



SPECIAL VOLUNTARY DISCLOSURE SCHEME- INDIRECT TAXES

Dear Client,

Please note that the Minister of Finance on 29th October 2021 announced that the above scheme will be implemented in phases with penalty remissions of 100% in Phase 1 and 50% in Phase 2. The proposed timeline for the above two phases is as follows:

- Phase 1 --- 1 January 2022 to 30 June 2022
- Phase 2 ---- 1 July 2022 to 3- September 2022

The Customs authorities have provided the following clarification subsequent to the announcement by the Minister of Finance:

- Grant remission of taxes based on the financial standing of the taxpayer
- Consider a remission of taxes based on an approved percentage for any duties and taxes which were not collected by the taxpayers but which should have been collected
- A letter confirming the taxpayers' participation will be issued by Customs Department to the participating taxpayer
- A guarantee that the period covered under the SVDP for disclosure of any type of indirect taxes (Customs Duties, Sales Tax, Service Tax, etc) whether through the filing of tax returns or declarations made will not be audited
- The guarantee will not apply if the Customs authorities detect fraud or wilful default in relation to the tax returns filed or declarations made

Our advice to taxpayers is to do an immediate review and health check in relation to the indirect tax compliance to identify issues, errors made in the submission of indirect tax returns and any underpayment of import duties/sales tax in the customs declarations made.

We can assist in performing a review of the indirect tax compliance and identify potential issues/exposures and recommend the approach/declaration to be made including submission of grounds for remission to the Customs authorities. This offer from Customs authorities is only for a limited period and we would advise taxpayers to take immediate action to file the SVDP within the stipulated timeline to enjoy the concessions provided.

We expect Customs authorities will carry out vigilant tax audits and take enforcement action post the SVDP period and impose maximum penalties.

Therefore, we are glad to inform that we will assist your office on this matter in the event where any of the entities under the care of your office would like to make any voluntary disclosure. Kindly confirm to us your current standing in order for us to initiate our next course of action accordingly.

Please do not hesitate to contact us if you need any further clarification and information.

Thank you.

Yours truly,

DATUK HARJIT SINGH SIDHU DPSM
Chief Executive Officer