Ghosn's epic downfall spooks foreign executives about Japan
20

IRBM's voluntary disclosure programme heightens public tax awareness

Analysis of social media postings allow authorities to identify individuals and companies with out of the norm wealth or assets

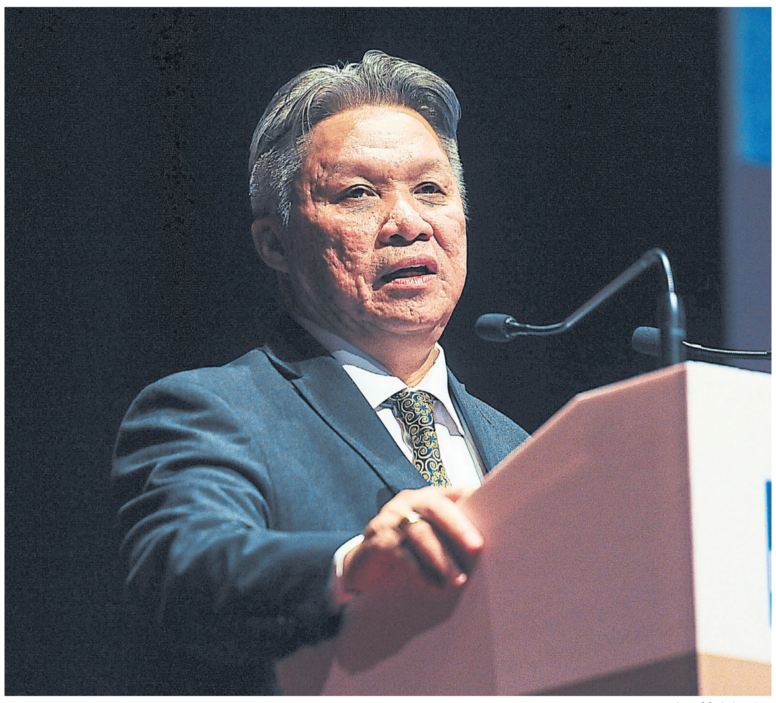
by **HABHAJAN SINGH**

TAXPAYERS from all categories are coming forward to take advantage of the tax amnesty announced last year by the Inland Revenue Board of Malaysia (IRBM).

There has been an increase in the number of those opting to make a declaration under the Special Voluntary Disclosure Programme (SVDP), including company owners and individuals.

They know two things. First, they will be imposed lower penalties. Second, the voluntary disclosure will be accepted in good faith by IRBM.

The programme, announced by the government in November 2018, offers an avenue for taxpayers to come forward and voluntarily declare any unreported income or over-claimed expenses for Malaysian tax purposes.



Pic by Afif Abd Halim

It is the desire of the govt to encourage and instil a culture of voluntary tax compliance, according to Sabin

"It is the desire of the government to encourage and instil a culture of voluntary tax compliance, and this offer to start on a clean slate on tax matters is the right move towards achieving that," IRBM CEO Datuk Seri Sabin Samitah said in a recent speech.

SVDP was 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.

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, and payments made on or before July 1, 2019, the penalty goes up to 15%. After that period, there will be a huge spike in penalties which can range from 80% to 300%.

In a recent statement, IRBM said it has the means to identify individuals and companies that have out of the norm wealth or assets by combing through information and details via social media.

It said a special squad formed last year is actively seeking out such information to identify potential tax evaders or those who have possibly been understating their income.

Moreover, IRBM reminded taxpayers that it has implemented the Automatic Exchange of Information (AEOI) which allows it to gather information from other tax authorities to assist in audits and investigations.

AEOI is the exchange of information between countries without having to request it, and which exists to reduce global tax evasion.

Among others, SVDP covers income not previously declared. It also covers expenses over-claimed, expenses not allowable and over-claim of reliefs, deductions or rebates. At the same time, it also covers the reporting of gains on disposal of assets (property and real property company shares), as well as the stamping of unstamped instruments.

The programme is not open for just about any type of claims, though. For example, you cannot make claims for expenses underclaimed involving reduced 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 their employees' benefits. However, provisions related to withholding tax are included.

