

PwC Tax Insight # 22/2016

TAX & LEGAL UPDATE

TAX & LEGAL Services

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Heading :

***The following report
may be of interest to :***

Summary :



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Sharing information between Customs and Revenue Department

All Importers and Exporters

Recently, there have been some developments where Customs and Revenue Department allow each other to have access to their databases and to retrieve certain information to prepare for tax/customs audits or investigation. This information mainly relates to tax payers information and could include details of overseas payment in the Withholding Tax Return (PND. 54), Remittance Return (Por Por. 36), selling price of exported goods in the VAT return (Por Por.30), information declared in import/export entries, etc.

Access to this kind of information would now allow both Customs and the Revenue Department to better target certain risk areas for their respective tax / customs audits without having to wait for the company to provide this information. For example, with access to a company's overseas payments as indicated in the PND.54, Customs could easily access the details of such overseas payments (e.g. management fees or royalty and license fees) and challenge that these payments should have been added to the import price as 'part of the price paid for the imported goods' or as 'dutiable royalties or license fees'.

With these new developments, it is even more important for companies to ensure consistency in what they are declaring in their respective tax returns and customs clearance documents and to prepare appropriate defence strategies in case of challenges. Companies that don't have the proper supporting evidence or are not fully prepared, may find themselves on the back foot during the next audit from either the Revenue Department or Customs.

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