


Common errors


Poor record keeping habits

- Claiming of expenses based on estimation
 - Estimate of expenses without valid basis
 - Claims of expenses should be based on actual amount incurred, supported with receipts and invoices
 - Sketchy records are not acceptable



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1



Common errors

Poor record keeping habits

- Keeping of incomplete records
 - Claims of expenses should be supported with complete records and proper receipts
 - Retention of credit card slips or monthly credit card statements are not acceptable
- Failing to keep records for the requisite period
 - Misconception that records could be discarded once Notice of Assessment is received



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2

Keeping of proper records



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3

Why keep records?

Good Record keeping practice is an important part of your business



Better internal control of your business

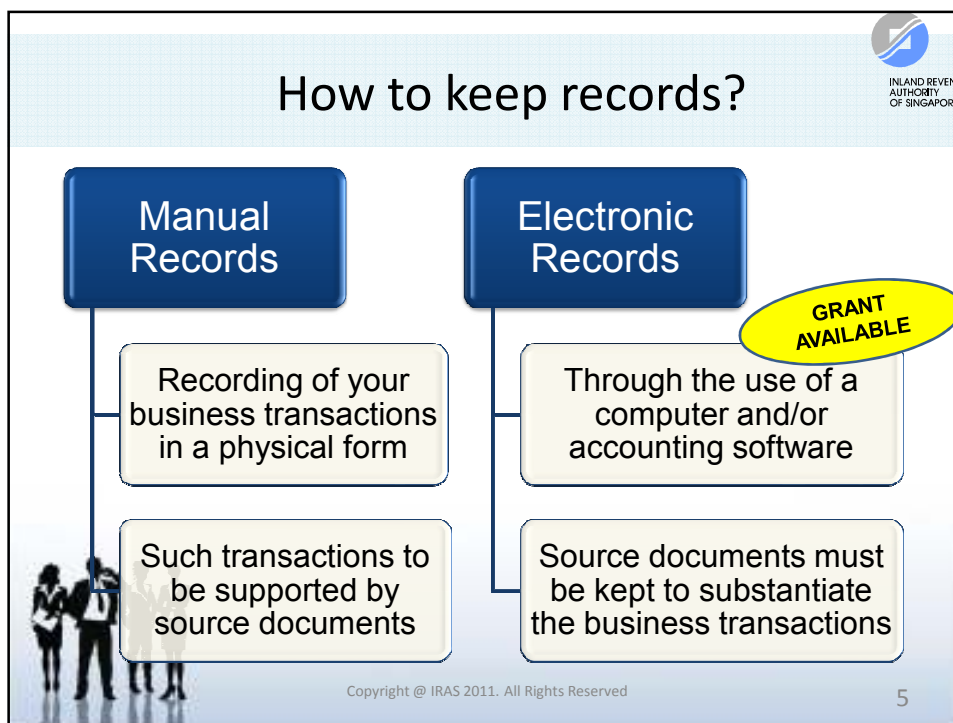


An essential source of evidence to detect business losses, internal fraud & theft



Reduce cost & effort during collation of information

Under the Income Tax Act, you are required to keep the business records for at least 5 years with effect from 1 Jan 2007




Types of records to be kept

Source Documents			Category of taxpayers for Record Keeping Requirements	
Record Type	Item No	Documents Required	GST-Registered Businesses	Non-GST Registered Businesses
INCOME RECORDS (Records of each sales transaction)	1	Serially numbered receipts issued or cash register tapes or invoices issued	✓	✓
	2	Tax invoice/simplified tax invoice issued	✓	✓
	3	Rental Agreement signed by both landlord and tenant	✓	✓
	4	Books to record goods taken for private usage	✓	✓
	5	Credit notes for returned goods	✓	✓
	6	Documents relating to exports	✓	✓
	7	Evidence that payment have been received (e.g. bank statement)	✓	✓
BUSINESS EXPENSE RECORDS (Records of each business expense transaction)	8	Invoice received or Receipt received	✓	✓
	9	Payment made to individuals/companies for services rendered and the relevant contracts/agreements on the provision of services	✓	✓
	10	Payment vouchers for staff remuneration	✓	✓
	11	Employer's CPF contributions	✓	✓
PURCHASE RECORDS (Records of each purchase transaction)	12	Payment evidence (e.g. bank statement)	✓	✓
	13	Tax invoices received, Invoices received or Receipt received	✓	✓
	14	Documents relating to imports	✓	✓
OTHER RECORDS (FOR GST PURPOSES)	15	Payment evidence (e.g. bank statement)	✓	✓
	16	Business goods which were put to non-business use	✓	✓
	17	Disposals of business goods, whether or not for a consideration	✓	✓
	18	Removal of goods from customs-licensed warehouse	✓	✓

