

# **GOODS AND SERVICES TAX**

## **GST COMPLIANCE ASSURANCE PROGRAMME**



INLAND REVENUE  
AUTHORITY  
OF SINGAPORE



## GST Compliance Assurance Programme

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### **1 INTRODUCTION**

- 1.1 The e-Tax Guide provides information on Compliance Assurance Programme for GST-registered businesses (CAP). It explains how IRAS conducts a CAP. GST traders may also use the e-Tax Guide to conduct self-review of their GST accounting and control processes.
- 1.2 Larger businesses usually have trained personnel, up-to-date computerised accounting systems and proper internal control procedure to enable them to fulfil tax obligations. Consequently, IRAS intends to leverage on businesses' internal systems and processes and adopts a more collaborative approach in securing tax compliance. CAP serves this purpose.
- 1.3 CAP was piloted in 2006 and positive feedback has been received. This is because CAP not only increases the awareness on the importance of internal control systems but also helps businesses identify and strengthen weaknesses in its systems.

### **2 OBJECTIVE OF CAP**

- 2.1 The objective is to partner large businesses in attaining the desired level of internal control relating to its systems and processes for purpose of accurate GST accounting, record keeping and reporting. This is achieved through:
- (a) A good understanding of trader's systems and the internal controls; and
  - (b) Identification of potential compliance risks through a field visit.

### **3 TARGETED SEGMENT**

- 3.1 As CAP is primarily designed for GST-registered large businesses, IRAS plans to systematically introduce this program to businesses starting with those that make annual GST supplies of S\$1 billion or more.

### **4 WHO SHOULD READ THIS GUIDE**

- 4.1 This guide is useful to GST-registered large businesses and in particular to senior executives such as Chief Financial Controllers and Accountants who are directly or indirectly involved in GST reporting.
- 4.2 GST-registered businesses may use this Guide to conduct self-review and strengthen their systems for GST accounting, reporting and record keeping.

### 5 APPROACH

5.1 As the approach is collaborative, IRAS will communicate with businesses as much of the CAP process and information requirements as possible to facilitate businesses in preparing for CAP. There are four milestones in the CAP programme.

#### 5.2 1st Milestone

Process: Notification, information request, desk review and administrative arrangement

5.2.1 Businesses identified for CAP will be informed 3 months in advance. This will enable businesses to plan for CAP with minimal disruption to business operation. IRAS will work with businesses to customize the detailed programme so that the programme runs smoothly both for the traders and IRAS.

#### 5.2.2 Information to be furnished by businesses:

Following the notification, businesses need to provide the following information:

- (a) Organization chart with description of each business unit function, designation of process owner, operation and accounting system and location of each business unit if they are in different geographical locations.
- (b) A summary of the GST declarations made by all business units if the business has several business units or is under GST group registration.
- (c) Reply to a questionnaire (see Appendix 1) that would give an overview of your business and internal control systems.
- (d) Operating and accounting system process flows to illustrate how GST transactions are initiated, processed, captured and reported in the GST return and highlight any controls that are put in place.
- (e) Management accounts such as trial balance, trading, profit and loss and balance sheet (if available) for the 3 months selected for review.
- (f) GST softcopy listings for one prescribed accounting period if the business is under quarterly return and three prescribed accounting periods if the business is under monthly prescribed accounting period with the following details:

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### Taxable purchases and imports

Invoice Date	Invoice/ permit Number	Name of Supplier	Supplier's GST registration number	Description	Invoice/ permit Amount (excluding GST) (\$)	GST (if applicable) (\$)
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### Standard-rated supply / Zero-rated supply / Exempt supply

Invoice Date	Invoice Number	Name of Customer	Description	Invoice Amount (excluding GST) (\$)	GST (\$) (if applicable)	Destination of goods (if applicable)
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### What does IRAS do with the information

5.2.3 With the information, IRAS would perform a desk review to:

- (a) Determine the scope of review such as number of business units to review, nature, types of transactions and number of transactions to perform the walk through.
- (b) Identify areas that need further clarifications.
- (c) Prepare programme, activities and time schedule for field visit.

