

TECHNICAL

Direct Taxation

THE IRB-CTIM TAX FORUM 2014 -- KEY COMPLIANCE UPDATES/ ANNOUNCEMENT

Concession on Penalties Imposed on Taxpayers Who File Their Income Tax Returns Electronically

At the IRB-CTIM Forum 2014 held on 27 March 2014 at Sri Pacific Hotel, the Chief Executive Officer of Inland Revenue Board of Malaysia (IRB) announced that to encourage taxpayers/tax agents to migrate to the e-filing regime, taxpayers who file their Income Tax Return Forms (ITRF) electronically, will be granted the following concessions:

- *Any penalty for late filing under subsection 112(3) will be imposed at discounted rates, and*
- *Any penalty for incorrect return under subsection 113(2) will be imposed at discounted rates*

Members will be advised on further details of the abovementioned concessions when made available in writing by the IRB to the Institute.

Submission of Form R and R50

Form R50 must be filed if the Revised S.108 balance was disregarded before 1 January 2014.

Form R for the year of assessment 2014 must be filed by company with financial year-end other than 31 December, except for companies which commence operations after 31 December 2007.

Filing for Dormant Company

The IRB confirmed that a dormant company must still file its ITRF. The IRB will not issue letter to grant concession to taxpayers relieving them from filing ITRF.

Monitoring Deliberate Tax Defaulters (MDTD)

The IRB introduced the MDTD programme effective from 1 January 2014 for audit completed for the year of assessment 2012 and subsequent years. The objective of the programme is to encourage voluntary compliance and educate and put on track “non-compliant” taxpayers identified during field audit. Under this programme, taxpayers will be categorized as “non-compliant” if adjustment are made on issues identified based on audit findings and a penalty has been imposed under S.113(2). Audit findings include under-declared sales, overclaimed purchases, disallowed expenses claimed, incentive claims not in accordance with rules and regulations and other findings. The IRB also clarified this programme would also cover taxpayers have lodged an appeal against the assessment raised pursuant to an audit.

The ITRF of “non-compliant” taxpayers filed for the following year of assessment will be monitored by the IRB and if repeated offences are detected, a full audit will be carried out. If no offences are found in the following year of assessment, the taxpayer will be delisted.

Sistem Maklumat Unit Pengesanan (e-SMUP)

This is the electronic version of the information collection programme conducted by the IRBM. It has 8 fixed data formats in Excel which are downloadable from [IRBM's portal](#). Public and private agencies may use e-SMUP to furnish data requested in the relevant format as requested by the IRB.

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