

Topic 2

(i) Briefly share your tax administrations experience on how you have used technology in areas such audit case selection, debt management processes, filing and payment compliance, taxpayer services. Share any experience on mobile money transfers for tax payment, use of call centres, managing relationships with core clients etc.

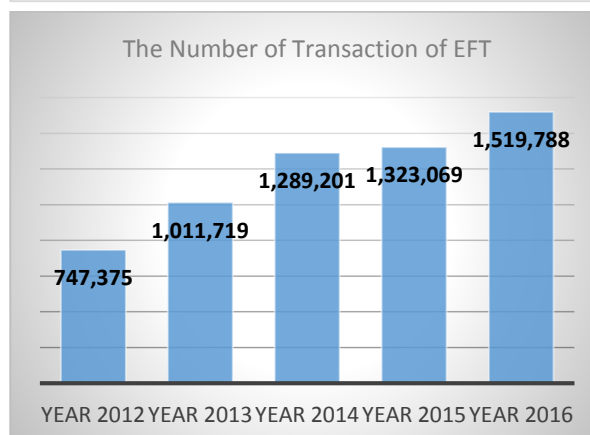
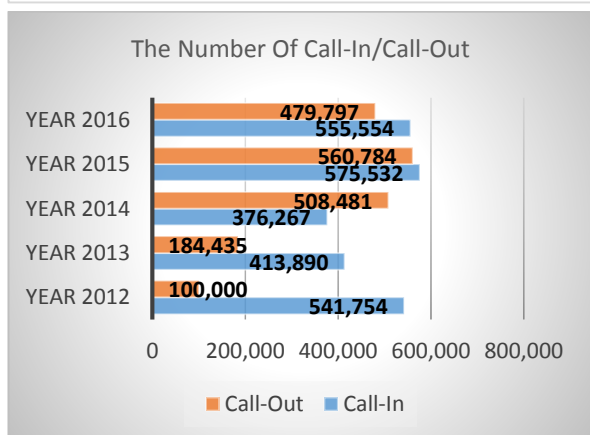
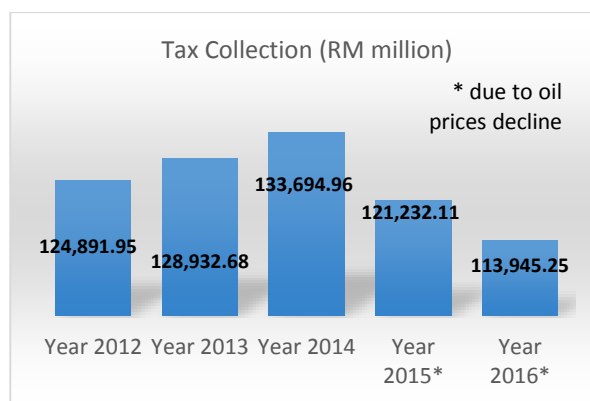
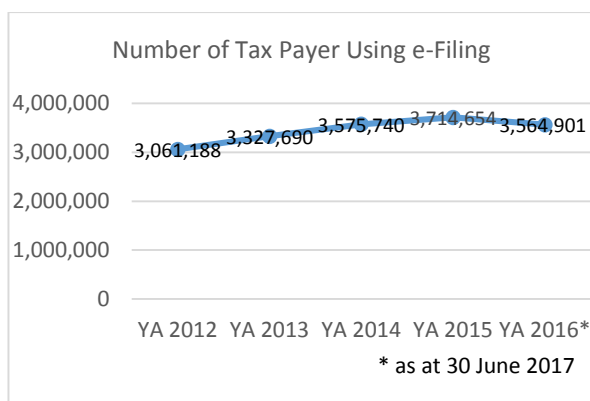
Some of the systems are as follows;