The above set of enquiries would be given to businesses for inputs before the field visit.

### Preliminary discussion

5.2.4 Depending on the complexities of the businesses, a preliminary discussion with the business representatives may be conducted prior to the field visit to:

- (a) Obtain an overview of the business operation, structure and model.
- (b) Understand the process involved and checks performed by businesses in its preparation of GST return.
- (c) Work out the scope for the next phase(s) and where necessary, to settle on any administrative details.

## 5.3 2nd Milestone

### Process: Field visit, business presentation, interview of process owners, walk through of transactions and verification of documents

5.3.1 The purpose of the field visit is to assess the control features put in place in accounting and operations at both entity (if applicable) and transaction levels that have GST implications.

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5.3.2 Depending on the complexities of the businesses, the duration of field visit could be 1- 3 days.

### How does IRAS conduct the field visit

5.3.3 If preliminary discussion has not been held, the field visit will start with businesses making a presentation of their business structure, operation and model; and the processes involved and checks performed in preparing GST return.

5.3.4 Interview with respective process owners involved in both the sales and purchases cycle is conducted to understand how the GST transactions are initiated, processed and captured in the financial records.

5.3.5 In the process, clarifications will be sought on:

- (a) Exceptions noted in the desk review
- (b) Treatment of exceptional transactions unique to businesses.

5.3.6 To confirm that the controls highlighted by the process owners are working as designed, a walk through on selected transactions will be conducted with the process owners by:

- (a) Tracing selected transactions from initiation to the closing of accounts and confirming the preventive and detective controls (both automated and manual) are working; and
- (b) Verifying some source documents selected from the listings furnished (details of the samples would be given prior to the field visit)

### What does IRAS expect from businesses

5.3.7 To enable IRAS to perform the review well, businesses are expected to:

- (a) Give an outline of the business models if businesses have not done so during preliminary discussion.
- (b) Explain the workings of the accounting system and processes and the preventive and detective controls put in place to ensure proper coding, capturing and processing of business transactions.
- (c) Make available relevant staff responsible for initiating and capturing of the purchases and sales transactions and staff responsible for preparing the GST returns so that we can clarify any issue with them during the visit.

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- (d) Perform on-line demonstration on how the systems work, from the creation of the master record, capture of specific transactions and to the generation of reports used for GST reporting.
- (e) Prepare the accounting records and original copies of documents that have been requested for the purpose of verification.

### 5.4 3rd Milestone

*Process: Desk review, clarifications sought and our assessments*

- 5.4.1 IRAS will review the documents and information obtained during the field visit to assess the robustness of businesses' internal control systems in areas affecting GST compliance.
- 5.4.2 IRAS may seek further clarification during this process.

### 5.5 4th Milestone

*Process: Accord CAP Status*

- 5.5.1 IRAS will communicate to businesses the findings and assessment of their internal control systems in areas affecting GST compliance. Where there are gaps observed, IRAS will suggest possible good practices for addressing gaps. In the event that specific errors have been identified, IRAS would require businesses to conduct further self-review and file amended tax returns if necessary.
- 5.5.2 Businesses would be given a reasonable time line to perform a self-review to quantify any errors made.
- 5.5.3 CAP status:

#### **Level 1**

There are good internal controls in place to ensure GST compliance. No major potential risks have been identified that would impact the GST compliance.

#### **Level 2**

There are good internal controls in place to ensure GST compliance. Some areas of potential risk have been identified, although such areas will not significantly affect the GST compliance.

### Level 3

There are inadequate internal controls in place to ensure GST compliance. Some areas of potential risks have been identified and these may impact the GST compliance adversely.

