

Tax Guide for BEAUTY & WELLNESS INDUSTRY

What you need to know as a self-employed person
in the beauty & wellness industry



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This information 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 300917. 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 our position accordingly. Taxpayers may wish to refer to the IRAS website at www.iras.gov.sg for the latest updates.

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A. Introduction

If you are a self-employed (i.e. a sole-proprietor or a partner of a partnership business) in the beauty & wellness industry providing services such as hairdressing, beauty, sliming, spa, manicure and, pedicure etc. This guide will help you report your business income when you file tax.

Being a self-employed person, you need to:

- (a) Keep proper records and accounts of your business for 5 years.
- (b) File tax and pay the amount of tax due within one month from the date of the Notice of Assessment.
- (c) Contribute Medisave (**See Section D for more details**).
- (d) Register with IRAS as a GST-registered person if you expect the turnover/sales of your business for the next 12 months to exceed \$1 million. (**Please refer to our website at www.iras.gov.sg for more details.**)

B. Keeping Proper Records and Accounts

1. Why do I need to keep business records?

This is to enable us to ascertain your income and allowable business expenses readily. These records need not to be forwarded to IRAS unless they are specifically requested for verification. Improper records and mere estimations are not acceptable for tax purposes.

You need to keep proper records and accounts of your business transactions for 5 years. The accounts prepared must be supported by proper documents such as invoices, receipts and payment vouchers.

2. What business records should I keep?

You need to keep the following business records:-

- (a) Bank Accounts
- (b) Turnover/Sales
- (c) Purchases
- (d) Expenses
- (e) Assets
- (f) Stocks

3. How do I keep these business records?

3.1 Bank Accounts

You should maintain separate bank accounts for business and private purposes and the business bank account must be used solely for business transactions. You should retain the bank statements or passbooks of your business bank accounts.

3.2 Turnover / Sales

In order to ensure complete and accurate recording of your turnover / sales for tax purposes, you need to maintain the following:

- (a) Cash register tape
- (b) Receipt book
- (c) Invoices issued

- (d) Returned goods
- (e) Goods taken for private usage book
- (f) Customer record card
- (g) Courses and trainees' record

(a) Cash Register Tape

A cash register, which has an internal tape, can be used to record all your cash sales. You must ensure that all cash sales are put through the register and the internal tape is retained as a source document.

At the end of the day, you must record the total amount of receipts in a cashbook. If there is a discrepancy between these tapes and your records, you should provide a written explanation and attached it to that particular tape.

(b) Receipt book

You have to issue serially printed receipts and retain a duplicate if your gross income in any year exceeds \$18,000 from the sale of goods, or \$12,000 from providing services.

However, you need not issue receipts if you could ensure completeness and accuracy of your turnover by adopting one of the following practices:

- (a) Use cash register to record **all** cash sales and invoices are issued for **all** credit sales.
- (b) To input **all** sales into accounting software and invoices should be generated by the system for all sales transactions and a duplicate of the invoices are retained.
- (c) In the absence of a cash register or accounting software, a daily sales record book should be maintained to record **all** cash and credit sales.

You must still issue receipts to customers if they so request. For GST-registered businesses, you must continue to issue **tax invoices** as required by GST legislation, as the waiver of issue of receipts does not amount to a waiver to issue tax invoices.

(c) Invoices Issued

Invoices should be issued to record all your credit sales. You may design your own invoices and get them printed or you can buy preprinted invoices from stationery suppliers

A sales invoice should contain the following information:

- (a) Business name, address, telephone number and business registration number
- (b) Invoice number
- (c) Invoice date
- (d) Customers's names & address
- (e) Description of goods, quantity and price
- (f) Any cash discount offered
- (g) Total price

For GST-registered businesses, you must issue **tax invoices** as required by GST legislation. For more details, you may refer to the IRAS website on 'Keeping Proper Records' under 'Information on Goods & Services Tax'.

(d) Returned Goods

Goods sold may be returned due to damage, defects, incorrect goods or quantities being supplied. You may either issue a credit note to your customer for this adjustment to sales or alternatively, to record this transaction in your sales record book under a separate heading as 'Goods Returned'.

(e) Goods taken for Private Usage

If you take any goods that were bought, produced or manufactured by your business for your own private use, or for your family or friends, these should be entered into your business records. The sale price of the stock taken for all private usage should be added to sales. This could be achieved by recording the relevant details in a "goods taken for private usage" book. The details to be recorded are:

- (a) Date of goods taken
- (b) Description of goods
- (c) Sale price of goods

(f) Customer Record Card

Customer record card should be maintained for each customer who has purchased service packages.

