

WELCOME



# A Tax Seminar for Maid Agencies



INLAND REVENUE  
AUTHORITY  
OF SINGAPORE

# Outline

- Tax Obligations as a Maid Agency Operator
- Filing of Income Tax Returns
- General Payment Information
- Keeping of Proper Records & Accounts
- Common Mistakes
- Offences & Penalties
- Assistance for Taxpayers



# Tax Obligations as a Maid Agency Operator

- ❑ Considered as a self employed if you are carrying on a:
  - Trade
  - Business
  - Profession
  - Vocation
  
- ❑ Self-employed can be in the form of:
  - Sole-Proprietor
  - Partner of a partnership business (Normal partnership, Limited Liability partnership, Limited partnership)

# Tax Obligations as a Maid Agency Operator

- ❑ File your Income Tax Returns (Form B) & make compulsory [Medisave contributions](#) (refer slide 5)
- ❑ If you are a Precedent Partner of a partnership, you need to file Form P in addition to Form B
- ❑ Comply with Income Tax Law requirements:
  - Keep a proper record & accounts of your business for 5 years
  - Report a complete & accurate set of business income in your Tax Returns



# Medisave Contributions

- ❑ You have to make compulsory Medisave contributions if you are:
  - A self-employed person and
  - S'pore citizen or S'pore permanent resident and
  - Earn a yearly net trade income of more than \$6,000

*Note : Net trade income refers to your gross trade income less all allowable business expenses, capital allowances and trade losses as determined by IRAS*

- IRAS will issue a Notice of Computation (NOC) to inform you of your medisave contributions



# Tax Obligations as a Maid Agency Operator

- ❑ Compulsory registration with IRAS as a GST-registered person if:
  - Your turnover exceeds \$1 million
  - Expecting your turnover for the next 12 months to exceed \$1 million
  
- ❑ Penalties may be imposed for failing to comply with Income Tax/GST Law requirements



# Filing of Income Tax Returns

- ❑ Your income will be taxed in the year following the year *you earned* the income
- ❑ You should decide on your accounting period when you first started your business. Most accounting periods end on 31 December each year



# Filing of Income Tax Returns

- ❑ For a **Sole-Proprietorship**:
  - Report business income under “Sole Proprietorship” in the “Trade, Business, Profession or Vocation” section [Example](#) (refer slide 9)
  
- ❑ For a **Partnership/Limited Partnership/Limited Liability Partnership (LLP)**:
  - Partnership/LLP : Precedent partner is required to report the partnership income in Form P [Example](#) (refer slide 10)





**Year of Assessment 2008 (For year ended 31 Dec 2007)**

Enter a '0' in the last box if the item is not applicable. For instructions in Chinese, please refer to "Guide on Filing of Income Tax".