#### What does IRAS expect from businesses

- 5.5.4 Businesses are encouraged to review IRAS report, to clarify and to use IRAS report to facilitate their GST compliance.
- 5.5.5 The third and the fourth milestones are expected to complete within four to eight weeks from the date of field visit.

## 6 EXPECTED BENEFITS FROM CAP

- 6.1 CAP is expected to provide businesses with a deeper understanding of the key internal controls and processes that impact their GST compliance. Businesses that complete the CAP would have gathered insights that will help them manage their GST compliance functions better and minimize non-compliance risks in their processes and systems.

#### WITH CAP STATUS 1 or 2

- 6.2 With the conduct of CAP, IRAS would have assessed and be assured on the ability of businesses in fulfilling GST obligations. IRAS would be in a better position to review the GST returns of the businesses expeditiously. Consequently, businesses with CAP status 1 and 2 can look forward to some of these spin-offs from the CAP process.
- 6.3 Businesses would receive most of their GST refunds within a few working days from the date of submitting the return if there are no abnormalities noted. This is because IRAS would have the information to review the GST returns faster.
- 6.4 The MES (Major Exporter Scheme) status, if applicable, would be automatically renewed from the date of award of CAP status without businesses having to apply for the renewal. The MES status will remain valid as long as businesses continue to retain the CAP status 1 or 2.
- 6.5 Businesses can also look forward to faster resolution of issues raised with IRAS subsequently as IRAS would have the background information and necessary understanding of the business operations to make faster analysis and decisions.
- 6.6 Businesses awarded with CAP status 1 and 2 can expect no further GST audit for up to 5 and 3 years respectively unless the following events take place:

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- (a) Significant changes to their systems and processes except version upgrading and patches; or
- (b) Unexplained abnormalities noted on the GST returns.

### **7 CAP STATUS 3**

- 7.1 IRAS will advise businesses on the gaps and good practices on addressing the gaps. IRAS will also conduct a further review within one year to re-assess the internal control systems of the business.

### **8 WHAT'S NEXT AFTER COMPLETION OF CAP**

- 8.1 Businesses are expected to continue to monitor and manage their GST risks on an on-going basis and notify IRAS of any significant changes to its business systems or model. Businesses should:
- (a) Maintain the existing level of controls as documented
  - (b) Take necessary actions to monitor and review the internal controls documented are working as intended.
  - (c) Seek clarifications with or inform Comptroller if there are material changes in its internal systems that may impact the accuracy or completeness of its GST returns.
- 8.2 IRAS expects to review or work with large businesses to conduct self-review at the end of each CAP cycle with a view to renewing the CAP status.

### **9 SELF-REVIEW OF GST COMPLIANCE**

- 9.1 As GST is a self-assessed tax, GST-registered businesses are strongly encouraged to conduct regular self-review to ensure that their systems and processes are in place for complete and accurate GST reporting. Businesses may use the questionnaire in Appendix 1 for self-review.
- 9.2 Appendix 2 shows a list of GST practices that may be useful as a guide for large businesses to conduct a health check of their internal control systems in managing GST risk.

**INFORMATION ON YOUR BUSINESS AND CONTROL SYSTEM**

The purpose of the questionnaire is to allow IRAS to understand your business internal control systems that are crucial in ensuring accurate GST reporting.

**Points to note:**

- Please answer all the questions (which would help to give an assessment of your internal controls in relation to GST compliance) unless otherwise specified.
- Do NOT delete any of the questions or amend the questions.
- If the question is not applicable to your company, please indicate "NA".

**A. OVERVIEW**

1. At the point of capturing data for the purpose of GST reporting, is there a designated officer(s) to determine
- the applicable GST tax rate;
  - the applicable tax code for supplies;
  - correctness of output tax; and
  - correctness of input tax claim?

(Please tick (✓) in the relevant box provided below)

Yes

No (Please proceed to qn 2)

If your answer is yes, please furnish the following information:

- a. Is the arrangement ad-hoc or permanent in nature?

