

Guide to Fines and Penalties			
Income Tax	Fines and penalties		Income Tax Act
	With prosecution	Without prosecution	
Failure to submit Tax Return (including late filing) <ul style="list-style-type: none"> ▪ Within 12 months after due date ▪ Within 12 to 24 months after due date ▪ > 24 months after due date 	RM200 to RM20,000 fine or 6 months imprisonment or both	<ul style="list-style-type: none"> ▪ 15% on tax payable ▪ 30% on tax payable ▪ 45% on tax payable 	S112(1) S112(3)
Omission of taxable income Voluntary disclosure before selection for audit <ul style="list-style-type: none"> ▪ Within 6 months from the due date for furnishing the return form ▪ More than 6 months from the due date for furnishing the return form Non-disclosure (discovery during tax audit)	RM1,000 to RM10,000 fine plus penalty equal to twice the amount of tax undercharged	<ul style="list-style-type: none"> ▪ 10% on additional tax payable ▪ 35% on additional tax payable 45% - 100% on additional tax payable	S113(1) S113(2)
Failure to furnish correct particulars required by the Director General	RM200 to RM20,000 fine or 6 months imprisonment or both		S120(1)(h)
Failure to submit estimate of tax payable (Form CP204) (including late filing)	RM200 to RM20,000 fine or 6 months imprisonment or both	10% on tax payable	S120(1)(f)
Failure to notify the Director General a change of accounting period (including late filing)	RM200 to RM20,000 fine or 6 months imprisonment or both		S120(1)(i)
Actual tax is 30% higher than the estimate of tax	10% on the difference in tax payable in excess of 30% of the actual tax payable		S107C(10)
Failure to remit tax payable	10% on the amount due		S103
Failure to submit employer return (Form E)	RM200 to RM20,000 fine or 6 months imprisonment or both		S120(1)(b)
Failure to prepare and render to employee a statement of remuneration (Form EA)	RM200 to RM20,000 fine or 6 months imprisonment or both		S120(1)(b)
Failure to give a notice by an employer of an employee who: <ul style="list-style-type: none"> - has commenced work for the employer (Form CP22) - is ceasing work for the employer (Form CP22A) - is about to leave Malaysia (Form CP21) 	RM200 to RM20,000 fine or 6 months imprisonment or both		S120(1)(c)
Failure to deduct Monthly Tax Deduction (MTD)	RM200 to RM20,000 fine or 6 months imprisonment or both		Rule 17, Income Tax (Deduction from Remuneration), Rules 1994
Failure to furnish Country-by-Country Report (CBCR)	RM20,000 to RM100,000 fine or 6 months imprisonment or both		S112A

Incorrect return or information provided for the implementation or facilitation of the operation of a: <ul style="list-style-type: none"> - mutual administrative assistance arrangement; or - double taxation arrangement or a tax information exchange arrangement where such arrangement relates to the automatic exchange of information or the furnishing of a CBCR. 	RM20,000 to RM100,000 fine or 6 months imprisonment or both	S113A
Failure to deduct withholding tax	Disallowance of expenses; and 10% on the amount of withholding tax	S109(2)/ 109B(2)/ 109D(3)/ 109E(4)/ 109F(2)/ 109G(2)
Wilful evasion of tax	RM1,000 to RM20,000 fine or 3 years imprisonment or both; plus penalty of three times the amount of tax undercharged	S114(1)
Assistance in, or advice, with respect to the preparation of a return which results in the understatement of tax liability	RM2,000 to RM20,000 fine or 3 years imprisonment or both	S114(1A)
Leaving Malaysia without payment of tax	RM200 to RM20,000 fine or 6 months imprisonment or both	S115(1)
Obstruction of officers in the course of their duties; or Failure to provide reasonable facilities and assistance	RM1,000 to RM10,000 fine or 1 year imprisonment or both	S116
Failure to keep records	RM300 to RM10,000 fine or 1 year imprisonment or both	S119A

The above penalties and fines are only for guidance and are not exhaustive.



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