<b>1 TRADE, BUSINESS, PROFESSION OR VOCATION</b>		For Office Use
<p><b>a SOLE-PROPRIETORSHIP 1</b> <span style="font-size: small;">① Page E3-E5 of Guide</span></p> <p>If you have <u>more than one sole-proprietorship</u>, please complete <b>Appendix 1 (Part 1)</b> for Sole-proprietorship 2 and 3. Please complete the 4-line statement below if the business turnover is more than \$100,000. If the business turnover is \$100,000 or less, you only need to complete item 6 (i.e. Turnover) and item 9 (i.e. Adjusted Profit/Loss). For business turnover of \$500,000 or more, you need to attach a certified Statement of Accounts. <span style="color: red;">To compute adjusted profit/loss for business with turnover of \$500,000 or more, please complete and submit centre page of the "Guide on Filing of Income Tax".</span></p>		
1 Business Name	<input style="width: 95%;" type="text"/>	
2 Nature of Business	<input style="width: 95%;" type="text"/>	
3 Accounting Period	From <input style="width: 20%;" type="text"/> To <input style="width: 20%;" type="text"/>	
4 Business Registered with ACRA* :	<input type="checkbox"/> Yes (Please complete Business Reg No.) <input type="checkbox"/> No	
Business Reg No.	<input style="width: 200px;" type="text"/>	
5 Change in Business Status* :	<input type="checkbox"/> Business ceased on _____ (dd/mm/yy). (*Please tick the appropriate box where applicable) <input type="checkbox"/> No business done for the Year of Assessment 2008.	
<p><b>4-Line Statement</b></p>		
6 Turnover (Total Sales/Income)	S\$ <input style="width: 150px;" type="text"/> .00	
7 Gross Profit/Loss	<input checked="" type="checkbox"/> S\$ <input style="width: 150px;" type="text"/> .00 (X) for loss	
8 Less: Allowable Business Expenses	S\$ <input style="width: 150px;" type="text"/> .00	
9 Adjusted Profit/Loss (7 less 8)	<input checked="" type="checkbox"/> S\$ <input style="width: 150px;" type="text"/> .00 (X) for loss	
<p><b>b PARTNERSHIP 1</b> <span style="font-size: small;">① Page E5 of Guide</span></p> <p>If you are a partner of <u>more than one partnership</u>, please complete <b>Appendix 1 (Part 2)</b> for Partnership 2 and 3.</p>		
1 Partnership Name	<input style="width: 400px;" type="text"/>	
2 Business Reg No./Partnership Tax Ref No.	<input style="width: 200px;" type="text"/>	
3 Your Share of Divisible Profit/Loss	<input checked="" type="checkbox"/> S\$ <input style="width: 150px;" type="text"/> .00 (X) for loss	
4 Your Salary/Bonus/CPF/Benefits from Partnership	S\$ <input style="width: 150px;" type="text"/> .00	
<b>Your Share of Other Income from Partnership</b>		
5 Interest	S\$ <input style="width: 150px;" type="text"/> .00	
6 Singapore Dividends	S\$ <input style="width: 150px;" type="text"/> .00	
7 Rent	<input checked="" type="checkbox"/> S\$ <input style="width: 150px;" type="text"/> .00 (X) for loss	
8 Other Singapore Income	S\$ <input style="width: 150px;" type="text"/> .00	
9 Foreign Income	S\$ <input style="width: 150px;" type="text"/> .00	
10 Share of Partnership Income (total of 3 to 9)	<input checked="" type="checkbox"/> S\$ <input style="width: 150px;" type="text"/> .00 (X) for loss	

### Section A: Income Declaration

Enter '0' if the item is not applicable.  
For losses, mark (x) in the box

#### 1. TRADE, BUSINESS, PROFESSION OR VOCATION

Accounting Period From:  to   
(dd/mm/yyyy) (dd/mm/yyyy)

(If the turnover is \$500,000 or more, please send in certified statement of accounts and complete Section A of Appendix 1 and Appendix 2.)

##### 4-Line Statement

[a] Turnover S\$ .00

[b] Gross Profit/Loss  (x) for loss S\$ .00

[c] Allow able Business Expenses S\$ .00  
(Exclude partners' salary, bonus, CPF & other benefits)

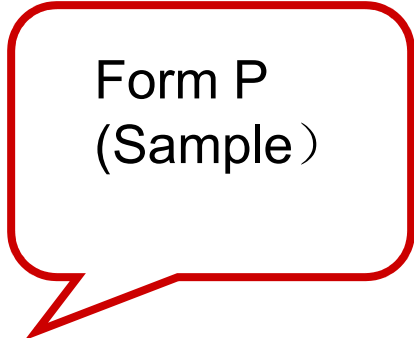
[d] **Adjusted Profit/Loss [d] = [b] - [c]**  
**Less:**

(x) for loss S\$ .00

[e] Partners' Salary, Bonus & CPF S\$ .00

[f] Partners' Other Benefits S\$ .00

[g] **Divisible Profit/Loss [g] = [d] - [e] - [f]**  (x) for loss S\$ .00



# Filing of Income Tax Returns

- ❑ For a **Partnership/Limited Partnership/Limited Liability Partnership (LLP)**:  
(contd...)
  - All partners should report their share of partnership income in their Form B under “Partnership” in the “Trade, Business, Profession or Vocation” section
  - Share of partnership income is the sum of your divisible profit/loss, salary, CPF, interest, rent & other income from the partnership [Example](#) (refer to slide 12)



# Filing of Income Tax Returns

- ❑ Limited Liability Partnership which incurred losses in prior or current year
  - Precedent partner is required to complete and submit a **Capital Contribution Form (CC)**
  - The CC form is a declaration of the contributed capital of each of the partners
  - CC form is downloadable from IRAS website



# Filing of Income Tax Returns

For Turnover	Requirement
= < \$100,000	report summarized 2-line statement (i.e. Turnover and Adjusted profit /loss)
< \$500,000	Report summarized 4-line statement (i.e. Turnover, Gross Profit / Loss, Allowable expenses & Adjusted profit / loss)

