

# Pemenang Pertandingan

*Esei*  
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Lembaga Hasil Dalam Negeri Malaysia  
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Kementerian Pelajaran Malaysia

*Kategori B*

*Sekolah Menengah Rendah*



Tajuk *Esei* **Rights and Responsibilities of a Taxpayer**

Tempat *Pertama*



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Oh dear! The income tax season is here. This is what most taxpayers fear. Tax is just a small word but it means a lot to a developing nation. A negative perception by almost every man is the norm. Can we overcome this negative perception towards taxes? The Lembaga Hasil Dalam Negeri Malaysia (LHDNM) is trying to change this negative perception by educating taxpayers on their rights and responsibilities.

The LHDNM being the main revenue-collecting agency of the Ministry Of Finance has moved a step forward by implementing the Self Assessment System for taxpayers. Under the Self Assessment System, a taxpayer has many obligations to fulfill and ignorance of the law is not an excuse. It is the responsibility of a taxpayer to inform the LHDNM regarding his or her liability to tax by declaring his or her actual income received from all sources. People enjoy all the benefits provided by the government, which do not come free. Up-to-date infrastructures, basic amenities and security just to mention a few, are all derived from taxes. Hence, it is responsibility of the people to declare their actual income. Failure to declare their income may result in penalization

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It is also the responsibility of all wage earners to obtain their income tax return forms and submit the completed forms by April 30. Nobody escapes tax. It is a matter of time before one is detected and many penalties await tax dodgers including additional taxes and even court action. Under the old assessment system, many taxpayers had long been rather ignorant of their roles and responsibilities. However, there is no room for ignorance as the LHDNM has provided courteous counter service based on their 3M motto which translates into friendly, helpful and satisfactory. Workshops organized with the co-operation of New Straits Times and the Malaysian Institute of Taxation can also assist taxpayers to complete their taxation forms. Hence, it is the right of every taxpayer to secure assistance from the LHDNM. With all the assistance provided, taxpayers can now complete and submit the BE forms on time and thus, fulfilling one of their major responsibilities.

A self assessment-based tax system as practiced in countries like the United States, the United Kingdom and Japan is an effective way of teaching taxpayers to be more responsible and accountable for their individual tax matters. Therefore, it is the responsibility of all taxpayers to furnish all information requested in the return forms. However, taxpayers need not worry for every cloud has its silver lining. According to the Ramsay Doctrine, "It is a well recognized principal of taxation, that every man is entitled to order his affair, so

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that the least amount of tax is payable without breaching any expressed terms in the statute.” It is the taxpayers’ right to minimize their liability to tax, as they are entitled to claim deductions for donations and contributions. Besides, taxpayers are also entitled to self and family reliefs. This is in accordance with the Income Tax Act, 1967.

In this new Self Assessment System, individuals have to keep abreast of the latest developments as one is now entrusted with the responsibility of computing one’s own taxes. Besides submitting the completed return forms on time, we now have to organize ourselves by keeping records or relevant documents pertaining to our income and expenditure for a period of seven years after the submission of the return forms. This is to enable tax officials to carry out checks on the validity of the taxation. An individual or company is answerable to all queries made by the LHDNM within this period.

Any information given by individuals or companies has a right to confidentiality. This is especially stated in the Income Tax Act 1967. The information submitted will not be disclosed to anyone except as authorized by the law. It is our right as taxpayers to know why the information is required and how the LHDNM uses the information.

Forms might have been collected, completed with utmost accuracy and finally submitted within the time stipulated but that is no reason to sigh in relief as our responsibilities are far from over. Taxpayers are responsible for paying the correct amount of taxes due. Under the new system, from this year onwards taxpayers will not only have to submit their tax returns by April 30 but will also have to make the balance payment by the same date as well. However, for the convenience of taxpayers, the LHDNM has also appointed Bumiputra-Commerce Bank Berhad and Public Bank Berhad to facilitate the collection of taxes.

Taxpayers may not be over-zealous in making payments but what one owes has to be paid. Any disagreement over the amount of tax liability gives the taxpayer the right to appeal. A taxpayer has the right to appeal to the Assessment Branch and may also ask the court to review the case. However, as in all cases, sufficient proof and documentation are necessary.

In the case of erroneous calculations and overpayments, taxpayers have a right to request in writing for a refund from the LHDNM. Substantial proof and

proper records of deductions have to be submitted in any requests for refunds.

Last but not least, to ensure the efficiency of the system, it is the responsibility of the taxpayer to inform the LHDNM of any change in address within three months. Failure to do so will hinder the process of taxation.

