

IRB no longer taxes taxpayers' patience

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SINCE the introduction of e-Filing by the Inland Revenue Board (IRB) in 2004 for companies and 2006 for individuals, taxpayers need not rush to the IRB office to file their tax returns anymore.

Instead, they can e-File at a café while enjoying coffee and then make an e-Payment. Even new taxpayers are no longer required to go to the IRB office to register.

They can just log on to the IRB website and register themselves through e-Daftar (e-Registration) to obtain their tax reference numbers.

There's no traffic jam, it's paperless and everything is done at the click of a button, anytime and anywhere.

In fact, this year, taxpayers who are wage earners can even file their tax returns with their smart phones using the m-Filing application.

Despite the ease and convenience of these electronic services, only about 60 per cent (about 2.4 million) of taxpayers in the country used the e-Filing system last year. Progress, albeit slow, has been encouraging and it is hoped that a 100 per cent rate can be achieved.

E-Filing of tax returns is just one of many improvements made by the government to boost the efficiency and convenience of the government machinery for the public.

Some other improvements made by the IRB and plans for further improvements are:

1. **PRE-FILLING** of tax returns

- 1.1. To make e-Filing easier and to encourage higher usage of the facility, the IRB plans to pre-fill tax return forms in the e-Filing system based on information provided by employers.
- 1.2. Taxpayers need only to log on to their files and check the pre-filled returns.
- 1.3. If the taxpayers agree, they sign off and submit.
- 1.4. Otherwise, they can amend the details before submission.

This method was successfully tested with employees of two companies last year.

2. **CHECKING** tax status online

- 2.1. Today, taxpayers can check their tax payment status online. The e-Lejar (e-Ledger) introduced by the IRB provides facilities for taxpayers to check on their details, ledger transaction and the tax balance position.
- 2.2. The e-Lejar display shows the ledger for income tax and real property gains tax (if any) for the current and previous years.

Access to this ledger can be made available through the e-Filing's user ID.

3. **AUTOMATIC** refund

- 3.1. The time taken for refunding tax overpaid due to companies and individuals has been reduced from one year to between 14 and 30 days in cases of submissions through e-Filing.
- 3.2. The tax overpaid for the current year of assessment is refunded without reference to the previous years of assessment, meaning a faster payment of refund to taxpayers.
- 3.3. In addition, the refund is made directly to taxpayers without the need for formal application by the taxpayers.

4. **COMPENSATION** for late refund

- 4.1. Effective from the year of assessment 2013, a taxpayer who has submitted tax returns within the stipulated time and is due for a tax refund will be paid compensation of two per cent per annum on the amount of tax refunded late by the IRB.
- 4.2. That compensation is payable where the amount refunded is made after: (a) 90 days from the due date for electronic filing; or (b) 120 days from the due date for manual filing.

5. **REDUCED** time barred

- 5.1. Effective from the year of assessment 2013, the time bar for tax audits will be reduced from six years to five years.
- 5.2. Under the IRB tax audit framework, a tax audit will not be carried out to examine records relating to the years of assessment that are time barred and make an assessment or additional assessment in respect of a taxpayer.

This change, in line with global best practices, aims to increase the certainty of the cost of doing business and enhance investor confidence.

The IRB must be commended on its achievements, in cooperation with Pemudah, which addresses bureaucracy issues in business-government dealings, to make paying taxes no more a taxing matter, and it will not stop here.

The goal is to attain global best practice as described in this question raised by Mr Astrid, a business owner in Sweden, where the tax system is highly simplified and computerised:

"In Sweden, we pay taxes online. The corporate income tax, value added tax, labour contributions and property tax are filed on a single form. Doesn't everyone do it that way?"

