

Income, Interest, and Asset Declaration System Reform Recommendations for Malaysia

Recommendations on localising Income, Interest, and Asset Declaration system reform within Malaysia's anti-corruption enforcement framework.

Transparency International Malaysia

Email : ti-malaysia@transparency.org.my
Website : www.transparency.org.my



TRANSPARENCY
INTERNATIONAL
MALAYSIA



Acknowledgements

This report was conducted and commissioned by Transparency International Malaysia (TI-M) with funding and support from the United Nations Office on Drugs and Crime (UNODC) Regional Office for Southeast Asia and the Pacific, and the Swedish International Development Cooperation Agency.

This report was prepared by TI-M's consultant, Dmytro Kotlyar, and reviewed by Dr Raymon Ram (TI-M), Justin Jarret (TI-M) and Vickram Ragunath (UNODC). It draws on a two-day interactive workshop organised by UNODC and TI-M held in May 2026 in Putrajaya. We gathered inputs from other stakeholders in Malaysia such as; Members of the State Assembly, MACC officers, officers from Prime Minister's Department of Malaysia's, Legal Affairs Division's, Enforcement Agency Integrity Commission, Royal Malaysia Police, and representatives from multiple organisations namely Pertubuhan Anti Korupsi Malaysia (PAKAR), Malaysia Bar Council, Himpunan Advokasi Rakyat Malaysia (HARAM), and North South Initiative.

Disclaimer

This report has not been formally edited.

The contents of this publication do not necessarily reflect the views or policies of UNODC, TI-M, or contributory organisations, and neither do they imply any endorsement.

Income, Interest, and Asset Declaration System Reform – Recommendations for Malaysia

Outcome Document

*Prepared by Dmytro Kotlyar, International Consultant, for Transparency
International Malaysia*

July 2026

Table of contents

Summary of key recommendations	3
Introduction	5
Diagnosis of the current IIAD framework	6
Why an asset and interest declaration system is important	9
What an effective IIAD system should include	10
Proposals for Malaysia	14
A uniform legal framework	14
Who submits declarations	15
When declarations are submitted	16
What should be declared and how	17
Implementing institution	20
Verification	21
Sanctions	23
Access	25
Implementation challenges and lessons learnt from other countries	26
Annex. Reference materials	29

Summary of key recommendations

This document outlines a reform proposal for Malaysia's income, interest and asset declaration (IIAD) system. The recommendations reflect the outcomes of the workshop discussions held on 18-19 May 2026 in Putrajaya, organised by Transparency International Malaysia with the support of the United Nations Office on Drugs and Crime. The proposals build on the current situation in Malaysia and are refined against international standards, reference materials and best practices. The proposals focus on legislative reform and do not aim to cover all technical details.

Summary of recommendations:

- A. **Enact a dedicated IIAD law.** Malaysia should adopt a single comprehensive statute governing the declaration of income, interests, assets and liabilities by public officials. The law should replace the current patchwork of regulations, codes of ethics/conduct, and circulars. It should apply across the federal, state and local levels and to all branches of government, and should regulate the full cycle of the system: who declares, when, what is disclosed, how declarations are verified, who administers the system, what the public can see and what sanctions follow non-compliance.
- B. **Keep the primary law focused and put technical detail in subsidiary legislation.** The statute should fix the elements that determine rights and obligations, in particular the categories of declarants, filing deadlines, categories of information to be disclosed, value thresholds, verification powers, sanctions and public access rules. The declaration form itself, detailed procedures, and risk indicators should be set out in subsidiary instruments that can be updated without amending the Act.
- C. **Centralise the system.** One dedicated institution should administer the IIAD system for all categories of declarants. It should collect declarations, maintain the electronic platform, check submission compliance, review complaints, verify declarations, refer suspected offences for investigation or prosecution, and manage public access. It should replace the fragmented selfregulation by each branch of government and individual institutions.
- D. **Define declarants on a risk basis.** The law should cover Members of the Administration, Members of Parliament, state assembly members, judges, senior civil servants and other officials in high-risk positions, including those with procurement, licensing, enforcement and regulatory powers. Senior officers of government-linked companies, statutory bodies and state-owned entities should be included. The filer population should be comprehensive, covering all categories exposed to material risk of corruption, but balanced to keep the system feasible. The implementing institution should be able to extend coverage to further categories based on corruption risk assessment.
- E. **Capture family members and indirect holdings.** Declarations should cover the declarant's spouse, dependants and minor children, and should extend to assets that the declarant beneficially owns or effectively controls through relatives, nominees, proxies or other arrangements, in Malaysia and abroad.
- F. **Require declarations across the full lifecycle of public office.** Officials should file on entering office, annually while in office, on leaving office, and once or twice after leaving public office. Candidates for elected office should declare before nomination.
- G. **Build one digital platform with a single declaration form.** All declarants should file electronically through a unified national platform using a standardised form. The system should be digital by design, with built-in validation, automated reminders, pre-population from government databases where feasible, and data stored in machine-readable form.

- H. **Make disclosure comprehensive but proportionate.** The form should capture immovable and movable assets; beneficial ownership in companies and trusts; indirect control of assets through nominal owners and proxies; income from all sources; gifts and sponsorships; financial liabilities; significant expenditures; cash and bank accounts, including foreign accounts; virtual assets; and outside interests and positions relevant to conflicts of interest. The declaration should capture all material incoming and outgoing financial flows to enable control over changes in wealth. Reasonable value thresholds should exclude low-value items from the declaration's scope. Assets should be reported at their actual acquisition cost, not at a market value estimate.
- I. **Choose one custodian institution and equip it properly.** The two realistic options for the responsible (implementing) institution are the Malaysian Anti-Corruption Commission (MACC) and the future Ombudsman. Whichever is chosen must receive a clear statutory mandate, guaranteed independence, dedicated and trained staff separated from criminal investigation functions, sufficient funding, and legal access to information needed for verification, including held by private entities and financial institutions.
- J. **Verify declarations through prioritisation.** The system should combine automated risk analysis of all declarations with risk-based in-depth verification of a selection of them. Verification should draw on automated cross-checks against land, company, vehicle, tax and other government records, and should be triggered by risk scores, complaints, media and civil society findings, and random selection. The law should allow the implementing institution flexibility to determine the rules for prioritising verification based on the risk assessment. Manual in-depth verification of all submitted declarations should not be expected.
- K. **Introduce effective, proportionate and dissuasive sanctions.** Late filing and minor errors should attract administrative monetary penalties. Intentional non-submission, false declarations and forgery of supporting documents should carry criminal liability, alongside disciplinary consequences. Electoral laws should be amended so that failure to declare, or a materially false declaration, has consequences for candidates and elected representatives.
- L. **Create a workable mechanism against unexplained wealth.** Malaysia should complement the declaration system with a civil confiscation mechanism that allows the forfeiture, on the balance of probabilities, of assets that a public official cannot plausibly explain by lawful income, without the need to prove or show any link to a predicate criminal offence.
- M. **Make declarations open by default.** Redacted declarations should be published on a central portal promptly after submission, be machine-readable, and be searchable. Exemptions (redactions) should be narrow, defined by law, and limited to sensitive personal data such as identification numbers, precise addresses, bank account numbers, and information about minors.
- N. **Regulate access by other authorities.** Law enforcement bodies, tax authorities, financial intelligence and supervisory bodies should have direct access to full declaration data under clear statutory conditions, with access logging and safeguards against misuse.
- O. **Implement in phases and protect the reform.** The new system should be rolled out in stages, starting with the highest-risk categories of officials, with clear transitional provisions for existing declarations. Adequate resources, sustained political commitment, and continued civil society engagement will determine whether the reform succeeds.