- However for both of the above instances, you must still prepare the Statement of Accounts and keep proper records of your business transactions

For Turnover	Requirement
> = \$500,000	must furnish <u>certified</u> Statement of Accounts signed by you indicating the accounts are true and correct



# General Payment Information

- Due date for tax bill (One month from the date of the Notice of Assessment)
- GIRO Installment payment scheme
- Enforcement actions



# Keeping of Proper Records & Accounts

- Why Keep Records?
  - Records need to be kept for 5 years
  - Records need not be forwarded unless requested.
  - Penalties for failure to keep record



# Keeping of Proper Records & Accounts

- ❑ Business Records that need to be kept :
  - Receipts & Payments
  - Source documents
  - Assets and liabilities



# Keeping of Proper Records & Accounts

## Receipts

- Receipts issued
  - Goods - \$18,000 / Services - \$12,000;
  - Issue serially printed receipts
  - Ensure completeness & accuracy ;
  - To issue receipts upon request

## Do not have to issue receipts

- Cash register
  - is used to record sales
  - issue invoices for credit sales
- Accounting Software
  - All sales entered into an accounting software and;
  - invoices generated and duplicate retained;

GRANT AVAILABLE

## No cash register

- sales record book should be maintained for all cash and credit sales
- Record takings on daily basis
- Make adjustments to reflect correct takings

# Keeping of Proper Records & Accounts

Credit Notes	<ul style="list-style-type: none"><li>➤ Credit notes issued (if any)<ul style="list-style-type: none"><li>• Issued due to defects, damaged or incorrect invoicing etc;</li><li>• Adjustments to be made</li></ul></li></ul>
Invoices to be issued	<p>Invoices issued should contain:</p> <ul style="list-style-type: none"><li>• Business name, registration number &amp; address, telephone number;</li><li>• Date;</li><li>• Invoice number;</li><li>• Customer's name &amp; address;</li><li>• Description of services, goods &amp; price;</li><li>• Any cash discount offered;</li><li>• Total price</li></ul>



# Keeping of Proper Records & Accounts

## Banking Records

- Personal vs business purposes;
- Business income deposit into business bank account;
- Retain the bank statements



# Keeping of Proper Records & Accounts

## Purchases Records

- Invoices received from suppliers
- Receipts obtained and details to be shown on receipt are:
  - ✓ Date
  - ✓ Name of supplier or service provider
  - ✓ Amount
  - ✓ Description of goods
- Additional annotation

- Maintain purchase record book
- Payment vouchers
  - Details in payment voucher:
    - Full name, identification number, address of the supplier;
    - Date & description of services
    - Acknowledgement of receipt by the recipient
- Payment vouchers should be filed

# Keeping of Proper Records & Accounts

## Business Expenses Records

- **Keep proper documentation**
- **Obtain invoices**
- **Common expenses:**
  - **Staff remuneration & employer's CPF contribution**
  - **Rental**
  - **Administrative expenses**



# Keeping of Proper Records & Accounts

## Staff Remuneration & Employer's CPF Contributions

- Staff remuneration
- 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
- Allowable & Disallowable expenses (refer to slides 24 & 25)



# Keeping of Proper Records & Accounts

Allowable Business Expenses	Disallowable Business Expenses
Rental paid for business premises	Your own salary, bonuses & medisave / CPF contributions
Property tax paid for business premises (if owned by you)	Your own medical fees, income tax, insurance & donations
Mortgage interest paid for business premises (if owned by you)	Entertainment expenses for family members & friends
Utilities (eg.electricity, water, gas)	Food & household expenses
Telephone charges for business	Interest on loans obtained for private use
Salary & bonus for employees	Cost of fixed asset purchased
Compulsory employer's CPF contribution made for employees	Initial expenses such as license fee, registration fee, signboard fee





# Keeping of Proper Records & Accounts

Allowable Business Expenses	Disallowable Business Expenses
Upkeep of motor vehicles such as vans	Depreciation
<u>Capital allowances</u> (refer to slides 26 & 27) on fixed assets purchased for business use	Maintenance cost of private cars (E or S – plate cars)
Repair & maintenance of assets used for business	Cost of travelling to & from your home
Accountancy fees	Fines & penalties



## □ 3 Types of Capital Allowances (CA):

### 1) **One-year write-off (Section 19A)**

- Computers, computer peripherals, fax machines and other automation equipments which are used for business
- Assets costing \$1,000 or lesser each (capped at \$30,000 per year of assessment)

### 2) **Three-years write-off (Section 19A)**

- With effect from Year of Assessment 2009, this method can be used on all assets that qualify for capital allowance

### 3) **Write-off over the working life of the asset (Section 19)**

- **Initial allowance** equal to 20% of the cost of the asset (1<sup>st</sup> year only)
- **Annual allowances**, which is calculated by taking 80% of the cost and dividing it by the working life of the asset.