(Please tick (✓) in the relevant box provided below)

Ad-hoc

Permanent

- b. Are the officers well versed in GST matters?

(Please tick (✓) in the relevant box provided below)

Yes

No (Please proceed to qn 2)

If your answer is yes, please furnish the following information:

- Indicate the officer(s) experiences and training

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- State their roles and responsibilities

### Agency

2. Is your company acting as an agent for overseas principals for GST purposes [under Section 33 (2) of the GST Act]?

(Please tick (✓) in the relevant box provided below)

<input type="checkbox"/>	Yes (please state their names)	<input type="checkbox"/>	No (Please proceed to qn 3)
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If your answer is yes, please furnish the following information:

- a. How does your company ensure that all overseas principals' transactions are properly recorded and reported in the GST returns?
- b. Does your company maintain an inventory system for your overseas principals?

(Please tick (✓) in the relevant box provided below)

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No (Please proceed to qn (d))
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(Please tick (✓) the relevant box)

<input type="checkbox"/>	Independent inventory system (i.e. a separate inventory system from your own system)	<input type="checkbox"/>	Integrated inventory system (i.e. the same system used for your own inventory)
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- c. Do your overseas principals conduct stock check on the consigned goods held?

(Please tick (✓) in the relevant box provided below)

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No (Please proceed to qn (d))
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If your answer is yes, please furnish the following information:

- i) Are the checks conducted by external parties or personnel appointed by your company?

Please tick (✓) in the relevant box provided below)

<input type="checkbox"/>	External parties	<input type="checkbox"/>	Personnel appointed by you
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ii) What is the frequency of such stock check?

Once to twice per year
Quarterly
Yearly
Others: please specify _____

iii) What documents would be provided to your overseas principals to evidence the checks?

d. How does your company manage the accounts of the overseas principals? Is there clear segregation of duties amongst your finance personnel in managing the accounts of the overseas principals?

### B. ENGAGEMENT OF PROFESSIONAL AID

3. Please furnish the following details on the findings of statutory audit conducted by your company's external auditors:-

Date of last audit	Whether covered reporting?	it GST	Weaknesses identified that would impact GST accounting, applicable if	The follow-up action taken by your business to address the weaknesses identified

4. Are there any changes made to your company's accounting processes since the last statutory audit?

Please tick (✓) in the relevant box provided below)

Yes *Please describe the changes.*
                         
  No *Please proceed to the next qn.*

5. In the past 2 financial years, has your company engaged external auditors / consultants to perform reviews of your internal controls besides the statutory audit?

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(Please tick (✓) in the relevant box provided below)

Yes

Please complete the table below.

No

Please proceed to next qn.

Type(s) and scope of reviews conducted	Date of review	Name of external auditor/ consultants engaged	Weaknesses identified, if applicable	The follow-up action taken by you

### C. CONTROL ENVIRONMENT AND ACTIVITIES

#### GST RISK MANAGEMENT

6. What is your senior management's commitment towards management of GST risk?

Please tick (✓) in the relevant box provided below)

Commit resources to proactively identify and review GST risk on regular basis

Commit resources to review GST risk as and when IRAS requests for information

Commit resources to review GST risk if there is spare capacity

Others (please specify)

7. How much risk is your senior management willing to tolerate towards GST errors?

(Please tick (✓) in the relevant box provided below)

No such assessment / policy yet

0%

More than 0% but less than 1% of total supplies

Others: please specify \_\_\_\_\_

8. What are the GST risks that your company has ever identified?
9. What are the steps undertaken to control, mitigate or prevent such risks?

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### **Internal Audit Review**

10. Does your company use internal audit as a tool to identify opportunities to improve processes for GST reporting? If not, why? What other tools does your company use?

(Please tick (✓) in the relevant box provided below)

Yes

*Please proceed to next qn.*

No

*Please complete the table below.*

Question	Your reply
Reason for not using internal audit as a tool	
Other tools used to improve GST reporting	

11. Have your company's internal auditors identified any control weaknesses or errors in the course of reviewing the accounting and internal controls?

