
Tax

Incentives for Voluntary Rectification of Tax Returns

The Ministry of Economy and Finance issued Prakas No. 071 on Incentives for Voluntary Rectification of Tax Returns dated 30 January 2024 ("**Prakas no. 071**"). Prakas no. 071 amends Prakas no. 127 dated 14 March 2022 on Incentives for Voluntary Rectification of Tax Returns in order to get an exemption from the administrative penalty.

Prakas no. 071 governs all taxpayers in the self-assessment regime who file for amendment of tax returns after the submission of their respective tax returns. The amendment of tax returns is made on the basis of mistake due to confusion or forgetfulness by the taxpayers or withholding agents.

Taxpayers or withholding agents who voluntarily amend the accounting records and tax returns shall be exempted from any administrative penalties including additional tax, interest and monetary penalty until the end of June 2024 as follows:

- For amendment of accounting records and tax returns for transactions which occurred prior to January 2024; and
- For amendment of accounting records and tax returns during tax audit, provided the amendment shall be made before tax auditors find out about the mistakes, and where tax auditors have not disclosed or there is no minute of the tax audit result.

For amendment of accounting records and tax returns for transactions which occurred from January 2024 onward, there is no exemption from administrative penalty.

If a voluntary amendment of tax returns takes place as a result of a tax audit which is in progress, this rectification is subject to additional tax at the rate of 10% and interest at the rate of 1.5% per month. As usual, the final tax reassessment from the completed tax audit is subject to applicable additional tax and interest in accordance with the severity of tax compliance of the taxpayer while the paid additional tax and interest from the voluntary amendment will reduce the amount of respective additional tax and interest of the final tax bill accordingly.

If you have any queries on the above, please feel free to contact our team members below who will be happy to assist.

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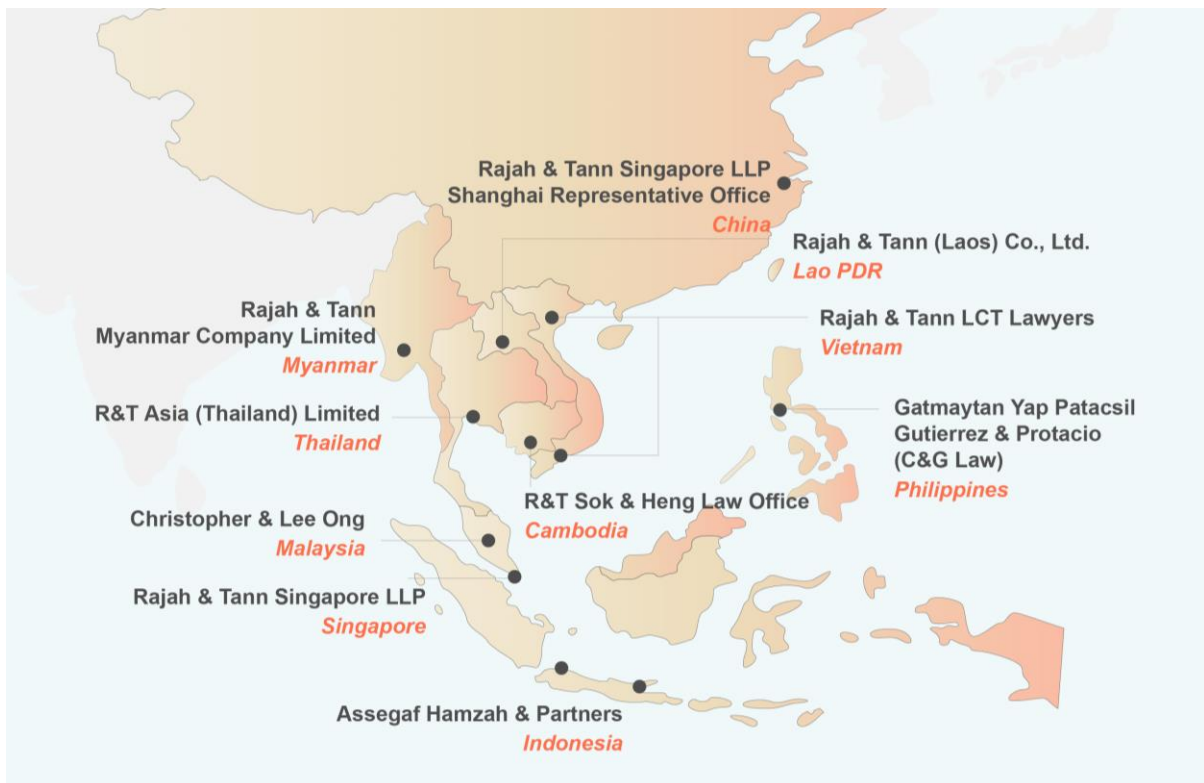
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