

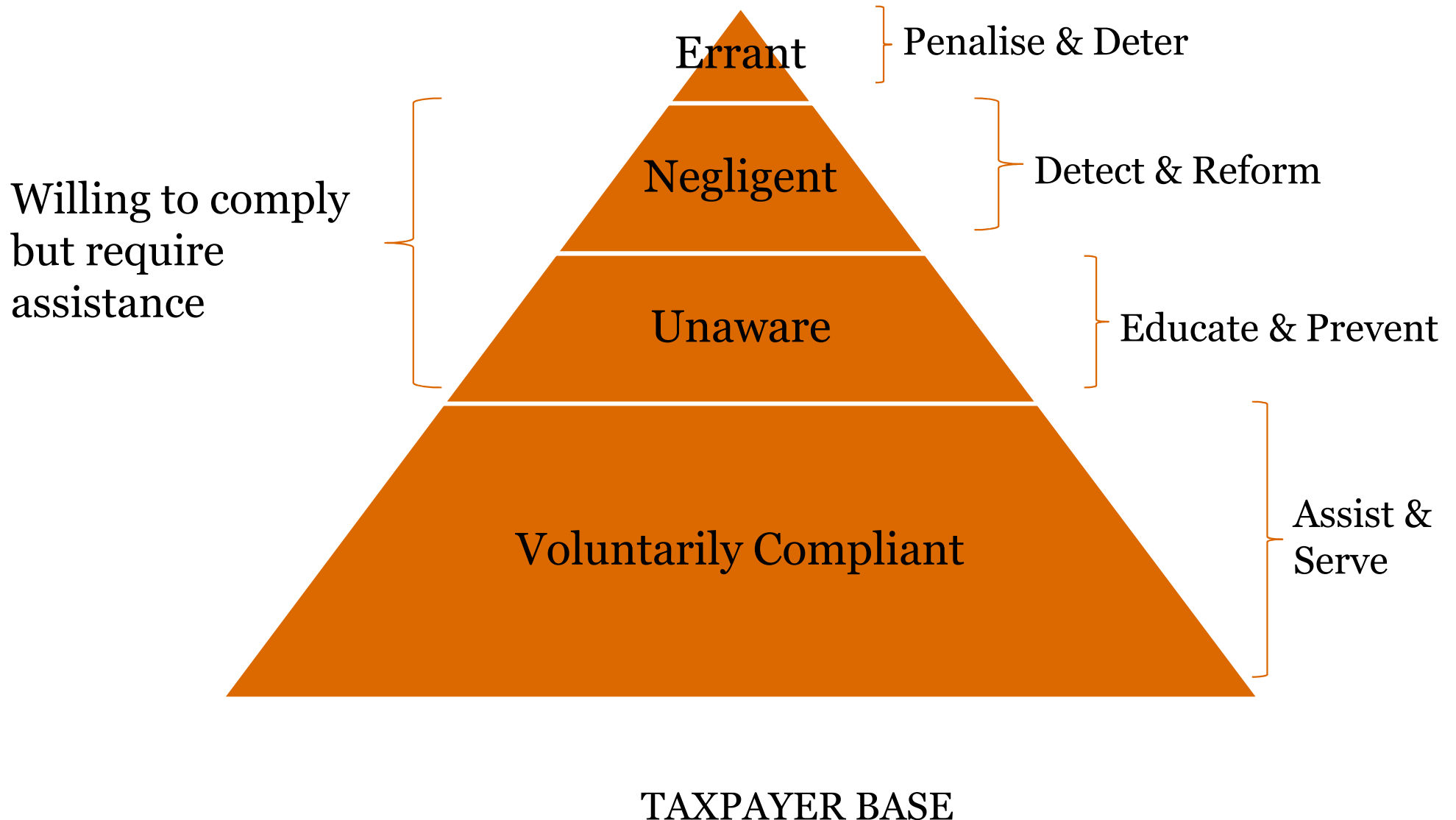
Striking the right balance
PwC Budget Seminar
1 March 2013

- GST Compliance Initiatives

Agenda

- IRAS Compliance Framework
- Areas of risk in GST
- GST compliance initiatives
- Assisted Self-help Kit (ASK)
- Correcting past errors and the IRAS Voluntary Disclosure Programme

IRAS Compliance Framework



IRAS Compliance Framework

Reasons for IRAS focus on GST

Year ended 31 March	2000	2012
No of registered businesses	57,658	84,090
Total tax collected by IRAS	\$16.2 bln	\$38.4 bln
Income tax collected	\$10.1 bln	\$20.3 bln
GST collected	\$2.0 bln	\$8.7 bln
GST as % of total tax	12.3%	22.6%
Tax and penalties from GST audits	\$22.8 mln	\$80.0 mln

Re: IRAS Annual Report

GST compliance initiatives

Our ref :
Date : 16 Mar 2012



INLAND REVENUE
AUTHORITY
OF SINGAPORE



SINGAPORE
QUALITY
AWARD
for business excellence
1993-2012

Attention: All Company Directors

Fax : 6351 3553

Dear Sir

DETERMINING YOUR NEED TO REGISTER FOR GOODS & SERVICES TAX (GST)

You may be liable to register for GST as the business income reported in your Income Tax return for the Year of Assessment (YA) 2010 is close to or has exceeded S\$1 million. We strongly encourage you to determine if you are required to register for GST.

2. We wish to highlight that late notification of registration or failure to register for GST may result in penalties. Also, you are required to pay the GST you have failed to collect on all your taxable turnover from the date you should have been registered.
3. Hence, please check right away whether your taxable turnover is more than S\$1 million for the past 4 quarters (end of Mar, Jun, Sep or Dec) or is expected to be more than S\$1 million in the next 12 months. The taxable turnover of your company should include all your sole-proprietorship businesses, if any. You may use the GST registration calculator at the IRAS website –
[http://www.iras.gov.sg/irasHome/uploadedFiles/GST/GSTRegistrationCalculator\(Corporations\).xls](http://www.iras.gov.sg/irasHome/uploadedFiles/GST/GSTRegistrationCalculator(Corporations).xls).
4. If the total taxable turnover is or is expected to be more than S\$1 million, you will have to register for GST by submitting the Form GST F1 (Application for GST Registration) within 30 days from the date your liability arises. For example, if your liability for GST registration arose on 31 Dec 2011, you will need to notify us with the Form GST F1 by 30 Jan 2012. The Form GST F1 can be downloaded from the IRAS website, <http://www.iras.gov.sg> (Quick Links > Forms > GST).
5. Please submit the Form GST F1 immediately if you are already late in notifying us of your liability to register (refer to Q3 of Appendix B).
6. If you are not liable to register for GST, no action is required of you. However, you need to



INLAND REVENUE
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Our reference : GST3/ AUDC/ T-T1
(Please quote our reference when you reply to this letter)

Date : 13 Jul 2012

Fax : 6351 2626

Dear Sirs

GOODS AND SERVICES TAX (GST)

We understand that your business involves the provision of software consultancy, computer systems integration activities and / or fixed line services. We are currently conducting a review on taxpayers engaged in such business activities.

