



Field Audit And Tax Investigation

How to Reduce Your Tax Exposure and Penalty

Under the current Self-Assessment System, it is a matter of time taxpayers will encounter the Inland Revenue Board (IRB) Field Audit or Tax Investigation.

In view of this, taxpayers will inevitably be confronted with the question – Are you ready to face the impending visit from the IRB or have you taken sufficient precautionary measure to mitigate your tax exposure? In practice, most IRB visits will result in additional tax liability and penalties due to tax adjustments being made on income understated or expenses over claimed. As the saying in the market place goes, “The IRB will not return empty handed”.

Experience had shown that many taxpayers encountered cash flow problems due to the substantial additional tax and penalties. In fact, the IRB has taken the following adverse actions on some taxpayers to recover the additional tax and penalties.

- (i) Forced sale of their assets.
- (ii) Company being placed under receivership or being wound up
- (iii) Directors being made bankrupt and not allowed to leave the country.

In view of the adverse effects on the taxpayers' business, it is in their interest to do a pre-field audit on their financial records. As the adage goes, “Prevention Is Better Than Cure”.

How can we help you?

We have a team of experienced staff which is headed by Mr. A. B. Ng (Executive Tax Director) who can assist you in handling such cases. Mr. Ng has more than 30 years' experience and exposure in this specialised area of service. Mr. Ng and his team have handled more than 300 pre-Field Audit, IRB Field Audit and Tax Investigation cases to-date.

Field Audit and Tax Investigation is a time consuming process which can exert tremendous pressure on the company in handling both the IRB officers and managing its business operation at the same time. We can assist you in handling this process thereby minimising disruption to your daily business activities and enabling your company to fully focus on generating business profit. We also assist the company to negotiate with the IRB to settle the case with the least tax exposure and penalties.

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Why do you require a tax auditor?

Your company is at risk! Due to the current scope of work conducted by accountants, auditors and tax agents, there is a high possibility that taxpayers will be exposed to higher tax liabilities. The existing traditional services are normally inadequate in addressing the tax issues arising from the taxpayers' business transactions and supporting documents.



Due to the specialised nature of the services, a tax auditor will be able to identify your company's tax risk and exposure and advise on how to minimise such tax exposure.

Traditional services

Accountant:

Prepares accounts in accordance with Accounting Standards

Auditor:

Expresses opinion whether the company's account is true and fair

Tax Agent:

Prepares company's tax computation in accordance with IRB Public Rulings and Income Tax Act 1967

(Do not scrutinise/verify the accounting records, supporting documents and nature of transactions recorded in the accounts)

Your company will be at risk if:

- i) Your company was focusing mainly on its cash flow during its initial years of operation and had not given priority on its documentation and proper record keeping.
- ii) Your company has related party transactions within the group either locally or overseas.
- iii) Your company charged / paid management fee to its related companies or third party either locally or overseas.
- iv) Your company's accountant / senior management staff has delegated the finance and accounting work to their supporting staff without sufficient supervision on their work.
- v) Your staff have insufficient tax knowledge and exposure to identify possible tax issues in respect of certain transactions undertaken
- vi) You have agreements which were not properly drafted and may have income tax or withholding tax implications
- vii) The descriptions recorded in your accounting records are not clear

We can assist your company to save tax by:

- i) Providing solutions in mitigating your company's tax exposure
- ii) Highlighting the adverse tax issues in your accounts / transactions which your company may not be aware of
- iii) Assisting your company to identify potential Field Audit issues
- iv) Assisting in settling your tax matter with the IRB within shortest possible time
- v) Advising on preventive measures to avoid possible tax pitfalls
- vi) Identifying the relevant tax incentives which can be claimed by your company

Our profile

The cases handled include the following: -

Companies

1. Multi National Companies (MNC)
2. Listed and Non Listed Companies
3. Companies owned by state government

Industries

1. Bridge and Railway infrastructure project
2. Construction firms
3. Direct selling
4. Education
5. Health care and beauty industry
6. Hotel and resort
7. Manufacturing
8. Medical and healthcare centre
9. Oil and gas
10. Plantation
11. Project management
12. Property Developers
13. Professional service providers
 - Architect
 - Auctioneer
 - Commission agent
 - Interior design and landscaping specialist
 - Lawyer
 - Medical specialist and practitioner
 - Real estate agent
 - Valuer
14. Restaurant
15. Software development and distribution
16. Textiles and fashion
17. Trading
18. Utilities
19. Waste disposal