Introduction

1. On 18 and 19 May 2026, Transparency International Malaysia and the United Nations Office on Drugs and Crime convened a two-day workshop in Putrajaya on improving and enforcing the income, interest, and asset declaration (IIAD) system in Malaysia. The workshop brought together Members of Parliament, officials of the Malaysian Anti-Corruption Commission (MACC), representatives of ministries and agencies, integrity practitioners, academics, student activists and civil society organisations.
2. This Outcome Document consolidates the results of the two-day workshop and develops policy recommendations for Malaysia to introduce a comprehensive reform of its IIAD system based on international standards and best practices. This document was prepared by Dmytro Kotlyar, International Consultant, for Transparency International Malaysia.
3. The Outcome Document includes the diagnosis of the current system, explains why an effective IIAD framework matters, outlines the building blocks of such a framework, and sets out detailed reform proposals. The proposals are addressed to policymakers, legislative drafters, and other stakeholders, including civil society, to advocate for reform.
4. This note uses the term “income, interest and asset declaration,” which is the current terminology in Malaysia. International materials usually refer to “asset and interest declarations,” “asset declarations,” or “financial disclosures.” For this note, these terms are interchangeable. By the IIAD/asset and interest declarations, we mean a comprehensive regime of declarations for public officials that covers a range of purposes, including conflict-of-interest management and the control of unjustified wealth.
5. The document’s main focus is on the declaration system. It mentions, but does not aim to provide a blueprint for other related reforms that may be needed, such as institutional strengthening of the MACC, the establishment of the Ombudsman, freedom of information legislation, digital government, etc.
6. The recommendations reflect international standards (notably the United Nations Convention Against Corruption (UNCAC),¹ the Technical Guide to the UNCAC,² and the G20 High-Level Principles on Asset Disclosure by Public Officials³) and guidance materials found in publications by the World Bank/StAR (see Annex for the full list).
7. The note does not aim to exhaustively describe all elements and technical provisions of the new IIAD system. Instead, it outlines essential components and parameters that an effective IIAD framework should follow, and provides guidance on designing and implementing the reform in Malaysia. The proposals focus on what should be covered by the primary law and do not cover all technical elements.

¹ Articles 8 and 52(5), UNCAC, <https://www.unodc.org/corruption/en/uncac/learn-about-uncac.html>.

² www.unodc.org/documents/treaties/UNCAC/Publications/TechnicalGuide/09-84395_Ebook.pdf.

³ www.unodc.org/documents/corruption/G20-Anti-Corruption-Resources/Thematic-Areas/Public-Sector-Integrity-andTransparency/G20_High_Level_Principles_on_Asset_Disclosure_by_Public_Officials_2012.pdf.

Diagnosis of the current IIAD framework

8. The existing IIAD system in Malaysia is fragmented, built on different legal bases and administered by different custodians. Career civil servants declare under subsidiary legislation; declarations are submitted internally through the Human Resource Management Information System (HRMIS) administered by the Public Service Department. Declarations are not publicly available. They remain within the administrative system and are only accessible if a formal investigation is triggered. Members of the Administration and Members of Parliament declare under a code of ethics with no statutory force. Judges declare under their own code. State governments, statutory bodies and local authorities can choose whether to follow the federal rules. Government-linked companies are not covered by the disclosure requirements.
9. There is no uniform asset and interest declaration system in Malaysia. Fragmentation and other weaknesses run through every element of the IIAD systems. Who must declare, what must be declared, to whom, how often, on what form, electronically or on paper, with what consequences for non-compliance: the answer differs for each category of official. Declaration forms have significant gaps and do not capture sufficient information for enforcement.
10. **Civil servants.** The career civil service is covered by the most developed system, but it also suffers from many weaknesses and gaps. Under the Public Officers (Conduct and Discipline) Regulations 1993,⁴ public officers must declare their assets and those of their spouses and children, including property held on their behalf by others. The obligation covers immovable and movable assets: land, buildings, cash, shares, vehicles, jewellery and other high-value items. Declarations are required on first appointment, whenever directed by the Government, upon acquiring or disposing of significant assets, and at least once every five years. Compliance is a condition of service, tied to confirmation and promotion.
11. Declarations are filed electronically through the Human Resource Management Information System (HRMIS) administered by the Public Service Department (JPA). A 2024 JPA circular updated the Code of Conduct and retained disclosure thresholds for shareholdings of five per cent of any single company or RM100,000 in total value.⁵ The review of submissions is limited to checking that a declaration has been filed and is complete; there is no routine verification of accuracy. Declared values of assets are accepted as stated. Officers describe the system as tedious and unclear, and practices differ across agencies, with some statutory bodies running their own separate arrangements. Declarations are classified documents. They are not accessible to the public. The MACC has no standing power to obtain them without first opening an investigation. Noncompliance is a disciplinary matter, handled internally, with outcomes ranging from a warning to dismissal. In practice, cases often end with mild measures.
12. **Political officials.** No statute requires a member of Parliament, a senator or a minister to declare income, interests or assets. Under the Code of Ethics for Members of the Administration and Members of Parliament 2018, Members of the Administration and MPs are expected to declare their assets and those of their spouses, children and trustees upon assuming office and every two years thereafter. Declarations are made on prescribed forms as statutory declarations under the Statutory Declarations Act 1960, submitted to the Prime Minister with a copy to the Chief Commissioner of the MACC. The Prime Minister submits his own declaration to the Chief Commissioner.

⁴ <https://www.audit.gov.my/images/PDF/2025/P.U. A 395.1993 Online Version 2025.pdf>.

⁵ <https://theedgemalaysia.com/node/792457>.

13. The system has no proper enforcement mechanism. The Dewan Rakyat (lower house of Parliament) passed a motion in 2019 compelling all MPs to make statutory declarations of assets,⁶ but the motion was never translated into legislation, and a majority of opposition lawmakers simply declined to comply. Ministers declare to the Prime Minister, while heads of constitutional offices declare to the Chief Secretary. No independent body reviews politicians' declarations, and the MACC, though it receives copies and acts as custodian, has no mandate to demand, verify, or act on them outside a criminal investigation.
14. **Judges.** Judges of the Federal Court, the Court of Appeal and the High Court, together with judicial commissioners, declare assets under the Judges' Code of Ethics 2009.⁷ Declarations are due on appointment, whenever directed by the Chief Judge, on acquisition or disposal of property, and every three years. The scope is narrower than for civil servants: judges declare only their own assets, not those of spouses or children. There is no secretariat with defined responsibilities for processing the declarations, no prescribed procedure after submission other than acknowledgement by the Chief Judge, no clear sanction for non-compliance, and no public access.
15. **State-level officials, statutory bodies, and Government-linked companies.** State public services, statutory authorities, and local authorities may adopt the 1993 Regulations but are not obliged to do so. Among state legislative assembly members, only Penang and Selangor have operated opendecoration arrangements. Senior officers of government-linked companies and state-owned entities, who control substantial public resources and make high-value procurement decisions, are generally not covered by any declaration regime comparable to that of the civil service. The same is true of decision-makers in public universities and other similar institutions.
16. **Historical developments.** In 2018, the MACC launched a public asset declaration portal. For the first time, income and asset information for ministers and MPs became available online. 48 MPs and ministers of the then government had declared. In 2020, the succeeding administration continued the practice, publishing declarations for 57 of 70 ministers and deputy ministers with asset values shown in bands. In February 2021, detailed income and asset information was removed from the MACC website during a relaunch.⁸ Since then, the portal has shown only whether an official has declared, not what was declared.
17. The National Anti-Corruption Plan 2019-2023 committed the Government to introduce a written law on asset declaration by Members of Parliament and Members of the Administration.⁹ The 2021 mid-term review downgraded that commitment to a study of its viability. The National AntiCorruption Strategy 2024-2028 dropped explicit references to an asset declaration law altogether. Its Sub-Strategy 2.12 commits only to a mechanism for the declaration of interest and gifts by Members of the Administration and Members of Parliament.¹⁰ A Special Cabinet Committee agreed in January 2024 to introduce a new declaration format for MPs and Members of the Administration.¹⁰

⁶ <https://www.nst.com.my/news/nation/2019/07/500680/dewan-rakyat-passes-special-motion-asset-declaration>.

⁷ <https://www.jac.gov.my/en/doc/related-laws-judges-code-ethics-act-year-2009>.

⁸ <https://www.therakyatpost.com/news/malaysia/2021/02/04/public-can-no-longer-access-ministers-asset-declaration-afterdetails-removed-from-macc-website>.

⁹ https://www.pmo.gov.my/wp-content/uploads/2019/07/National-Anti-Corruption-Plan-2019-2023_.pdf.¹⁰ https://www.sprm.gov.my/admin/uploads_publication/strategi-pembanterasan-rasuah-nasional-2024-2028-en08052024.pdf.

¹⁰ <https://www.nst.com.my/news/nation/2024/03/1030431/new-format-asset-declaration-mps-and-administrative-membersbe-enforced>.