- 2 Generally, services provided in Singapore by a GST registered person have to be standard-rated with GST charged at the prevailing rate of tax. However, if these services fall within the list of international services under section 21(3) of the GST Act, they can be zero-rated with 0% GST charged.
- 3 It is common for your industry to provide international services that are specified under section 21(3)(j). This section allows the zero-rating of services when all the following conditions are satisfied:-
 - (i) The services must be provided contractually to an overseas person, i.e., you have entered into a contract with this overseas person.
 - (ii) The services provided must directly benefit an overseas person. This person must be outside Singapore at the time the services are performed. However, he need not be the same overseas person with whom you signed the contract.
 - (iii) The services performed must not be directly in connection with land or goods situated in Singapore except where the goods are meant for export.

Our Ref: GST3/AUDC/
(Please quote our reference in your reply)

28 Aug 2012



Dear Sir

GOODS AND SERVICES TAX (GST)

We understand that you are in the business of freight forwarding and/ or general warehousing. As part of our efforts to promote voluntary compliance, we would like you to conduct a self-review of your past GST returns to ensure the accuracy and completeness of your declarations.

2 To facilitate your self-review, we have listed down in Appendix 1 some of the situations where GST treatment is not applied correctly by businesses in the freight forwarding and general warehousing industry.

3 To kick-start the self-review exercise, please review your GST returns filed for the accounting periods from 1 Jan 2012 to 30 Jun 2012 and let us know if you have made similar errors as those described in Scenario 1 to 7 of Appendix 1. Please reply by using the questionnaire in Appendix 2.

4 If you have made errors in the period reviewed from 1 Jan 2012 to 30 Jun 2012, please also review all your past GST returns since 8 Nov 2010 (date of your GST registration) and quantify the total value of your errors.

5 Should you have difficulties in reviewing your past records, you can choose to provide the quantifications for the accounting periods from 1 Jan 2012 to 30 Jun 2012 within 30 days from the date of this letter while you either:

(i) submit the quantifications for the other periods within 90 days from the date of this

Declaration

“I declare that I have reviewed my GST returns for the period **xx to xx** for the errors described in Appendix 1- scenario 1 to 7 of your letter dated **xx** and confirm that:

- We did not make any errors described in Appendix 1 – Scenario 1 to 7 of your letter dated xx; or
- We have made the following errors described in Appendix 1 – Scenario 1 to 7 . The details of the errors are stated in table 1

Name of declarant

Date of declaration

Designation of declarant

Contact number

Turning up the heat on GST compliance

- IRAS introduced the following in recent years:
 - Industry based audits
 - IRAS Audit File for Tax
 - Compliance Assurance Programme (CAP)
 - Assisted Compliance Assurance Programme (ACAP)
 - GST Large Taxpayers Engagement Programme (LTP-Engage)
 - Assisted Self-Help Kit (ASK)

Iras to check GST compliance in 3 sectors

By Yasmine Yahya

The taxman will put general building contractors, private education institutions and companies that hand-carry exports under the microscope this year to see how they are complying with GST rules.

The Inland Revenue Authority of Singapore (Iras) has singled out the three sectors because each has particular issues related to how they deal - or not deal - with the goods and services tax.

General contractors in construction were cited because there have been cases of firms not complying with GST rules.

The deputy commissioner for GST and property tax, Mrs Chia-Tern Huey Min, said Iras auditors will look particularly at how firms handle their billing when they act as sub-contractors for a project.

Turning up the heat on GST compliance - Industry based audits

- Industries targeted for GST audits:

2012

- ✓ General building contractors;
- ✓ Private educational institutions; and
- ✓ Companies that hand-carry exports

2009

- ✓ Electronics wholesale traders,
- ✓ Small and medium manufacturers,
- ✓ Motor traders; and
- ✓ Marine fuel traders

Turning up the heat on GST compliance - IRAS Audit File

- Based on OECD's Guidance Notes (2005) on Standard Audit File-Tax and Tax Compliance for Business and Accounting Software
- Software developers are 'encouraged' to incorporate
 - adequate internal controls (systems access, data capture, data security, back-up and processing logic) to ensure reliability of data
 - adequate audit trails and archival and restoration mechanisms
 - prescribed data elements for purpose of generating the IRAS Audit File
- Accounting Software Register of approved software maintained by the IRAS

Turning up the heat on GST compliance - Compliance Assurance Programme (CAP)

- Process-based audit programme introduced in 2007
- Scoring of CAP review determines
 - frequency of GST audits for 5 years or 3 years
 - turnaround of refunds
 - faster issuance of rulings and resolution of issues
 - renewal of GST schemes

Turning up the heat on GST compliance - Assisted Compliance Assurance Programme (ACAP)

- New IRAS compliance initiative introduced on 5 April 2011
- Cooperative compliance between business and CPA firm with accredited specialists and/or internal audit function
- Holistic review of company's systems, processes and capabilities to identify, assess and mitigate GST risks with sign-off by accredited specialist in GST (qualified ACAP reviewer)

Turning up the heat on GST compliance - Assisted Compliance Assurance Programme (ACAP)

- Step-down of GST audits for 5 years (ACAP premium) or 3 years (ACAP Merit) “unless unexplained anomalies are noted in GST declarations”
- Faster turnaround of refunds
- Faster issuance of rulings and resolution of issues
- Automatic renewal of GST schemes (e.g. MES)
- Full waiver of penalties for past errors (expires 4 April 2016)
- Co-funding of up to 50% of professional fees or S\$50,000 whichever is lower (expires 4 April 2016)
 - Next tranche of funding available on 1 April 2013 with final tranche on 1 April 2014