A customer record card should contain the following information:

- (a) Customer's identity number, name & address
- (b) Description of service
- (c) Total price
- (d) Number of sessions entitled
- (e) Utilisation or acknowledgement of package such as customer's signature

As and when customers utilised the package, the fees applicable to the service utilised should be recognised as income and reported for tax. **(see 5.1.1 of Section C – "Accounting for upfront payment for treatment packages" for more details).**

(g) Courses and Trainees' Record

If you provide training courses in return for a fee, the fee should be recognised as part of your business income.

A receipt should be issued to record the fee received in respect of the courses provided. The receipt should include the following information:

- (a) Your business name, address, telephone number and business registration number
- (b) Receipt number
- (c) Receipt date
- (d) Trainees' names
- (e) Course titles
- (f) Total course fee

Any fees or deposits paid for a course should be recognised as business income once the course commences.

3.3 Purchases

You should obtain invoices when paying for purchases. For your convenience, you may want to consider arranging all payments through your business bank accounts.

However, where small amounts of cash are used for small or sundry purchases, the receipts indicating the goods purchased must be kept. If a receipt does not describe the good or services bought, you should provide a description of the transaction on the receipt or attach description to receipt.

Where no receipt is issued, a cash payment voucher showing the date, description and cost of purchase must be prepared and acknowledged by supplier or service provider. You should also

maintain a purchases record book to record the name of supplier or service provider, date, description of goods or services and amount paid.

3.4 Expenses

The following are some examples of allowable business expenses and types of records to be kept:

| Allowable Business Expenses | Type(s) of Records |
|---|--|
| Public transport expenses | Receipts such as taxi receipts, which substantiate your public transport expenses should be kept. You may want to refer to the sample Monthly Public Transport Expenses Record at Appendix 1 . |
| Travelling expenses | Receipts or other travel documents that substantiate your travel expenses, including meals & accommodation, should be retained. You may want to refer to the sample Monthly Travelling Expenses Record at Appendix 2 . |
| Entertainment | Invoices or receipts that substantiate the entertainment expenses should be kept. Retention of credit card slips or monthly credit card statements are not acceptable. You may want to refer to the sample Monthly Entertainment Expenses Record at Appendix 3 . |
| Staff Remuneration – includes wages, salaries, bonus, commission and allowances. | Payment vouchers or remuneration schedule. You may want to refer to the sample Monthly Staff Remuneration Record at Appendix 4 . |
| Employer's CPF Contributions | CPF statements |
| Annual / Monthly Commission Statement to assistants/helpers (eg. trainers / beauticians / masseurs other than your employees) | Annual/monthly commission statement stating the amount of commission/fees attributable to each of them for the calendar year/month. A copy of this statement should be furnished to them to aid in their own income reporting. The following details should be recorded in the commission statement: (a) Name and NRIC of the recipient (b) Total amount of commission (c) Description of the amount of commission paid (d) The period in which the commission was paid |
| Telephone charges for business | Bills from service providers (e.g. SingTel, M1, Starhub) |

In summary, you should regularly prepare a consolidated business expenses record. Refer to the sample Monthly Business Expenses Record at **Appendix 5**.

If a receipt does not describe the goods or services received, you should provide a description of the transaction on the receipt. For cases where the supplier does not issue any receipt, you should maintain a record book to record the name of supplier or service provider, date, description of goods or services and amount paid.

3.5 Assets

A business usually has a number of assets, such as plant, machinery and equipment. You need to keep the following details and documents for each of the assets:

- (a) Date of purchase and cost
- (b) Date of sale and sale price
- (c) Copies of contracts of purchase and sale

You are advised to prepare a fixed asset schedule at the time you purchase or start your business so that you can record the items acquired, the dates of purchase and their costs. You may want to refer to the sample Fixed Asset Schedule at **Appendix 6**.

The amount incurred in purchasing these fixed assets is capital in nature and are not deductible for tax purposes. However, you may claim capital allowances.

(see Q7 of Section C – “How do I calculate capital allowances?” for more details)

3.6 Stocks

Stocks refer to anything purchased for the purposes of sale such as cosmetic, hair and beauty products. A physical stock count should be carried out at the end of the accounting year to establish the correct amount of closing stock. You may want to refer to the sample stock list at **Appendix 7**. The closing stock for the current year will be the opening stock for the following year.

