



# 4TH MALAYSIA TAX POLICY FORUM

## "Bridging the Taxation Divide: Building a Sustainable Future for Malaysia"

### **MALAYSIA:**

Tax Transparency: Experience on  
Exchange of Information (EOI)

# EXCHANGE OF INFORMATION (EOI) MALAYSIA

- 1 MALAYSIA'S INTERNATIONAL OBLIGATIONS**
- 2 TAX TRANSPARENCY**
- 3 EOI**
- 4 PEER REVIEW**
- 5 WHAT'S NEXT?**


# MALAYSIA'S INTERNATIONAL OBLIGATIONS

- Active participation/engagement at the OECD Global Forum. Malaysia became a **member of the Global Forum** in 2009.
- The forum brings together 171 jurisdictions dedicated to improving transparency and the exchange of information for tax purposes.
- EOI serves as a global mechanism to fight international tax evasion. Tax scandals led to a call to end *bank secrecy* by leaders of G20 in 2009.
- Malaysia signed the ***Convention on Mutual Administrative Assistance in Tax Matters (MAC)*** on 15 August 2016 on AEOI and MCAA CBC.



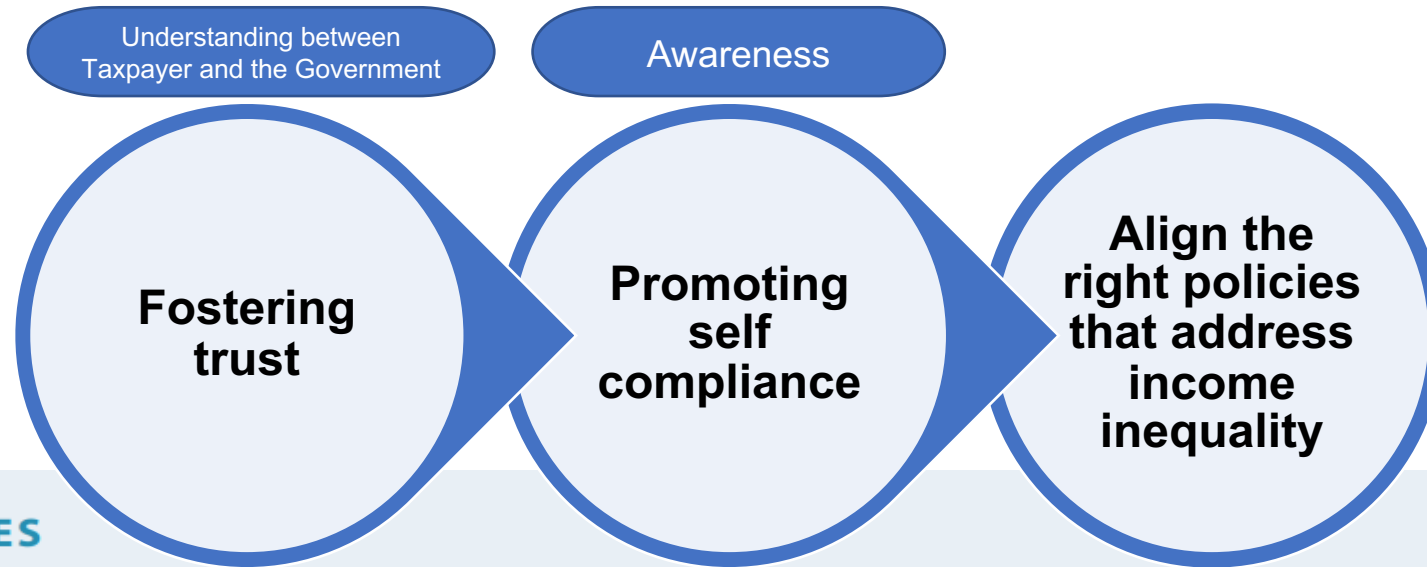
# MALAYSIA'S INTERNATIONAL OBLIGATIONS

- Active participation/engagement in the OECD-led initiatives
- Became an Associate Member of the BEPS Inclusive Framework from January 2017

Malaysia's Participation In BEPS Action Plan			
MINIMUM STANDARD	REINFORCED INTERNATIONAL STANDARD	COMMON APPROACH & BEST PRACTICES	ANALYTICAL REPORT
<p><b>Action 5</b> Counter harmful tax practices</p>	<p><b>Action 7</b> Prevent the artificial avoidance of PE status</p>	<p><b>Action 2</b> Neutralise the effects of hybrid mismatch arrangements</p>	<p><b>Action 1</b> Digital economy</p>
<p><b>Action 6</b> Prevent treaty abuse</p>	<p><b>Actions 8 - 10</b> Aligning transfer pricing outcomes with value creation: Intangibles; Risk &amp; capital; and Other high-risk transactions</p>		<p><b>Action 11</b> Data analysis</p>
<p><b>Action 13</b> Transfer Pricing Documentation and Country-by-Country Reporting</p>		<p><b>Action 4</b> Limit interest deductibility</p>	<p><b>Action 15</b> Develop a multilateral instrument</p>
<p><b>Action 14</b> Dispute resolution</p>		<p><b>Action 3</b> Strengthen CFC rules</p>	
		<p><b>Action 12</b> Mandatory disclosure rules</p>	
<p> MALAYSIA'S RESPONSE TO BEPS PACKAGE</p>			