Areas	Systems and Applications
Audit Case Selection	<ul style="list-style-type: none"> i. Tax Audit Compliance System (TACS) - selection of audit and investigation cases based on the income tax return form provided at the stage of the Data Warehouse. ii. 360° - Tax payer profiling. Acquisition a collection of data from internet. iii. e-Detection - The acquisition of taxpayer accounting data in digital form. iv. IDEA - audit tools for review and case selection. v. Case Management System - audit case management and preparation of reports for reference and monitoring.
Debt Management Process	<ul style="list-style-type: none"> i. Debt Management Analytics System - Tax Collection Optimizer Solution (DMAS-TACOS) - analyse and recommend a next best action. ii. Revenue Management System (ReMS) - monitoring tax debt, follow-up action and tax collection management.
Filling and Payment Compliance	<ul style="list-style-type: none"> i. e-Register - income tax file registration system for new taxpayer. ii. e-Filing - a system which allows taxpayer to fill and send the Income Tax Return Form (ITRF), Real Properties Gain Tax Form (RPGTF) and estimation form via online. Then, the system provides e-Application to amend error or mistake for an ITRF that has been submitted through e-Filing or m-Filing before the due date. iii. m-Filing - using a smartphone to complete and submit ITRF. iv. OeF - allows authorized person in the organization to fill and submit ITRF via online. v. TaeF - allows tax agents to perform the completion and submission of tax returns for their clients. vi. e-Data Prefilled - pre-filled of the employee's income data provided by employer for e-Filing purpose.

	<p>vii. e-Payment - tax payment via online such as fpx, card credit payment,</p> <p>viii. e-MTD - a system developed for employers to compute Monthly Tax Deduction (MTD), helps employers to keep employee's information and submit MTD payment data.</p> <p>ix. Credit Card Payment - use of credit card to pay tax.</p>
Electronic Fund Transfer	A seamless process where is tax refund or tax credit is automatically transferred into tax payer's bank account. Later, audit will be carried out, if necessary.
Call Centre & Relationship with core clients	<p>i. CRMS - a system of management and monitoring the relationship records between customers and IRBM.</p> <p>ii. Hasil Care Line - a friendly call centre provides general services.</p> <p>iii. Hasil Recovery Call Centre - centralised call centre provides friendly service by Recovery Tax Consultant regarding the method of payment of personal income tax, company, monthly tax deduction as well as payments for stoppage order.</p>

(ii) What are some of the success factors and the inherent challenges?

The success factors can be seen through the increased volume of online income tax form submissions, fast and effective auto refund (EFT) processing, increased call-in / call out activities and increased tax collection.



(iii) How has IT been used to enhance inter-agencies exchange of information within your country?

Inter-agencies exchange of information are made through system integration. IT has been used in the process of creating a complex information system that may include designing or building a customized architecture or application, integrating it with new or existing hardware, packaged and custom software, and communications. Recently, Inland Revenue Board of Malaysia (IRBM) and Department of Immigration Malaysia launched a *MyExpat* system that allows both agencies to exchange data and information on foreign workers. Data from the system are useful for the purpose of enforcement.

(iv) How do you see the benefit of automation in facilitating exchange of information in the international context such as under Tax Treaties and initiatives such as Country by Country Reporting by MNEs and other disclosure requirements under the revised OECD Transfer Pricing guidelines? Are there specific IT solutions you are currently deploying in managing such information?

Exchange of information includes exchange upon request, spontaneous information exchange and automatic exchange of information (AEOI). A few standards which are already and will be in place in Malaysia are Common Reporting Standards (CRS), Country-By-Country Reporting (CbCR) dan Foreign Account Tax Compliance Act (FATCA). Malaysia has succeeded in developing a system to cater the FATCA information which will be sent to the US by the Malaysia Financial Institutions (MYFI). The system functions as a mediator to approve and rejected files which failed the initial screening requirement. The system also able to manage all transaction and sent all notification to MYFI automatically (in addition to the notification sent from IRS themselves). Currently Malaysia is already in the move to develop a system to cater the needs of automatic exchange of information as mentioned in the OECD Standards. The system known as HiDEF, will be able to cater and fulfil the requirements of CRS, CbCR and Tax Rulling. An advance and latest technology of technical infrastructure is needed to ensure that these exchanges happen in a secure and efficient manner. It is in that context that the Forum on Tax Administration (FTA) took up the work to develop the Common Transmission System (CTS) in 2015. Then, Malaysia is considering to use CTS as a platform to implement CRS, CbCR and Tax Rulling.

(v) What do you consider as the major important sources of data for your administration and what systems have been put in place to harvest and manage this “big data”? Does your administration use data analytics for its compliance risk management and what are the relevant competencies required, what are the success factors?

Data sources are divided into two sources namely internal and external sources. Internal sources are obtained through data on income tax, real property and stamping

forms. While external sources are sourced from third parties, collaboration between agencies and others. All of these data are important for analysing, making decisions and generate quality reports. Some of the systems developed to harvest the data are as follows;

CRMS	Management and monitoring the relationship records between customers and IRBM.
e-Register	Data collection of new taxpayers.
STAMPS	Instrumenting of application, assessment, endorsement and stamp duty payment.

