



# MEDIA RELEASE

**For Immediate Release**

This press statement is issued pursuant to the recent developments on the amount of RM2.6 billion received by the former Prime Minister, as well as cash and other valuable items recently seized from his residence and other premises.

On 16 February 2016, based on the findings made by the agencies that had been given the task to investigate the said RM2.6 billion, the amount received was found to be a donation payment and voluntary in nature and as such has no income characteristics. Therefore, pursuant to the general principles of taxation with respect to such voluntary payment, it is not an income which is subject to tax under the Income Tax Act 1967. A voluntary payment may change in character and be subject to tax if it is given repetitiously, as consideration for services rendered, in return for any benefit of any kind or the amount is used in a business activity in order to sustain business operations. On this point it should be highlighted that voluntary payments received by charitable institutions which have these characteristics are subject to tax unless the institution is exempted under the Income Tax Act 1967.

However, in light of the disclosure by the current chief of the Malaysian Anti-Corruption Commission and ongoing investigations pertaining to all issues related to 1MDB, the tax treatment of the said RM2.6 billion payment that was decided on 16 February 2016 is now subject to further examination. In the process of ascertaining the true nature of the payment, the IRBM will work closely with all agencies and the newly formed task forces that are involved in the 1MDB related investigation.

With regard to the seizure of cash and valuables, a notice under section 78 and 79 of the Income Tax Act 1967 will be issued by the DGIR to individuals connected to the items seized. The purpose of the notice is to ascertain whether sufficient disclosure of income has been made to the IRBM that commensurate with the assets (cash and valuables) owned by a particular individual. In the event of an unexplained wealth, additional tax will be raised together with penalty of a maximum of double the amount of tax under-declared. Failure by a person to comply with the notice within the specified time is an offence and can be prosecuted under the Income Tax Act 1967.

###

**Thank You**



---

**Issued by:**

**Dato' Sri Sabin Samitah**  
**Chief Executive Officer**  
**Inland Revenue Board of Malaysia**

☎ : 03-8313 8888 ext. 21658 / 21676 | 📠 : 03-8313 7873  
Hasil Care Line : 1-800-88-5436 (LHDN)  
Official Portal: [www.hasil.gov.my](http://www.hasil.gov.my)

**Date : 7 June 2018**