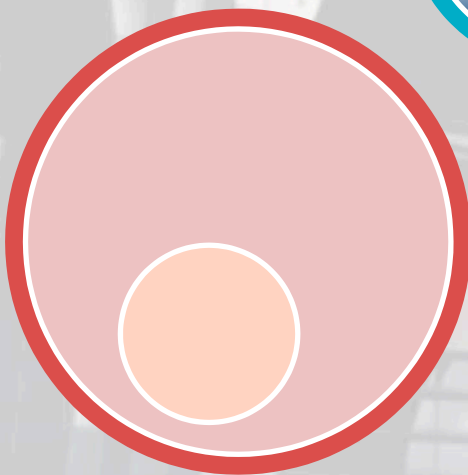


The 7th IMF-Japan High-Level Tax Conference for Asian Countries



MALAYSIA: EXPERIENCE IN INTERNATIONAL TAX MATTERS

BY:
HANAFI SAKRI,
TAX DIVISION
MINISTRY OF FINANCE MALAYSIA



SNAPSHOT OF MALAYSIA'S TAXATION



- ✓ Corporate Tax for YA 2016: **24%**
- ✓ Petroleum income tax rate for YA 2016: **38%**
- ✓ Goods and Services Tax (GST): **6%**
- ✓ **No tax** on dividends
- ✓ **No tax** on capital gains
- ✓ Signed **75 Double Taxation Avoidance Agreement (DTAA)** – ie UK, France, Singapore, Japan dan India
- ✓ Signed **15 Free Trade Agreement(FTA)** – ie Asean-Australia-New Zealand FTA, Asean-China FTA, Malaysia-Australia FTA dan Malaysia-Japan Economic Partnership Agreement (MJEPA)



WHERE DOES THE TAX COLLECTION GOES TO??

DIRECT TAX

Company	Individual
Petroleum	Withholding
Cooperation	Stamp Duty



INDIRECT TAXES

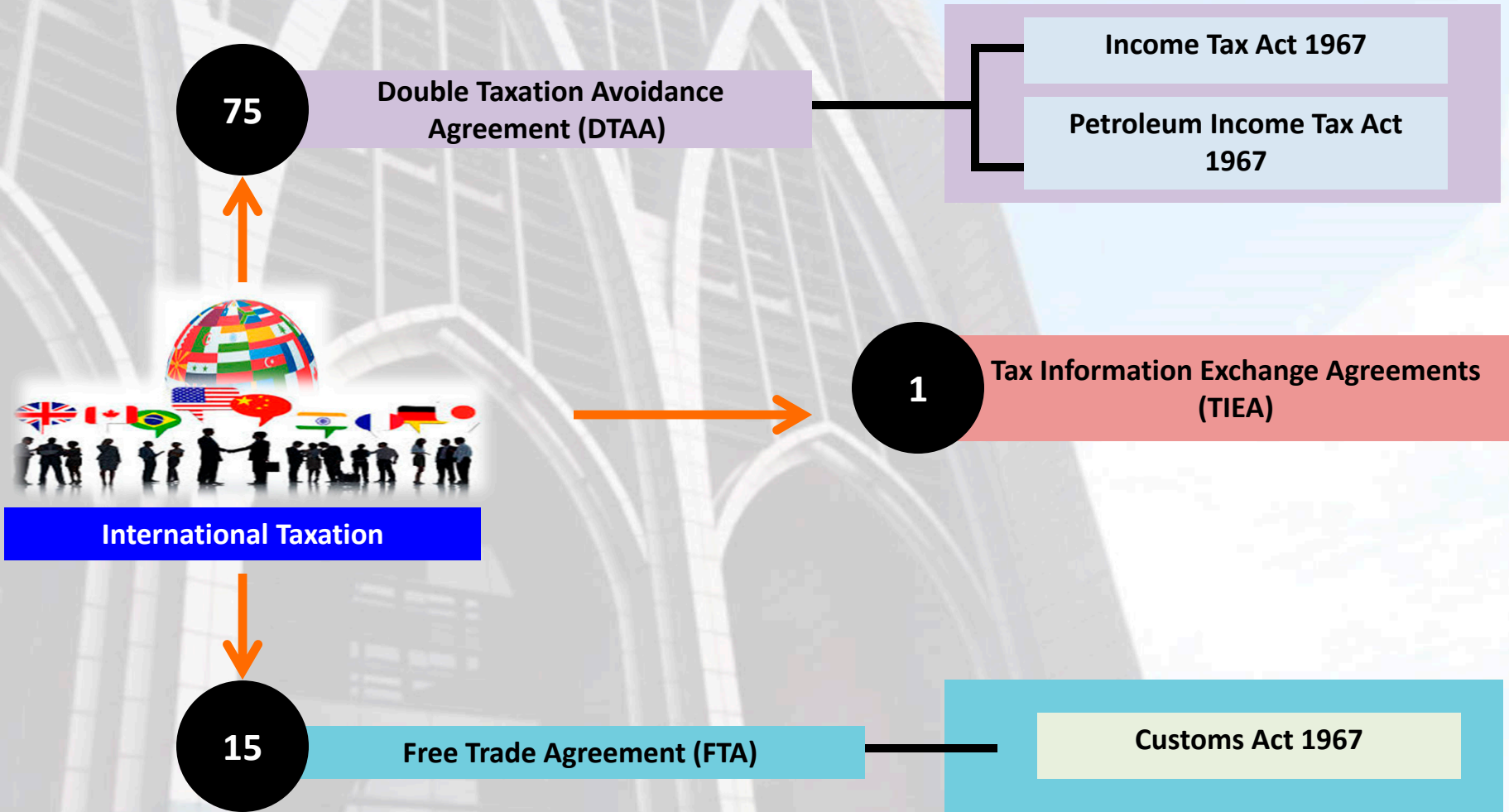
Export duty	Import duty
Excise duty	GST
Entertainment duty	Levy