4. What is a Certified Statement of Accounts?

Certified statement of accounts is Profit and Loss Statement and Balance Sheet that are signed by you, indicating that the accounts are true and correct.

At the end of each year, you could use the business records kept to prepare the statement of accounts of your business.

Profit and loss statement shows the results of a business for the year. If the total turnover (i.e. income) exceeds the total expenses, the result is a net profit. If the total expenses exceed the total turnover, the result is a net loss. Refer to the sample statement of accounts at **Appendix 8**.

Some business expenses incurred might not be deductible for tax purposes. When preparing the income tax return, you must ensure that only deductible expenses are claimed. (See 5.3 of Section C – “Allowable Business Expense” for more details)

Balance sheet shows the assets, debts and money invested of your business as at the end of calendar year. Refer to the sample Balance Sheet at **Appendix 9**.

You may engage an accounting professional to prepare a proper statement of accounts for you.

C. Filing of Income Tax Returns

1. I have just started my business. Do I have to inform IRAS about it?

You do not have to inform IRAS. An income tax return (Form B or B1) will be sent to you at the beginning of the next year, usually before 15 March, for you to report your income.

However, if you do not receive the income tax return by 15 March, you may download the Registration Form for New Individual Taxpayer from our website, complete it and return to us by fax or mail.

2. When will my business income be taxed?

The income you receive this year will only be taxed in the following year. For example, you will need to report your income for the year 2017 in year 2018, which is known as Year of Assessment 2018. You need to file your tax by 15 April 2018.

3. What accounting period should I adopt?

An accounting period is a period of trading/business operation for which you calculate your profits or losses. You should decide on your accounting period when you first started your business. Most accounting periods end on 31 December each year.

However, if you decide to draw up your accounts to a date other than 31st December, e.g. 31st March, then your accounting periods and the respective Years of Assessment will be:

| | | |
|-----------------------|----------------------|-------------------------|
| 1st Accounting Period | 01.04.16 to 31.03.17 | Year of Assessment 2018 |
| 2nd Accounting Period | 01.04.17 to 31.03.18 | Year of Assessment 2019 |
| 3rd Accounting Period | 01.04.18 to 31.03.19 | Year of Assessment 2020 |
| | and so on | |

4. Where do I report my business income?

As a self-employed person, the business income is treated as part of your total personal income and taxed at personal income tax rates.

For a sole proprietor, you should report your business income in your income tax return (Form B) under "Sole Proprietorship" in the "Trade, Business, Profession or Vocation" section. If you received a Form B1, you should report your business income under 'Other Income' and provide the details in its Appendix 1.

For a partnership business, the precedent partner is required to report the partnership income in Form P. As a partner, you should report your share of partnership income in your individual income tax return (Form B) under "Partnership" in the "Trade, Business, Profession or Vocation" section. Your share of partnership income is the sum of your divisible profit/loss, salary, CPF, interest, rent and other Singapore Income from the partnership.

5. How do I report my business income?

You are required to report your sole proprietorship/partnership business income in a summarized 4-line statement, as follows:

Turnover
Gross Profit/Loss
Allowable Business Expenses
Adjusted Profit/Loss

If the sole proprietorship turnover is less than \$100,000, you are only required to report in a summarised 2-line statement, i.e. turnover and adjusted profit/loss.

5.1 Turnover

Turnover refers to the total receipts of your business before deducting any business expenses. If you are a GST-registered person, the total receipts should exclude GST collected from customers (i.e. output tax). Turnover includes:

- All payment for sales of cosmetic, hair and beauty products
- Fees and commission for services provided
- Fees received for providing training
- Income from treatment packages utilised as at the balance sheet date (see 5.1.1 – "Accounting for upfront payment for service packages" for more details)

If the turnover of your business is \$500,000 or more, you have to submit a Statement of Accounts certified by you together with your individual income tax return.

If the turnover of your business is less than \$500,000, you are not required to submit a certified Statement of Accounts but you must still prepare the accounts and be ready to submit to IRAS if we request for it.

You must keep proper records of your business transactions regardless of your turnover. Upon our request, you are to submit these records to us.