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Types of records to be kept




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ACCOUNTING RECORDS AND SCHEDULES			Category of taxpayers for Record Keeping Requirements	
Record Type	Item No	Documents Required	GST-Registered Businesses	Non-GST Registered Businesses
ACCOUNTING RECORDS AND SCHEDULES	1	Stock List	✓	✓
	2	Sales Record Book/ Sales Listing	✓	✓
	3	Purchase Record Book/ Purchase Listing	✓	✓
	4	General Ledgers	✓	✓
	5	Balance Sheet, Profit and Loss Statement	✓	✓
	6	GST account summary of input and output tax, including GST refunded to tourists	✓	
BANK STATEMENT	7	Bank statements; with separate bank accounts for personal and business purposes	✓	✓ (Recommended)
Record Type	Item No	Documents Recommended	GST-Registered Businesses	Non-GST Registered Businesses
ACCOUNTING RECORDS AND SCHEDULES	1	Detailed schedules of Public Transport expenses	✓	✓
	2	Detailed schedules of Travelling expenses	✓	✓
	3	Detailed schedules of Entertainment expenses	✓	✓
	4	Fixed asset Schedules	✓	✓
	5	Records of Capital Allowances	✓	✓


Note: The "required records" are mandatory records that businesses **must** keep for tax purposes. The "recommended records" are records that the businesses are **advised** to keep as good practices, and these should be available, or able to reproduce upon request by the Comptroller of Income Tax or GST

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Sales record




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Issue serially printed receipts and retain duplicate if gross income a year exceeds:

- \$18,000 from the sale of goods;
- \$12,000 from providing services



Do not have to issue serially printed receipts if:

- A cash register is used to record all cash sales
- Invoices are issued for all credit sales OR
- All sales are entered into an accounting software

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Sales record



I do not have a cash register or an accounting software. What happens then?



In the absence of a cash register or accounting software he can have :



A daily sales record book for all cash and credit sales to record all his gross takings



Make necessary adjustments to reflect correct gross takings




He should record all takings on a daily basis




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Important details for an invoice



Business name, Address, Tel No. & Business Reg. No.



1-star Nail Art

INVOICE No.
1012

Registration No. 10521924N
No.32 Jln Angklong
Singapore 121432
Tel No: 61234 123
Fax No: 64561456

Date : 01/11/2009

To: Ms Angelina De Cruz
5 Sunset Lane
Singapore 123005

Qty	Item	Description	Unit Price	Discount	Line Total
Total			Discount		
Sub - Total					
GST					
Total					


Invoice Date & Number.

Customer's Name & Address

Any Discount Offered & Total Price


* For GST-registered business, you need to issue tax invoices as required by GST legislation

Sales record



F) Books for Goods Taken for Private Usage

- If you have taken goods from your business for your own private use, or for family or friends, these should be entered in your business records.
- The following details should be recorded:
 - ❖ Date of goods taken
 - ❖ Description of goods
 - ❖ Sale price of goods



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11

Sales record



G) Credit Notes for Returned Goods

- Due to incorrect quantities, defects, damaged or incorrect invoicing etc.
- Adjustment to the sales figures


H) Annual/Monthly Commission Statement for Commission Agents




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12

Banking records




- Maintain separate bank accounts for personal and business purposes
- Regularly bank all business income into the business bank account
- Encourage to pay all purchases and expenses by cheque
- Retain the bank statements or passbooks of your business bank accounts



