



Special Voluntary Disclosure Program (3 November 2018 – 30 June 2019)

Special Voluntary Disclosure Program

As announced by the Honourable Minister of Finance in his Budget 2019 speech on 2 November 2018, the Inland Revenue Board (IRB) has launched a Special Voluntary Disclosure Program (SVDP) to provide taxpayers an opportunity to report their undeclared or under-declared income with lower penalty rates being imposed during the duration of the SVDP (3 November 2018 – 30 June 2019). To provide guidance on the implementation of the SVDP and to address the common questions surrounding it, the IRB has issued a [guideline](#) and a [FAQ](#) on the SVDP.

Broad overview of the SVDP

Who is entitled	All categories of taxpayers, whether resident or non-resident, which include taxpayers who: <ul style="list-style-type: none">• Are not registered with the IRB• Are registered with the IRB but have yet to submit income tax returns, petroleum income tax returns or real property gains tax returns• Are registered with IRB but have not reported the correct information on income / gains on disposal of assets• Have instruments which are not yet stamped 6 months after the stamping period (30 days from the date of execution of instrument)		
Income period covered	Year of assessment (YA) 2017 and before.		
Period of the SVDP and related due date of payment	Period of voluntary disclosure	Due date for payment of tax to qualify for special penalty rates	Consequences of non-settlement of tax by the respective due date
	3 November 2018 to 31 March 2019	1 April 2019	Penalty rates based on the prevailing provisions of the law shall apply. Legal action will be taken to recover taxes which remain outstanding.
	1 April 2019 to 30 June 2019	1 July 2019	
Issues or types of cases eligible	<ul style="list-style-type: none">• Income not declared / under-declared, expenses over claimed / not allowed, and reliefs / deductions / rebates over claimed• Gains on disposal of real properties and shares in real property companies• Stamping of instruments not previously stamped• Withholding tax cases• Cases involving an original or additional assessment• Issues of the taxpayer which are not under trial with the Special Commissioners of Income Tax		
Exclusions	<ul style="list-style-type: none">• Expense under-claimed that involves a reduced assessment or refund• Failure to remit Monthly Tax Deductions• Cases where criminal investigation has commenced or criminal prosecution proceedings instituted under any of the tax acts outlined below or the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001		
Applicable tax acts	<ul style="list-style-type: none">• Income Tax Act 1967 (ITA)• Petroleum Income Tax Act 1967 (PITA)• Real Property Gains Tax Act 1976 (RPGTA)• Stamp Act 1949 (SA)		

“The SVDP also gives an opportunity to taxpayers to report the correct income in view of the implementation of the Common Reporting Standards on 30 September 2018 where Malaysia will be receiving financial information of taxpayers from the foreign tax administrations.”

- IRB's guideline on the SVDP dated 30 November 2018

This period (30 November 2018 – 30 June 2019) offers a good opportunity to correct your tax returns at reduced penalty rates:

10% - until 31 March 2019

15% - until 30 June 2019

Thereafter penalty rates between 80% to 300% would apply

Penalty rates applicable under the SVDP, audit framework and existing law

	Understatement of income	Late or non-filing of returns by statutory due date	Late stamping (for instruments not stamped 6 months after due date)
<i>SVDP period : 3 November 2018 to 31 March 2019</i>	10%	10%	10% or minimum of RM50
<i>SVDP period: 1 April 2019 to 30 June 2019</i>	15%	15%	15% or minimum of RM100
<i>After 30 June 2019</i>	80% to 100%	80% to 300%	20% or minimum of RM100
<i>Existing audit framework</i>	Timing of voluntary disclosure: <ul style="list-style-type: none"> • ≤ 60 days*: 10% • > 60 days but ≤ 6 months*: 15.5% • > 6 months*: 35% Discovery during audit: <ul style="list-style-type: none"> • 45% to 100% 	Not stated	Not stated
<i>Existing law</i>	Timing of voluntary disclosure via self amendment of income tax return under Section 77B of ITA: <ul style="list-style-type: none"> • ≤ 60 days*: 10% • > 60 days* but ≤ 6 months*: 15.5% Other cases not falling in the above: <ul style="list-style-type: none"> • 100% 	300% of tax payable	20% or minimum of RM100

* Period from due date of filing of income tax return

Procedures for disclosure under the SVDP

Category	Procedures to submit voluntary disclosure
Taxpayers who are not registered with IRB	Taxpayers are required to register an income tax reference number. Thereafter, the relevant tax returns are to be submitted to the IRB
Taxpayers who are registered with IRB but have not submitted the relevant tax returns	The relevant tax returns are to be submitted to the IRB.
Taxpayers who have submitted incorrect tax returns	A voluntary declaration is to be submitted via a letter or email to make a full declaration on the income / gain previously not reported
Persons who failed to stamp instrument after 6 months from the due date (30 days from the date of the instrument's execution)	Instruments are to be submitted online or manually for stamping

Other procedural matters

Disclosures made based on management accounts	A voluntary disclosure can be made based on management accounts if the audited accounts are not ready. However, when the accounts are audited and there are differences giving rise to additional tax, the differences should be reported to the IRB. The IRB will raise additional assessments and impose penalties based on the rates offered following the period the voluntary disclosure is made.
Number of times allowed to make a disclosure	Taxpayers are allowed to make voluntary disclosure more than once but the penalty to be imposed will be based on the disclosure period as stated in the SVDP.
Disclosures made via postal mail	For voluntary disclosures made via postal mail, the date of receipt by the IRB's Mail Unit is the date of voluntary disclosure.
Payment of additional tax	Taxpayers do not have to wait for the notice of assessment to pay the additional tax arising from the voluntary disclosure made. Payments should be made within the voluntary disclosure period to avoid any increase in taxes based on the prevailing provisions of the law.
RPGT disclosures	For RPGT disclosures, where there is more than 1 disposal of asset in the same year, the taxpayer is to submit a separate Form CKHT 1A/1B for each disposal.

The IRB has issued a comprehensive [FAQ on the SVDP](#) which provides further information and guidance on the SVDP.

Will you be audited after making a disclosure?

The IRB has provided assurance in their guideline and FAQ that they will accept in good faith all voluntary disclosures made during the SVDP period with no further review of information disclosed during the program period. Audit action will not be taken on the year of assessment where voluntary disclosure has been made.

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