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

California data privacy proposal may give law tough new teeth

SAN FRANCISCO • The strongest data privacy law in the country may be about to get sharper teeth, and lobbyists representing the tech industry think it's a disastrous idea.

Companies that amass user data could be the target of mass class-action litigation from California consumers if they're accused of violating the California Consumer Privacy Act (CCPA), under a proposed amendment to the law filed on Feb 22.

The measure would allow consumers to sue such companies, including Facebook Inc and Google Inc, for monetary damages should they be accused of breaking the law.

If approved, the measure would dramatically raise the stakes of adhering to the statute and shape the conversation around federal regulations being considered by Congress.

In its unaltered form, the statute would give violators a 30-day window to "cure" any alleged malfeasance before facing consequences mostly limited to regulatory penalties.

This proposal eliminates that "get out of jail free card" if plaintiffs are suing for monetary damages, as described by the bill's sponsor, Senator Hannah-Beth Jackson, a Democrat from Santa Barbara.

"The tech industry, by its very nature, has been very much opposed to any form of regulation," she said in an interview about the CCPA. "It's an industry that's reincarnated the Wild West; no rules, no limits, no regulation. We've reached the tipping point."

Former Governor Jerry Brown signed the CCPA into law in 2018, with an effective data of July 2020. That leaves 2019 for parties to tighten or loosen the screws on an Internet privacy law likened to Europe's General Data Protection Regulation.

The bill is one of a handful of proposed amendments to the CCPA filed ahead of the state's Feb 22 deadline that lay the foundation for intense negotiations between industry lobbyists and privacy advocates.

Other proposals include requiring data brokers to register with the attorney general's office; requiring companies to inform users if their data may be sold to third parties; requiring companies to disclose the monetary value of users' data; and allowing consumers and business to continue engaging in loyalty programmes that otherwise may have been viewed as discriminatory under the CCPA.

Industry advocates see the right to sue amendment as an unnecessary complication to an already intricate law that survived detailed negotiations on enforcement mechanisms before it was passed last year. It already includes a narrow right for consumers to sue over data breaches.

Proposing a broader "right to private action", as the broader measure to sue is described, could threaten to destabilise established business models in tech, insurance, retail and advertising, according to the bill's opponents.

"A private right of action on a law that is not yet cooked would be a disaster," said Sarah Boot, a lobbyist for the California Chamber of Commerce. "It would be a class-action bonanza," she testified at a hearing on Feb 20 about the CCPA.

That may be an overstatement. The lack of a state right to sue didn't stop consumers from suing Facebook over the Cambridge Analytica scandal, in which the personal information of millions of Americans was transferred to the political consulting firm hired by US President Donald Trump's 2016 campaign.

The admission by Facebook led to federal investigations and class-action claims by shareholders and consumers who alleged negligence and violations of California's unfair competition laws.

The public backlash against Facebook over the ways in which its platform was used to influence the 2016 presidential election was a catalyst for data privacy advocates and lawmakers including Jackson. They argue that penalties should be harsher when a company collects then improperly discloses the data of 50 million people.

The amendment will be reviewed in legislative committees, where parties will testify about its viability before it may proceed for a vote. The proposal is also likely to be the subject of intense negotiations on the final rules of CCPA before the end of the year.

The law is already being used by other states as a model for data privacy regulation, and could serve as a standard for any legislation to be considered by lawmakers.

Both sides of the debate in California are aware of what's at stake in Sacramento, since whatever happens here will almost undoubtedly shape the direction of the debate in Washington, according to Nicole Ozer, technology and civil liberties director for the American Civil Liberties Union of California. — *Bloomberg*

Malaysian Reserve is published by TMR MEDIA SDN BHD (25343-K) Unit 23A-1, Menara 1MK, Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur.
Tel: 03-6211 1851 Fax: 03-6211 1852 and Printed by TWINSTAR SYNERGY SDN BHD (987235X) Lot 2A, Jalan 13/2, 46200 Selangor, Malaysia