Turning up the heat on GST compliance - GST Large Taxpayers Engagement Programme

- 22 large companies were invited to participate in a pilot run of the LTP-Engage Programme
- Complements IRAS Corporate Tax Division's existing Enhanced Taxpayer Relationship (ETR) Programme
- Relationship manager is appointed to each company to assist the company in meeting the GST obligations
- Benefits under the programme:
 - ✓ Speedy resolution of past GST issues
 - ✓ Real-time consultation on current or emerging issues
 - ✓ Feedback on GST Rules/Policy

Areas of risk in GST

Technical errors

- Incorrect treatment of standard-rated supplies as zero-rated supplies
- Failure to account for GST on non-trade income, fixed asset disposals (sale or trade-in)
- Recharges/rebilling of expenses
- Deemed supplies e.g. provision of gifts
- Fringe benefits
- Claiming of input tax on “blocked” expenses
- No input tax adjustments for exempt supplies nor longer period adjustment performed

Areas of risk in GST

Financial accounting system errors

- Incorrect use of GST codes
- Incorrect decisions in setting up codes e.g. zero-rating based on billing address

Human errors

- Incorrect entering of data
- Transposition or formula errors

Legislative changes

- Failure to identify and take account of legislative or policy changes

Business changes

- Poor communication of business changes (e.g. restructuring) to tax team

Assisted Self-Help Kit (ASK)

Assisted Self-Help Kit (ASK)

- Self-assessment package “to help GST-registered businesses manage their GST compliance”
- Features of ASK (3 sections):
 - GST practices in relation to people, record-keeping, systems and internal controls
 - Pre-filing checklist
 - Annual review of returns
- Requirement (in June 2012 but has since been removed) – declare whether business is using ASK pre-filing checklist to ensure accuracy of GST declarations before filing GST return with IRAS

Assisted Self-Help Kit (ASK)

- Compulsory to qualify for the following schemes:
 - ✓ Major Exporter Scheme (MES)
 - ✓ Import GST Deferment Scheme (IGDS)
 - ✓ Approved Marine Customer Scheme (AMCS)
 - ✓ Approved Contract Manufacturer and Trader (ACMT) Scheme
 - ✓ Approved Refiner and Consolidator Scheme (ARCS)
 - ✓ Approved Import GST Suspension Scheme (AISS)

Assisted Self-Help Kit (ASK)

Section 2: Assisted Self-Help Kit ("ASK")

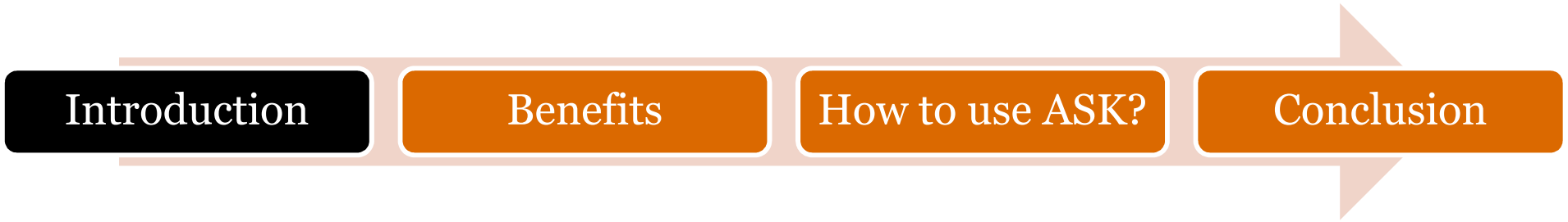
ASK is a self-help package to assist businesses in GST compliance. It has 3 sections: Section 1 highlights the best practices in GST compliance; Section 2 is a checklist to enable you to check for errors before you submit your GST return; and Section 3 provides step-by-step instructions on how to perform compliance checks on a regular basis.

This section assumes that you have reviewed Sections 1 and 2 of ASK. If you have not done so, please complete Sections 1 and 2 of ASK before you proceed with this application. For the purpose of this application, please perform checks under Section 2 of ASK on your latest GST F5 submitted to IRAS.

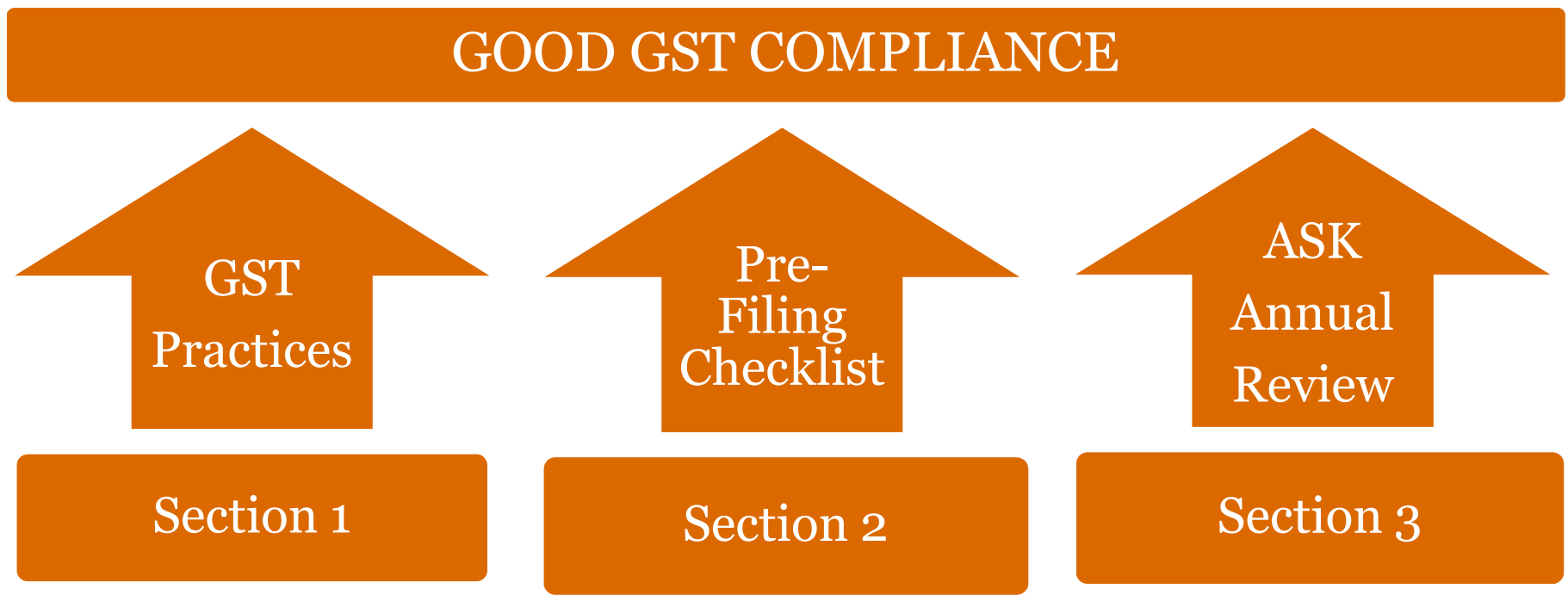
If you are providing projection trading figures for your MES application, please undertake in question 6 to complete the Section 3 of ASK review and provide the certified ASK declaration form "ASK: Declaration Form on Completing Annual Review & Voluntary Disclosure of Errors" to the Comptroller within 1 year from the approval of the scheme.