(Please tick (✓) in the relevant box provided below)

Yes

*Please complete the table below.*

No

*Please proceed to next qn.*

Question	Your reply
(i) The weaknesses and errors noted.	
(ii) The actions taken by your company to address the above, if any.	
(iii) Apart from the above, what are the other changes made to your company's control processes after the internal audit? Please describe.	

### **Process and Procedures**

12. How does your company ensure that policies in relation to GST compliance are fully executed by the respective process owners who are tasked to do so?
13. Does your company establish GST treatment for new types of transactions and business activities to ensure GST compliance?

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*(Please tick (✓) in the relevant box provided below)*

Yes  No  
*(Please describe how this is being managed)*

14. Does your company have a process in place for initiating consultation when there are changes in business model or new types of transactions?

*(Please tick (✓) in the relevant box provided below)*

Yes  No  
*(Please describe how this is being managed)* *(Please proceed to next qn)*

- a. Please describe the process.
  - b. How does your company capture and store such advice for follow-up and application?
  - c. Who would the consultation be sought from?
  - d. How would such consultation be documented?
15. If errors are detected, how would your company initiate the following:
- a. Correction of errors
  - b. Reporting structure (e.g. Inform management of the errors and the time frame to report to them).
16. Which aspect of your company's internal controls do your company consider to be the most vulnerable in capturing GST transactions and determining the GST rate applicable i.e. standard-rated or zero-rated?
17. What would be the consequences if any of such internal controls fail?
18. How does your company manage the following changes to ensure your company's GST compliance and the GST treatment is correct:
- a. Changes to IT system
  - b. Changes in personnel who are involved in GST processes
- Communication On GST Related Information**
19. Does your company maintain a library of all GST related information peculiar to your company?

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(Please tick (✓) in the relevant box provided below)

Yes  
 (Please describe how it is being maintained)

No

- a. Is there a designated team to ensure that the GST treatment applied is accurate?
- b. Who is responsible for updating and disseminating the information to the business process owner?
- c. How often is the updating and dissemination performed?
- d. How does your company ensure that your relevant staffs are equipped with the necessary and up-to-date knowledge of GST legislations?

### **System Controls**

20. Is your company's accounting system an integrated system that support the major accounting modules i.e. finance, sales, purchases, inventory and fixed assets?

(Please tick (✓) in the relevant box provided below)

Yes  
 Please complete table A

No  
 Please complete table B

#### **Table A – Integrated accounting system**

Questions	Your reply
Name of accounting system	
Is the software written in-house?	<input type="checkbox"/> Yes <input type="checkbox"/> No

#### **Table B – Non- integrated accounting system**

Accounting and Operating system module	Name of accounting software	Is the software written in-house? (Please tick (✓))	
		Yes	No

21. When is your company's accounting systems last upgraded?

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(Please tick (✓) in the relevant box provided below)

<input type="checkbox"/>	Last year
<input type="checkbox"/>	2 - 3 years ago
<input type="checkbox"/>	4 – 5 years ago
<input type="checkbox"/>	More than 5 years ago

22. Does your company's accounting system have inherent limitation that requires human intervention to capture all GST related data?

(Please tick (✓) in the relevant box provided below)

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
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*Please describe the types of inherent limitation and manual intervention.*

(To be completed by the person who responded to the questions above)

Full name and signature	Name of Company and GST Registration Number	Designation	Date

**A CHECKLIST OF GOOD GST PRACTICES**

This checklist provides some characteristics of good internal controls for GST compliance. It aims to assist businesses to minimise its risks of GST non-compliance.

3 key segments have been identified as critical for businesses to manage their GST risks namely controls maintained at entity level, transaction level and GST reporting level.