# Keeping of Proper Records & Accounts

- ❑ Capital expenditure incurred on Renovation or Refurbishment (R & R) works
  - To help businesses, particularly small and medium enterprises reduce their business costs, tax deduction will be granted on all qualifying R&R costs incurred between the period 16 Feb 2008 to 15 Feb 2013
  - Subject to an expenditure cap of \$150,000 for each taxpayer over relevant three-year period.

# Keeping of Proper Records & Accounts

## Transport Expenses

- The following details should be recorded for each travel:
  - Date and destination
  - Mode of transport
  - Person incurring
  - Purpose of travel
  - Amount incurred



# Tips for Healthy Record Keeping

- Set up a good filing system
- Records should be comprehensible
- Obtain the necessary source documents at the time of a transaction
- Keep your records up to date
- Accuracy



# Templates

- ❑ Suggested templates for recording purposes



**DAILY GROSS REVENUE / FEES RECORD**

Name of Business :

Year:

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												
28												
29												
30												
31												
<b>Total</b>												

<b>MONTHLY SALARY &amp; WAGES RECORD</b>								
<b>Name of Business :</b>								
<b>Month:</b>								
<b>S/n</b>	<b>Name of Employee</b>	<b>NRIC/M'sia IC/Fin/WP No.</b>	<b>Salary/Wages</b>	<b>CPF Payable</b>			<b>SDL</b>	<b>FWL</b>
				<b>Employee</b>	<b>Employer</b>	<b>Total</b>		
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
<b>Total</b>								



**BUSINESS EXPENSES RECORD**

Name of Business :

Year:

Type of Expense	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b><u>Business Expenses:</u></b>												
Rental Charges												
Advertising promotion												
Insurance												
Air tickets												
MOM charges												
CPF Contributions												
Medical Service												
Salary/Wages												
Administrative expenses												
Other running expenses:												
<b>Total</b>												

Total Business Expenses (\$)

<b>MONTHLY COST OF GOODS RECORD</b>			
<b>Name of Business:</b>			
<b>Month:</b>			
<b>S.n</b>	<b>Name of Supplier</b>	<b>Type of Goods Purchased</b>	<b>Amount Paid (\$)</b>
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
		<b>Monthly Total (\$)</b>	

**STATEMENT OF ACCOUNTS**

NAME OF BUSINESS: \_\_\_\_\_  
 BUSINESS ADDRESS : \_\_\_\_\_

FOR PERIOD FROM  to   
 (enter date in dd-mm-yy)

	\$	\$
Service Fees received (a)	<input type="text"/>	
Other Operating revenue (b)	<input type="text"/>	
<b>Turnover (c) = (a) + (b)</b>		<input type="text"/>
Less: Direct Cost (d)	<input type="text"/>	
<b>Gross Profit (e) = (c) - (d)</b>		<input type="text"/>

**Less: Allowable Business Expenses**  
*(please ensure that you do not claim non-allowable expenses)*

Rental Charges	<input type="text"/>	
Advertising promotion	<input type="text"/>	
Insurance	<input type="text"/>	
Air Tickets	<input type="text"/>	
MOM charges	<input type="text"/>	
CPF Contributions	<input type="text"/>	
Medical service	<input type="text"/>	
Salaries & wages	<input type="text"/>	
Other Running Expenses <i>(please indicate the nature and break down below)</i>		
i) _____	<input type="text"/>	
ii) _____	<input type="text"/>	
iii) _____	<input type="text"/>	
iv) _____	<input type="text"/>	
<b>Total Allowable Business Expenses</b>		<input type="text"/>
<b>Adjusted Profit</b>		<input type="text"/>

**SUMMARY**  
4-line Statement

	\$
Turnover	<input type="text"/>
Gross Profit	<input type="text"/>
Allowable Business Expenses	<input type="text"/>
Adjusted Profit/Loss	<input type="text"/>