(Please tick the following accordingly)

- 1) Are you able to comply with the essential requirements recommended in Section 1 of ASK? Yes No
(If "Yes", please proceed to question 3 of this section.)
- 2) If you are currently not able to comply with the essential requirements recommended in Section 1 of ASK, will you undertake to adopt corrective measures if this scheme is granted to you? Yes No
- 3) Have you detected any error during the review under Section 2 of ASK? Yes No
(If "No", please proceed to question 5 of this section.)
- 4) If you have detected error(s) during the review under Section 2 of ASK, have you rectified the error(s) noted in your GST return? Yes No
- 5) Have you completed reviewing Section 3 of ASK? Yes No
(If "Yes", please enclose the certified ASK declaration form "ASK: Declaration Form on Completing Annual Review & Voluntary Disclosure of Errors" with this application)
- 6) If you have not reviewed / completed Section 3 of ASK, will you undertake to complete the review and provide the certified ASK declaration form "ASK: Declaration Form on Completing Annual Review & Voluntary Disclosure of Errors" to the Comptroller within 1 year from the approval of the scheme? Yes No



ASK is a self-assessment package to help GST-registered businesses manage their GST compliance.





Introduction

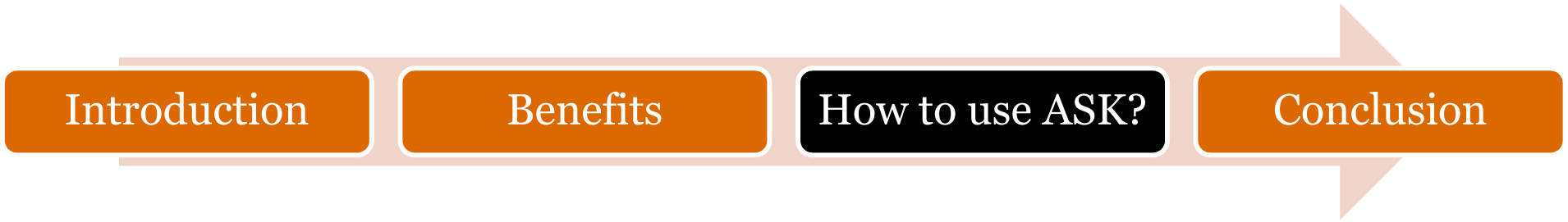
Benefits

How to use ASK?

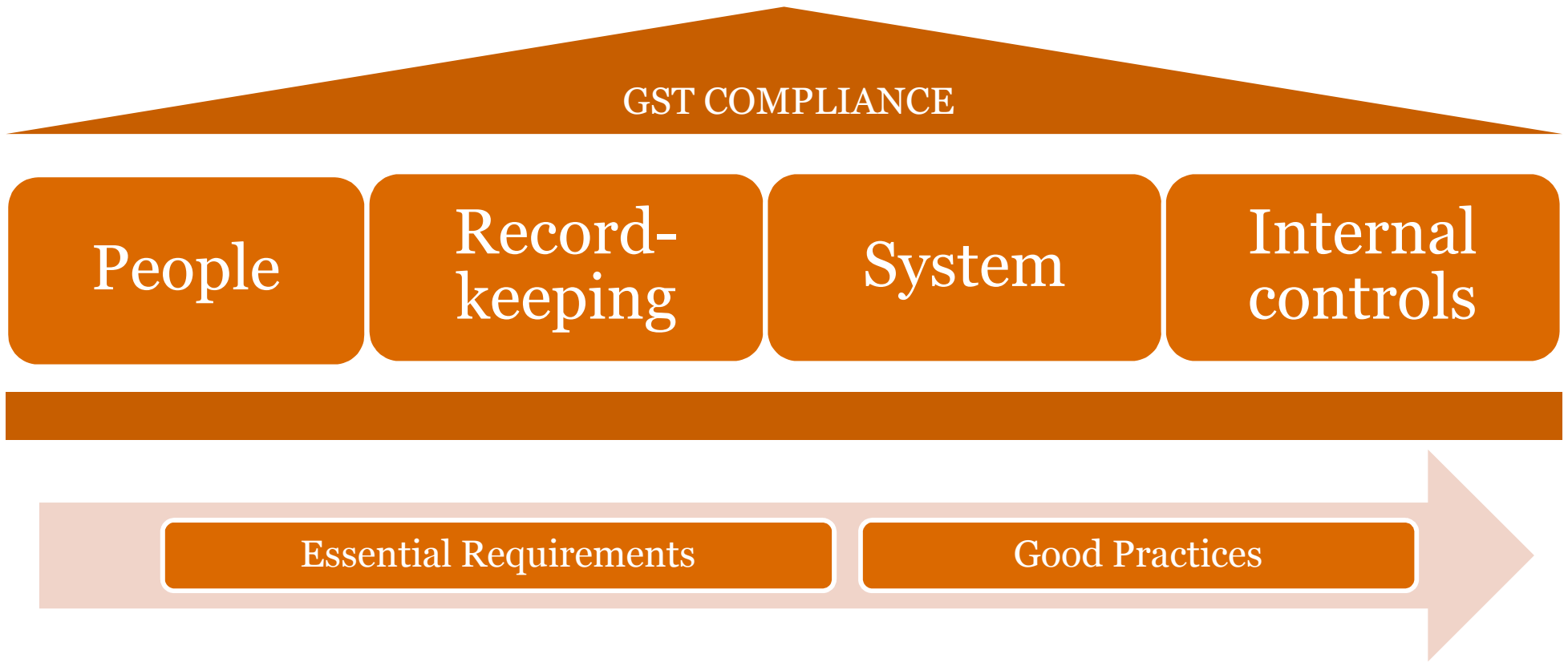
Conclusion

Benefits of ASK

- Understand GST requirements on filing and record keeping
- Review correctness of GST submissions
- Reduce risks of incurring penalties on errors
- Discover past GST errors early for timely disclosure to IRAS and avoid or reduce penalties under IRAS Voluntary Disclosure Programme (“VDP”)
- Qualify for specific GST schemes



Section 1 of ASK : GST Practices



Introduction

Benefits

How to use ASK?

