



INLAND REVENUE
AUTHORITY OF
SINGAPORE

**Annual Report
2009/10**

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OUR VISION

- The leading tax administration in the world
- A partner of taxpayers in nation-building and economic development
- An excellent team of competent and committed people

OUR MISSION

- Act as an agent of the Government and provide service in administering, assessing, collecting and enforcing payment of taxes
- Advise the Government and represent Singapore internationally on matters relating to taxation

OUR CORE VALUES

FAIRNESS

Treat everyone in the same circumstances equally

INTEGRITY

Do what is right without fear or favour in all circumstances

PROFESSIONALISM

Have the competence and take pride in doing our work in the most efficient and effective way

TEAMWORK

Help one another and work together with mutual trust and respect

RESPONSIVENESS

Anticipate and promptly meet changing needs

INNOVATION

Continuously seek new ways to do our work better

OUR CORPORATE GOALS

- To foster a competitive tax environment that encourages enterprise and supports economic growth
- To provide excellent service
- To minimise compliance costs of taxpayers
- To ensure compliance by all taxpayers
- To be cost-effective and efficient
- To achieve a high level of staff competence and satisfaction

CHAIRMAN'S STATEMENT



The major economies contracted in 2009 due to a loss of consumer and business confidence arising from the global financial crisis. Singapore was not spared. Our economy contracted for the first time in eight years; shrinking by 2% in 2009.

To help businesses and individuals cope with the downturn, IRAS swiftly implemented the Jobs Credit Scheme and other tax measures announced in Budget 2009, which helped Singaporeans keep their jobs and businesses stay afloat. IRAS also assisted taxpayers who faced financial hardship by deferring their tax payments or by providing longer instalment payment plans.

FACING NEW CHALLENGES

As our economy recovers in 2010, IRAS will face a different set of challenges. Arising from the recommendations of the Economic Strategies Committee, Budget 2010 focused on several tax measures to raise national productivity and to promote investments in innovation as well as business restructuring. These include the Productivity and Innovation Credit, the Merger and Acquisition Allowance and the Angel Investors Tax Deduction Scheme.

IRAS will play a critical role in implementing the Budget 2010 tax measures to drive Singapore's global competitiveness for the medium and long term. This year, Singapore was ranked the most competitive economy in the world, according to the World Competitiveness Yearbook 2010 published by the International Institute for Management Development. In the same report, Singapore was also ranked among the top three countries for encouraging entrepreneurial activities through our personal and corporate tax regime.

RAISING STANDARDS OVER TIME

A competitive tax regime must be complemented by high standards of tax advisory and compliance services that meet and exceed the expectations of taxpayers. To this end, IRAS has worked with the Institute of Certified Public Accountants of Singapore to establish the Singapore Institute of Accredited Tax Professionals. This is a major step in raising the professional competencies of our local tax practitioners. Taxpayers will benefit from the higher overall standards of client servicing that is consistent with a more business-friendly environment.

2009 also saw major developments on the international tax front. Following Singapore's endorsement of the internationally agreed Standard for the exchange of information (EOI) in 2009, IRAS has incorporated the Standard in our avoidance of double taxation agreements (DTAs) with 18 countries as at 31 March 2010. IRAS will continue to update the terms of our DTAs, to ensure that the treaty terms continue to be relevant for our taxpayers and to incorporate the EOI Standard. We have also stepped up our international engagements on tax issues, with IRAS representing Singapore at the Global Forum for Transparency and Exchange of Information for Tax Purposes, as Vice-Chairman of the Peer Review Group and member of the Steering Group. In September this year, MOF and IRAS will host the first meeting of 91-member Global Forum since it was restructured as an independent body in 2009.



ACKNOWLEDGEMENTS

On behalf of the Board and staff, I would like to thank Mr Teo Ming Kian, who retired as the Chairman of the IRAS Board in October 2009, for his guidance, direction and stewardship of IRAS for the past three years.

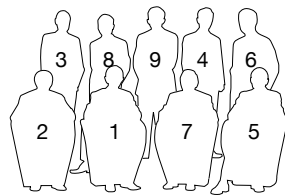
An organisation succeeds only with committed and capable people. On behalf of the Board, I would also like to express my deepest appreciation to the management and staff of IRAS for their dedication and support during the past year. I am confident that IRAS will continue to partner Singapore effectively in our nation-building efforts.

A handwritten signature in black ink, appearing to read 'Peter Ong', with a long horizontal line extending to the right.