18. Outside government, there is a long-standing demand for reform of the IIAD framework. For example, Transparency International Malaysia has long advocated for mandatory declarations by the Prime Minister, ministers and heads of public institutions.¹¹ The C4 Center has called asset declaration non-conditional and non-negotiable for all MPs and maintains a public tracker of the commitment's progress.¹²

19. **Summary of weaknesses.** The gaps in the existing framework can be summarised as follows:

- **No legal foundation for politicians.** IIADs by MPs, Senators and Members of the Administration rest on a code of ethics, not on an enforceable law. Compliance depends on political will and cannot be compelled.
- **Fragmentation.** Different rules, declaration forms, custodians, submission frequencies, and sanctions (if any) apply to different categories of officials, with no uniform standards.
- **Coverage gaps.** State assembly members in most states, senior government-linked company (GLC) and state-owned enterprise personnel, and many officials in high-risk functions, such as procurement, fall outside any meaningful obligations to declare.
- **No verification.** Declarations are accepted as submitted and are not verified. There is no cross-checking against land, company, vehicle or tax records, no risk-based selection for review, and no institution with the mandate and staff to conduct an in-depth verification. Inaccuracies may be detected only through an investigation opened on other grounds.
- **Weak and uneven sanctions.** Civil servants face internal disciplinary measures. For judges and parliamentarians, there is no clear consequence for non-submission or false declaration. There have been no sanctions for false declaration in Malaysia.
- **No independent oversight.** Ministers declare to the Prime Minister and judges to the Chief Judge. Each branch of government polices itself, which cannot be an effective arrangement. The MACC has a limited role and no proper enforcement powers; it cannot compel a declaration or verify one outside a criminal investigation.
- **No public access.** Civil servants' declarations are classified. The disclosure of politicians' declarations has been withdrawn, preventing any meaningful public scrutiny.
- **Not used as an unexplained wealth detection tool.** Section 36 of the MACC Act 2009 allows the Commission to require a person to explain their assets, but only on reasonable grounds developed through an investigation into another offence. In practice, enforcement has required linking wealth to a predicate offence. Disproportionate assets discovered through verification of an IIAD do not trigger consequences.

¹¹ <https://transparency.org.my/pages/news-and-events/press-releases/prime-minister-cabinet-ministers-and-head-of-publicinstitutions-have-a-duty-to-declare-assets>.

¹² <https://c4center.org/press-statement-asset-declaration-must-be-non-conditional-and-non-negotiable-for-all-mps>, <https://aliran.com/civil-society-voices/a-binding-asset-declaration-law-is-long-past-due>.

Why an asset and interest declaration system is important

20. Asset and interest declarations have become one of the most widely used anti-corruption instruments in the world. More than 160 countries operate some form of disclosure system for public officials.¹³ The instrument is anchored in the United Nations Convention against Corruption, to which Malaysia is a party. Article 8(5) calls on States to require public officials to declare their outside activities, employment, investments, assets, and substantial gifts or benefits that may result in a conflict of interest, and Article 52(5) calls for effective financial disclosure systems for public officials, with appropriate sanctions for non-compliance. Declaration systems, when designed well and properly enforced, serve several important purposes.
21. **Preventing conflicts of interest.** Declarations can capture an official's outside engagements, business interests, beneficial ownership, directorships, shareholdings, outside positions, dealings with the state, family connections, income sources, and other interests that may be checked against the official's duties. IIADs help identify and manage situations of potential, actual, or perceived conflict of interest, such as when a procurement committee member has an undisclosed stake in a bidder, a regulator holds shares in a regulated firm, or a minister whose spouse's company does business with the state.
22. **Detecting illicit enrichment.** Entry and exit declarations, along with regular declarations while in office, establish a financial baseline for each official and track significant changes in wealth accumulation over time. When declared lawful income cannot explain newly acquired assets, the declarations become evidence of the unjustified wealth. The person becomes liable either for illicit enrichment, false declaration or both.
23. **Deterrence.** The annual disclosure of assets and interests increases the risk of detection for a public official who may consider engaging in corruption. The official who accepted an undue advantage faces a hard choice - declare it and risk detection, or omit it and commit a separate, provable offence. Experience in other countries shows that false declaration offences are often easier to establish and prove than the underlying corruption. When the system incorporates a strong independent verification and public scrutiny of declared information, the deterrent effect is multiplied.
24. **Building public trust.** Public declarations allow citizens, journalists and civil society to scrutinise changes in the wealth and interests of public officials, building trust that those in power act with integrity and do not enrich themselves. Declarations also give honest officials a means of demonstrating that their assets are within their lawful income and no undue interest has influenced their decisions.
25. **Supporting the wider integrity framework.** IIAD data can be used to support other control mechanisms. It can help identify politically exposed persons for anti-money laundering due diligence. It can be cross-referenced with procurement and company data to flag contracts awarded to firms connected to officials. It can help enforce anti-corruption requirements and restrictions, such as gifts, incompatibilities, and post-employment. Machine-readable declaration data can be reused for public oversight or commercial purposes.

¹³ World Bank (2017), Getting the Full Picture on Public Officials: A How-To Guide for Effective Financial Disclosure, <https://elibrary.worldbank.org/doi/abs/10.1596/978-1-4648-0953-8>

26. **Signalling anti-corruption commitment.** A robust asset and interest declaration system shows that the government is serious in its commitment to address corruption and build the integrity of public administration. Transparent and accountable institutions attract investment and improve the quality of public service delivery. Reforming the IIAD system will send a strong signal to citizens, investors and international partners that Malaysia is committed to public accountability and that those who hold public power are prepared to be scrutinised.

What an effective IIAD system should include

27. International reference materials and foreign best practices show that an effective asset and interest declaration system should address a set of building blocks. Weakness in one element can undermine the whole system. Below is an overview of the system's main elements. The document then recommends how to apply them in Malaysia.
28. **Who files/declarants.** An effective system defines the declarant population using a risk-based approach. Officials with a high level of exposure to corruption should be covered first. Blanket coverage of every public-sector employee will produce millions of forms that nobody can verify and dilute attention from the declarations that matter. Coverage can be comprehensive to allow for the broader deterrent effect of the declarations, but disclosure should, first of all, extend to those at the highest risk. The starting point is senior officials across all branches: the executive branch's political level, parliamentarians, judges, prosecutors, and senior civil servants. Positions with functions carrying elevated risk regardless of seniority, such as procurement officers, licensing and permit officials, tax and customs officers, and enforcement personnel, should be covered as well. Senior managers of state-owned enterprises belong on the list because they control public resources on a large scale. Coverage should extend to close family members, at minimum the spouse, dependants and minor children living in the same household, because assets are routinely assigned to relatives to avoid scrutiny. The definition of declarants should be precise enough to leave no argument about who is covered. It should also be flexible enough to be extended as risks evolve.
29. **When/frequency.** Declarations should track the lifecycle of public office. An entry declaration (when assuming public office) establishes the baseline, while regular declarations while in office track and compare changes. Declarations less frequent than annual create gaps in verification and weaken the system's effect. An exit declaration (when terminating public office) allows a before-and-after comparison. Some systems require declarations by candidates for elected office before the vote, so that the electorate can take the information into account, and candidate declarations for other posts to enable proper background checks and disclose interests that may prevent the appointment. The system may also include post-employment declarations once or twice after departure from public office to detect delayed rewards for decisions taken in office. Some systems also require ad hoc notification of substantial changes, such as major asset acquisitions, within a short period of the event.

30. **How/submission method.** The best model is a single online platform for all declarants with a uniform standardised electronic form. Paper forms are obsolete and cannot support automated analysis, cross-checking, and publication; they are prone to errors and much harder to verify. The electronic form with built-in validations will catch errors and empty fields as the declarant completes and submits it, substantially improving data quality and avoiding inadvertent mistakes. The electronic form is user-friendly and simplifies the submission process. An electronic system can track compliance with timely submission and issue automatic reminders. An electronic form captures structured, machine-readable data, ready for risk analysis, cross-checking and large-scale pattern/anomaly detection using machine learning. Advanced systems pre-populate the form from government registers, reducing the burden on the declarant and improving accuracy.
31. **What/scope of disclosure.** The declaration form is the core of the disclosure regime. It impacts every downstream process: analysis, verification, sharing, publication. A comprehensive declaration captures the declarant's full financial position: immovable property, vehicles and other valuable movables, securities and company interests, beneficial ownership of legal entities and trusts, cash and bank accounts including those held abroad, virtual assets, assets controlled through nominal owners and proxies, income from every source, significant gifts and sponsored benefits, loans given, financial liabilities, and significant expenditures. It also captures the interests: outside positions and employment, memberships, and contracts with the state. Value thresholds keep minor declaration items out of the form, making the submission less burdensome for the declarant and saving time for verification personnel. Assets should be recorded at acquisition cost rather than estimated market value, because the purpose is to compare what an official actually spent with lawful income. There should be a single form covering both interests and assets; the two categories are linked, as assets can reflect interests and vice versa. The "ideal" form should be relevant, user-focused, comprehensive yet balanced and proportionate (collect only what is needed), tailored to the country context and risks, remain a living document that can be adjusted as risks evolve, and be supported by guidelines.
32. **Institutions.** Country experience indicates that the system should be operated by a central body independent of the institutions in which declarants hold public office. The systems in which oversight is assigned to a coordinating committee or similar body, or in which each employer oversees its own staff, are weak and inefficient. The core functions include maintaining the online platform; tracking officials obligated to declare and monitoring compliance with timely submission requirements; supporting declarants in filing obligations; reviewing complaints and verifying declarations; imposing sanctions or referring confirmed allegations for legal proceedings or sanctions; running a public website; and managing access to declaration data. The IIAD body needs independence sufficient to verify the declarations of senior officials, including transparent and competitive leadership appointments and protection from discretionary dismissal. It needs a sufficient number of specialised staff and statutory access to government and private-sector data, without which verification cannot be performed reliably. Declarant-employing institutions play an important supporting role by notifying the central body of new and departing declarants and ensuring compliance through advice, awareness-raising, and internal checks.

