

SPECIAL
ALERT

TAX PULSE



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Post-SVDP 2.0 and the Return of the Revenue: Navigating New Challenges in Tax Audits and Investigations

With the conclusion of the Special Voluntary Disclosure Programme 2.0 (“**SVDP 2.0**”) on 31.5.2024¹, the Inland Revenue Board (“**IRB**”) has intensified its focus on ensuring tax compliance across Malaysia. This marks a significant shift towards stricter enforcement and heightened scrutiny in various key areas.

Key Focus Areas

In particular, the IRB has identified the following areas of focus in enforcement activities:

- Domestic Transfer Pricing
- Offshore Accounts
- High Net Worth Individuals (“**HNWIs**”)
- Digital and Shadow Economies
- Tax Incentives, including organisations and institutions enjoying exemptions under Section 44(6) of the Income Tax Act 1967 (“**ITA**”)

¹ <https://www.hasil.gov.my/en/special-voluntary-disclosure-programme-svdp-20/>

Latest Developments in mid-2024

Since June 2023, the IRB has indicated its intention to intensify enforcement efforts post-SVDP 2.0. The following recent developments indicate their full commitment to fulfilling that promise.

1. Strategic Compliance Branch (“*Cawangan Pematuhan Strategik*”)

Established as one of its Special Branches (Cawangan Khas), this unit has been actively conducting raids, investigations, and desk audits across various industries and sectors in recent weeks.

2. Tax Investigation Framework (“TIF”) 2024²

The IRB has issued its updated TIF effective 31.5.2024. Amongst others, taxpayers facing investigation can expect:

- a. More comprehensive requests for documents³.
- b. Unannounced inspections, including surprise visits on business premises and even the residences of taxpayers, tax agents, and other relevant parties⁴.
- c. Stricter penalties and potential prosecution for failures to submit tax returns⁵.

For a detailed overview of common tax disputes in the country and procedures for resolving them, see our publication titled: **Lexology In-Depth: Tax Disputes and Litigation (12th Edition) 2024**⁶.

² Available in the Malay language only at <https://www.hasil.gov.my/media/puwbltue/rangka-kerja-siasatan-cukai-2024.pdf>

³ Paragraph 7.1, TIF 2024

⁴ Paragraph 7.1, TIF 2024

⁵ Paragraph 10.1, TIF 2024

⁶ <https://lh-ag.com/lexology-in-depth-tax-disputes-and-litigation-12th-edition-2024/>

3. Ops Token⁷

The IRB has launched a specialised programme in conjunction with the Royal Malaysian Police Department (“PDRM”) to target perceived revenue leakages arising from cryptocurrency trading (“Crypto”), underlining their proactive approach towards emerging sectors⁸.

See our Special Alert: **Crypto in the IRB’s Crosshairs: Debunking 3 Myths for Traders and Dabblers**⁹.

Implementing Strategic Compliance Measures

As the IRB intensifies its enforcement actions, taxpayers must adopt strategic compliance measures. Amongst others, it is crucial for businesses and individuals alike to:

- Conduct a comprehensive assessment of tax exposure and risks.
- Enhance tax strategies and compliance frameworks.
- Understand their rights under TIF 2024, including the right to appoint a representative during audits and investigations.

Navigating these evolving regulatory landscapes demands proactive compliance measures and professional guidance. For assistance regarding ongoing tax audits or investigations by the IRB, please contact the author, Partner [Chris Toh Pei Roo](mailto:tpr@lh-ag.com) (tpr@lh-ag.com) or his fellow tax Partners [Jason Tan Jia Xin](#)

⁷ Available in the Malay language only at <https://www.hasil.gov.my/media/puwbltue/rangka-kerja-siasatan-cukai-2024.pdf>

⁸ <https://www.hasil.gov.my/media/f0vfbzv3/20240615-kenyataan-media-hasil-perluasan-asas-cukai-terus-diperkasa-menerusi-operasi-pematuhan-khas-ops-token.pdf>

⁹ <https://lh-ag.com/tax-customs-trade-special-alert-crypto-in-the-irbs-crosshairs-debunking-3-myths-for-traders-and-dabblers/>

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