The following GST risks may arise if the 3 key segments are not managed well:

- (a) Application of GST treatment - risk of applying incorrect GST treatment e.g. supply of goods or services that should be standard-rated instead of zero-rated
- (b) System application and processing of transactions – risk associated with managing day-to-day operational requirements of GST administration and reporting
- (c) Filing of GST returns and payment of tax – risk of penalties imposed by IRAS that arose from late filing of returns or late payment of tax

**A. GST controls maintained at entity level**

	Do you have these controls? (tick (✓) where applicable)
<b>1. Control Environment</b>	
1.1 Management commits resources to proactively identify and review GST risk.	
1.2 Management shows low tolerance on GST errors.	
1.3 Management designates a person or team to identify, manage and monitor GST risk of all business transactions.	
1.4 The designate person or team members have relevant qualification or expertise to handle GST matters such as GST treatment for complex transactions.	

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<p>1.5 The roles and responsibilities of the designated person and team members are clearly defined.</p> <p>1.6 The designated person or team is responsible for reviewing policies and procedures periodically to ensure technical positions are correct, current and complete.</p> <p>1.7 The designated person or team maintains a central file on:</p> <ul style="list-style-type: none"> <li>a) GST treatment of all routine and non-routine transactions including new business model.</li> <li>b) Communications from the consultation with IRAS and external consultants on GST treatment of complex transactions including request for private rulings and advance rulings.</li> <li>c) Process of communicating GST control weaknesses and GST errors to senior management to enable appropriate action to be taken to manage the risk.</li> <li>d) Process in initiating consultation with IRAS or other specialists when there are changes in business model or new types of transactions.</li> </ul> <p>1.8 Management receives regular updates on GST matters that have an impact on its level of compliance such as timely filing of returns and payment of tax and effect of changes in GST legislation on its business.</p> <p>1.9 Management is aware of any dispute in GST treatments between the company and IRAS and its tax implications. Payment of the additional tax though under dispute, have been adequately provided for should the final decision be not in favour of the company.</p>	
<p><b>2. Control Activities</b></p>	
<p>2.1 Process owners are aware of their roles and responsibilities in contributing towards correct GST reporting.</p> <p>2.2 Process owners document and update the operational and accounting process flows on a timely basis to maintain its relevance for identification of GST risks.</p> <p>2.3 Process owners conduct periodic reviews of their processes to ensure that the preventive and detective controls are working as designed. For example, samples of GST transactions are periodically reviewed for technical compliance, completeness and accuracy.</p> <p>2.4 Process owners are aware of material timing or permanent differences in tax legislations and accounting practices that contributed to the differences between their turnover and supplies</p>	

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<p>declared in the GST returns and are comfortable with the reasons for such differences.</p> <p>2.5 Processes are available to review the amount of GST payable for the prescribed accounting period is consistent with the business results for that same period. If not, it is able to explain the discrepancy. For example, whether the tax result is substantially associated with a major exceptional transaction, and if so, whether the transaction is well supported by commercial grounds that the business is aware of.</p>	
<p><b>3. Change Management</b></p>	
<p>3.1 Management has formal procedure to manage change as follows:</p> <ul style="list-style-type: none"> <li>a) Proper handover via a list of outstanding issues in event of change in personnel who are involved in the GST compliance process.</li> <li>b) Proper procedure to take over accounting systems and records which affect its GST reporting arising from structural changes and merger and acquisition of businesses.</li> </ul>	
<p><b>4. Communication and GST knowledge management</b></p>	
<p>4.1 An up-to-date GST library is maintained and is made available to all relevant personnel.</p> <p>4.2 A designated person or a team is responsible for updating the GST library maintained by reviewing legislative changes and new or amended rulings to ensure that the GST library and treatments are correct and stay current.</p> <p>4.3 A designated person is tasked to ensure timely dissemination of GST legislation updates and changes made to the operating and accounting flow to relevant personnel.</p> <p>4.4 Staffs are equipped with proper training to maintain their competency in handling GST transactions and matters.</p> <p>4.5 Staffs are aware of how and where to access procedures and GST-related information that are relevant to their work.</p>	
<p><b>5. System controls</b></p>	
<p>5.1 The accounting system is able to accurately capture and generate report for GST related data with minimal human adjustment to protect the data integrity and lower the risk of human errors.</p> <p>5.2 The svstem is capable of producina soft copy listinas with the</p>	

