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MEDIA RELEASE

MINISTRY OF FINANCE MALAYSIA

MALAYSIA JOINS THE MULTILATERAL INSTRUMENTFRAMEWORK UNDER THE BASE EROSION AND PROFIT SHIFTING (BEPS) ACTION PLANS WITH 77 COUNTRIES

Malaysia is committed in meeting the internationally agreed tax standards by signing the Organisation for Economic and Cooperation Development (OECD)-led initiative, the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting [the Multilateral Instrument (MLI)]. The MLI had been signed on 24th January 2018 by the Honourable Deputy Finance Minister I, YB Dato' Wira Othman Aziz which took place at the OECD headquarters in Paris. With this signing, Malaysia is together with other countries including China, Indonesia, Australia, India, Singapore and Japan which have taken proactive position in executing the best tax practices under the international standards, including the implementation of BEPS Action Plans.

The adoption of MLI is the result of comprehensive discussions of more than 100 jurisdictions, including Malaysia at the Ad Hoc Group Meeting on MLI in preserving the taxing right of countries, taking into account the development of the latest cross border activities in trade and investments.

In his speech, YB Dato' Wira Othman Aziz highlighted the importance of signing the MLI to Malaysia due to the significant number of enforced Double Taxation Avoidance Agreement, which currently stood with 73 countries. The implementation of this initiative is very pertinent as it aims to close gaps that allow profit to be artificially shifted to low or no tax jurisdictions. In the advent of globalised business activities and extensive cross-borders transactions, it is of prime importance that profits should be attributable to the jurisdictions where substantive economic activities are being carried out. Malaysia as the BEPS Associate has to fulfill the commitment in order to be competitive in attracting and promoting investments including Foreign Direct Investments for long term sustainability and further enhancing the inclusive economic development model.

YB Dato' Wira Othman Aziz also particularly reiterated Malaysia's commitment in meeting the internationally agreed tax standards especially in the areas of automatic exchange of information (AEOI). To date, Malaysia is the signatory to the Multilateral Competent Authority Agreement (MCAA) on Common Reporting Standards and Country by Country Reporting as well as the Convention on Mutual Administrative Assistance in Tax Matters and is scheduled to start its AEOI with the other participating jurisdictions in September 2018. Malaysia will also be delighted to host the 17th Automatic Exchange of Information Working Group Meeting and the 7th Competent Authorities Conference in Putrajaya which is scheduled in May 2018. This initiative is highly commended by the OECD as it reflects Malaysia's commitment in implementing best practices.

Ministry of Finance
Putrajaya

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