



## Indirect Tax Alert

# Voluntary Disclosure Program by the Royal Malaysian Customs Department

Dear valued client,

The Royal Malaysian Customs Department (“RMCD”) has published details on the Voluntary Disclosure Program (“VDP”) on its [website](#).

The salient details of the VDP are as follow:

- VDP duration: 6 June 2023 to 31 May 2024
- VDP involves penalty remission incentive under the acts and subsidiary legislation as follow, excluding taxes imposed on the importation of goods:
  - Sales Tax Act 1972;
  - Service Tax Act 1975;
  - Goods and Services Tax Act 2014;
  - Tourism Tax Act 2017;
  - Sales Tax Act 2018; and
  - Service Tax Act 2018.
- Incentives offered by the RMCD are as follow:
  - 100% penalty remission, granted with blanket approval on taxes that are liable up to 28 February 2023, and are fully paid (RMCD allows payments via instalments) within the VDP period;
  - The taxable periods declared under this VDP will not be audited by the RMCD’s Compliance Division at the zone / state level; and

- No compounds will be imposed under this VDP.
- For taxable periods up to 28 February 2023 that are not declared under the VDP, audits may be conducted starting from 1 June 2024.
- For taxable periods after 28 February 2023, audits may be conducted starting from 1 June 2025.
- Eligibility criteria:
  - Any registered person that has: -
    - 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 under declaration and underpayment of tax; or
    - iv. Imposed tax on goods / services that are not taxable, but has not been paid to the RMCD.
  - Any person who is liable to be registered but failed to register and has charged taxes but failed to pay them to the RMCD;
  - Any person who acquired imported taxable service under the Goods and Services Tax Act 2014 or Service Tax Act 2018 but have not accounted for tax payable to the RMCD;
  - 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; and
  - Taxes have been fully paid within the VDP period.
- This VDP would not be applicable for the following scenarios:
  - Tax liabilities that are being or have been investigated by the Enforcement Division of the RMCD;
  - Taxes where a bill of demand (“BOD”) has been issued by the RMCD;
  - Tribunal/court cases that are currently under trial; or
  - The cases being audited by Compliance Division of the RMCD for the taxable period until 28 February 2023.
- The guidelines and FAQ to the VDP can be obtained from the MyVDP portal [here](#).

*Deloitte’s comments*

Businesses that intend to disclose errors or omissions related to indirect taxes previously made are encouraged to take advantage of this program to enjoy 100% remission on the penalty. Unlike the Voluntary Disclosure & Amnesty Programme (“VA Programme”) that was announced previously which had 2 phases with different tax and penalty remission rates together with compound payable, this VDP is throughout 12 months starting from 6 June 2023 to 31 May 2024, with a blanket approval on a 100% penalty remission upon taxes being fully paid within the VDP period.

With this announcement, Deloitte will be running a complimentary webinar on 22 June 2023 which will include a senior officer from the RMCD. The session will provide further details on the VDP and share insights into common errors and focus areas of audits. This will be an interactive session, with audience participation permitted and a Q&A session.

## Contacts

If you would like to have further discussions on any of the above, please reach out to your usual Deloitte indirect tax contact or to any of our leaders below:

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Alternatively, please reach out to anyone from the team [here](#).



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