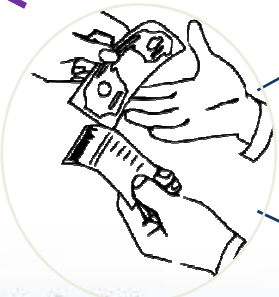
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13

Purchase records




PURCHASES



**Invoices
Received
from
Suppliers**


**Receipts
obtained
must show
details**

- **Date**
- **Name of Supplier or Service Provider**
- **Description of Goods or Services**
- **Amount**



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14




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Purchases Records

Maintain Purchases Record Book	To issue payment voucher which shows: <ul style="list-style-type: none">- Full name;- Identification no.;- Address of supplier;- Date & description of goods or services;- Acknowledgement of receipt by the recipient	Invoices/Payment vouchers should be retained
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15




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Business expense records

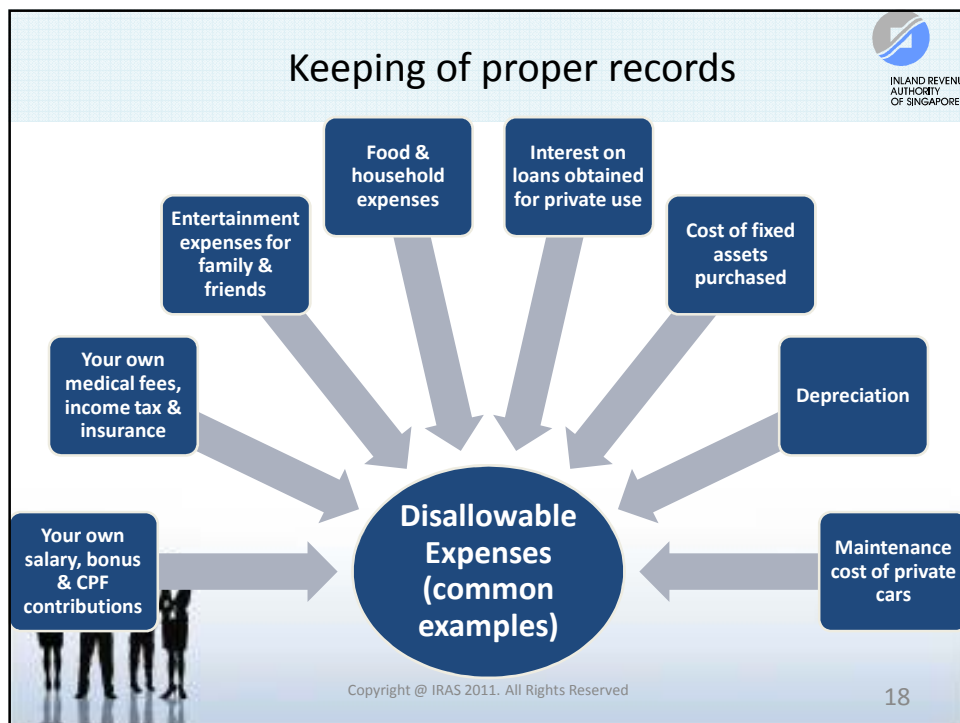
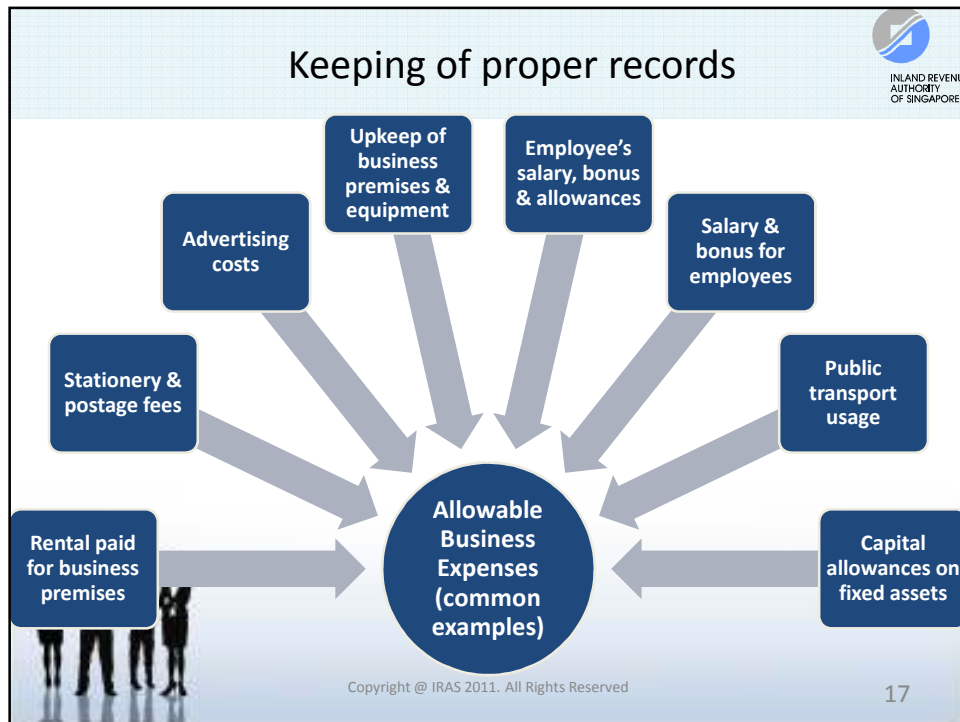


