



**FREQUENTLY ASKED QUESTIONS (FAQ)
VOLUNTARY DISCLOSURE PROGRAM (VDP)**

NO.	QUESTION	ANSWER
VOLUNTARY DISCLOSURE PROGRAM POLICY		
1.	What is Voluntary Disclosure Program (VDP)?	This Voluntary Disclosure Program (VDP) is a government policy announced in the 2023 Budget that offers any person the opportunity to voluntarily declare non-compliance in relation to their indirect tax liability that was previously unknown or undiscovered by the Royal Malaysian Customs Department (RMCD). Participants who meet the conditions will be granted 100% penalty remission.
2.	When will this VDP be implemented?	The VDP for indirect taxes will be implemented by RMCD from 6 June 2023 to 31 May 2024.
3.	Taxes liable under which legislation are eligible for penalty remission under this VDP?	In principle, the VDP will cover the taxes that are liable under the following legislation but do not include taxes imposed on the importation of goods: <ul style="list-style-type: none"> i. Sales Tax Act 1972 ii. Service Tax Act 1975 iii. Goods and Services Tax Act 2014 iv. Tourism Tax Act 2017 v. Sales Tax Act 2018 vi. Service Tax Act 2018
4.	Taxes liable for which period are eligible for penalty remission under VDP?	Subject to the conditions under VDP, the 100% penalty remission is only limited to taxes: <ul style="list-style-type: none"> i. which are liable until 28 February 2023; and ii. declared and paid under VDP.
5.	Will compound be issued to any person participating in this VDP?	No compounds will be issued under this program.

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6.	What are the incentives given to any person who joins and meets the conditions under VDP?	<p>Among the incentives offered to any person under this program are:</p> <ul style="list-style-type: none"> i. 100% remission on penalty; ii. No compounds will be issued under this program; and iii. the period declared under the VDP will not be audited unless there is an element of fraud.
7.	What is meant by “under audit”?	<p>“Under audit” means any person who has received a Letter of Request to Submit Documents / Records for auditing purposes or an audit visit has been conducted to any person's premises by the audit team and the Bill of Demand (BOD) has not been issued yet.</p>
8.	Is my company eligible to participate in VDP if it is under audit by the Compliance Division of RMCD?	<p>Any person being audited for a taxable period on or before 28 February 2023 is NOT ELIGIBLE to participate in the VDP.</p>
9.	I have received a Bill of Demand (BOD) for outstanding penalties in 2019. Am I eligible to participate in the VDP?	<p>Not eligible. This VDP is only open for voluntary disclosure of under declared or undeclared taxes and the BOD has not yet been issued.</p>
10.	I have received a Bill of Demand (BOD) for overdue taxes and penalties in 2022. Am I eligible to participate in the VDP?	<p>Not eligible. This VDP is only open for voluntary disclosure of under declared or undeclared taxes and the BOD has not yet been issued.</p>
11.	<p>My company submitted a return for Jan – Feb 2022 taxable period on 15 March 2022 but the tax due amounting to RM1,000 was not paid until the maximum penalty of 40% which is RM400 was imposed. BOD on the outstanding has also been issued. My company then realized that there was an additional tax amount of RM100 that was under declared.</p> <ul style="list-style-type: none"> i. Can my company join VDP? ii. Will 100% penalty remission be given to all penalties imposed for the taxable period? 	<ul style="list-style-type: none"> i. Your company is eligible to participate in the VDP and make a voluntary declaration for the under declared tax amount of RM100. ii. If the company has met the conditions set under VDP, remission will only be given to the penalty imposed on the RM100 tax amount that is under declared, which is RM40 (RM100 x 40%). iii. No remission under the VDP will be given on the penalty of RM400 imposed because the BOD has been issued.