5.1.1 Accounting for upfront payment for service packages

There are various types of services provided in the beauty & wellness industry which include beauty care, skin care, nail care, slimming and healthcare treatments, massage and spa services etc. These services are generally provided to customers in packages specifying the types and number of treatments and the validity period. Payments are to be made upfront or in an agreed number of instalments.

Under the accounting standard FRS 18¹, when the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction should be recognised by reference to the stage of completion of the transaction at the balance sheet date.

In this regard, income is recognised based on the number of treatments utilised as at the balance sheet date. The amount attributable to unutilised treatments is deferred to subsequent periods.

For packages with validity period, income attributable to unutilised treatments would be recognised upon expiry.

5.2 Gross Profit/Loss

Gross profit/loss refers to the amount of turnover after deducting the cost of goods sold. However, if your business involves only the provision of services, the gross profit will be your turnover.

Example 1:

| | | |
|--|----------------|---------------|
| Turnover | \$ | \$ |
| | | 30,000 |
| Less: <u>Cost of Goods Sold</u> <u>(For cosmetic and beauty products)</u> | | |
| Opening Stock | 10,000 | |
| Purchases | 5,000 | |
| Closing Stock | <u>(7,000)</u> | |
| Cost of Goods Sold | | <u>8,000</u> |
| Gross Profit/(Loss) | | <u>22,000</u> |

If you are a GST-registered person, the total purchases should exclude the GST paid on business purchases (i.e. input tax).

5.3 Allowable Business Expenses

Business expenses are allowed as tax deductions if they are wholly and exclusively incurred in the production of income. Private expenses and expenses on private cars are not deductible.

¹ Please refer to website at www.asc.gov.sg for more details

Expenditure on capital assets is not deductible. However, if the assets qualify as plants and machinery, capital allowances may be allowed. Some examples of allowable and disallowable expenses are:

| Allowable Business Expenses | Disallowable Business Expenses |
|--|---|
| Employee Costs | |
| <ul style="list-style-type: none"> • Employees' salary, commission, bonus, allowances • Compulsory employer's CPF contributions • Retrenchment benefits • Insurance for employees • Employees' medical fees up to 1% of their total remuneration (2% if you as the employer are implementing either the Portable Medical Benefits Scheme or the Transferable Medical Insurance Scheme) | <ul style="list-style-type: none"> • Employer's CPF contributions above the statutory limit • Employees' medical fees exceeding 1% of their total remuneration (2% if you as the employer are implementing either the Portable Medical Benefits Scheme or the Transferable Medical Insurance Scheme) • Your own salary, bonus, allowances and Medisave/CPF contributions • Your own personal drawings, medical fees, income tax, insurance and donations. |
| Basic Costs | |
| <ul style="list-style-type: none"> • Rent, utility and telephone charges for the business • Stationery and postage fees • Advertising costs • Upkeep of business premises, equipment and machinery • Cost of traveling on public transport in the course of business • Repair and maintenance of assets used for business • Capital allowances on fixed assets purchased for business use | <ul style="list-style-type: none"> • Private expenses such as food, household and entertainment expenses for yourself, family members and friends • Business start-up expenses such as licence fee, registration fee, signboard fee • Maintenance costs of private vehicles (E or S-plate cars) including ERP, petrol and parking • Cost of traveling to and from your home • Cost of fixed assets purchased for business use ² • <i>Depreciation of fixed assets²</i> • Renovation costs |
| Finance & Professional Costs | |
| <ul style="list-style-type: none"> • Interest on money borrowed for use in business • Hire purchase interest for qualifying assets • Accountancy fees • Legal fees incurred in renewal of leases | <ul style="list-style-type: none"> • Interest on loans obtained for private use • Repayment of loans • Legal fees and stamp duty on new lease agreement • Fines and penalties • Capital contributions or withdrawals |

If you are a GST-registered person, the total allowable business expenses should exclude the GST paid on business expenses (i.e. input tax).

5.4 **Adjusted Profit/Loss**

Adjusted profit/loss refers to gross profit/loss after deducting the allowable business expenses and any capital allowances claimed.

6. **What are capital allowances?**

The business owning qualifying assets can claim an annual deduction in respect of the usage of the assets for business purposes. The amount incurred in purchasing these fixed assets is capital in

² You may claim capital allowance for these expenses. Please refer to the examples on capital allowance from part 8 to part 10.

nature, hence you are not allowed to claim the costs as expenses. However, you may claim capital allowances for the wear and tear of fixed assets purchased and used in the business.