Tax Revenue
Federal Government
(Consolidated Fund)



MALAYSIA'S APPROACH FOR INTERNATIONAL COOPERATION IN TAX MATTERS



GDP v Revenue Growth

- While Malaysia's GDP continue to grow, the parallel trend is not reflected in our revenue collection
(2014) GDP 5.5%
Actual revenue collected : 3.5%
- Size of Tax Gap in Malaysia in 2014 (direct taxes)
± 20% (RM30bn : 3% GDP)

Data availability especially for cross border activities

Under the current practise of Exchange of Information by Request:

1. Availability on data – restricted, only by-request basis
2. Timely response – depending on treaty partners' availability
3. Obligation to provide information is not mandatory

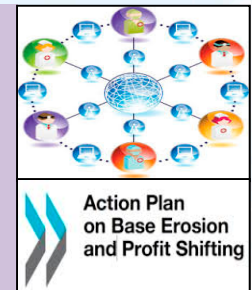
MALAYSIA'S COMMITMENT ON INTERNATIONALLY AGREED TAX STANDARDS



Active engagement
with OECD through
participation in the OECD
Committee on Fiscal Affairs

**Base Erosion and Profit Shifting (BEPS)
Project -15 Action Plan**

**Members of the Adhoc group on
Developing Multilateral
Instruments to Modify Bilateral Tax
Treaties**



**Involvement in Global Forum on
Transparency and Exchange of
Information for Tax Purposes**

**Phase 2 Review (2014) Malaysia
has obtained Largely Compliant
status**

**Commitment to implement Automatic
Exchange of Information (AEOI)
starting from September 2018**



IMPLEMENTATION OF AUTOMATIC EXCHANGE OF INFORMATION



Malaysia has committed to implement
the **Automatic Exchange of Information (AEOI)** starting September 2018

***using the Common Reporting Standard (CRS) introduced by OECD *scope of coverage : Direct Tax**

International Initiatives

Declaration of Intent to participate in the
Convention on Mutual Administrative
Assistance in Tax Matters (Jan 2016)

Multilateral Competent Authority
Agreement (signed on 27.01.2016)

1. Automatic Exchange of Financial Account
Information (MCAA CRS)
2. Exchange of Country-by-Country Reports
(MCA CBC)

Domestic Preparation

Consultation with the relevant stakeholders
(MOF, Tax Authorities, Regulators, Financial
Institutions, Associations)

Conducting workshops and seminars to
enhance public knowledge on the importance
of AEOI

Introducing policy framework to ensure
smooth implementation

Developing platform to exchange
information

Updating on AEOI through web

BENEFITS FROM JOINING THE INTERNATIONAL AGREED TAX STANDARD INITIATIVES



From Malaysia's perspective, our participation in the internationally agreed tax standards, and in particular, on AEOI initiatives is important because :

- ❖ Availability of reliable and verified data from other jurisdiction especially for risk assessment
 - for Transfer Pricing monitoring, audit and investigation
- ❖ Certainty in legislation relating to cross border transaction
 - including getting timely responses from the other tax authorities
- ❖ Improve compliance among the tax payers
 - reducing tax gap and increasing tax collection
- ❖ Increasing the efficiency of tax authorities through multilateral agreements, MoU and capacity building
 - increase efficiency in data management and processing of information



GRACIAS
ARIGATO
SHUKURIA
JUSPAXAR
DANKSCHEEN
TASHAKKUR ATU
YAQHANYELAY
SUKSAMA
EKHMET
THANK
YOU
BOLZIN
MERCICI
BIYAN
SHUKRIA
TINGKI
GRAZIE
MEHRBANI
PALDIES
MINMONCHAR
MAAKE
KOMAPSUNNIDA
LAH
AGUY-JE
FAKAAUE
SPASSIBO
SNACHALHUYA
MUHUN
CHALTU
WABEEJA
MAITEKA
MUI
YOSPAGARTAM
DHANYASUD
ATTU
ANHA
SHIERSI
SPASIBO
DENKAUJA
HEKACHALHYA
UNALCHEER
HATUR GU
EKOJU
SIKOMO
MAKETA