts can make a voluntary disclosure based on management accounts. Any differences resulting in additional tax post statutory audit must be declared again based on audited accounts and the penalty incentive under SVDP 2.0 will still apply.
Not eligible taxpayers / cases	<ul style="list-style-type: none">Taxpayers who are currently being audited / investigated or to be audited as notified before 6 June 2023.Non-taxable, reduced assessment or tax repayment except for transfer pricing cases.



Direct Tax

Period / year of assessment (“YA”) within scope				
YA 2022 and preceding YA	YA 2021 and preceding YA	YA 2021 and preceding YA	YA 2022 and preceding YA	Documents executed on or before 1 May 2023
New taxpayers	Existing taxpayers with backlog income tax return	Existing taxpayers with unreported income	Existing taxpayers with backlog RPGT return	Duty payers with unstamped documents / agreements
Salient Point		Description		
Penalty offered		<ul style="list-style-type: none"> 0% penalty and 0% surcharge for TP issues provided that all the submission and payment conditions are satisfied. 		
Method of declaration		<ul style="list-style-type: none"> Online submission via MyTax portal; or manual submission. Stamp duty declaration and appeal application via STAMPS portal. No supporting document is required except for a tax computation for companies, businesses or partnerships cases. Whereas for transfer pricing cases, will need to submit documents as stipulated in the Transfer Pricing Tax Audit Framework. 		
Processing time		<ul style="list-style-type: none"> Within 14 working days from the date of receipt of completed and eligible applications for non-TP related issues. Within 30 working days from the date of receipt of completed and eligible applications for TP related issues. 		
Audit risk		<ul style="list-style-type: none"> No audit / investigation action will be taken for the YA in which voluntary disclosure is made. Voluntary disclosure will be accepted by the IRB in good faith. The IRB will only perform a review of the tax computation for any mathematical error. 		
Payment		<ul style="list-style-type: none"> One-off full settlement within 30 days from the date of notice; or Via agreed instalment payment schedule until 31 May 2024. Stamp duty must be paid within the stipulated period allowed in the Penalty Appeal Approval Letter. 		
Consequences of not adhering to conditions		<ul style="list-style-type: none"> Penalty and surcharge will be imposed based on the existing legislations. Audit / investigation action will be taken for the YA involved and legal action may be taken against the taxpayer. 		

Direct Tax

Salient Point	Description
<p>I have income earned from Malaysia and kept in a bank account abroad. Is this income subject to tax imposition in Malaysia?</p>	<ul style="list-style-type: none"> ▪ Income earned or derived from Malaysia even if held in a bank account abroad is subject to income tax in Malaysia. The taxpayer is obliged to declare this income.
<p>Is foreign source income eligible to participate in SVDP 2.0?</p>	<ul style="list-style-type: none"> ▪ As of 1 January 2022, overseas income received in Malaysia by residents is subject to the imposition of income tax in Malaysia. However, there is a tax exemption given in respect of overseas income received in Malaysia by residents who are subject to certain terms and conditions. ▪ If the income received is not subject to tax exemption, the income should be reported in the tax declaration for the YA 2022. ▪ Refer to the Guidelines on Tax Treatment on Income Received From Abroad (Amendment) dated 29 December 2022 accessible from the IRB Official Portal for more information. ▪ If the income is not reported, only new taxpayers are eligible to participate in SVDP 2.0 subject to the terms and conditions of the income received. New taxpayers are eligible to participate in SVDP 2.0 as it involves the YA 2022.
<p>What is meant by the foreign income received in Malaysia?</p>	<ul style="list-style-type: none"> ▪ Received in Malaysia means remitted or brought into Malaysia in the form of: <ul style="list-style-type: none"> a. Cash or fund transfer; or b. Cash and fund transfer. ▪ The remittance performed will have to meet the legislation in force.
<p>Who is eligible for the benefits offered under the SVDP 2.0 that involve TP issues?</p>	<ul style="list-style-type: none"> ▪ Taxpayers who carry out controlled transactions with related companies are eligible for voluntary disclosure for TP issues except for taxpayers who carry out controlled transactions between persons who are both assessable and taxable in Malaysia and where it can be proved that any adjustments made under the Guidelines will not change the amount of tax payable or incurred by both persons.

