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By Fax & Courier

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YBhg. Datuk Sabin,

**LHDNM BRIEFING ON THE REDUCTION OF PENALTY FOR VOLUNTARY DISCLOSURE AND WAIVER OF TAX INCREASE FOR THE SETTLEMENT OF TAX ARREARS AT THE MINISTRY OF FINANCE ON 3 MARCH 2016 – FOLLOW UP ON MATTERS ARISING**

The Institute would like to thank the Inland Revenue Board of Malaysia (LHDNM) for its briefing to the Institute, other professional bodies and associations on the *reduction of penalty for voluntary disclosure and waiver of tax increase for the settlement of tax arrears* (tax amnesty programme) at the Ministry of Finance on 3 March 2016. On behalf of the Institute, we would like to follow up with the LHDNM on the matters arising from the briefing as listed below.

1. Surat Aku Janji (Letter of undertaking)

As discussed at the briefing, there is a need to re-look at the wordings of the *surat aku janji* (letter of undertaking) as the wordings such as “*Saya .... mengaku bahawa syarikat ini telah kurang melaporkan pendapatan kepada Lembaga Hasil Dalam Negeri Malaysia seperti berikut :*” are onerous to the taxpayer and consequently a lot of taxpayers have difficulty signing it. It would be much appreciated if the LHDNM could review the wording of the letter of undertaking on an urgent basis with a view to amending it accordingly as there is a need to have quick closure of such cases since this tax amnesty programme has already started.

To facilitate the above, the Institute would be pleased to meet with the LHDNM to discuss this further and provide the necessary inputs to work out this matter.

2. Reduction of penalty for transfer pricing audit cases

It was also brought up at the briefing that this tax amnesty programme's reduced penalty rates of 25% and 35% in respect of audit cases were already being applied to transfer pricing (TP) audit cases prior to the commencement of this tax amnesty programme. As such, it was

suggested that the LHDNM review this tax amnesty programme's reduced penalty rates for TP audit cases so that there is an incentive for quick closure of such cases during the period of this tax amnesty programme. The Institute would be pleased if the LHDNM could look into this matter.

**3. Audit cases (assessments raised) prior to 1 January 2016**

We understand at the briefing that the LHDNM has agreed that audit cases (assessments raised) prior to 1 January 2016 are included in this tax amnesty programme provided it is settled during the period 1 January 2016 to 15 December 2016. Kindly confirm that our understanding is correct.

On a separate note, we had written an e-mail to YBhg. Datuk on 3 March 2016 to request for a copy of the slides which was presented by the LHDNM during the briefing. We look forward to your favourable reply to our request soon.

We would like to thank you for your kind consideration of the matters raised above and we look forward to your favourable response.

Yours sincerely,

**CHARTERED TAX INSTITUTE OF MALAYSIA**



**Aruljothi Kanagaretnam**  
President