33. **Verification.** To serve as a control and prevention mechanism, declarations must be verified. Verification should operate at two levels. Automated checks apply to every declaration: validation of completeness, cross-checking against external data sources (primarily government registers and databases), comparison with the declarant's previous filings, and risk scoring based on indicators such as sudden wealth increases, large cash holdings, and foreign or other suspicious assets. In-depth verification includes a detailed human examination of one declaration, reserved for a subset of declarations with verification triggered by risk score, credible external complaints, own detection through media and open sources, referrals from other agencies, mandatory review of the most senior positions, and a sample of randomly selected declarations. Risk indicators do not establish wrongdoing; they identify declarations for closer examination. "Manual" (human) verification should not aim to reach all declaration forms, which, in most countries, is not feasible. Instead, the limited verification resources should focus on high-risk declarations, red flags, and credible allegations. For this, the verification framework should be based on prioritisation and risk assessment. To ensure integrity of the process, the verification process should use sound, foreseeable, and transparent procedures, include random allocation of cases to verifying personnel, and provide safeguards for the declarant.
34. **Access.** Access has two dimensions. Public access is a transparency requirement; public scrutiny complements an official verification, serves as a strong deterrent, and builds trust in the system. The best practice is to automatically publish declarations online once they are submitted, stipulate narrowly defined redactions for information that would pose real privacy and security risks in the country context, and provide searchable, machine-readable data for reuse. Inter-agency access allows investigators, tax authorities and financial intelligence units to obtain full, unredacted access to declarations under clear legal conditions and within respective mandates.
35. **Sanctions.** The effectiveness of the system depends on the consequences attached to noncompliance. International standards require that sanctions be effective, proportionate and dissuasive. Effective means enforceable within a reasonable time, before limitation periods expire, with procedures not so cumbersome that enforcement costs outweigh the positive effect. Proportionate means matched to the nature and gravity of the offence, using a graduated scale:
e.g., an administrative fine for late filing, disciplinary penalties for negligent errors, and criminal liability for deliberate misreporting or unjustified wealth accumulation. Dissuasiveness means the expected cost of non-compliance exceeds the expected benefit, which requires both meaningful penalties and a documented, visible enforcement record. Beyond the core filing offences committed by declarants (late submission, non-submission, false statement), an effective framework sanctions failures to cooperate with the verification body or to perform other related duties, and addresses the related conduct that declarations expose, e.g., unexplained wealth, unresolved conflict of interest, violations of other anti-corruption rules.

36. **Cross-cutting principles.** Several essential principles apply to all elements and reinforce the system's effect.

- **Mixed objectives.** An effective system aims at several objectives: controlling unjustified assets by tracking wealth variations over time, addressing conflicts of interest by identifying and managing them, ensuring anti-corruption compliance (enforcing anticorruption restrictions applicable to public officials), and promoting transparency and accountability through public scrutiny of the system's operations and open data.
- **Risk-based approach.** The system's design and operation should be driven by a risk-based approach. When deciding on the filer population, the system should balance the corruption risks inherent in specific positions with its capacity to process submissions. When designing the declaration form, the risk assessment should guide the scope of information to be captured to record all incoming and outgoing financial flows relevant to the unjustified wealth analysis, material interests, and typologies of hiding illicit benefits. Declarations should be screened for red flags and selected for in-depth review based on risk score and other triggers. Overall, the system's design and operation should ensure that efforts are concentrated where they matter most and maximise impact.
- **Digital by default and by design.** As many elements of the system as possible should be digitised to save resources and improve operational efficiency. Digitalisation should be built into the system's design from the start and evolve with time, with elements added as the system matures and capacity increases. This includes: 1) an online submission platform with digital user authentication, data integrity certification, form pre-filling, automated form validation, and tools to simplify completion (dropdowns, autocomplete, hints, etc.); 2) risk-based analysis (an algorithmic risk scoring of all declarations to prioritise declarations for verification); 3) data cross-checks with external IT systems to compare declaration data against government registers and external databases; 4) automated tracking of timely submission, flagging missing or delayed filings, sending alerts and notifications to declarants; 5) electronic case management - electronic workflow of all business processes related to declarations (reviewing complaints, checking submission compliance, verifying declarations, communicating with the declarant, conducting related legal proceedings, obtaining internal institutional approvals, etc.); 6) machine learning/AI for pattern and anomaly detection across large declaration datasets; 7) online disclosure and open data (machine-readable) publication of declarations with exemptions necessary to protect privacy and safety of individuals; 8) administrative and public reporting about the system's operation through statistical data and dashboard visualisations; and 9) open-source and media monitoring to detect allegations and trigger verification of declarations.

Proposals for Malaysia

A uniform legal framework

37. We recommend developing and enacting a dedicated Income, Interest and Asset Declaration Act of Malaysia (“the Act”). A single statute should govern the entire system for all categories of declarants, at the federal, state, and local levels, and across the executive, legislative, and judicial branches. Ethical instruments, soft law, and codes of conduct are ineffective at establishing an enforceable regime of declarations. The declaration system should be governed by a comprehensive primary act. It should subsume all existing declaration obligations set out in various regulations and codes of conduct.
38. Incorporating all the system’s elements into a primary law, rather than dispersing them across secondary legislation, will provide visibility and ensure that the new provisions survive changes of government. The primary law is also necessary to bind all categories of declarants, regardless of their status, and to confer the necessary powers on the verification agency, including the power to compel the production of information from public and private entities, access bank and other financial information, process personal data of declarants and other individuals. A law can create new offences related to the IIAD framework or amend existing ones.
39. The Act should be comprehensive and regulate, at minimum: the categories of declarants; the types of declarations, when declarations are due, and method of their submission; the categories of information to be disclosed, including the coverage of family members and beneficially owned companies and assets; value thresholds; the designation, mandate, powers and safeguards of the institution responsible for the collection and verification of declarations; the verification framework, including the verification triggers and institution’s right of access to government registers, to information held by banks and other private entities; rules on public access and the exhaustive list of exempt data categories; rules on access by other state bodies; offences and sanctions; data protection and retention rules; and transitional provisions.
40. Not everything belongs in the Act. Primary legislation should fix the elements that define rights, duties and powers, because those need the stability and legitimacy of parliamentary enactment. The operational detail should be left for subsidiary legislation and administrative instruments issued under the Act. The declaration form should be set through bylaws to remain flexible and adjustable. The subsidiary legislation should also cover detailed filing procedures, technical rules for the electronic platform, the methodology for risk analysis and risk-based selection of declarations for verification and prioritisation of manual verification, procedural rules for verification and other proceedings related to IIADs (e.g., preliminary review of complaints, submission compliance checks), and other operational details.