Indirect Tax

The salient features of SVDP 2.0 under the purview of the Royal Malaysian Customs Department (“RMCD”) are summarised below:

Salient Point	Description
Implementation period	6 June 2023 to 31 May 2024
Taxes covered	<ul style="list-style-type: none">• Service tax (including digital service tax)• Sales tax• Goods and services tax• Tourism tax
Excluded taxes	<ul style="list-style-type: none">• Taxes imposed on importation of goods.
Eligible taxpayers	<ol style="list-style-type: none">1. Any person who have registered and:<ol style="list-style-type: none">I. Submitted NIL return for a return in which taxes should have been declared and paid;II. Failed to submit a return despite taxes being due;III. Tax returns have been submitted, but there are underdeclaration and underpayment of tax; orIV. Imposed tax on goods / services that are not taxable, but not paid it to RMCD.2. Any person who is liable to be registered but failed to register and has charged taxes but failed to pay them to RMCD.3. Any person who is liable to be registered but not registered and did not collect tax from customers.4. Any person who acquire imported taxable service under the Goods and Services Tax Act 2014 or Service Tax Act 2018 but have not accounted for tax payable to RMCD; or5. Any person who is licensed / registered under the Sales Tax Act 1972 or the Sales Tax Act 2018 and has declared sales tax that is not in accordance with the valuation method under Sales Tax (Valuation) Regulations 2002 or Sales Tax (Determination of Value of Taxable Goods) Regulations 2018, including transactions involving related parties.
Not eligible taxpayers / cases	<ul style="list-style-type: none">• Cases that are being audited or investigated / have been investigated.• Taxes where a bill of demand has been issued.• Tribunal / court cases that are currently under trial.

Indirect Tax

Salient Point	Description
Period within scope	All taxes liable up to 28 February 2023.
Penalty offered	<ul style="list-style-type: none"> 100% penalty remission provided that all the submission and payment conditions are satisfied. No compound will be imposed.
Method of declaration	<ul style="list-style-type: none"> Online via MyVDP system. No supporting document or calculation is required.
Processing time	<ul style="list-style-type: none"> VDP Participation Eligibility Letter (VDP-02) containing the tax payable and revenue code will be emailed within 3 working days from the date of receipt of completed and eligible applications. VDP Approval Letter (VDP-03) will be issued within 14 working days after all the conditions (including payment) are satisfied.
Audit risk	<ul style="list-style-type: none"> No audit / investigation action will be taken for the taxable period in which voluntary disclosure is made. Voluntary disclosure will be accepted by the RMCD in good faith.
Payment	<ul style="list-style-type: none"> One-off full settlement within the programme period. Via agreed instalment payment schedule until 31 May 2024.
Consequences of not adhering to conditions	<ul style="list-style-type: none"> Penalty will be imposed based on the existing legislations. Audit action will be taken for the taxable periods involved. Where fraud is discovered, incentives offered will be revoked and legal actions will be taken for the recovery of tax and penalties.
If there is no tax payment made until the end of the SVDP 2.0 period, what is the action that will be taken against me?	<ul style="list-style-type: none"> If the applicant fails to settle the tax payment within the program period due to a reasonable ground, they are required to notify RMCD and apply for approval to extend the instalment payment period. The application for extension should be submitted at least thirty (30) days before the last month indicated in the instalment payment schedule. If any person fails to make any tax payment within the VDP period, programme participation eligibility will be void and subject to existing legal action including recovery of tax and penalties.
Withdrawal from VDP	<ul style="list-style-type: none"> Any withdrawal from this programme shall be made before the issuance of the VDP Participation Eligibility Letter (VDP-02).

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