

TECHNICAL

Direct Tax

CLARIFICATION OBTAINED FROM THE LHDNM ON THE REDUCTION OF PENALTY FOR VOLUNTARY DISCLOSURE AND WAIVER OF TAX INCREASE FOR THE SETTLEMENT OF TAX ARREARS

We refer to our [e-CTIM TECH-DT 13-2016](#) dated 11 February 2016 and our [e-CTIM TECH-DT 23/2016](#) dated 11 March 2016 on the Inland Revenue Board of Malaysia's (LHDNM) [Operational Guidelines No.1/2016](#) dated 10 February 2016 in respect of LHDNM's offer to reduce penalty for voluntary disclosure and waive tax increase for settlement of tax in arrears.

As indicated in the e-Circular, the Institute attended a briefing by the LHDNM on the Reduction of *Penalty for Voluntary Disclosure and Waiver of Tax Increase for the Settlement of Tax Arrears* at the Ministry of Finance (MOF) on 3 March 2016. Further to the briefing, the Institute has obtained written clarification from the LHDNM on matters pertaining to the following:

1. *Surat Aku Janji* (Letter of Undertaking).
2. Reduction of penalty for transfer pricing audit cases.
3. Audit cases (assessments raised) prior to 1 January 2016.

Members may view the [LHDNM's letter dated 14 April 2016](#) and the [Institute's letter dated 1 April 2016](#) in relation to the above clarification at the Institute's website.

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