Who submits declarations

41. **Filer population.** The Act should provide a clear definition of who is covered by the obligation to file declarations. The filer population should be broad yet balanced, with a focus on positions exposed to corruption risks. Importantly, not all declarations filed in the system will be automatically verified; the number of verifications conducted and the number of declarations filed will never match, which is normal, given that verification is limited by the verification agency's capacity and by risk-based prioritisation (see below).
42. **Mandatory categories.** The Act could cover the following categories from the outset:
- The political level of the executive: the Prime Minister, Deputy Prime Minister, ministers, deputy ministers, other Members of the Administration, at federal and state level, including Chief Ministers and state executive council members.
 - Legislators: members of the Dewan Rakyat, senators, and members of state legislative assemblies.
 - The judiciary and legal service: judges of the superior courts, judicial commissioners, sessions court judges and magistrates, Syariah court judges, and public prosecutors.
 - Senior public officials:
 - i. officials above a certain management grade in federal and state public services;
 - ii. members and senior officers of constitutional and independent commissions, governing board members and senior officers of regulatory authorities such as Bank Negara Malaysia, the Securities Commission and the sectoral licensing regulators,
 - iii. heads and deputy heads of other departments and statutory bodies; iv. heads and deputy heads of local authorities, local councillors;
 - v. the leadership and senior officers of enforcement agencies, including the MACC, the police, customs, and the tax administration; and
 - vi. special officers and advisers to Members of the Administration, including politically appointed advisers holding ministerial or deputy-ministerial rank, political secretaries.
 - Heads of embassies and senior diplomatic officers.
 - Armed forces and defence: senior officers of the Malaysian Armed Forces, including service chiefs and senior commanders, and, regardless of rank, officers involved in defence and military procurement, contracting and asset management.
 - High-risk functions regardless of grade: officials with decision-making roles in budgeting and accounting, procurement, licensing and permits, land administration, tax assessment, immigration and enforcement. Here, risk is attached to the function rather than to seniority (e.g., a mid-level procurement officer can cause greater financial loss than a senior officer in a policy role).
 - Government-linked companies and state-owned entities: board members and senior management of GLCs, state economic development corporations, sovereign and pension funds, and their significant subsidiaries. Public universities' leadership and members of their procurement boards may be covered as well.

Family members. Declarations should include the assets, income, liabilities, expenditures, and relevant interests of the declarant's spouse (cohabitant) and of dependants and minor children living in the same household. Relatives (including adult children) and close associates (friends, business partners, etc.) outside the household should not be included in the definition to avoid imposing excessive obligations; if they are used as proxies for the declarant's ownership control, they can be better reached through the beneficial ownership disclosure described below. A separated spouse should remain covered while the marriage legally subsists, to prevent circumvention through arranged separations. The obligation to disclose a family member's assets and other declarable items should rest with the declarant; where a family member refuses to provide information, the declarant should record that refusal (which itself becomes a risk indicator) and disclose all information known to them or obtainable by them.

43. **Extension of the declarant list.** The Act cannot foresee every risky position. It should empower the implementing institution to designate additional categories of declarants on the basis of documented corruption risk assessments, subject to publication of the designation.
44. **Phased roll-out.** Malaysia has roughly 1.6 million civil servants. Requiring all of them to file into the new system on day one would overload it and achieve little, since most of them hold low-risk positions. Even if the total filer population does not cover all officials, it would still be substantial. The system could be rolled out in phases: first, those already covered and submitting declarations via the HRMIS plus high-level declarants who file under other systems or do not file at all (most of the categories mentioned in paragraph 42 above). The coverage could be extended later to other categories. The Act should clearly stipulate the roll-out schedule to set expectations and prepare the system for the new submissions.

When declarations are submitted

46. The Act should require the following types of declarations:
 - **On entry:** within a short period (for example, 30 calendar days) of assuming office or a position covered by the IIAD obligation. The entry declaration is the baseline against which later filings are compared.
 - **Annually:** every obligated declarant files once a year by a fixed statutory deadline (e.g., 1 April), reporting the financial position as at the end of the reporting year and income/expenses during the previous calendar year.
 - **On exit:** within a defined period after leaving office (for example, 30 calendar days), covering the previous calendar year (if not already covered by the annual declaration submitted before departure) and the period up until the departure date.
 - **After leaving office:** a further declaration one year (or twice; one and two years) after departure from public office (e.g., submitted by 1 April of the next year after the departure and covering the previous calendar year).
 - **Candidates for electoral office:** candidates for the Dewan Rakyat and state legislative assemblies should file a declaration upon nomination, to be published before polling day. Such declarations should be submitted via the general electronic IIAD platform, but the obligation should be enforced through electoral law (submission should be an eligibility requirement for standing for office).
 - **Candidates for other positions:** the disclosure obligation could be extended to candidates for other high-level positions, especially if the selection is conducted through an open competitive process.

47. **Corrected declaration.** The Act should provide for a short grace period for declarants to file a corrected form if they discover a mistake or missing information on their own. Such a correction should absolve them of liability for the inaccurate information in the original declaration. The correction window should be short (e.g., 7-10 calendar days). After the grace period, the corrected forms may be submitted only if authorised or required by the implementing institution. Both the original and corrected forms are kept separately in the system.

What should be declared and how

48. **Standardised form.** The Act should establish that all categories of declarants submit through a single online platform using a uniform declaration form. The form's template should be approved by the implementing institution in line with the disclosure categories set in the Act. The Act should also authorise the implementing institution to define additional identification details for the disclosure items, to avoid changes to the law if adjustments are needed to capture sufficient information for verification.
49. The declaration form should present a complete financial picture: what the declarant and covered family members own, owe, earn and spend, and the interests that could conflict with public duties. To enable unjustified wealth control, the form should capture all material incoming and outgoing financial flows. See detailed description of an "ideal" form in the World Bank/StAR publication.¹⁴
50. **Categories of disclosure items.** The declaration should cover at least the following:
- **Declarant and family member details.** For the declarant and family members, the form should request identification details and information on residence rights/citizenship in other countries. The declarant should also state whether they or their family members are politically exposed persons under the anti-money laundering legislation.
 - **Identification details.** The form should collect sufficient identification details about other individuals and legal entities mentioned in the form (e.g., nominal owners of assets, sources of income, or parties to a transaction) to later match them to other data sources (e.g., government registries) and verify the information.
 - **Property relation.** For each asset, the form should ask: who holds the right (declarant or family member), the nature of the right (ownership, joint ownership, use, indirect control), co-owners (if any), the date and legal basis of acquisition, and the actual acquisition value. These attributes apply to all assets and are not repeated below.
 - **Immovable property:** land, buildings and other real estate of any type in Malaysia and abroad, with exact location and area, registration and cadastre information. Property under construction and property used but not owned, such as a residence provided by a third party, should be reported as well.
 - **Movable assets:** vehicles, vessels, machinery (including information on manufacturer/brand, year of production, model, country of location/registration, registration number); other valuable movable items above a value threshold - jewellery, watches, art, gems and other valuables (including description of the item, manufacturer/trademark, country of location).

¹⁴ World Bank/StAR (2023), Asset and Interest Disclosure: A Technical Guide to an Effective Form, <https://star.worldbank.org/publications/asset-and-interest-disclosure-technical-guide-effective-form>.

- **Companies and trusts:** shareholdings, business interests, partnerships and directorships, whether held directly or through nominees, with the size of the holding, date of incorporation, registration details, face value, etc.
- **Securities:** all types of public and private securities and derivatives (type, issuer, number of units, face value, acquisition value, transfer to management by a third party, if applicable). Stocks (privately owned or publicly traded) could be covered as securities or under the previous section on companies.
- **Beneficial ownership and indirect control:** assets and legal entities that the declarant or family member beneficially owns or effectively controls through relatives, friends, proxies, trusts or corporate structures, in Malaysia or abroad. The disclosure of indirect ownership or control should extend to both legal entities and assets. The Act should define each category or refer to existing definitions elsewhere (for example, the definition of beneficial ownership of legal entities, trusts, and similar legal arrangements used in antimoney laundering legislation). The definitions should be sufficiently broad and enforceable, with guidance from the implementing institution.
- **Cash, accounts and virtual assets:** bank and e-money accounts in Malaysia and abroad, including balances at the end of the reporting period and details of the financial institution; safe deposit boxes (to which the declarant or family member has access regardless of who opened them); cash holdings above a threshold (held at the financial institutions, any type of investment vehicle, and cash at hand); and cryptocurrency and other virtual assets with public wallet identifiers and information on the custodians (wallet and other service providers). Precious metals (e.g., gold, silver) should be covered as well.
- **Cash limits.** The Act may limit cash disclosure to prevent the over-declaration of cash holdings used to launder future illegal acquisitions. There can be different options, e.g., limit the amount of cash at hand that will be taken into consideration when calculating the unexplained wealth balance (the declarant can declare any amount, but only a certain amount will be considered when considering lawful means the declarant could possess to acquire assets), require depositing cash holdings at the bank or set limits on the cash holdings for public officials.
- **Income:** all types of income, regardless of source, including salary and allowances, business and professional income, rental income, dividends, interest, royalties, side income, including social media and other digital earnings, gratuities, donations, and any other receipts. For each income item, the declaration should disclose its source with identification details. Recurring income from a single source may be reported in the aggregate. The form should cover any incoming financial flows, even if they are not taxable.
- **Gifts and sponsorships:** gifts, hospitality, sponsored travel and other in-kind benefits above a threshold, with the donor's identity, including benefits received by family members by virtue of the declarant's position.