Business intelligent tools widely use in risk management compliance. **TACS** is a tools that builds a model for shortlisting of taxpayers who do not report income accurately. For example, overstated expenditure in the return form will be identified for the selection of audit cases. Then, **DMAS** is a tools to identify a trend and behaviour of payment to assist a next best action of recovery programme in maximizing tax collection.

(vi) How has social media platform been used in improving relationships particularly with the informal sector players?

Social media platform such as Facebook, Twitter, Instagram and YouTube had been used widely in improving relationships with customer. Social media teams responsible to identify inquiries received from different social media channels and response back within reasonable time. The effect of using social media are efficiency automate skill based routing, improve a real time in handling of enquiries and improvement of reporting.

(vii) Do you have specific IT systems for indirect taxes- for example e-invoicing, fiscal devises, e-stamping, electronic cargo or stock monitoring systems.

e-Stamping contains a **STAMPS** and **Digital Franking System**. These systems are developed to deploy and manage a set of stamp duties data. STAMPS is an Electronic Stamp Duty Assessment and Payment System via internet. This method replaced the manual system in counter which use Franking Machine and Revenue Stamp. Franking Machine and Revenue Stamp will be replaced by receipt/stamp certificate which generate by STAMPS. The benefits of using the STAMPS are easy to retrieve anywhere and anytime, save time in processing instruments/documents, systematic and expedite processing, data safety guaranteed, reduce cost, status verification at any time and multi payment mode.

(viii) Has your administration considered deploying “blockchain technology” to manage tax information and data?

IRBM has not involved deploying “blockchain technology” at this moment.

(ix) What organizational reforms were undertaken in transitioning from legacy to new IT systems? Did these entail staff redeployment, changing roles and acquisition of specific skill sets? Any experience with the use of social media to interact with the staff during this process? Feedback mechanisms in place?

Evolution of IT is transitioning a workflow in IRBM. In year 2001, Self-Assessment System (a voluntary declaration) was introduced for company tax payers. Followed by mandatory among a company to use e-Filing in year 2014. Currently, IRBM is actively developing Big Data Advance Analytics (Hasil Power Data) which is a system that uses big data platforms as an advanced data analytics for better decision-making at the right time. The impact of this new direction are benefited in automate-based workflow (less human intervention) and efficiently work process. At present, social media is used to interact with the staff through specific agenda such as social function, special event etc. However, the official e-mail with the highest level of security is used to communicate among staff.

(x) What's your experience in the management of workflow under an automated environment? Any challenges and mitigations?

The advantages are cost reduction, increase productivity, save time, high performance, less human intervention in workflow and shorten work process. On the other hand, IRBM faces inadvantage such as high cost in developing a systems, dependency to external IT expertise and reliability of the system.

(xi) How have you used technology solutions for knowledge management and capacity building for the staff?

The technology solutions for knowledge management and capacity building for the staff has been developed are as follows;

Hasilpedia	A portal of encyclopaedia for internal references include a public ruling, references (inclusive audit and law cases), e-handbook, user manual. Addition, it is a knowledge sharing platform especially references audit cases.
e-Learning	Conducting a course and training to build a skill for the staff via online (video teleconferencing, tutorial etc)
IRBM Portal	A page on the internet that allows staff to get useful information and connectivity via video teleconferences, tutorial etc.

(xii) Is (are) there any specific technology solution(s) that your administration is currently deploying in a bid to enhance tax compliance for which you would wish to showcase at the Conference?

IRBM looks forward and seriously involve to develop Big Data Advance Analytics (Hasil Power Data) which is use an advanced data analytics platform for examination of data or content using sophisticated techniques and tools, typically beyond those of traditional business intelligence (BI), discover deeper insights, make predictions, and generate recommendations. Advanced analytic techniques include those such as data/text mining, machine learning, pattern matching, forecasting, visualization, semantic analysis, sentiment analysis, network and cluster analysis, multivariate statistics, graph analysis, simulation, complex event processing, and neural networks. Started in year 2015, IRBM planned a long term (5 years development) conceptual Big Data application and development of infrastructure to transform engagement of data-valuable information. Big Data eco-system consists of data acquisition, data marshalling, data governance and data dissemination to support data analytic systems. In future, management hopes to become a data-driven organization which is leveraging data as a strategic asset to effect impact and results.

(xiii) Any thoughts on the future use of artificial intelligence in the area of tax administration?

In future, IRBM will focus on Big Data Advance Analytics to obtain insights of knowledge and skill to engage with data as stated in para (xii) above.