

Special Voluntary Disclosure Programme (SVDP) 2.0 (Direct Tax)

Key Takeaways



Special Voluntary Disclosure Programme from 1 June 2023 to 31 May 2024 by the Inland Revenue Board of Malaysia (IRBM) and Royal Malaysian Customs Department (RMCD) with a 100% waiver of penalty

In the recent 2023 Malaysian Budget announcement on 24 February 2023, the Prime Minister Datuk Seri Anwar Ibrahim announced the reintroduction of Special Voluntary Disclosure Program 2.0 (“SVDP 2.0”) to be carried out by both Inland Revenue Board of Malaysia (IRBM) and Royal Malaysian Customs Department (RMCD) which is offered to encourage taxpayers to make voluntary disclosure in reporting their FULL income and pay tax within stipulated period.

This newsletter focuses the SDVP 2.0 by IRBM. The guideline on this Special Program will be issued by IRBM soon.

Proposed Measures of the SVDP 2.0

The SVDP is proposed to be available for a period of 12 months from 1 June 2023 to 31 May 2024.

Based on the proposed measures, the SVDP would cover both direct and indirect taxes. However, the SVDP 2.0 does not apply to cases that are currently undergoing audit or investigation.

A. WHO ARE ENCOURAGED TO SUBMIT VOLUNTARILY DISCLOSURE:

- Taxpayers who are not registered with IRBM and liable to be registered (i.e derived income from Malaysia);
- Taxpayers who are registered with IRBM but have not submitted the Income Tax Return Form (ITRF) for any year of assessment;
- Taxpayers who have submitted the ITRF but have not reported the correct income or omission in declaring income / gains on disposal of assets for any year of assessment;
- Taxpayers who have submitted the ITRF but give incorrect information for any year of assessment; and
- Taxpayers who are awarded tax by the government but unable to meet the conditions of the tax incentives.

B. WHY YOU SHOULD TAKE ADVANTAGE OF SVDP 2.0

- SVDP 2.0 will offer a **full penalty waiver** to taxpayers that voluntarily disclose any tax underpayment, as compared SVDP 1.0 which imposed a penalty as follows:-

	SVDP 1.0	SVDP 2.0
Period of voluntary disclosure	1 November 2018 to 30 September 2019 (11 months)	1 June 2023 to 31 May 2024 (12 months)
Penalty rate	10%-15%	0%

- Penalties will be imposed after the expiry of the SVDP 2.0 period (i.e. 10% - 15% based on IRBM's tax audit framework);
- IRBM will accept in good faith all voluntary disclosures made during the SVDP 2.0 period. Further review will not be made on reported information. However, computation of tax may be checked to ensure the accuracy of the voluntary disclosure made.
- Audit / investigation will not be carried out on the years of assessment where voluntary disclosure has been made.
- This would be a good opportunity to review your tax position, make good any tax underpayments and regularize your tax affairs.
- You will save time and resources as the voluntary disclosure process is faster and involves less hassle compared to a full tax audit (i.e. only minimal review may be made on the reported information);

All taxpayers are encouraged to take this opportunity to disclose all errors and income omission under the SVDP 2.0. You are advised to start planning now to conduct a direct tax health check to identify potential areas of non-compliance by performing a detailed review of the company's tax and accounting records and documentation to determine if there are areas of non-compliance with the relevant provisions of the Income Tax Act 1967.



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