Tabung Harapan almost at RM200m to help govt finances

FROM P11 A political earthquake that changed Malaysia

The government also called off the MRT3 or Circle Line project, reported to cost between RM40 billion and RM45 billion.

While the MRT1 connects Sungai Buloh and Kajang, the MRT2, which is now under construction, will run from Sungai Buloh to Serdang and Putrajaya. MRT3 was planned as a loop line to integrate the lines, with most of its stations underground.

As a result of renegotiations, the federal government also managed to reduce the construction cost of the 37km-long Light Rail Transit Line 3 (LRT3) project by 47% or RM15 billion to a final project cost of RM16.63 billion.

The government also saved RM5.22 billion, or 23% of the cost of building the MRT2 project through renegotiation with MMC-Gamuda KVMRT (T) Sdn Bhd — the project delivery partner.

A String of Reforms

As soon as Dr Mahathir took over the government, he announced the formation of the Council of Eminent Persons (CEP), which acts as the PM's advisor in various issues.

The CEP, which was only meant for the first 100 days of Pakatan Harapan's administration, was chaired by former finance minister and Dr Mahathir's confidant Tun Daim Zainuddin. Other members of CEP include billionaire Robert Kuok, former Bank Negara Malaysia governor Tan Sri Dr Zeti Akhtar Aziz, former president and CEO of Petroliam Nasional Bhd (Petronas) Tan Sri Mohd Hassan Marican and economist Prof Jomo Kwame Sundaram.

Over the course of the 100 days, the council had met with over 350 individuals from more than 200 organisations, as well as many other stakeholders.

The CEP had established a committee on institutional reforms which included retired judges Datuk KC Vohrah and Datuk Mah Weng Kwai, National Patriots Association president Datuk Mohamed Arshad Raji, law professor Datuk Dr Shad Saleem Faruqi and former Malaysian Bar Council president Datuk Ambiga Sreenevasan.

Both the CEP and institutional reforms committee were later dissolved, after submitting the final report and recommendations to Dr Mahathir. The reports will not be made public, the PM had stressed.

Dr Mahathir also formed the National Centre for Governance, Integrity and Anti-Corruption (GIACC) helmed by former Malaysian Anti-Corruption Commission chief Tan Sri Abu Kassim Mohamed.

The GIACC is aimed to coordinate and monitor all activities related to governance, integrity and anti-corruption activities in the country. It is also responsible for planning, formulating strategies and evaluating policies in ensuring that all government affairs are implemented on good governance, integrity and intolerance to corruption.

Tabung Harapan, GST to SST

The abolishment of the Goods and Services Tax (GST), which was a primary promise in the manifesto, was given immediate attention after the polls.

Effective June 1, the government stopped the 6% collection by zero-rating the GST.

The federal government later tabled motions to repeal the GST Act 2014 in Parliament, after which the Sales and Services Tax (SST) was re-introduced.

Although Malaysia emerged as the first country among GST implementers to reverse the broad-based GST, the federal government kept its promise as the tax regime was seen as regressive to the purchasing power of Malaysians.

An improvised SST tax regime was introduced, with loopholes and lessons from GST incorporated in terms of efficiency and collection.

Besides that, due to the generosity of Malaysians who wanted to donate to the federal government to fix its coffers, a dedicated fund named "Tabung Harapan Malaysia" was set up. The fund's accumulated collection was declared on a daily basis, to ensure accountability and transparency.

Tabung Harapan is expected to be closed on Dec 31, 2018. At press time, the accumulated collection stood at RM199 million.

Pakatan Harapan kept its promise to abolish GST and replace it with SST

TMRpics

The govt managed to reduce the construction cost of LRT3 by 47% or RM15b

IRB to accept voluntary disclosures made in good faith

The Special Voluntary Disclosure Programme is an opportunity for taxpayers to review and regularise their tax position

THE Special Voluntary Disclosure Programme (SVDP) is one of the key initiatives unveiled by the government when tabling Budget 2019.

The thrust of the programme is to reform the tax system to encourage taxpayers to come forward on a voluntary basis to report their actual income. The intended end in mind is also to increase tax collection for the development of the nation.

The window allows taxpayers to voluntarily declare unreported income, including funds maintained in offshore accounts, for Malaysian tax purposes. It is also an opportunity for them to review and regularise their tax position.