- Keep proper documentation
- Obtain invoices
- Common Expenses




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16



Staff remuneration & employer's CPF contributions



Staff Remuneration & Employer's CPF Contribution



Records to keep:


- Details of employees;
- Payment vouchers or remuneration schedule;
- Date & description of services;
- CPF statements for your claims of employer's CPF contributions

Form IR8A / Return of Employee's remuneration


Log Book for part-time employees

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Public transport expenses




- Public transport expenses incurred for business purposes may qualify for tax deduction
- Details to be recorded for each travel:
 - Date and destination
 - Mode of transport
 - Person incurring it
 - Purpose of travel
 - Amount incurred



Receipts, such as taxi receipts, which are readily available, should be kept


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Travelling expenses



- Overseas travel incurred for business purposes
- Details to be recorded for each travel:
 - Date and destination
 - Mode of transport
 - Person incurring it
 - Purpose and duration of overseas travel
 - Amount incurred


Receipts or other travel documents that substantiate your travel expenses, including meals & accommodation, should be retained



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Entertainment expenses



- Entertainment expenses incurred for business purposes
- Details to be recorded:
 - Date and place of entertainment
 - Name of the person(s) entertained
 - Purpose for entertainment
 - Person incurring it
 - Amount incurred


Invoices or receipts should be kept



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22

Payments made to individuals for services rendered



- ❑ Examples: Cleaning fees, free-lance book-keeping, sales commission
- ❑ Details to be included on the payment voucher:
 - Full name, identification number, address of the recipient
 - Date and nature of payment
 - Basis of arriving at the quantum paid
 - Acknowledge of receipt by the recipient



Payment vouchers should be kept




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23

Keeping of proper records (in summary)

	Set up a good filing system for your paperwork from the start of your business
	Make sure your records can be understood by anyone, not just by you or your accounts staff
	Obtain the necessary source documents at the time of a transaction
	Get into the habit of entering transactions regularly to keep your records up to date
	Enter all transactions accurately into your record books



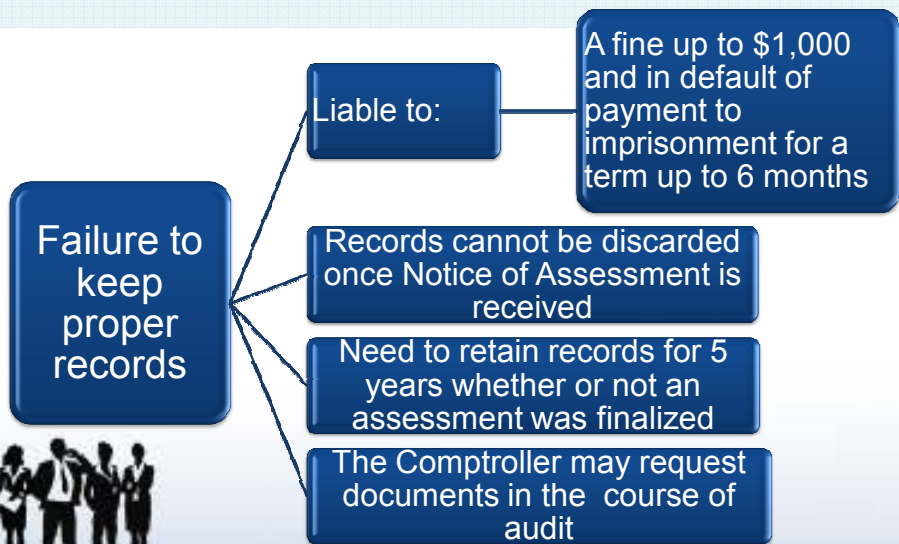
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24