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following details as and when required by IRAS:

### **Taxable purchases and imports**

Invoice Date	Invoice/permit Number	Name of Supplier	Supplier's GST registration number	Description	Invoice/permit Amount (excluding GST) (\$)	GST (if applicable) (\$)
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### **Standard-rated supply / Zero-rated supply / Exempt supply**

Invoice Date	Invoice Number	Name of Customer	Description	Invoice Amount (excluding GST) (\$)	GST (if applicable) (\$)	Destination of goods (if applicable)
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- 5.3 The system contains features to detect abnormalities that could result in incorrect GST reporting e.g. able to detect duplicate records, no GST coding, discrepancies in GST rate and GST value keyed.
- 5.4 Restricted access is granted to staff to various modules in the accounting system to reduce unauthorised amendments made to the data therein.
- 5.5 A central log is available to record errors, issues and rectification to deter unauthorised amendments to data.

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### B. GST controls maintained at transactions level

	Do you have these controls? (tick (✓) where applicable)
<b>1. Sales transactions</b>	
1.1 Only authorised personnel can have access to create or amend GST code table in sales systems.	
1.2 The GST code table is kept up-to-date in line with GST rate change, if any.	
1.3 Controls are present to: <ul style="list-style-type: none"> <li>a) Ensure that system-generated invoices comply with the requirements of GST legislation</li> <li>b) Ensure that the amount billed is correctly captured for GST reporting and is tied to sales order and inventory record.</li> <li>c) Ensure that S\$ equivalent as reflected in the tax invoices are captured in the system and GST report for tax invoices denoted in foreign currencies.</li> </ul>	
1.4 Credit notes are issued for valid reasons and are duly approved before they are processed and despatched. Any GST reversed is based on reference to customer number/ invoice number.	
1.5 For billings made outside the normal sales system e.g. manual invoices issued, there are 2 levels of checks to ensure correct GST coding and capturing of the transactions in the financial records.	
1.6 A checklist is maintained to flag out transactions which could impact the value of supply, time of supply to account GST, or deemed supply rules such as: <ul style="list-style-type: none"> <li>a) Supplies made as a section 33(2) agent</li> <li>b) Deemed output tax for free gifts &gt;\$200 or succession of gifts to the same person &gt; than 3 times</li> <li>c) Receipt of deposits</li> </ul>	
1.7 Evidences required to support GST transactions and follow up action required are disseminated to the relevant business departments responsible for initiating and capturing the GST transactions e.g. logistic or sales department such as: <ul style="list-style-type: none"> <li>a) a checklist of export documents to maintain for different</li> </ul>	

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<p>export arrangements.</p> <p>b) time frame to collate the export documents.</p> <p>c) the follow-up action where export documents were not available within 60 days or available export documents are inadequate.</p>	
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	Do you have these controls? (tick (✓) where applicable)
<b>2. Purchases transactions</b>	
2.1 Only authorised personnel can have access to create or amend GST code table in purchase systems.	
2.2 Only authorised personnel have access to GST code table in purchase systems.	
2.3 The GST code table should be kept up-to-date in line with GST rate change, if any.	
2.4 Controls are present to	
<p>a) Ensure that Singapore dollar equivalent as reflected on tax invoices denoted in foreign currencies are captured in the system and GST reports.</p> <p>b) Ensure that claims are correctly classified as taxable or not taxable (without GST charged) before they are recorded in the accounting system.</p> <p>c) Ensure that claims are properly identified as claimable and not claimable.</p> <p>d) Ensure that all claims are supported by tax invoices and for imports they are supported by relevant import permits and shipping documents to prove ownership.</p> <p>e) Identify and reject duplicate transactions with same invoice/import permit numbers.</p> <p>f) Ensure a consistent manner in capturing invoice and/or permit numbers.</p> <p>g) Identify data entry errors:</p> <ul style="list-style-type: none"> <li>• where the value of purchases exceeds that of the purchase order.</li> <li>• where the GST amount does not agree to the computed GST amount.</li> </ul>	