If you are a GST-registered person, you have to exclude the GST paid on the assets purchased when computing the capital allowances.

7. How do I calculate capital allowances?

Below are the ways to calculate capital allowances for the beauty & wellness industry:

7.1 One Year Write-off

The full cost of the asset will be claimed as capital allowance in one year. This is applicable to capital expenditure incurred in respect of computers, peripherals, fax machines and other automation equipment.

For fixed assets costing no more than \$1,000 each, the claim for one year write-off of all such assets must be capped at \$30,000 per year of assessment.

7.2 Three Years Write-off

Generally, most of the fixed assets purchased would qualify for the three years write-off (except motor cars, motor cycles & light goods vehicles weighing 3,000 kilograms and below are excluded). The full cost of the asset will be claimed as capital allowance over three years. Example 2: Purchased air-conditioner for \$3,000 in the year 2017.

The capital allowance you can claim for each year is \$1,000 ($\$3,000/3$) as follows: -

| Year of Assessment | Annual Allowance (\$) |
|--------------------|-----------------------|
| 2018 | 1,000 |
| 2019 | 1,000 |
| 2020 | 1,000 |

As the cost of the air-conditioner has been fully claimed over 3 years, no annual allowance can be claimed from Year of Assessment 2020 onwards.

8 What if I bought assets on hire purchase?

You may still claim capital allowances on the cost of the asset you have bought under hire purchase terms. However, you should exclude the hire purchase interest when you calculate the capital allowance. Hire purchase interest should be claimed as an expense in the Profit and Loss Statement.

The following examples illustrate the 3 methods of calculating the capital allowances under hire purchase terms:

8.1 One Year Write-off

The amount of capital allowance you can claim is 100% of the principal repayment made in the year.

Example 4: Purchased a computer for \$3,000 in the year 2017 under the following hire purchase terms:

| | |
|------------------------|-----------|
| Cash price | : \$3,000 |
| Downpayment | : \$ 300 |
| Hire purchase interest | : \$ 600 |
| Hire purchase price | : \$3,600 |

| | | | |
|---|---|--------------|-----------|
| Amount for each instalment | : | \$ 275 | |
| Total number of instalments | : | 12 | |
| 4 instalments paid in the 1st year | : | 4 x \$275 | = \$1,100 |
| 8 instalments paid in the 2nd year | : | 8 x \$275 | = \$2,200 |
| Hire purchase interest paid in 1st year | : | \$600/12 x 4 | = \$200 |
| Hire purchase interest paid in 2nd year | : | \$600/12 x 8 | = \$400 |

| | Year of Assessment | | Total |
|-------------------------------|--------------------|--------------|--------------|
| | 2018 | 2019 | |
| Downpayment | 300 | - | 300 |
| Add: Total instalments paid | 1,100 | 2,200 | 3,300 |
| Less: Hire-purchase interests | 200 | 400 | 600 |
| Annual Allowance | 1,200 | 1,800 | 3,000 |

As the cost of the computer has been fully claimed in the first two years, no more capital allowances can be claimed from the Year of Assessment 2020 onwards.

8.2 Three Years Write-off

The amount of capital allowance you can claim is calculated by dividing equally over 3 years the total principal repayments made in the year less hire purchase interest.

Example 5: Purchased air-conditioner for \$3,000 in the year 2017 under the same hire purchase terms as Example 3 (i.e. \$1,200 and \$1,800 in Example 3) equally over three years as follows: -

| | Year of Assessment | | | | Total |
|------------------------------|--------------------|--------------|--------------|------------|--------------|
| | 2018 | 2019 | 2020 | 2021 | |
| Annual Allowance (\$1,200/3) | 400 | 400 | 400 | - | 1,200 |
| Annual Allowance (\$1,800/3) | - | 600 | 600 | 600 | 1,800 |
| Annual Allowance | 400 | 1,000 | 1,000 | 600 | 3,000 |

9. What if I incur business losses?

If you incur business losses after deducting the allowable expenses and any capital allowances claimed, these business losses could be offset against your other income such as employment, interest, dividend and rental income in the same year.

If your other income is not enough to offset your business loss, you can carry forward the unabsorbed capital allowances and unabsorbed business losses to the following year to offset against income of that year. However, if your business ceases, you can only carry forward unabsorbed business losses but not unabsorbed capital allowances to the following year.

