

**TECHNICAL**

**Indirect Tax**

**INDIRECT TAX UPDATES – FREE ZONES, EXCISE AND CUSTOMS REGULATIONS 2020 ON COMPOUNDING OF OFFENCES**

The following Free Zones, Excise and Customs Regulations 2020 on compounding of offences have been gazetted on 3 March 2020:

P.U. (A)	Remarks
81/2020 <a href="#"><u>Free Zones (Compounding of Offences) Regulations 2020</u></a>	<p>These Regulations elaborate on compoundable offences, offer and acceptance of compound, method of compounding and payment of compound as set-out below. The relevant prescribed Forms (Form 1, 2 and 3) of the Second Schedule are attached to these Regulations.</p> <p><u>Compoundable Offences</u></p> <p>The offences specified in the First Schedule of these Regulations are prescribed to be compoundable offences.</p> <p>The compoundable offences may be compounded with the written consent of the Public Prosecutor in Form 1 (Consent to Compound Offences) of the Second Schedule.</p> <p><u>Offer and Acceptance of Compound</u></p>
82/2020 <a href="#"><u>Excise (Compounding of Offences) Regulations 2020</u></a>	<p><u>Offer and Acceptance of Compound</u></p> <p>An offer to compound a compoundable offence shall be made in Form 2 (Offer to Compound Offences) of the Second Schedule.</p> <p>A person who accepts an offer to compound a compoundable offence shall accept the offer in Form 3 (Acceptance of Offer to Compound Offences) of the Second Schedule.</p> <p><u>Method of Compounding</u></p> <p>Upon receipt of information or complaint that a compoundable offence has been committed, any senior officer of Customs may, with the written consent of the Public Prosecutor, issue an offer to compound the offence in Form 2 of the Second Schedule.</p> <p>An offer to compound an offence is for a period of 14 days or such extended time as the Director General may grant, and if full payment of the sum offered is made on or before the expiry of 14 days or such extended time as the Director General may grant, no further proceedings shall be taken against the person who committed such offence.</p>
83/2020 <a href="#"><u>Customs (Compounding of Offences) Regulations 2020</u></a>	<p><u>Method of Compounding</u></p> <p>Upon receipt of information or complaint that a compoundable offence has been committed, any senior officer of Customs may, with the written consent of the Public Prosecutor, issue an offer to compound the offence in Form 2 of the Second Schedule.</p> <p>An offer to compound an offence is for a period of 14 days or such extended time as the Director General may grant, and if full payment of the sum offered is made on or before the expiry of 14 days or such extended time as the Director General may grant, no further proceedings shall be taken against the person who committed such offence.</p>

	<p>If no payment of the compound offered is made within the period specified in regulation 4(2), prosecution may be instituted without further notice.</p> <p><u>Payment of Compound</u></p> <p>If an offer to compound an offence is accepted by the person to whom the offer is made, he shall pay the compound by cash or bank draft crossed with the words "Account Payee Only" made payable to the Director General.</p> <p>The Director General shall issue an official receipt for every payment received under regulation 5(1) to the person to whom the offer to compound is made.</p>
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Members may read the above Regulations in full at the official website of the [Attorney-General's Chambers](#).

You may write to the Institute at [technical@ctim.org.my](mailto:technical@ctim.org.my) or [secretariat@ctim.org.my](mailto:secretariat@ctim.org.my) in respect of any suggestions, concern or comments you may have on the Regulations.

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