Conclusion

Section 1 of ASK : GST Practices

People

- Training
- Regular update of GST knowledge
- GST knowledge transfer

Record-keeping

- Keep complete records and documents supporting GST declarations
- Maintain GST documents
- Record transactions on timely basis
- Keep GST worksheets

Systems

- Accounting system
- Collate information for GST reporting
- Inventory system

Internal controls

- Treatment of exceptional transactions
- Second level of review
- Periodic review

Introduction

Benefits

How to use ASK?

Conclusion

Section 1 of ASK : GST Practices

PEOPLE

Essential requirement

- GST preparer has basic qualifications in accounting/tax and 1 year experience in preparing GST returns
- GST preparer knows basic GST knowledge
- Refer to resources (e.g. IRAS website or attend basic courses)
- Have proper handover procedures

Good practices

- GST preparer/approver understands GST rules and issues
- Actively seek clarification from IRAS/tax consultants
- Document internal procedures involved in GST reporting
- All new staff undergo formal GST training

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How to use ASK?

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Section 1 of ASK : GST Practices

RECORD-KEEPING

Essential requirement

- Keep all accounting records and supporting documents for required statutory period
- Record all transactions in accounting system/Excel spreadsheet/business records
- File source documents on timely basis
- Maintain sales and purchase listings

Good practices

- Document record-keeping processes for future handover
- Keep electronic records instead of hardcopies for easy storage and retrieval
- Maintain IRAS' correspondences to ensure GST compliance
- Use template worksheets (or equivalent) to maintain internal records of all GST related transactions

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Section 1 of ASK : GST Practices

SYSTEMS

Essential requirement

- Have accounting system to help consolidate all sales and purchases
- Able to collate information easily from various sources to file GST returns
- Keep separate inventory records of goods imported into Singapore: (i) under business (ii) as an agent (iii) track subsequent sale/movement of goods
- Maintain documentation on movement of goods

Good practices

- Use professional computerised accounting systems with following features (i) coded table to allow classification of sales transactions and purchases (ii) in-built logic or auto-checks
- Generate GST report to file GST returns using computerised accounting system
- Perform annual stock-take/inventory audit and reconcile to inventory records
- Use electronic inventory system and bar coding to track movement of goods

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Section 1 of ASK : GST Practices

INTERNAL CONTROLS

Essential requirement

- Have in place additional steps of review for exceptional transactions (e.g. sale of properties)

Good practices

- Second level of review before GST return is submitted
- Conduct periodic reviews on a yearly basis to assess correctness of GST return declarations

Introduction

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How to use ASK?

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Section 2 of ASK: Pre-Filing Checklist

- Quality check on GST declarations before filing the GST returns
- Series of questions and answers based on the key processes in GST declarations
- Six checklists covering:
 - Standard-rated supplies and output tax
 - Zero-rated supplies
 - Exempt supplies
 - Taxable purchases and input tax and refunds claimed
 - Goods imported under MES/A3PL/Other approved schemes
 - Goods imported under IGDS

Data Extraction

Compiling of
data for
preparing GST
return

Submission of
GST return

PRE-FILING CHECKLIST: Zero-rated supplies

Step 3: Check if you have adopted the correct GST treatment/maintain the requisite documents/adopt the correct procedure

Step 1: Run through the questions provided in each checklist

Step 2: Select a response from the dropdown list

7	Did you deliver your goods to a local address, other than to a local freight forwarder/handling agent for export?		Please select a response in Column 3.
	Did you arrange for the export of your goods (e.g. via your own freight forwarder/handling agent)?		Please select a response in Column 3.
8.2	Are you certain, at the time of your supply, that all your goods will be exported?	Yes	Ensure that you can prove this with documentary evidence such as instruction from your customer via contract, purchase order, letter, email, etc to deliver the goods to his appointed local freight forwarder/handling agent. Proceed to Q9.

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How to use ASK?

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PRE-FILING CHECKLIST: Zero-rated supplies

7	Did you deliver your goods to a local address, other than to a local freight forwarder/handling agent for export?		Please select a response in Column E
8.1	Did you arrange for the export of your goods (e.g. via your own freight forwarder/handling agent)?		Please select a response in Column E
8.2	Are you certain, at the time of your supply, that all your goods will be exported?	No	You cannot zero-rate your supply, and must standard-rate your supply and charge GST. This is so, even though your goods may be subsequently exported and you are able to obtain the required export evidence. Refer to paragraph 5 of the e-Tax guide “A Guide on Exports”

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PRE-FILING CHECKLIST:
Taxable purchases

5	Did you make purchases from non-GST registered suppliers?	Yes	Exclude such purchases from GST return and ensure that you do not claim input tax.
12	<u>Foreign currency purchases</u> Did you make purchases in foreign currency	Yes	Ensure GST recorded in listing = GST in S\$ stated on tax invoice. You can only claim GST amount in S\$ as stated in your supplier's tax invoice.

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How to use ASK?

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PRE-FILING CHECKLIST: Major Exporter Scheme

5	Did you purchase from local suppliers but goods are imported from overseas?	Yes	<p>Ensure all the following:</p> <ul style="list-style-type: none">▪ Goods are made available (e.g. title of goods is transferred to you) before they are imported into Singapore.▪ Local supplier has invoiced you before the goods are imported and cleared under your name.▪ Other than the local supplier's invoice, the transport document and import permit must show that you have possession of the goods when the goods are in Singapore;▪ Import is reported in the GST return based on the CIF amount on the import permit.
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Section 3 of ASK : ASK Annual Review

- 5 steps to conduct ASK annual review

Step 1: Review GST declarations for past financial year



Step 2: Select GST returns (s) for review



Step 3: Performs checks for the selected GST return(s)



Step 4: Review and compare financial statements against GST declarations for the same financial year



Step 5 : Quantify errors (if any) and submit findings to IRAS

- Step 1: Review GST declarations for past financial year

Check for :		Action :
a	Major fluctuations in supplies and purchases	Assess if the fluctuation is in line with business cycle or due to significant change to the business
b	“Declared output tax” less “Computed output tax” > - \$10,000	Explain and reconcile the difference
c	“Declared input tax” less “Computed input tax” > \$10,000	Explain and reconcile the difference
d	Taxable purchases over total supplies (i.e. TP/TS) ratio for the year >1.2	Evaluate if this trend is reasonable and explain reasons for the high TP/TS ratio

Introduction

Benefits

How to use ASK?