It is important for a taxpayer to know his rights and responsibilities. Most people understand they have a duty to pay all taxes imposed. Many however, do not know that the law gives them some important rights. The LHDNM provides top quality service by helping taxpayers understand their rights and meet their responsibilities. Everyone benefits when taxpayers know their rights and responsibilities under the tax laws. Hence, carry out your responsibility with a smile as you know that the taxes you pay contribute towards the continuous development of our nation. ■

Tajuk *Esei* **Rights and Responsibilities of a Taxpayer**

Tempat *Kedua*



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As citizens of Malaysia, we have to pay our taxes. Many people however, do not know that the law gives them some important rights as taxpayers and places important obligations on the Government in its dealings with them. Everyone benefits when taxpayers know their rights and fulfill their obligations and responsibilities under the tax laws. The goal of the government is to collect all taxes that are legally due to them. What constitutes taxable income? The list includes business, vocation and profession, employment, interest, dividend, discount, rental, royalty and premium.

As a taxpayer, we have many rights and responsibilities. It is very important for us as taxpayers to know our rights, only then can we fulfill all responsibilities given to us.

First of all, as taxpayers, we have the right to privacy and confidentiality. This means that all information supplied will not be disclosed to anyone, except as authorized by the law. We have the right to know why we are asked for some information, how the information will be used and what happens if we do not provide the requested information.

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Secondly, we have the right to prompt, professional and courteous service by the Lembaga Hasil Dalam Negeri Malaysia (LHDNM). For example in Malaysia, if we believe an LHDNM employee has not treated us in a professional, fair and courteous manner, we can report this to the employee's supervisor. If the supervisor's response is not satisfactory, we have the right to write to the LHDNM Director where we file our return or to the headquarters.

Thirdly, we have the right to appeal against an assessment and seek for a judicial review. This means that if we disagree about the amount on our tax liability notice or certain collection actions, we have the right to ask the LHDNM to review our case within 30 days of the date of issue of the Notice of Assessment. However, the tax payable must still be paid even though an appeal has been made. In the case of an appeal, we have the right to representation. We can either represent ourselves or, with proper written authorization, we can get someone else to represent us in our place. Our representation must be a person allowed to practice before the law.

Fourthly, we have the right to pay the correct amount of tax due. If we cannot pay all our tax when due, we are allowed to make monthly installments.



Besides this, we also have the right to appeal against certain penalties and interest. The LHDNM will waive penalties when allowed by the law if we can show that we have acted reasonably and in good faith.

By knowing the rights given by the law, the taxpayer would not be easily taxed incorrectly. Besides that, many would also know how to make the right claims and deductions so that they will not have to make excessive payment.

Now that we know our rights, it is up to us to be responsible enough not to abuse or manipulate our rights as a taxpayer. Here are some of our responsibilities as taxpayers.

First of all, as taxpayers, it is our responsibility to inform the LHDNM regarding our liability to tax and regarding any changes of address within 3 months.

Secondly, we are supposed to declare actual income received from all sources and to furnish all information requested.

Thirdly, we are to pay taxes due within 30 days from the date of issue of the notice of assessment or within the stipulated period, notwithstanding any disagreements over tax assessments or intentions to appeal to the assessment branch concerned.

Finally, it is our responsibility to be disciplined and thorough while making sure all returns are correct, no matter who prepares them.

Having described the rights and responsibilities of a taxpayer, the real question is, how many would actually carry out their responsibilities and not abuse their rights? In reality, many would try to evade paying tax by various means and schemes.

An offence would deem to have been committed when one fails to be a responsible taxpayer. Such offences include failure to submit a complete tax return within the stipulated period, submission of an incorrect annual return form, failure to declare one's actual income, give incorrect information on matters affecting one's tax liability and failure to furnish information required by the Board.

The government expects us to be responsible citizens and not manipulate the law for our own good. However, when situations like this arise, the government has no choice but to take action against such offences. Therefore, the way to deal with irresponsible taxpayers is to help them to be aware of the law regarding paying tax so that they cannot plead ignorance of the law. Social conscience needs to be aroused amongst people against tax evasion, such as attaching social stigma for tax evaders and to work as sentinels for identifying black marketers and tax dodgers. Also, imposing heavy penalties on offenders will ensure that taxpayers will make an effort to be responsible and not abuse their rights.

If every taxpayer fulfills their responsibilities and does not abuse their rights, the government would receive its full dues from the citizens. On the contrary, if the taxpayers are not responsible, the government could lose millions of dollars.