Offences & penalties



Offences & penalties




Offences & penalties




Failure to submit an income tax return

- A fine up to \$1,000 and in default of payment imprisonment for a term up to 6 months
- Not submitted after conviction, a further penalty of \$50 for each day return is outstanding
- Penalties can amount to two times the tax undercharged if returns outstanding for 2 years or more




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Offences & penalties



Furnishing an incorrect return

- Penalties amount to two times tax undercharged, for errors made due to negligence or without reasonable excuse
- Serious cases of omissions or errors may result in prosecution




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Offences & penalties


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graph LR; A[Tax evasion] --> B[Willfully evades, or assists others to evade]; B --> C[Penalty of 3 times the amount of tax evaded and fine up to $10,000; OR]; B --> D[Imprisonment for a term up to 3 years; OR]; B --> E[Fine and imprisonment];
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The diagram illustrates the legal consequences of tax evasion. It starts with 'Tax evasion' leading to 'Willfully evades, or assists others to evade'. From this central point, three paths emerge, each representing a different penalty: a fine of 3 times the evaded amount (up to \$10,000), imprisonment for up to 3 years, or a combination of both.

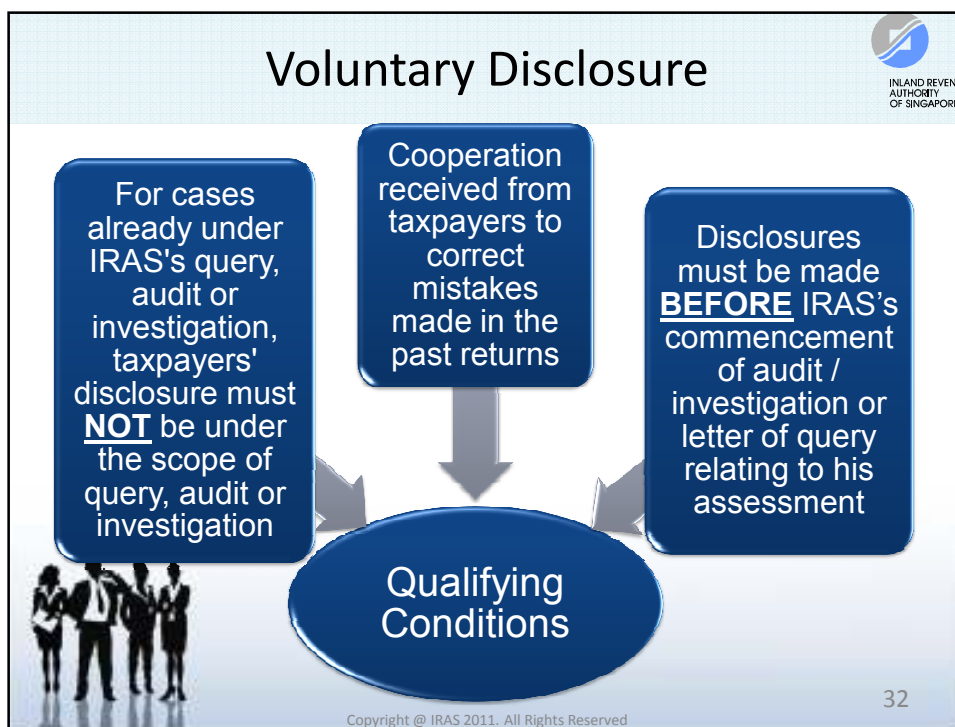
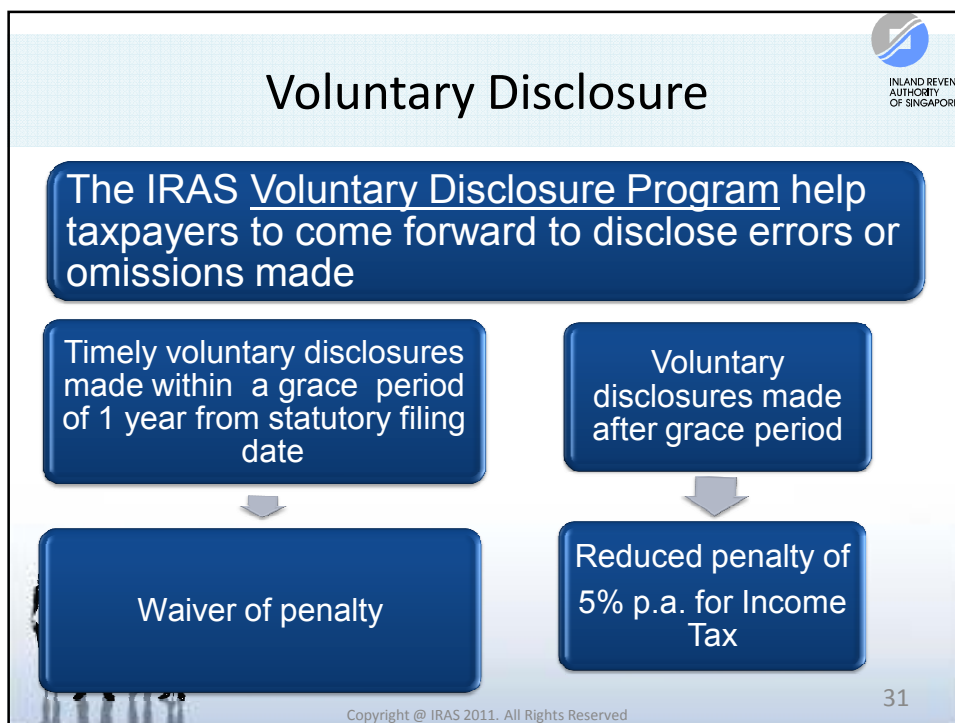