- **Money owed to the declarant and future claims:** (a) money provided by the declarant or family member as a private loan to another person or a legal entity (declarant/family members is the creditor and the debt is outstanding), (b) rights to claim monetary assets that the declarant or family member acquired but has not yet realised (for example, the right to claim debt from another person that was transferred to the declarant or family member), (c) options or other contracts under which the declarant or family member has the right to claim transfer (including for payment) of a financial asset, and (d) insurance contracts with the declarant or family member as a beneficiary.
 - **Liabilities** (debts): loans, mortgages, personal borrowings, guarantees given, and private loans from individuals (in which the declarant or family member is a debtor), with the identity of the creditor, date issued and maturity date, initial and outstanding amount, amount paid during the reporting period, and interest rate. The form should also cover collaterals and guarantors, if liability includes them. The Act should set a value threshold for the disclosure of liabilities (linked to the original debt amount).
 - **Expenditures:** significant one-off expenditures above a threshold, such as renovations, education fees, medical costs or travel, where paid by the declarant or by a third party on the declarant's behalf, donations. Such expenditures should address transactions not covered in other sections of the form (for example, as acquisition of assets).
 - **Interests:** outside employment, professional activities, and consultancies; positions and memberships in companies, associations, foundations, and clubs, whether remunerated or not, including in advisory and other non-permanent roles; contracts with state bodies held by the declarant, family members, or their affiliated companies. The entry declaration should also include the declarant's previous employment.
51. **Thresholds.** The declaration form should be balanced and capture only what's necessary for the system's objectives. To avoid disproportionate disclosure obligations, the Act should set disclosure thresholds for certain items (e.g., valuable movable assets, gifts, cash holdings, liabilities, expenditures). The thresholds should align with the country context and exclude ordinary household items, small gifts, and routine spending from the disclosure scope. The purpose is not to record every item an official owns or every minor expense, but to capture information that is significant for wealth monitoring and conflict-of-interest detection.
52. **Document upload.** The Act should not require uploading supporting documents, such as sale and purchase agreements or loan statements. Such uploads should be optional; instead, the declarant should be able to provide comments in the form and explain the situation if needed. The supporting documents can be requested and provided during the verification if an issue arises.
53. **Guidance and consultations.** The Act should require the implementing institution to provide declarants with individual consultations on request, general guidance on using the electronic submission platform, and on how to disclose various items.
54. **Pre-population of the form.** The Act may also require that the form be pre-filled with data from government registers and databases integrated with the declaration portal to ease the submission process for declarants. However, the Act should allow postponing such functionality and introducing it as technical conditions allow, upon the decision of the implementing institution.

Implementing institution

55. **Custodian institution.** The Act should identify the custodian of the IIAD system - an institution that will maintain the electronic submission platform, support declarants, check submission compliance, process and verify declarations, review complaints, publish declarations and provide access to them, impose or initiate sanctions. To overcome the existing fragmentation, the Act should vest collection, platform management, compliance monitoring, verification, referral of offences and publication in a single dedicated body with jurisdiction over all declarants. There are two main options to consider.
56. **Option one: the MACC.** The Commission is the natural first candidate. It is an established anticorruption agency with staff with the skills verification requires, including relevant expertise in financial investigation, asset tracing, and financial profiling. The MACC has a dedicated legal basis and autonomy safeguards. Building on an existing body is faster and cheaper than creating a new one.
57. There are arguments against this option. The MACC is already heavily burdened with other tasks, and there is a risk that the declaration system will not receive the necessary attention because resources will be prioritised for the investigative function. MACC personnel are stretched thin, and if no additional staff is allocated for the declaration mandate, MACC's existing capacity won't suffice to properly implement the new mandate. There may be concern about concentrating additional enforcement powers, including the management of sensitive declaration data, within an already powerful institution. The MACC's own independence remains contested; its Chief Commissioner is appointed on terms that are not considered sufficiently insulated from political influence.¹⁵
58. If the MACC option is chosen, the Act should address the above concerns. The declaration function should be housed in a distinct department with its own budget line, staff and reporting arrangements, separated from criminal investigation. Verification of the declarations of the MACC's own leadership should be assigned to an external mechanism, for example a panel at the Enforcement Agency Integrity Commission. The IIAD reform should be paired with the broader strengthening of the Commission's independence, in particular security of tenure for its leadership and transparent, merit-based appointments.
59. **Option two: the Ombudsman.** There is ongoing work to establish an Ombudsman institution in Malaysia. An Ombudsman could be given statutory guarantees of independence from the outset. Its mandate, oriented to the integrity of administration rather than criminal enforcement, fits the preventive character of a declaration system. Assigning the function to the Ombudsman would also avoid concentrating further powers in the MACC, and would leave the MACC free to concentrate on investigation and prosecution.

¹⁵ See, among other sources: <https://www.malaysianbar.org.my/article/news/press-statements/press-statements/press-releasemalaysian-bar-calls-for-meaningful-institutional-reform-in-the-macc>, https://anfrel.org/wpcontent/uploads/2024/07/Strengthening-the-Independence-and-Accountability-of-MACC_final.pdf, <https://c4center.org/civilsociety-organisations-demand-urgent-parliamentary-role-in-the-appointment-of-the-macc-chief-commissioner/>.

60. However, this option is less practical. As presently conceived, the Ombudsman legislation does not include asset declaration or verification functions. A new institution will have to recruit and train the financial analysts, build the electronic platform, negotiate database access and establish its authority. This can significantly delay the implementation. An Ombudsman focused on maladministration complaints may also lack the enforcement powers. If this option is chosen, the Ombudsman Act must include the full toolkit: dedicated personnel to administer the IIAD system; powers to compel information from public and private bodies, including banks; direct electronic access to registers; powers to impose administrative sanctions; powers to refer cases for investigation; etc.
61. **Other alternatives.** The workshop participants also considered other alternatives but did not support them. The Inland Revenue Board holds important data for IIAD verifications and must be a core information partner, but a tax authority should not lead an integrity system; its mandate, culture, and statutory secrecy obligations will pose challenges to the new task. A coordinating committee without permanent staff cannot effectively collect and verify declarations or sanction non-compliance. Leaving the function with each employing institution is the status quo and the least effective option.

Verification

62. **Scope.** Verification is one of the main weaknesses of the current system. The Act should aim to establish a system in which every declaration undergoes automated risk analysis, and a meaningful sample of declarations selected based on risk also undergoes an in-depth human (“manual”) review. The purpose is not to verify each declaration, but to maximise enforcement impact by prioritising verification that has the greatest deterrent effect (targets officials with the highest corruption-risk exposure) and the highest probability of detecting violations. The verification here does not cover the automated validation built into the electronic declaration form before submission.
63. **Automated risk assessment.** The electronic system should run every submitted declaration through automated checks by comparing the declaration with predetermined risk indicators (comparing data within one declaration, across several declarations of the same declarant and with declarations of other declarants) and cross-checking the declaration against external IT systems - government databases and registers.
64. The Act should outline the process without going into technical details that should be set by the regulations. Unless necessary to overcome restrictions in other acts, the Act does not need to list all registers and databases against which the declaration should be cross-checked (e.g., the land registries, the company register held by the Companies Commission of Malaysia (SSM), the vehicle register held by the Road Transport Department (JPJ), tax records held by the Inland Revenue Board of Malaysia (LHDN), civil registration data held by the National Registration Department (JPN), etc.) but it should authorise and direct the implementing institution to establish such integration. The Act should establish the necessary legal basis for integration, with implementation depending on the technical arrangements and rolled out gradually.