# TAX TRANSPERANCY



## BOX 1. KEY FIGURES

- So far, 108 jurisdictions have exchanged information under the AEOI Standard. Information on over 123 million financial accounts was exchanged automatically in 2022, covering total assets of almost EUR 12 trillion.
- More than 130 jurisdictions have reported engaging in EOIR in 2022. Over 26 600 requests for information were sent last year to support ongoing tax investigations.
- In 2023, 89 jurisdictions benefitted from bilateral technical assistance, of which 33% are located in Africa, 30% in Latin America and the Caribbean, 25% Asia-Pacific, 12% in other regions.
- More than EUR 126 billion of addition revenues (tax, interests, penalties) have been identified so far thanks to voluntary disclosure programmes, similar initiatives and offshore tax investigations, including over EUR 41 billion by developing countries.

# EOI

## LEGAL BASIS FOR EOI

**Double Tax  
Conventions  
(DTCs)**

**Tax  
Information  
Exchange  
Agreement  
(TIEA)**

**Convention on  
Mutual  
Administrative  
Assistance in  
Tax Matters  
(The MAAC)**

**Other  
multilateral or  
regional  
instruments**

# TYPES OF EOI

## EOIR

EXCHANGE OF INFORMATION  
ON REQUEST

Malaysia endorses the internationally agreed standard of exchange of information for tax purposes.

EOI partners may request for information from the Inland Revenue Board of Malaysia (IRBM).

## SEOI

SPONTANEOUS EXCHANGE OF  
INFORMATION

Malaysia is an **associate member** of the OECD/G20 Inclusive Framework (IF) for the global implementation of the BEPS Project.

Under this framework, Malaysia has committed to spontaneously exchange certain categories of rulings with EOI partners.

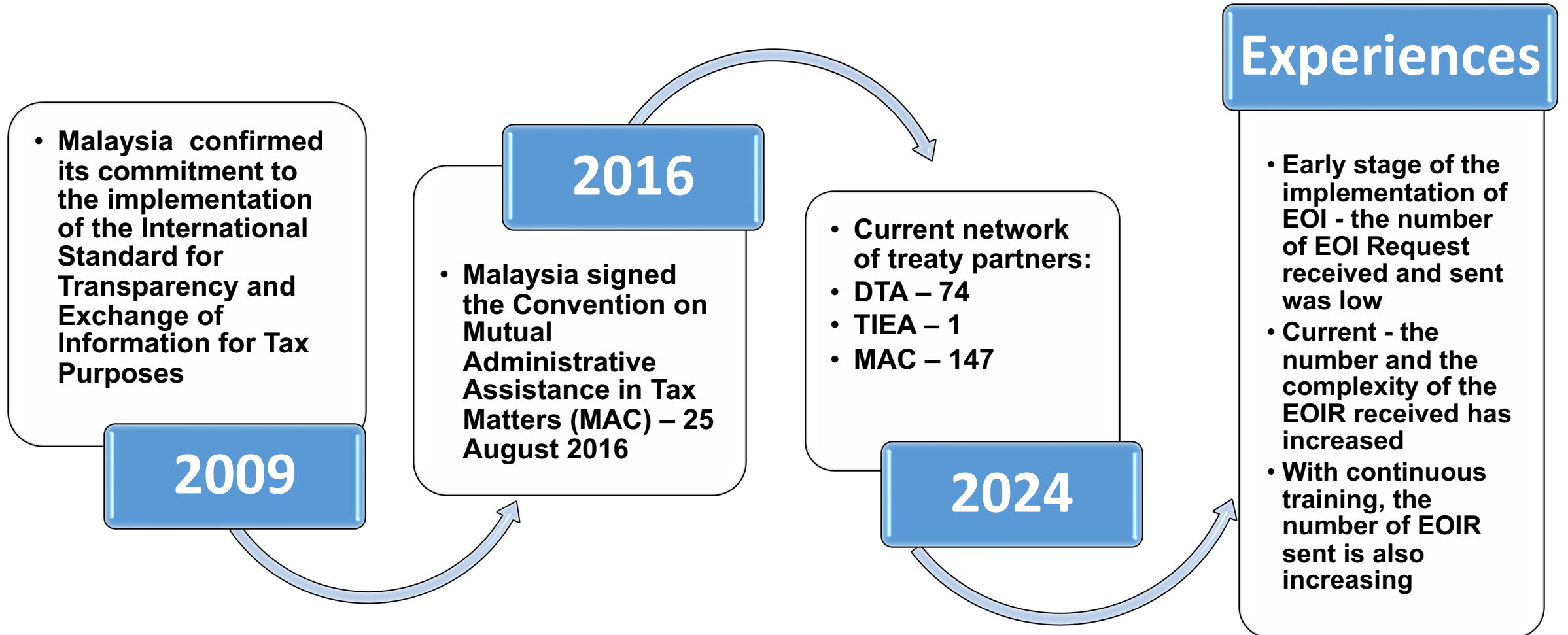
## AEOI

AUTOMATIC EXCHANGE OF  
INFORMATION

Malaysia exchanges information with its EOI partners under International Tax Compliance Agreements on :