Name of taxpayer: \_\_\_\_\_  
 Signature : \_\_\_\_\_  
 Contact Number : \_\_\_\_\_

# Common Mistakes

- Incorrect reporting of sales/ turnover
- Overstatement of purchases & other business expenses
- Claim of non-deductible expenses
- Failure to keep proper records



# Common Mistakes

**Incorrect reporting of sales / turnover**

- Failure to account for all the invoices issued for services rendered;
- Reporting only on the net revenue received ;
- Reporting only the revenue deposited into the business bank account and leaving out part of the revenue received which is deposited into the personal bank account

**Overstatement of expenses**

- Inflating expenses due to double counting;
- Insufficient or no supporting documents to substantiate claims / expenses;
- Estimating expenses without any valid basis



# Common Mistakes

## Claim of Non-Deductible expenses

- Incorrect claims of private & domestic expenses, eg. Personal insurance, personal medical fees, overseas travelling expenses of personal trips, etc
- Incorrect claims of motor vehicle expenses in respect of private vehicles, e.g. Petrol, repair & maintenance, parking fees, ERP charges, car insurance. Private vehicle expenses are not deductible even it is incurred in the course of business.
- Incorrect claims of capital expenses e.g. Cost of assets, etc
- Medisave & voluntary CPF contributions should not be included as deductions



# Common Mistakes

**Failure to keep proper records**

- **Failure to retain sufficient & complete records**
- **Providing sketchy records which are merely estimates**
- **Misconception that records could be discarded once the Notice of Assessment is received**

**Good Record Keeping practices**



- ❑ Good Record Keeping Practices
  - Maintain a full & complete record of income received
  - Maintain separate bank accounts for business & personal purposes
  - Ensure all business income is deposited into business bank account
  - Claims of expense should be based on actual amount incurred & supported with complete receipts & invoices
  - Records should be retained for the requisite period whether or not an assessment has been raised



# Offences & Penalties

- ❑ Failure to Furnish an Income Tax Return
  - Liable on conviction to a fine not exceeding \$1,000 and in default of payment to imprisonment for a term not exceeding 6 months
  - If the return is still not submitted after conviction, liable to a further penalty of \$50 per day during which the offence is committed.
  - If the returns are outstanding for 2 years or more, penalties can amount to as much as two times the amount of tax undercharged



# Offences & Penalties

- ❑ Furnishing of an Incorrect Return
  - Under-declaration of income or wrongful claims of expenses
  - Penalties can amount to as much as two times the amount of tax undercharged, where mistakes have been made through negligence or without reasonable excuse
  - Serious cases of omissions or errors may result in prosecution and higher penalties



# Offences & Penalties

- ❑ Voluntary disclosures of past omissions or errors will attract a much lower penalty than when we discover the omissions or errors in the course of your audits
- ❑ Cases of voluntary disclosure may be settled with a composition computed at an incremental rate of 5% for each back year of assessment, subject to a maximum of 30%



# Assistance for Taxpayers

- ❑ You are encouraged to come forth to us to disclose any past omissions or errors
  
- ❑ For voluntary disclosure, you may contact us at:
  - Tel : 6351 3121 / 6351 3122
  - Email : [iit\\_compliance@iras.gov.sg](mailto:iit_compliance@iras.gov.sg)



# Assistance for Taxpayers

- For enquiries, you may:
  - Visit our IRAS website, <https://www.iras.gov.sg>
  - Email us @ [se@iras.gov.sg](mailto:se@iras.gov.sg)
  - Call our 24-hour Income Tax Integrated Phone Service, 1800-356 8300
  - Visit our Taxpayer Services Centre @ Revenue House, 1<sup>st</sup> storey, 55 Newton Road (located opposite Novena MRT station)
  - Operating Hours : 8am – 5pm (Mon to Fri)  
8am – 1pm (Sat)



- ❑ For more information on reporting of business income, you may refer to the ***Starter Guide for the Self-Employed*** available on IRAS website
- ❑ For more information on record keeping, you may refer to the ***Basic Record Keeping for Small Businesses & Schedules*** available on IRAS website

# Thank You

The information presented in the slides aims to provide a better general understanding of taxpayers' tax obligations and is not intended to comprehensively address all possible tax issues that may arise. This information is correct as at 30/09/2017. While every effort has been made to ensure that this information is consistent with existing law and practice, should there be any changes, IRAS reserves the right to vary its position accordingly.

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