65. **Risk-based selection for in-depth verification.** Full manual verification of every declaration is impossible and unnecessary. The system should score each declaration against risk indicators (e.g., significant unexplained wealth growth, large cash holdings, foreign and virtual assets, other suspicious or unusual assets, discrepancies with registers, politically exposed status, and the seniority and risk profile of the position). A high risk score places a declaration into the verification pool. Alongside risk scoring, in-depth verification should be triggered by credible complaints and whistleblower reports, media and civil society findings, open-source detection, referrals from law enforcement and other agencies, and a random sample of declarations. Declarations of the most senior and high-risk officials may also be verified on a mandatory rolling basis starting with those with the highest risk scores. The Act should outline the system (state verification triggers and authorise risk-based selection and prioritisation for manual review) but leave the details to secondary regulation by the implementing institution.
66. **Scope of in-depth verification.** The Act should define a broad scope of verification linked to the IIAD system's objectives: check for unjustified wealth, unresolved/non-disclosed conflict of interest, and other violations of anti-corruption requirements. The personal scope of verification should include the declarant and family members by default, and authorise an extension to other persons in specific circumstances, e.g., if such a person is mentioned as the source of income, a nominal owner of an asset controlled by the declarant/family member, or a party to any other transaction. The scope of verification with respect to such third parties should be limited to the extent necessary to verify the declaration.
67. **Powers and procedure.** In-depth verification requires substantial powers and a clear legal mandate: to obtain records from any public body (whether held on paper or electronically, access through a request or in automated manner); to obtain information from individuals, banks and other private entities, overriding secrecy provisions subject to appropriate safeguards; to obtain explanations and supporting documents from the declarant; access and use publicly available sources, including abroad; to request information from foreign counterparts; to conduct or commission expert evaluation (appraisal) of asset's value; conduct physical non-intrusive observation of the asset; and interview witnesses. Verification files should be distributed to authorised personnel at random, preferably via an electronic random distribution module, to maintain audit logs and prevent manipulation. The verification procedure should be outlined in the regulations determined by the implementing institution and include regulation of the decision to start verification, duration of the verification procedure, grounds for suspension and termination, possible outcomes, including referral for further legal action (e.g., disciplinary action, criminal investigation), threshold for negligible discrepancies that do not warrant a follow-up, and internal approval procedures. The Act should specify that verification should not prejudice any criminal or administrative investigation conducted by authorities under their respective mandates (meaning that, for example, an investigation into a false declaration or other offences may start and proceed regardless of whether the verification of the declaration was conducted and whether it found a violation).

68. **Submission compliance monitoring.** Checking whether declarants filed their declarations on time is a separate procedure, distinct from reviewing (verifying) the content of the submitted declarations. The Act should set a mechanism of checking compliance status with three lines of control:

- 1) decentralised approach with integrity officers in institutions employing declarants who should check whether their institution's declarants have complied;
- 2) automated checks within the electronic platform based on data available in the system (e.g., if the declarant filed an entry declaration, the system will detect non-submission of the next annual declaration); and
- 3) checks by the implementing institution based on external signals or open source monitoring.

Sanctions

69. **Principles.** The sanctions regime should be graduated, covering the full range of offences with consequences proportionate to gravity. The guiding standard is that sanctions be effective, proportionate and dissuasive: enforceable in practice, calibrated to the seriousness of the breach, and costly enough to outweigh any benefits of misconduct.

70. **Core offences.** The Act should include the following offences and sanctions:

- **Late submission.** Administrative fines, calculated per each day of non-compliance, imposed directly by the implementing institution.
- **Non-submission.** Where a declarant fails to file despite notification, an increased administrative fine should be imposed, with suspension from office or salary until filing, and criminal liability for persistent, intentional refusal (e.g., after a certain period of noncompliance).
- **Minor inaccuracies.** The Act should set the materiality threshold for negligent errors and omissions, which should be corrected by the declarant (by filing a corrected form) but not sanctioned. Repeated minor inaccuracies may be pursued as grounds for disciplinary action.
- **False declarations.** Intentionally declaring false information or omitting material assets or interests above a defined threshold should be a criminal offence, with penalties including fines, imprisonment, and disqualification from public office. Forgery of supporting documents should be treated as a distinct, aggravated criminal offence.
- **Illicit enrichment.** Section 36 of the MACC Act 2009 empowers MACC officers to compel a person under investigation to give a sworn statement explaining the source of any property, money, or assets. If the person fails to give a satisfactory account, or refuses to comply, that failure is itself an offence, punishable by imprisonment and a fine. This provision has limitations as it can be invoked only in relation to a pending investigation. It does not allow a standalone investigation into illicit enrichment, e.g., based on a review of the declaration showing assets not commensurate with the known lawful sources of income. The Act could address this by introducing a standalone illicit enrichment offence or amending Section 36 to link the powers to obtain information to the IIAD verification results.

- **Unjustified wealth.** The more effective alternative to a criminal illicit enrichment offence could be a separate mechanism for the civil confiscation of unjustified assets. Where verification establishes a significant gap between an official's assets and their lawful income, and the official cannot plausibly explain it, the unexplained portion should be recoverable through civil proceedings on the balance of probabilities, with full judicial oversight and due process, and without the need to prove any underlying crime. The mechanism should apply equally to assets assigned to relatives and nominees who lack the lawful means by which they could have acquired them, if the link to the public official is confirmed. The civil confiscation should target the unexplained portion, not the declarant's entire estate. The civil proceedings should be completely detached from any criminal investigation and should not require any suspicion or other links to the predicate offence, criminal behaviour, or connections.
71. **Electoral consequences.** The Election Offences Act 1958 and related laws should be amended so that failure to file a candidate declaration invalidates the nomination, and a materially false declaration by a candidate or sitting representative constitutes grounds for disqualification.
 72. **Obstruction.** Failure by any public or private body to provide information lawfully required for verification by the implementing institution, and failure by employers to notify of appointments and departures, check submission compliance status, and perform other duties, should attract sanctions of their own.
 73. **Sanctions to avoid.** Publishing a critique of a declarant, disclosing declaration content when obtained lawfully (for example, via a freedom of information request or a public website), and filing complaints in good faith should not be subject to any sanctions. Such offences have a chilling effect and contradict the rationale for the asset and interest disclosure. If the data was obtained lawfully by members of the public, they should be able to reuse and further disseminate it. Journalists and researchers should be able to analyse declarations or raise allegations of false disclosure or unjustified wealth. This does not apply to staff of public authorities who obtained access to the declaration data through their legal mandate, including verification agency's personnel; if they disclose confidential information, they should be sanctioned.

Access

74. **Rationale.** Public access is an essential element of an effective asset and interest declaration system and a central element of any reform of the IIAD regime. The principled case for publication is that public office requires a public trust, and those who seek positions in public administration accept additional scrutiny. Disclosure of IIADs serves the accountability of public office and has a strong deterrent effect. Publication also has a practical aspect. No verification agency can match the combined scrutiny of journalists, mass media, activists, researchers, opposition politicians and citizens familiar with local circumstances. In countries that publish declarations, a significant share of investigations related to asset declarations start with an external signal: for example, a property inconsistent with declared income, expenditure a declaration does not account for, or an unnoticed company connection.
75. **Redactions.** The Act should specify that submitted declarations be public by default, published on a central portal immediately after submission (or after the grace period expires), with narrow exemptions exhaustively defined in the Act itself. The Act should exempt a short, exhaustive list of data categories whose disclosure would create real risks disproportionate to their transparency value and public interest to have access: personal identification numbers, dates of birth, precise residential addresses, precise location of real estate (with the real estate's country and region of location remaining in public access), bank account numbers, and information identifying minors. This information is collected through the forms and available to verifying personnel and other public authorities with full access mandate, but it is withheld from the public access version, which the electronic system should generate automatically.
76. **Aggregates.** Publishing only aggregates (total asset values, income or asset value bands (e.g., up to RM1 million, from RM1 to 10 million, and so on), counts of properties, etc.) should be avoided. Aggregate values cannot be compared meaningfully across years, conceal the specific changes that are relevant, and may encourage speculation. The purpose of disclosing declarations is to allow the public to follow changes in the official's financial situation. For that, the publication must include sufficient detail to enable meaningful public scrutiny. For example, if the published data includes only the number of real estate items declared without further substantive details (location, surface area, type of real estate, owned or used, etc.), it can create a false perception of affluence or prevent scrutiny of assets, which may be unjustified by lawful income. Aggregating income value without specifying sources and amounts fails to show interests behind the incoming flows.
77. **Machine-readable and searchable.** The Act should require publication in machine-readable format to enable data reuse for any legitimate purpose. Such a publication allows civil society and researchers to develop comparative and analytical tools, while banks and other gatekeepers can use declaration data for due diligence and compliance procedures. The public portal should be searchable and provide access without requiring user authorisation or registration.
78. **Access by public authorities.** The Act should authorise full access to unredacted declarations by law enforcement agencies, public prosecutors, the tax administration, the financial intelligence unit, and relevant supervisory bodies for the exercise of their functions, without a warrant requirement. All access should be logged and auditable. Unauthorised access and disclosure of declaration data by officials should be an offence.

Implementation challenges and lessons learnt from other countries

79. The implementation challenges and lessons below draw on the experience of selected countries in introducing or reforming their asset declaration systems (e.g., Ukraine) and on the guidance of the World Bank and the Stolen Asset Recovery Initiative (see references in the Annex).