Current year unutilised trade losses and capital allowances can be carried back for one year of assessment immediately preceding the year of assessment in which trade loss and capital allowance arose to deduct against income of the preceding Year of Assessment. (Refer to the IRAS circular on 'Carry-Back Relief System' for more details.)

D. Medisave Contributions

1. Do I need to contribute to Medisave?

Medisave contributions are compulsory for all self-employed persons who are Singapore citizens or permanent residents. If you earn a net trade income of more than \$6,000 a year, you have to contribute Medisave based on a specified percentage of your net trade income, subject to a maximum amount.

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 send you a Notice of Computation (NOC) after assessing your actual income for the relevant Year of Assessment, to inform you of the amount of Medisave you need to contribute to Central Provident Fund (CPF). You may contact CPF Board on Medisave payment matters.

2. Can I claim Provident Fund relief for the Medisave contributions and voluntary CPF contributions made?

As a self-employed person, you may claim tax relief in respect of your compulsory and voluntary CPF contributions up to the total mandatory CPF contribution rate (37% for Year of Assessment 2017) of your net business income assessed or the CPF relief cap for the year (\$37,740 for Year of Assessment 2017), whichever is lower.

We will allow the Provident Fund relief based on the date that you contributed to the CPF account. For example, CPF contributions made in year 2017 will be allowed for tax deduction in the Year of Assessment 2018. You need not make a claim in your tax return. The Provident Fund relief will be automatically allowed to you based on information given by the CPF Board.

E. Offences and Penalties

1. What if I did not keep proper records or keep incomplete records?

You may be liable on conviction to a fine not exceeding \$1,000 and in default of payment of the \$1,000, to imprisonment for a term not exceeding 6 months.

2. What if I failed to submit my return?

You may be liable on conviction to a fine not exceeding \$1,000 and in default of payment to imprisonment for a term not exceeding 6 months.

3. What if I submit incorrect return without reasonable excuse?

For submission of incorrect return without reasonable excuse, you are liable on conviction to pay a penalty equal to double the amount of tax which has been undercharged and to pay a fine not exceeding \$5,000, or imprisonment for a term not exceeding 3 years, or both.

4. What if I wilfully evade taxes or to assist any other person to evade tax?

If you wilfully evade, or assist other persons to evade, you are liable on conviction to pay a penalty of 3 times the amount of tax evaded and to pay a fine not exceeding \$10,000, or imprisonment for a term not exceeding 3 years, or both.

For serious fraudulent evasion cases, you are liable on conviction to pay a penalty of 4 times the amount of tax evaded and to pay a fine not exceeding \$50,000, or imprisonment for a term not exceeding 5 years, or both.

F. IRAS Voluntary Disclosure Programme

We encourage you to come forward voluntarily to disclose any omissions or errors made in past years' income tax returns.

For voluntary disclosures, IRAS will accord reduced penalty, that is, penalty will be waived for voluntary disclosures made within the year of income tax filing and a reduced 5% penalty will be imposed for every back-year disclosures, capped at 30%.

For example, voluntary disclosures made before 15 Apr 2018 in respect of an error/omission made in 2016 (i.e. For Year of Assessment 2017) will usually not attract any penalty. Voluntary disclosures made before 15 Apr 2018 in respect of an error/omission made in 2014 and 2015 will attract a penalty of 5% and 10% of the tax undercharged respectively.

Taxpayers who are caught for non-disclosures are penalised 200% of tax undercharged.

G. Contact Us

For voluntary disclosures

Email: iit_compliance@iras.gov.sg

IRAS Website

<https://www.iras.gov.sg>

24-hour Business Income Tax Integrated Phone Service

1800-356 8300

Goods and Services Tax Integrated Phone Service

1800-356 8633

Taxpayer Services Centre

1st Storey, Revenue House

55 Newton Road

Singapore 307987

(Located opposite Novena MRT Station)

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

8am to 1pm (Sat) – Individual Income Tax enquiries

MONTHLY PUBLIC TRANSPORT EXPENSES RECORD

Appendix 1

Name of Business : _____

Month: _____

| S/n | Date | Destination | Mode of Transport | Person Incurring It | Purpose | Amount (\$) |
|--------------|------|-------------|-------------------|---------------------|---------|-------------|
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | | | | | | |
| 18 | | | | | | |
| 19 | | | | | | |
| 20 | | | | | | |
| | | | | | | |
| Total | | | | | | |

