



Asia Tax Executives' Forum Tax Administrators Panel: Creating the Right Relationship Between Taxpayers and Officials

•• QUALITY TAX ADVICE, GLOBALLY

11-12 May 2011

Panellists

Dr Veerinderjeet Singh (moderator)

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Key tax issues to be discussed

1. New legislation on the way and how the tax authorities will deal with it
2. Changes in audit practice
3. Anti-avoidance initiatives
4. Cooperation with other jurisdictions
5. International plans for joint audits: Is Asia involved?
6. Availability of rulings

Key Insights: Malaysian Tax Administration

Key Developments

❖ Transfer Pricing

- ❖ Greater focus on audits
- ❖ APA negotiations

❖ Enforcement Activity

❖ 2011 Budget Speech – Page 9

“The Government will..... strengthen the revenue collection system by increasing enforcement and audit(s) as well as expanding coverage on all parties that should be paying taxes”



- ❖ 2011 Budget Changes
- ❖ Extension of various incentives for generation of energy, etc
- ❖ Tightening of administrative provisions
- ❖ Restriction on reinvestment allowance
- ❖ Withholding tax penalties
- ❖ Increase in service tax rate to 6% & widening of scope
- ❖ Abolishment of duties on 300 consumer items
- ❖ Encouraging home ownership



- ❖ GST legislation??
- ❖ New Director General w.e.f. 8 Jan 2011
- ❖ Expect stronger push for tax revenue to plug deficit
- ❖ More tax audit / investigation activity
- ❖ More inter-linkages between Government agencies

- ❖ Anti-avoidance initiatives – general anti-avoidance provision (Section 140) increasingly being used
- ❖ More appeal cases in the courts
- ❖ Advance rulings available
- ❖ Public rulings on the Inland Revenue Board's interpretation of specific technical provisions – more expected

- ❖ Impact on Multinationals
 - ❖ Be prepared to defend positions taken
 - ❖ Proper documentation is essential including TP documentation



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