The SVDP includes a number of areas, including income not previously declared. It covers expenses overclaimed, expenses not allowable and overclaim of reliefs, deductions or rebates. At the same time, it also covers reporting of gains on disposal of assets (property and real property company shares), as well as stamping of unstamped instruments.

Under the special programme, taxpayers can make avail of lower penalty rates. For voluntary disclosures done before March 31, 2019, and payments made on or before April 1, 2019, the penalty is 10%. For those making voluntary disclosures between April 1, 2019, and June 30, 2019, as well as payments made on or before July 1, 2019, the penalty goes up to 15%. After that period, the penalty can range from 80% to 300%.

The programme is not open for just about any type of claims, though. For example, you cannot make claims for expenses underclaimed involving revised assessments or refunds. Appeals on expenses not previously claimed can be made in accordance with the existing appeal procedures in force.

The programme is also not for employers who failed to remit the monthly tax deduction for employees' benefits. However, provisions related to withholding tax are included.

Aside from lower penalties, another key difference in the special programme is that the Inland Revenue Board (IRB) will accept voluntary disclosures made in good faith and that further reviews will not be made on the reported information.

These are the groups who are eligible to make voluntary disclosures:

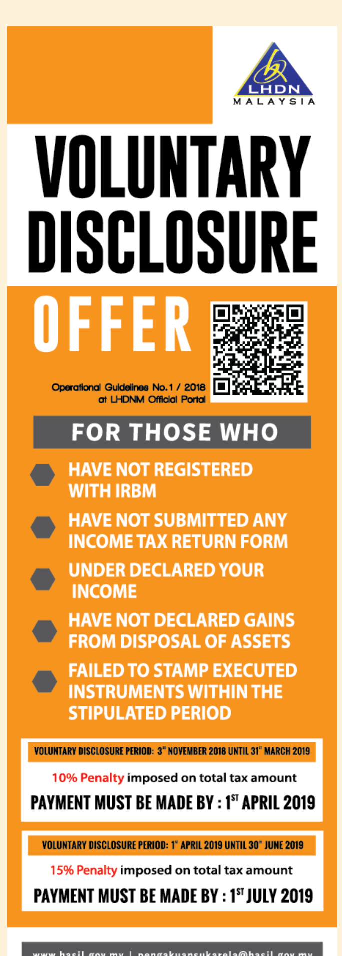
1) Taxpayers not registered with the IRB;

2) Taxpayers registered with the IRB, but have not submitted the Income Tax Return Form (ITRF), Petroleum Return Form (PRF) or Real Property Gains Tax Return Form (RPGTRF) for any year of assessment;

3) Taxpayers who have submitted the ITRF, PRF or RPGTRF, but did not report the correct information on the income or disposal of asset(s) for any year of assessment;

4) Persons who failed to stamp executed instruments after six months from the stamping period (30 days from the date of execution of instruments).

Taxpayers can make the voluntary disclosures at any of IRB offices, including the Revenue Service Centre and Urban Transformation Centre.



Some Selected Q&A:

Q: A company would like to make an adjustment on the capital allowance claim and business loss absorption in the 2017 assessment year, resulting in no tax payable. However, this adjustment will result in additional tax payable for the 2018 assessment year. In this case, is the special penalty rates applicable for the 2018 assessment year under SVDP?

A: Adjustment for the 2018 assessment year has to be submitted together with the voluntary disclosure for the 2017 assessment year. Penalty will be imposed based on the term stated in the special programme.

Q: I have overclaimed relief/rebate. Can I make a voluntary disclosure to revise the relief/rebate claim?

A: Taxpayers are allowed to submit a voluntary disclosure to revise the overclaimed relief/rebate.

Q: If I want to make a voluntary disclosure on under-reported income, can I claim the incidental expenses and reliefs against the income?

A: Any incidental expenses, relief or rebate can be claimed in the assessment year that the income is reported.

Q: If I report income from illegal activities to the IRB under this special programme, will the IRB report to the relevant agencies on my illegal activities?

A: The IRB is bound by confidentiality of taxpayers information pursuant to Section 138 of the Income Tax Act 1967.

Q: I have made a voluntary disclosure during this special programme. Do I have to wait for the notice of assessment before paying the tax?

A: Taxpayers do not have to wait for notice of assessment. Payments should be settled before the period of voluntary disclosure ends to avoid tax increases based on the prevailing provisions of the law.