MONTHLY TRAVELLING EXPENSES RECORD

Appendix 2

Name of Business : _____

Month: _____

| S/n | Date | Destination | Mode of Transport | Person Incurring It | Purpose | Duration | Amount (\$) |
|--------------|------|-------------|-------------------|---------------------|---------|----------|-------------|
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | | | | | | | |
| 16 | | | | | | | |
| 17 | | | | | | | |
| 18 | | | | | | | |
| 19 | | | | | | | |
| 20 | | | | | | | |
| | | | | | | | |
| Total | | | | | | | |

MONTHLY ENTERTAINMENT EXPENSES RECORD

Appendix 3

Name of Business : _____

Month: _____

| S/n | Date | Place of Entertainment | Name of Person(s) Entertained | Purpose | Person Incurring It | Amount (\$) |
|--------------|------|------------------------|-------------------------------|---------|---------------------|-------------|
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | | | | | | |
| 18 | | | | | | |
| 19 | | | | | | |
| 20 | | | | | | |
| | | | | | | |
| Total | | | | | | |

MONTHLY STAFF REMUNERATION RECORD

Appendix 4

Name of Business : _____

Month: _____

| S/n | Name of Employee | NRIC/M'sia IC/Fin/WP No. | Remuneration | CPF Payable | | | SDL | FWL |
|--------------|------------------|--------------------------|--------------|-------------|----------|-------|-----|-----|
| | | | | Employee | Employer | Total | | |
| 1 | | | | | | | | |
| 2 | | | | | | | | |
| 3 | | | | | | | | |
| 4 | | | | | | | | |
| 5 | | | | | | | | |
| 6 | | | | | | | | |
| 7 | | | | | | | | |
| 8 | | | | | | | | |
| 9 | | | | | | | | |
| 10 | | | | | | | | |
| 11 | | | | | | | | |
| 12 | | | | | | | | |
| 13 | | | | | | | | |
| 14 | | | | | | | | |
| 15 | | | | | | | | |
| 16 | | | | | | | | |
| 17 | | | | | | | | |
| 18 | | | | | | | | |
| 19 | | | | | | | | |
| 20 | | | | | | | | |
| | | | | | | | | |
| Total | | | | | | | | |

BUSINESS EXPENSES RECORD

Appendix 5

Name of Business : _____

Year: _____

| Type of Expense | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Business Expenses | | | | | | | | | | | | |
| Telephone charges | | | | | | | | | | | | |
| Transport charges:- | | | | | | | | | | | | |
| - MRT/Taxi/Bus | | | | | | | | | | | | |
| - Hire of driver | | | | | | | | | | | | |
| Entertainment | | | | | | | | | | | | |
| Salary/Wages/Fees for assistants/helpers | | | | | | | | | | | | |
| Employer's CPF contributions for assistants/helpers | | | | | | | | | | | | |
| Performance related expenses:- | | | | | | | | | | | | |
| - Costumes | | | | | | | | | | | | |
| - Makeup | | | | | | | | | | | | |
| - Hairdressings | | | | | | | | | | | | |
| Other running expenses : | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Total | | | | | | | | | | | | |

STATEMENT OF ACCOUNTS

NAME OF BUSINESS: _____

BUSINESS ADDRESS : _____

FOR PERIOD FROM To

| | | | |
|--------------------------------------|----|----------------------|-------|
| | \$ | \$ | |
| REVENUE (Total Sales /Income) | | <input type="text"/> | Box 1 |

| | | | |
|--------------------|----------------------|--|--|
| Cost of Goods Sold | <input type="text"/> | | |
|--------------------|----------------------|--|--|

| | | | |
|---------------------|--|----------------------|-------|
| GROSS PROFIT | | <input type="text"/> | Box 2 |
|---------------------|--|----------------------|-------|

(Revenue less Cost of Goods sold)

ALLOWABLE BUSINESS EXPENSES

(please refer to the section on "Claiming of deduction on non-deductible expenses" to ensure that you do not claim any non-allowable expenses)

| | |
|-----------------------------------|----------------------|
| Rental paid for Business Premises | <input type="text"/> |
|-----------------------------------|----------------------|

| | |
|-----------|----------------------|
| Utilities | <input type="text"/> |
|-----------|----------------------|

| | |
|-----------------------|----------------------|
| Gross Employee Salary | <input type="text"/> |
|-----------------------|----------------------|

| | |
|----------------------------|----------------------|
| Employer CPF Contributions | <input type="text"/> |
|----------------------------|----------------------|

| | |
|----------------------------------|----------------------|
| Upkeep of Equipment or Machinery | <input type="text"/> |
|----------------------------------|----------------------|

| | |
|---------------------------------------|----------------------|
| Transport Expenses (Public Transport) | <input type="text"/> |
|---------------------------------------|----------------------|