Conclusion

- Step 2: Select GST Return (s) for Review
- Determine which GST return(s)

Compute Total supplies (Box 4)
+ Taxable purchases (Box 5) for
each GST return



Select and review the GST
return(s) with highest total

- Determine number of GST return(s)

Filing Frequency	No. of return (s) to select	Which return(s) to select
Monthly	3	The GST return with highest total AND another 2 consecutive GST returns
Quarterly	1	The GST return with the highest total
6-monthly	1	The GST return with the highest total

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How to use ASK?

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▪ Step 3: Perform Checks for the Selected GST Return(s)



▪ Review your listing

- Check all GST listings to ensure :
 - Listing totals tally with respective boxes in GST return(s)
 - Listings are complete (i.e. all GST transactions are captured in the listings)

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Benefits

How to use ASK?

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- Step 3: Perform Checks for the Selected GST Return(s)

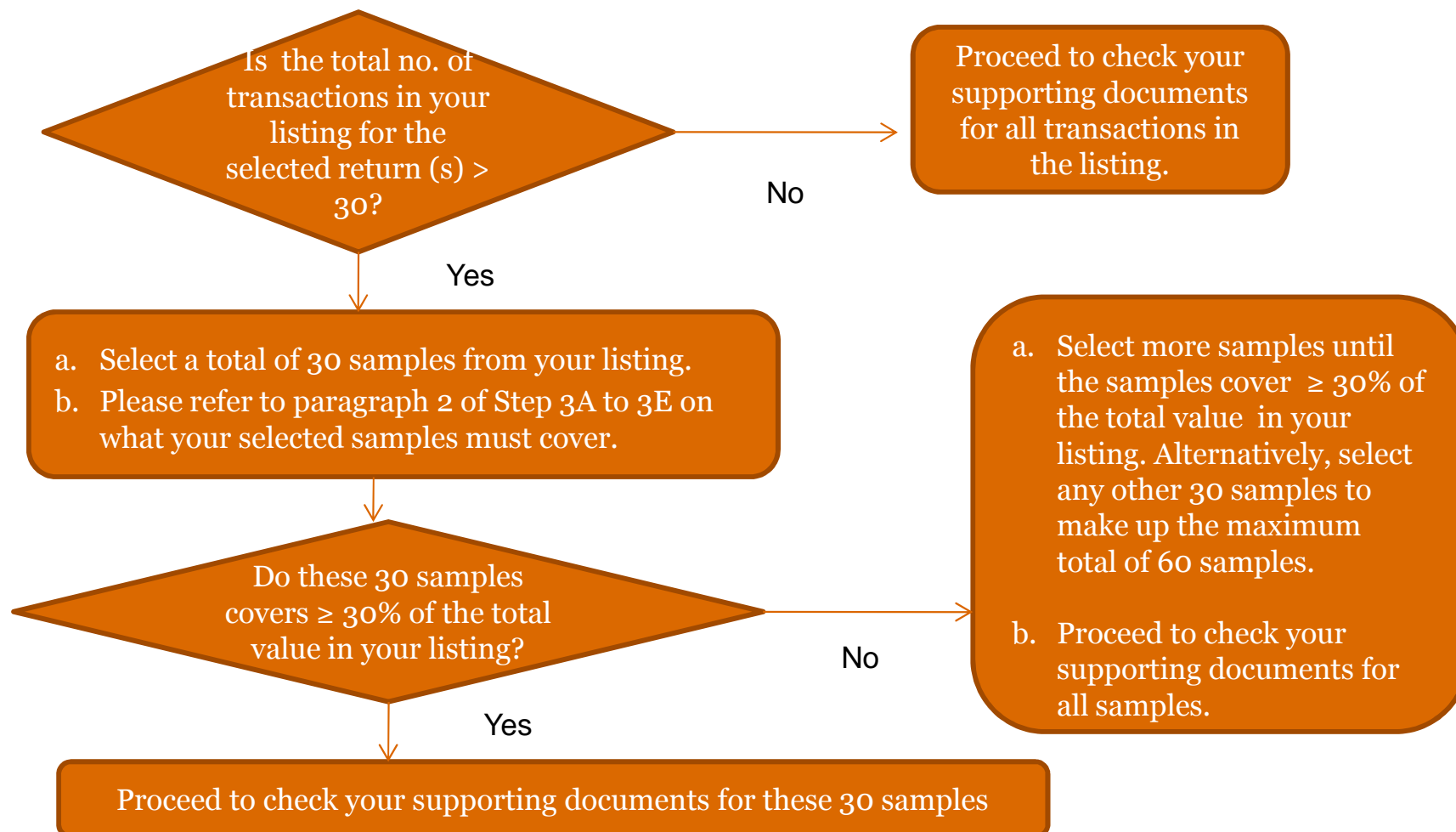


- **Select samples from the listings**

- For each box, follow the flowchart on selection of samples.
- Select samples from GST listing(s) to cover major business scenarios.

- Select samples from listings

Flowchart on selection of samples



- Select samples from listings
- E.g. if **zero-rated supplies** listing has more than 30 transactions, select at least 30 samples to cover:
 - 30% or more of the total value of zero-rated supplies in the listing; and
 - At least 1 sample from each of the category (provided in the IRAS' guide).

Category	Samples selected should cover:
Exports of Goods	i. Different customers especially local customers ii. Direct export scenarios where client arrange for export of goods (e.g. through own freight forwarder) iii. Indirect export scenarios where client is not the one arranging for the export of your goods iv. Different modes of export (e.g. air, sea, land, hand-carry, courier, etc)
International services	i. Different customers especially related parties and local customers ii. Different types of services provided

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How to use ASK?

