

TECHNICAL

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Direct Taxation

**TAX DEFAULTERS TO BE BARRED FROM LEAVING THE COUNTRY**

In a Media Release dated 2 October 2013, the Inland Revenue Board of Malaysia (IRBM) announced that effective from October 2013, the IRBM will intensify its efforts to target taxpayers who fail to pay their outstanding tax debt.

The following is the statement from the Release on the action to be taken:

*“Following the issuance of a reminder letter and notice of outstanding tax to the tax defaulter, he/she will be prevented from leaving the country under [Section 104 of the Income Tax Act \(ITA 1967\) 1967](#) and [Section 22 of the Real Property Gains Tax Act 1976 \(RPGTA 1976\)](#), unless and until he/she pays all the tax debts.”*

The stoppage order is invoked only after various attempts to collect tax arrears have failed. Taxpayers are advised to contact the IRB to arrange for installment payment schemes, where necessary, on outstanding tax as stated in the notices based on the information provided for consideration.

**CTIM's Note:**

Section 104(1) of the ITA 1967 empowers the Director General of Inland Revenue (DGIR) *to issue to any Commissioner of Police or Director of Immigration a certificate containing particulars of the tax, sums and debts so payable with a request for that person to be prevented from leaving Malaysia unless and until he pays all the tax, sums and debts so payable or furnishes security to the satisfaction of the Director General for their payment.*

In the same way, Section 22 of the RPGTA 1976 empowers the DGIR to take similar action to prevent a person from leaving Malaysia until he/she pays all tax debts due to the government under that Act.

Members may read the full text of the [Media Release](#) at the websites of the Institute and the IRB.

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 concern or comments you may have on the Media Release.

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