Other Running Expenses of the business:

(please indicate the nature and breakdown below)

| | |
|----------|----------------------|
| i) _____ | <input type="text"/> |
|----------|----------------------|

| | |
|-----------|----------------------|
| ii) _____ | <input type="text"/> |
|-----------|----------------------|

| | |
|------------|----------------------|
| iii) _____ | <input type="text"/> |
|------------|----------------------|

| | |
|-----------|----------------------|
| iv) _____ | <input type="text"/> |
|-----------|----------------------|

| | | |
|-----------------------------------|----------------------|-------|
| Total Allowable Business Expenses | <input type="text"/> | Box 3 |
|-----------------------------------|----------------------|-------|

| | | |
|-------------------------------|----------------------|-------|
| ADJUSTED PROFIT/(LOSS) | <input type="text"/> | Box 4 |
|-------------------------------|----------------------|-------|

{Box 2 less Box 3}

SUMMARY

Amounts to be declared in Internet Filing / Income Tax Form:

4-line Statement

| | | |
|------------------------------|---------|----------------------|
| Revenue (Total Sales/Income) | (Box 1) | <input type="text"/> |
|------------------------------|---------|----------------------|

| | | |
|--------------|---------|----------------------|
| Gross Profit | (Box 2) | <input type="text"/> |
|--------------|---------|----------------------|

| | | |
|-----------------------------|---------|----------------------|
| Allowable Business Expenses | (Box 3) | <input type="text"/> |
|-----------------------------|---------|----------------------|

| | | |
|------------------------|---------|----------------------|
| Adjusted Profit/(Loss) | (Box 4) | <input type="text"/> |
|------------------------|---------|----------------------|

SAMPLE FORMAT OF BALANCE SHEET FOR SOLE-PROPRIETORSHIP

XYZ BUSINESS

BALANCE SHEET AS AT DD MM 20XX

ASSETS

| | \$ | \$ | \$ |
|--------------------------------|----------|-----------|------------|
| NON-CURRENT | | | |
| Property | | | XXX |
| Motor Vehicle | X | | |
| Less: Accumulated Depreciation | <u>X</u> | XX | |
| Machinery | X | | |
| Less: Accumulated Depreciation | <u>X</u> | <u>XX</u> | <u>XXX</u> |
| | | | <u>XXX</u> |
| CURRENT | | | |
| Stocks | | | XXX |
| Trade Debtors XXX | | | XXX |
| Prepayments & Deposits | | | XXX |
| Cash and Cash at Bank | | | <u>XXX</u> |
| | | | <u>XXX</u> |
| TOTAL ASSETS | | | <u>XXX</u> |

PROPRIETORS' FUND & LIABILITIES

PROPRIETORS' FUND

| | | | |
|-----------------------|----------|-----------|------------|
| Capital | | | XXX |
| Retained Earnings | X | | |
| Current Year Earnings | <u>X</u> | XX | |
| Less: Drawings | | <u>XX</u> | <u>XXX</u> |
| | | | <u>XXX</u> |

NON-CURRENT LIABILITIES

| | | | |
|-----------------|--|--|-----|
| Long-term loans | | | XXX |
|-----------------|--|--|-----|

CURRENT LIABILITIES

| | | | |
|--|--|--|------------|
| Trade Creditors | | | XXX |
| Short-term loans | | | <u>XXX</u> |
| | | | <u>XXX</u> |
| TOTAL PROPRIETORS' FUND & LIABILITIES | | | <u>XXX</u> |

Note:

Balance sheet should be prepared based on accepted accounting principles and standards. This is only a sample format to serve as a guide on how a balance sheet may be presented.

Some pointers when preparing a balance sheet:

- Stock value (if any) in the balance sheet should be same as closing stock reflected in profit and loss statement (P&L)
- Current year profit/earnings in the balance sheet should be the same as net profit in the P&L
- **TOTAL ASSETS = TOTAL PROPRIETOR'S FUND & LIABILITIES**