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	<p>h) Ensure credit notes are captured timely before month end closing.</p>	
2.5	<p>Transactions captured in the system are reviewed for exceptions. For example:</p> <ul style="list-style-type: none"><li>a) Purchases and corresponding input tax that remains unpaid after 12 months.</li><li>b) Input tax variance i.e. GST is not equivalent to prevailing GST rate of the value of purchases</li><li>c) Disallowed input tax</li><li>d) Input tax attributable to exempt supplies e.g. input tax on brokerage fees, professional fees directly attribute to purchase/ sale of shares.</li></ul>	
	<p><u>Goods imported under the Major Exporter Scheme (MES)</u></p>	
2.6	<p>Checks are performed at data entry level by matching permits to invoice and shipping documents to confirm that ME imports belong to the company or are imported as an agent for overseas principals under section 33(2) of the GST Act.</p>	
2.7	<p>A person is designated to perform reconciliation of permits on hand against the permit listing from Singapore Customs (which is available at a fee) to prevent misuse of MES by the company's declaring agents.</p>	
2.8	<p>The pool of MES declaring agents are kept to a manageable size and effectively monitored to ensure that declaring agent use the company's MES status for approved use only.</p>	

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### C. GST controls maintained at GST reporting level

	Do you have these controls? (tick (✓) where applicable)
<b>1. Extracting GST report</b>	
<p>1.1 Month end cut-off dates are consistently applied to both supplies and purchases transactions and the cut-off date is within the period defined in the GST return.</p> <p>1.2 Staff ensures that all data identified for GST reporting are extracted. For example:</p> <ul style="list-style-type: none"> <li>a) Accounts in relation to fringe benefits for purpose of deeming output tax.</li> <li>b) Supplies in the capacity of an agent to overseas customer</li> <li>c) Supplies under self-billing arrangement arrangements</li> <li>d) Credit notes</li> <li>e) Sale of assets</li> <li>f) Controls are put in place to ensure that the data extracted is complete and is extracted based on the correct parameters</li> </ul>	
<b>2. Compiling GST data</b>	
<p>2.1 The extracted data/ reports are reviewed for exceptions e.g.</p> <ul style="list-style-type: none"> <li>a) Reasonableness test (e.g. comparison of the output tax accounted against value of standard-rated supplies reported).</li> <li>b) Trend analysis by categories of transactions as compared to last period/ quarter or suitable base for comparison.</li> <li>c) Zero-rated supplies of goods which are locally delivered.</li> <li>d) Claim of input tax on taxable purchases from non-GST registered suppliers (i.e. Without GST-registration number)</li> <li>e) Claim of input tax from traders providing goods/ services which are disallowed under regulation 26 &amp; 27.</li> </ul> <p>Exceptions are investigated and follow-up action taken, if applicable.</p> <p>2.2 Sample selection of transactions from listinas/ reports are</p>	

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<p>vouched and agreed to original source documents to ensure accuracy and existence.</p> <p>2.3 A reviewer reviews the GST return prepared by a designated staff and endorsement done by both parties as evidence of work completed and checks performed.</p> <p>2.4 The control procedures are documented to ensure consistency in process application and that they remain relevant for identifying GST risks.</p>	
<p><b>3. Submission of GST return</b></p>	
<p>3.1 There are checks to ensure that the transposed data in the GST return is correct. For example, agreeing the transposed data to the reviewed GST schedule.</p> <p>3.2 For e-filed GST return, the acknowledgement is printed out and agreed to GST schedule.</p>	