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12.	My company is not registered as a registered person under the Service Tax Act 2018, but there is service tax payable on imported taxable services. The service tax has not been declared and paid to RMCD. Is my company eligible to enjoy the incentive of 100% penalty remission under this VDP?	Yes, subject to the conditions of this program, if the company makes a voluntary declaration for the unpaid service tax, the company is eligible to enjoy the 100% penalty remission.
13.	Am I eligible to participate in VDP if I intend to claim overpayment that I have made to RMCD?	VDP only involves under payment of tax. Claims for overpayment must follow the existing procedures implemented by RMCD.
14.	What are the circumstances that do not qualify any person to join the VDP even if the voluntary disclosure is made on the legislation listed in Answer No. (3)?	<p>Any person is not eligible to join if the declaration made involves;</p> <ul style="list-style-type: none"> i. All tax liabilities that are currently / have been investigated by the RMCD's Enforcement Division; ii. Tax liability where the BOD has been issued by RMCD; iii. Tax liability under pending tribunal / court cases; or iv. Case is being investigated by Compliance Division of RMCD.
15.	Can I make a voluntary declaration for a partnership business?	Any member of the partnership may make a voluntary declaration on behalf of the partnership provided that all members of the partnership agree.
16.	Can I represent any other person to fill in the VDP application form?	You are allowed to do so with a written consent of any person represented.
17.	I have participated in the VA program, am I eligible to participate in the VDP for the same offence?	Yes, any person who has participated in the VA program can still participate in the VDP even for the same offence.

NO.	QUESTION	ANSWER
APPLICATION PROCEDURE		
18.	Does RMCD provide a special form for me to make a voluntary disclosure?	Yes, the application must be submitted via online using Form VDP-01. For more information, please refer to the Indirect Tax Voluntary Disclosure Program guidelines.
19.	If my company is eligible to participate in VDP, what are the procedures my company needs to go through?	<p>Briefly, the procedures to be followed are as below:</p> <ul style="list-style-type: none"> i. Application for registration using Form VDP-01 through the MyVDP system, ii. Acceptance of Participation Eligibility Letter (VDP-02), iii. Ensure all taxes involved are paid in full no later than 31 May 2024, iv. Submit proof of payment, v. The VDP Approval Letter (VDP-03) will be issued after the company pays in full the amount of tax declared.
20.	Does the company have to wait for the participation qualification letter before making payment or can proceed with the payment from 01 June 2023 without waiting for the letter?	The company can only make payments after receiving the Participation Eligibility Letter (VDP-02). For more information, please refer to the Voluntary Disclosure Program for Indirect Taxes guidelines.
21.	My company is required to be registered under the service tax legislation in January 2022 but the company has not yet applied for registration. Does my company need to be registered under service tax as a registered person before participating in VDP?	<p>Any person who is liable to be registered under service tax legislation can be registered before or after joining the VDP.</p> <p>However, for any person who is not liable to be registered, he can proceed to submit an application to join the VDP.</p>
22.	Do supporting documents need to be submitted along with the voluntary declaration?	No supporting documents are required when submitting an application.
23.	How do I apply to join the VDP if my company wants to report tax liability that involves multiple taxable periods?	Applications for all errors or non-compliance under the same Act can be submitted in one application (one VDP-01 Form) even if it involves tax liabilities for multiple taxable periods.

NO.	QUESTION	ANSWER
PAYMENT METHOD		
24.	How to make payment under VDP?	<p>Payment must be made by cheque / bank draft to the RMCD Station office that has <i>Pusat Tanggungjawab</i> (PTJ).</p> <p>While for Service Tax on Digital Services (SToDS), Foreign Registered Person (FRP) must make payment via FPX or Telegraphic Transfer (TT).</p>
25.	When is the full payment of tax for VDP must be made?	Payment under the VDP must be paid in full no later than 31 May 2024 or such extended period as may be approved by JKDM to qualify the applicant to enjoy the incentive of 100% penalty remission.
26.	I have applied to join VDP. However, I did not make any payments until the VDP period ended. What action will be taken against me?	If any person fails to make tax payment in full within the program period, program participation eligibility will be void and subject to existing legal actions including recovery of tax and penalties.
CONTACT US		
27.	Who can I contact if I have any questions regarding VDP?	<p>Taxpayers can contact:</p> <ul style="list-style-type: none"> i. The nearest RMCD office; ii. Customs Call Center (CCC) at 1-300-88-8500; or iii. Email: <ul style="list-style-type: none"> • ccc@customs.gov.my • mystods@customs.gov.my (SToDS only)