80. The following challenges can be expected:

- **Political commitment weakening over time.** The strong reform consensus that produces a declaration law tends to fade either before the law begins to have impact or before the system is even launched. Political actors may try to weaken the system after adoption: delaying the certification and launch of the electronic platform, undermining the oversight agency, and proposing legal amendments to narrow verification or publication, usually justified on privacy or security grounds. The reform act should include all essentials to make it harder to roll back the system's elements later.
- **Capacity constraints.** The institution responsible for the new declaration system may lack adequate personnel, premises, hardware, and hosting capacity; the electronic platform may not sustain peak-load periods; the implementing institution's staff may be overstretched by consultations and assistance required of filers, especially during the initial period of the new system's operation. The system's launch and extension to new filers should be well-planned to ensure sufficient hosting capacity for the electronic platform, load testing and troubleshooting before the system's launch, a proper help desk, online guidance and training materials ready before the first submission deadline.
- **Reluctance to share data and monopolisation of verification.** The implementing agency may seek to monopolise access to the declaration data and claim that any investigation should be preceded by the verification it conducts. The Act should prevent that. Administrative verification and criminal investigation should run in parallel, with neither a procedural precondition for the other. No single institution should hold a monopoly on acting upon declaration data.
- **Register integration is a complicated process.** Connecting the declaration platform to land, company, vehicle, tax, and other registers may be slow and impeded by legal and technical challenges. Inter-agency negotiations may drag, legal barriers block integrations, and technical bottlenecks may prevent large-scale automated cross-checking. The lesson is to sequence data integration: put the legal basis in the Act from the start and begin the technical work register by register. The Act can facilitate integration by mandating prefilling of data retrieved from registers when declarants complete their forms, with reasonable deadlines for operationalising this functionality.
- **Enforcement skewed to minor cases.** Verification agencies tend to pursue easier cases: small omissions, minor errors, or checks on declarations from low-level officials who have no political backing. Enforcement should be measured by uncovering and sanctioning serious cases. The Act can prevent it by setting materiality thresholds, imposing proportionate sanctions for minor breaches, and requiring the publication of detailed enforcement statistics. The Act may also set metrics for evaluating the implementing institution's performance, including its verification efforts.

- **Independence safeguards.** Verification of the declarations of MPs, ministers, senior judges and heads of agencies may expose the verifying institution to political interference. That is why the verification agency should have sufficient independence safeguards, including a secure tenure of the head and transparent, merit-based staff selection. The Act should also require clear procedures for selecting declarations for verification and random allocation of cases to verifying officers to defend the institution against accusations of selectivity.

81. Other lessons learnt:

- **One strong oversight institution.** A single, capable agency must own the system and be responsible for the implementation and enforcement results.
- **Civil society and development partners provide valuable support.** Civil society organisations can help draft the legislation, campaign for its adoption and defend it against rollback. International partners can contribute technical assistance, benchmarks and support implementation. These actors can close capacity gaps that government cannot fill quickly. They also sustain the reform between political cycles.
- **The governance context matters.** A declaration system's impact may be limited by the institutions around it. The enforcement results depend on independent enforcement bodies and courts, the maturity of digital government, whistleblower protection safeguards, and the freedom of the media and civil society to use the data. The adjacent reforms should be planned and pursued in parallel.
- **Roll out gradually.** A phased launch, starting with senior and high-risk officials, establishes a functioning system before it is scaled up, and helps address institutional resistance and technical constraints.
- **One form, mixed objectives.** Combine interest disclosure and wealth monitoring in a single instrument. Countries that split them across multiple forms and institutions duplicated effort and complicated enforcement.
- **Digital by design produces benefits over time.** The system should be built on the digital-by-default and digital-by-design principles to fully realise the benefits of the IIAD system. Data should be collected in a structured format to be reusable. The Act should specify the main digital elements and set realistic deadlines for their implementation. They include automated form validation (should be available from the start), cross-checks (should be implemented with as many registers and systems as possible and as soon as possible), risk scoring (should be implemented shortly after the start), and online publication (should be available from the start or shortly afterwards).
- **Machine-readable data has wider effects.** Open declaration data enables monitoring, investigative journalism, and analytical tools that government agencies lack the resources to implement. The declaration database becomes a data source for a broader set of accountability activities.
- **Transparency has spill-over effects.** Declaration data can serve anti-money laundering due diligence, politically exposed person databases, beneficial ownership verification, and procurement and subsidy controls. For example, authorities can build systems to automatically flag links between officials and companies bidding for public contracts.

- **Support facilities are essential.** Help desks, online guidelines, video tutorials and training, including self-paced online courses, are essential to compliance and a smooth transition to the new system. The first filing season after the new system's launch is especially important for the support facilities.
- **The implementing institution should have its powers spelt out.** Administrative sanctioning powers, rights to compel information, access to bank and financial information and direct connections to government registers must be explicitly stipulated in the statute. Powers that are left implicit may be refused by the bodies asked to comply. Non-compliance with information/access requests should be sanctioned with deterrent penalties to ensure that the implementing institution can enforce its mandate efficiently. The implementing institution should be able to impose such penalties directly or file the case in court via speedy proceedings.
- **Predictable procedures.** Clear, published rules on submission, correction, selection for verification, review of complaints, submission checks, verification and follow-up protect declarants from arbitrariness and the verifying institution from accusations of it.

82. **Recommendation for Malaysian civil society organisations.** The IIAD reform may not happen without an advocacy campaign and support of the civil society. Even if the reform is driven by the government, civil society involvement can ensure it is robust and yields meaningful change. The workshop discussed the following recommendations to CSOs:

- **Build a coalition.** Convene and unite the NGOs, professional bodies, academics, journalists, business associations, and other non-governmental stakeholders around a single shared reform concept.
- **Draft proposals for the government.** Prepare a concept of the legislative package, with a research base and explanatory memorandum. A drafted text shifts the discussion from whether to legislate to how to legislate and induces the government to act.
- **Collect the evidence.** Document the gaps, compare the options, collect the case studies, and pre-empt predictable objections (e.g., on privacy, cost, constitutionality) before they are raised.
- **Run a communications campaign.** Plain-language explainers, op-eds, infographics and social media content that connect the reform to what citizens care about; develop and promote the reform's messages.
- **Find champions inside government.** Ministers, MPs and senior officials sympathetic to the reform should be identified and equipped with briefings and answers.
- **Use the international anchor.** Malaysia's UNCAC commitments, the engagement of UNODC and other partners, and peer practice across the region give the reform external reference points and technical support.
- **Keep the dialogue open.** Public consultations, expert roundtables and parliamentary hearings build ownership and improve the reform's design.
- **Suggest a sequence and a timeline.** A roadmap tied to the parliamentary and government calendar, identifying the first and next phases, creates a schedule against which progress can be tracked.

Annex. Reference materials

The following sources are recommended as primary reference materials for drafters and policymakers.

- Rossi, Ivana M., Laura Pop, and Tammar Berger. 2017. **Getting the Full Picture on Public Officials: A How-To Guide for Effective Financial Disclosure**. Stolen Asset Recovery (StAR) Series. Washington, DC: World Bank. <http://documents.worldbank.org/curated/en/517361485509154642>
- Kotlyar, Dmytro; Pop, Laura. 2019. **E-filing Asset Declarations: Benefits and Challenges**. World Bank, Washington, DC. <https://openknowledge.worldbank.org/handle/10986/32066>
- World Bank (2020) “**Enhancing Government Effectiveness and Transparency: The Fight Against Corruption**”, World Bank, Washington, DC. Pages 224-248. <https://www.worldbank.org/en/topic/governance/publication/enhancing-government><https://www.worldbank.org/en/topic/governance/publication/enhancing-government-effectiveness-and-transparency-the-fight-against-corruption>
- World Bank, OECD, UNODC (2020), **Good Practices Guide, Preventing and Managing Conflicts of Interest in the Public Sector**, <https://documents1.worldbank.org/curated/en/950091599837673013/pdf/Preventing-and-Managing-Conflicts-of-Interest-in-the-Public-Sector-Good-Practices-Guide.pdf>
- Kotlyar, Dmytro; Pop, Laura. 2021. **Automated Risk Analysis of Asset and Interest Declarations of Public Officials: A Technical Guide**. Stolen Asset Recovery Initiative (StAR) Series. World Bank. <https://star.worldbank.org/resources/automated-risk-analysis-asset-and-interest-declarations>
- Pop, Laura; Kotlyar, Dmytro; Rossi, Ivana. 2023. **Asset and Interest Disclosure: A Technical Guide to an Effective Form**. Stolen Asset Recovery Initiative (StAR) Series. World Bank. <https://star.worldbank.org/publications/asset-and-interest-disclosure-technical-guide-effective-form>