- Foreign Account Tax Compliance Act (FATCA);
- Common Reporting Standard (CRS);
- Country-by-Country Reporting (CbCR)

# EXPERIENCE AND SUCCESS OF USING EOI





# EOI IN TAX AUDIT

## EOIR

- Mechanism to get information not available domestically that can be used in concluding tax audit/investigation cases

## AEOI - CRS

- Information received is used for:
  - Risk analysis for audit and investigation
  - Widening the tax base

## SEOI

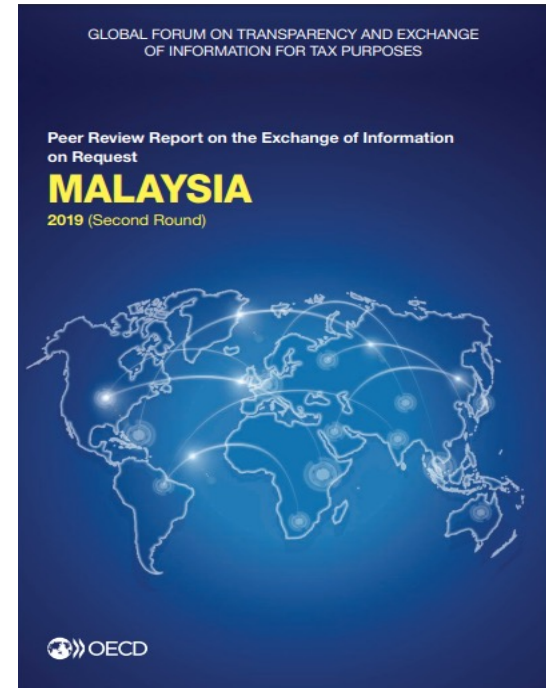
- To initiate tax audit/investigation case based on voluntary information received from other jurisdiction

# STATISTICAL INFO ON CRS EXCHANGES

EXCHANGE CYCLE	OUTBOUND		INBOUND	
	NUMBER OF EXCHANGED JURISDICTIONS	TOTAL FINANCIAL ACCOUNTS SENT	NUMBER OF EXCHANGED JURISDICTIONS	TOTAL FINANCIAL ACCOUNTS RECEIVED
2018	42	218,762	57	630,870
2019	65	1,241,460	93	2,322,949
2020	67	1,592,820	94	2,433,402
2021	71	1,791,196	97	2,374,072
2022	75	1,794,090	100	2,465,576
2023	82	1,907,006	108	3,019,265

# WHERE ARE WE?

- PRG oversees the Global Forum's peer reviews in relation to the EOIR Standard
- Malaysia has been accessed by the PRG in 2014 and 2019.
  - 2014 – Largely Compliant
  - 2019 – Largely Compliant
  - Next peer review – Compliant? Non-compliant?
- It is importance for Malaysia to receive the positive rating to ensure Malaysia complies with the internationally agreed tax standard for EOI.
  - Part A: Availability of information
  - Part B: Access to information
  - Part C: Exchanging information
- AEOI
  - Legal framework implementing the AEOI Standard is in place and is consistent
  - Overall rating in relation to the effectiveness in practice: On Track



Element	First Round Report (2014)	Second Round Report (2019)
A.1 Availability of ownership and identity information	PC	LC
A.2 Availability of accounting information	LC	LC
A.3 Availability of banking information	C	C
B.1 Access to information	PC	C
B.2 Rights and Safeguards	C	C
C.1 EOIR Mechanisms	LC	C
C.2 Network of EOIR Mechanisms	C	C
C.3 Confidentiality	C	C
C.4 Rights and Safeguards	C	C
C.5 Quality and timeliness of responses	LC	LC
<b>OVERALL RATING</b>	LC	LC

C = Compliant; LC = Largely Compliant; PC = Partially Compliant; NC = Non-Compliant

# WHAT'S NEXT?

- The Crypto-Asset Reporting Framework Group (CARF Group) oversees the Global Forum's work on ensuring the widespread implementation of the CARF.
- The CARF Group consists of 49 members and has two Co-Chairs, Mr Carl Scholtz from South Africa, and Ms Lauren Griffin from the United Kingdom, as well as two Vice Chairs (Italy and the United States). It meets regularly to discuss technical issues relevant to supporting the implementation of the CARF.
- Automatic exchange of tax relevant-information on Crypto-Assets.

**THANK YOU**