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▪ Step 3: Perform Checks for the Selected GST Return(s)



▪ Check the supporting documents (e.g. tax invoices, credit notes, import permits, export documents, etc) for samples selected to ensure:

GST Transaction	Check to ensure
Standard-rated supplies & output tax	GST is properly charged
Zero-rated supplies	Goods: Export documents are maintained Services: Supplies qualify for zero-rating
Exempt supplies	Supplies qualify for GST exemption
Input tax and Refunds Claimed	GST is properly claimed
Goods imported under MES/Other approved schemes	GST is properly suspended according to the conditions of the scheme

Introduction

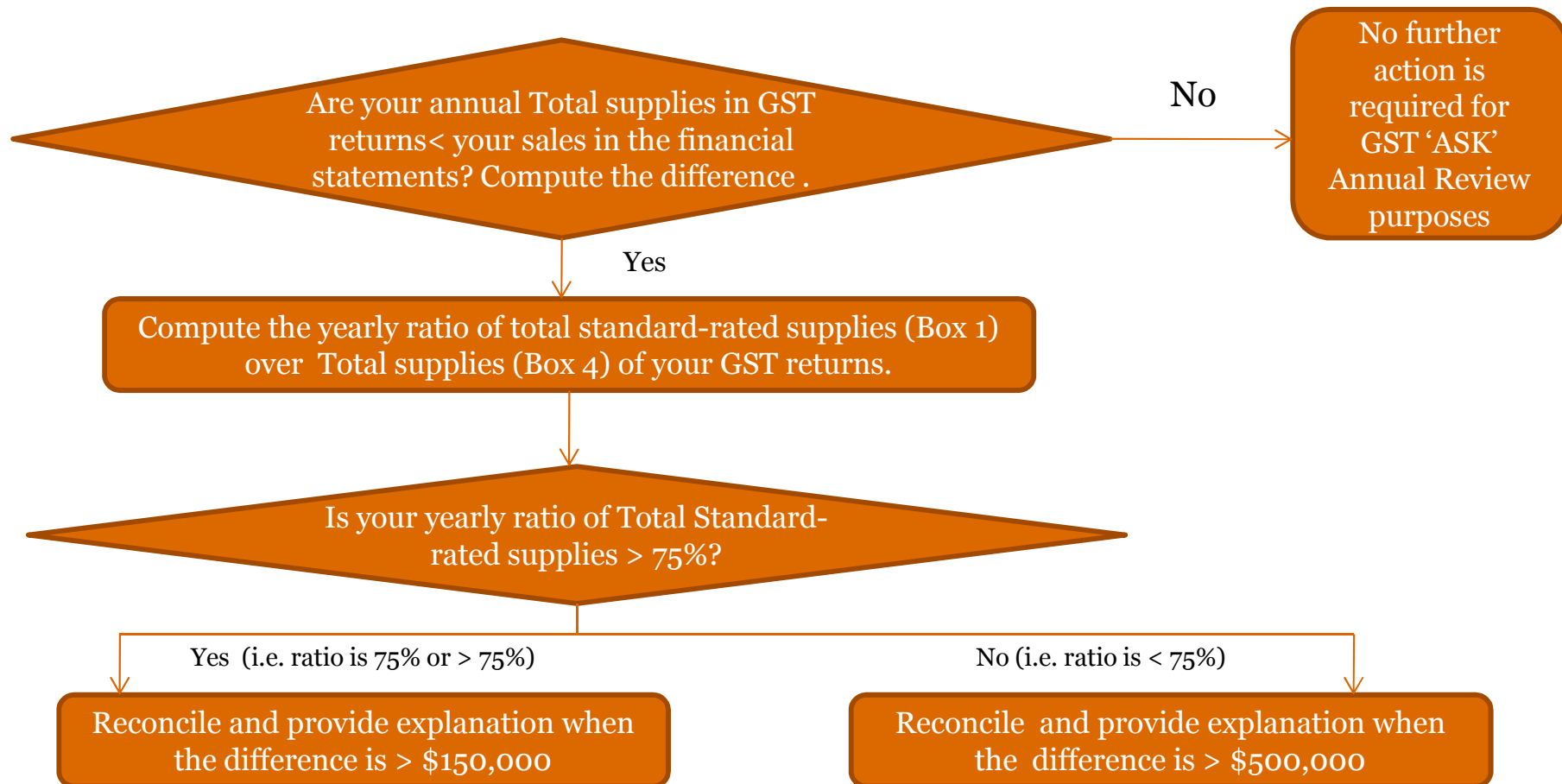
Benefits

How to use ASK?

Conclusion

▪Step 4: Review and compare financial statements against GST declarations for the same FY

a) Compute annual total supplies less sales:





Introduction

Benefits

How to use ASK?

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- Step 4: Review and compare financial statements against GST declarations for the same FY

Review for:

- a) Transactions with related parties and non-trade transactions (e.g. sales of fixed assets or property)
- b) Outstanding payments not made to suppliers within 12 months from due date of payment and account back the GST previously claimed

▪ Step 5: Quantify errors (if any) and submit findings to IRAS

Outcome		Action
Error(s) discovered	Non-GST error	Quantify and report non-GST amount in error for the selected GST return(s)
	Isolated GST error	Quantify and report GST amount in error for the selected GST return(s)
	Recurring GST error	Quantify and report GST amount in error for : a) The selected GST return(s) and affected returns of same FY; and b) Each affected FY for the past 5 or 6 years if the error is discovered in Step 3 is recurring and GST is involved (estimation may be allowed if it is difficult to quantify actual amount)
	<ul style="list-style-type: none"> ❖ Complete and submit declaration form and “Disclosure of Errors” template (s) to the IRAS ❖ Do not correct errors in GST F7 “Disclosure of Errors on GST Return”. The IRAS will advise on how to correct the errors e.g. GST assessments. 	
No error discovered		Complete declaration form and submit to the IRAS



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Benefits

How to use ASK?

Conclusion

Conclusion

- ASK Annual Review is designed as guidance for GST-registered businesses to conduct a self-review of their GST declaration.
- The specified sample size and methodology of selecting samples are the minimum requirements if this review is requested by IRAS for a specific purpose (e.g. for application or renewal of MES).
- The IRAS may extend scope of audit checks beyond the samples selected by businesses and where additional errors are noted, normal penalties will apply.