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Voluntary Disclosure



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Voluntary Disclosure



www.iras.gov.sg > About IRAS > Taxpayer Compliance > IRAS Voluntary Disclosure program



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33

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Assistance for taxpayers



34


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Assistance for taxpayers



For **general** enquiries, you may:


- Visit our website @ <http://www.iras.gov.sg>
- Email us @ se@iras.gov.sg
- Call our 24-hour Business Income Tax Integrated Phone Service, **1800 356 8611**



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35

Assistance for taxpayers




d) Visit our Taxpayer Services Centre

1st Storey, Revenue House, 55 Newton Rd


(located opposite Novena MRT station)

Operating Hours : 8am – 5pm (Mon to Fri)
8am – 1pm (Sat)



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36



Assistance for taxpayers


Other Useful Information available on our website :

- Record Keeping Guide for GST-registered / non-GST registered businesses
- Tax obligation for self-employed
- Keeping proper records and accounts for self-employed, sole proprietors, partners & companies




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37



Cash Accounting Scheme



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38

Cash Accounting Scheme (CAS)



Objectives:

- Designed to alleviate the cash flow of small businesses whose annual sales do not exceed S\$1 million
- Introduced as a specific measure to relieve the pressure of cash flow caused by the late payment of invoices and bad debts



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39

Cash Accounting Scheme (CAS)



How the scheme works:

- Account for GST output tax on taxable supplies when payment is received from customers
- Claim GST input tax when payment is made to suppliers
- Net GST position is

Total amount of GST on payment received from customers

Less

Total amount of GST paid on business purchases



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Cash Accounting Scheme (CAS)



If you wish to apply for the scheme, please write to Comptroller of GST for approval. In your letter, please include:

- The reason for applying for the scheme
- A description of your taxable supplies
- The expected value of your taxable supplies in the next 12 months



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41

THANK YOU



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42