

Report: More than RM1 trillion moved illegally in 10 years
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Latest report by Global Financial Integrity shows an estimated 8-12% of Malaysia's total trade value from 2005-2014 could be considered 'illicit outflow' of funds.

PETALING JAYA: Global Financial Integrity (GFI) claims that the total illicit outflow of funds from Malaysia over a 10-year period amounted to between US\$287 billion (RM1.24 trillion) and US\$430.6 billion (RM1.86 trillion), Malaysiakini reported today.

While it is hard to fathom such a large amount, the GFI, in its report entitled "Illicit Financial Flows to and from Developing Countries: 2005-2014", states that the amount is about 8-12% of the country's total trade value for the same period.

The GFI report also states that the illicit outflow of funds from Malaysia for 2014 amounted to between US\$26.6 billion and US\$44.3 billion, which was about 6-10% of the country's total trade value of US\$443.2 billion for the year.

According to GFI, the illicit outflow of funds is defined as the use of legitimate trade as a cover to mask the transfer of funds overseas. This includes "trade misinvoicing", which GFI estimates could come up to between US\$22.2 billion and US\$39.9 billion of the illicit outflow in 2014, Malaysiakini reported.

"Trade misinvoicing" is when a commercial transaction is intentionally misreported at a higher value on invoices submitted to the customs department, in order to facilitate more money to be moved overseas.

However, the GFI also records data on illicit inflow of funds into countries, and on that score, Malaysia also has a lot of money moving in illegally.

"In the 10 years since 2005, the country's illicit inflow comprised 8-13% of the total trade, or US\$287 billion to US\$466.4 billion.

"For the year 2014 alone, the GFI estimates that 7-13%, or US\$31 billion to US\$57.6 billion of Malaysia's total trade comprised illicit inflow," Malaysiakini said.

In the GFI report, which was released in the United States yesterday, GFI president Raymond Baker said illicit inflows often involved tax evasion.

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