Correcting past errors and the IRAS Voluntary Disclosure Programme

Correcting past errors

GST F7 “Disclosure of Errors on GST Return” form

- GST amount more than S\$1,500; or
- Summation of error more than 5% of total supplies

Time limit

- Five years for accounting period ending on or after 1 January 2007
- Six years for accounting period ended prior to 1 January 2007

Voluntary Disclosure Programme

Qualifying Conditions

- A voluntary disclosure is one which is timely, accurate, complete and self-initiated by the taxpayer. The taxpayer should also demonstrate the following:
 - full cooperation with IRAS; and
 - willingness to make arrangements with IRAS, to pay additional taxes raised and/or penalties imposed (if any).

Voluntary Disclosure Programme

Qualifying Conditions (cont'd)

- The voluntary disclosure is considered self-initiated and timely when it satisfies the following:
 - it is made **before** taxpayer receives a query from IRAS;
 - it is made **before** taxpayer receives notification from IRAS of the commencement of audit or investigation; and
 - the disclosure must not be under the immediate scope of the query, audit or investigation.

Examples of Voluntary Disclosure

No.	Situation	Commencement of IRAS query, audit or investigation?	Timely, accurate and complete disclosure?	Cooperation with IRAS to pay taxes / penalties?	Voluntary Disclosure?
1	Taxpayer filed a GST F7 to disclose output tax errors for a specified accounting period.	Yes, taxpayer was audited on his purchases and input tax for the same period.	Yes	Yes	Yes, the disclosure was not directly related to IRAS' audit on input tax.
2	Taxpayer filed a GST F7 to disclose input tax errors that were not uncovered during a previous audit by IRAS. The errors relate to the same period that was being audited.	No, but taxpayer was audited on purchases and input tax previously.	Yes	Yes	Yes, the disclosure was made after IRAS closed the audit on input tax.

Examples of Voluntary Disclosure

No.	Situation	Commencement of IRAS query, audit or investigation?	Timely, accurate and complete disclosure?	Cooperation with IRAS to pay taxes / penalties?	Voluntary Disclosure?
1	Taxpayer is currently audited by IRAS on his purchases and input tax for a specified accounting period. He disclosed input tax errors for other accounting periods.	Yes	No	Yes	No, the disclosure is directly related to IRAS' audit on input tax.
2	Taxpayer informed IRAS that he did not account for output tax on supplies made to a customer.	Yes, audit has commenced on the customer for input tax claimed on the same supplies.	No	Yes	No, IRAS has initiated an audit or investigation that is directly related to the specific liability of the taxpayer and IRAS has reasons to believe that the taxpayer is aware of the audit or investigation.

Voluntary Disclosure Programme

Outcomes

- Subject to qualifying conditions, penalties to be waived where disclosure is made within ‘grace period’ of 1 year from filing date
- Voluntary disclosures made after ‘grace period’ subject to reduced penalty of 5%
- Waiver or reduced penalty now available multiple times as long as qualifying conditions are met
- All other disclosures subject to penalty of up to 200%

Media Releases

News and Events > Media Releases > 2008 >

GST trader sentenced to 6 months jail and penalty

Taxman's computer teases GST fraudster

By SELINA LUM

WHEN the taxman asked businesswoman Magdalene Chua to prove her claims for GST refunds, Tax

An expert then trawled through it before retrieving a file with all the evidence Iras needed to haul Chua to court.

Yesterday, she became the first person to be convicted of GST fraud here. Previous

transaction told The Straits Times. The taxman's computer, which is able to delete files from its hard drive, is able to find deleted files on computers.

Taxman gets more from GST errors than income tax ones

Trader made bogus claims for \$400,000 in GST refunds

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Woman jailed 3 months for scam to get GST refunds

She created false tax documents to claim \$38,315 from taxman

by Elena Chong

WOMAN who defrauded the taxman in a GST refund scam has been jailed for three months and ordered to pay a penalty of \$114,945 - three times the amount she swindled.

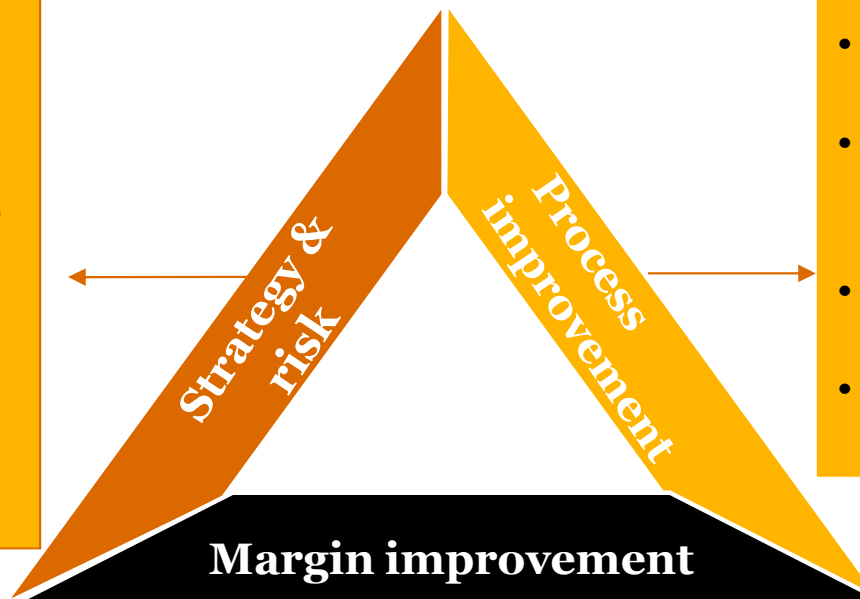
Azizah Abdul Aziz, 35, created false documents which she used to obtain goods and services (GST) refunds through a company, TradeOne Forwarding & Trading, registered in her name.

BOGUS TAX REFUND CLAIMS

GST evader hit with \$1.87m penalty

Proposed framework for quick wins...

- Is there a regular review of local and regional indirect tax risks?
- What is the process to keep up with changes in rules, policy and legislation?
- Is there clear ownership of GST – is it Finance, Operations or Tax?
- When was the last time processes and controls reviewed for GST compliance?



- How long does it take for input tax claims to be made after invoices are received?
- Is there scope to utilise e-invoicing/e-archiving?
- Are there checks to ensure integrity to improve data input?
- Can GST reporting be automated?
- Are staff regularly trained on the GST rules?

- Have the GST implications been considered in all transactions e.g. M&A, shared services?
- Are there any foreign GST to be claimed?
- Are there invoices not presented for input tax claims?
- Are there outstanding cash locked up in disputes with tax authorities?
- Have all available reliefs been considered e.g. grouping, imports, bad debts ?

Thank you

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