In conclusion, a responsible and forward looking government will always have the best interest of her country and her countrymen at heart. To provide good infrastructures, transport developments, excellent education, equal opportunity and a debt free country with reserves require money. As responsible taxpayers we should work with our country to achieve these visions to ensure we become a financially strong and advanced country, one living in harmony with all other races, and one that models and educates the younger generations to excel and reach for the stars. ■

Tajuk *Esei* **Rights and Responsibilities of a Taxpayer**

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With the advent of democracy, taxation is no longer viewed as an oppressive tool of the government. The foundation of taxation rests on the laws promulgated by Parliament, which represents the people of the country. Taxation is an important revenue that funds the government's development projects and is essential for the nation's growth.

Taxation can be divided into two categories namely, direct tax and indirect tax. Indirect tax is the government levy on a product and service, which is paid by the consumer at the point of purchase of the goods and services. A taxpayer does not have to consciously exercise his rights and responsibilities in the case of indirect taxation. However, in the case of direct tax which includes income tax, petroleum tax, real property gains tax and stamp duty, the rights and responsibilities of a taxpayer are very important and must be exercised and executed.

The onus is on every employed resident or non-resident to inform the Lembaga Hasil Dalam Negeri Malaysia (LHDNM) regarding his liability to pay tax. The taxpayer must submit the completed return form within the stipulated date stated in the form. Ignorance of the law is no excuse as the deadline for the submission of the tax returns is clearly printed on the form. Any extension of the deadline will be announced via the mass media at the beginning of the year. In the event that he has not received the form or if he is a first-time taxpayer, he should approach at the nearest LHDNM office with relevant documents such as his salary slip or Certificate of Business Registration. A common reason for not receiving the return form is the failure of the taxpayer to inform the LHDNM of a change of address. Thus it is his responsibility to do so within three months.

In filling his income tax form, the individual should at all times adopt the principle of full disclosure. Submission of an incorrect tax form, failure to disclose actual income or incorrect information regarding tax liability constitutes offences under the Income Tax Act of 1967. The incomes to be declared include income from employment, businesses, rental of properties or royalty and income from interest and dividends.

However, the taxpayer should take comfort that he has the right to appeal if, upon reexamining his assessment, he detects certain errors or realises that he has failed to claim certain expenses or relief, for example, relief for his wife under joint taxation. Notwithstanding the taxpayers' disagreement over the tax

assessment and his intention to appeal, he has to settle the taxes within the prescribed period.

It goes without saying that it is also the taxpayer's moral and legal duty to correct without delay any mistakes or omissions that have resulted in lower taxes. He is also obliged to furnish the LHDNM with any additional information that is requested.

The taxpayer having submitted his returns is required to maintain all records or documents pertaining to his income and expenditure for a period of seven years after submission of the returns. This is because he can be called upon to substantiate or verify claims and submissions during the seven-year period.

Under the Self Assessment System, taxpayers with employment income are required to pay their taxes on or before April 30. In the case of those placed under the 'Pay As You Earn' or 'Schedular Tax Deduction' scheme, they are to settle any outstanding balances within the allowed period. It is logical then for the taxpayer to ask, 'What if there has been over-payment?' He certainly has the right to obtain a refund.

With regard to the acquisition and disposal of properties for that particular year, the taxpayer is required to disclose all necessary information. The Real Property Gains Tax Act 1976, requires both the buyer and seller to inform the LHDNM within 30 days of the signing of the Sales and Purchase Agreement using prescribed forms, CKHT 1 and CKHT 2 respectively. The responsibilities of a taxpayer with regard to stamp duties for documents are primarily related to duties payable with the purchase of immovable properties, stocks, shares and loans. These taxes are based on the value of the purchases.

Apart from the responsibilities and associated rights of the taxpayer, there are others that a taxpayer can lay claim to. The Income Tax Act for example provides for the payment of taxes via installments, for those involved in businesses. Such businessmen are required to pay six bi-monthly installments annually beginning from the end of March. Upon determining his tax liability, he will have to settle all outstanding dues on or before June 30.

Of utmost importance is the taxpayer's right to privacy and confidentiality unless the law authorizes the release of information. If for some reason, the

taxpayer is not treated professionally and courteously, a formal complaint can be lodged.

Yet another right is that married taxpayers can opt for a joint or separate assessment so as to ensure that they get the best deal that benefits them and their families. The right to have access to all information with respect to major tax issues and any amendments to existing tax laws ensures that the taxpayer will not run foul of the law or be denied benefits due to his ignorance. It must be noted that the LHDNM has ensured this right through a very informative website as well as through the issuance of English and Bahasa Malaysia pamphlets which are available at the LHDNM office.

In conclusion, it can be said that the taxpayer should not view taxation as a burden imposed by the government but rather as a responsibility that comes with his employment. With that responsibility comes the right of every taxpayer to be treated fairly and equally under the law. Perhaps the greatest right is that the Income Tax Act has no favorites! ■