PETER ONG
Chairman

MEMBERS OF THE BOARD

IRAS' Board members are from both the public and private sectors, with wide-ranging expertise and experience in the fields of accounting, banking, finance, law, infocomm technology, business management and public administration.



1. MR PETER ONG**Chairman**

Mr Ong was appointed the Chairman of IRAS Board on 1 October 2009. He is the Permanent Secretary of the Ministry of Finance and the Chairman of Accounting and Corporate Regulatory Authority. He also sits on the boards of other organisations such as the Monetary Authority of Singapore and National Research Foundation.

2. MR MOSES LEE**Commissioner**

Mr Lee is the Commissioner of Inland Revenue from 1 July 2005. He joined the IRAS Board in September 2004. Prior to this, Mr Lee was the Permanent Secretary in the Ministry of Health, Ministry of Community Development, Youth and Sports and Ministry of Manpower.

3. DR TAN KIM SIEW

Dr Tan is the Permanent Secretary of Defence Development, Ministry of Defence. He joined the IRAS Board in September 2007. He is the Chairman of Defence Science & Technology Agency and DSO National Laboratories. He also serves on the boards of Singapore Technologies Holdings Pte Ltd and Singapore Technologies Engineering Ltd.

4. MR GIAM CHIN TOON

Mr Giam joined the IRAS Board in September 2007. He is a Senior Counsel with Wee Swee Teow & Co. He is the Singapore Ambassador (Non-Resident) to Peru and the Singapore High Commissioner (Non-Resident) to Ghana. Mr Giam also serves on the boards of several organisations such as the Singapore Mediation Centre and the Securities Industry Council.

5. MR NOEL HON CHIA CHUN

Mr Hon joined the IRAS Board in September 2004. He is the Non-Executive Chairman of e-Cop Pte Ltd and the President of the Singapore Scouts Association. He also serves on the boards of various private and public organisations. Mr Hon is the Chairman of IRAS' Audit Committee which reviews the adequacy and adherence to IRAS' financial policies and internal controls.

6. MR LAW SONG KENG

Mr Law joined the IRAS Board in September 2004. He also serves on the boards of the Central Provident Fund Board, Manulife (Singapore) Pte Ltd and Singapore Deposit Insurance Corporation. He is the Chairman of IRAS' Staff Committee A, which has oversight of personnel matters of senior executives.

7. MR LIM HUA MIN

Mr Lim joined the IRAS Board in September 2004. He is the Executive Chairman of Phillip Securities Pte Ltd. He also serves on the boards of several organisations such as IFS Capital Limited, ECIS Limited and King & Shaxson Capital Limited. Mr Lim is the Chairman of IRAS Investment Committee, which manages IRAS' surplus funds.

8. MR LIM JOO BOON

Mr Lim joined the IRAS Board in September 2007. He is an advisor with Philip Private Equity Pte Ltd and OWW Capital Partners. He also serves on the boards of organisations such as Singapore Pools Pte Ltd and Singapore Airlines Engineering Company. Mr Lim is an Adjunct Associate Professor with the Nanyang Business School.

9. MR VISWANATHAN SHANKAR

Mr Shankar joined the IRAS Board in September 2007. He is a Director of the Standard Chartered Bank and serves on the boards of organisations such as the Committee to Develop Accountancy Sector, SINDA Board of Trustees and National Integration Council.

COMMISSIONER'S MESSAGE



The 2009 global economic downturn has been a challenging experience for both businesses and individual taxpayers, as they grapple with uncertainty in the business environment and job market. In these trying times, IRAS remained steadfast in adhering to our vision of partnering taxpayers for nation-building and economic development.

PROVIDING ASSISTANCE IN TRYING TIMES

IRAS moved swiftly to administer the Jobs Credit scheme announced by the government in Budget 2009 to encourage businesses to preserve jobs during the difficult period. In total, S\$4.3 billion of Jobs Credit was paid out successfully to more than 100,000 employers. To ease businesses' cash flow arising from the credit crunch during this financial crisis, we geared up our resources to process refunds and claims expeditiously. 94.6% and 99.9% of nearly 1 million refund claims were done within 14 days and 30 days respectively. All the 1,979 claims for loss-carry back reliefs amounting to S\$164.4 million were also processed within one month. We accelerated the review of property annual values. About 84,900 more properties had their annual values reviewed in the first quarter of 2009 compared to the same quarter in 2008. In total, 200,528 or 57% of private properties had their annual values reduced in 2009. More than 22,000 individual taxpayers also made use of the deferred payment scheme which was introduced to help those who face financial hardship during this period.

KEEPING THE TAX SYSTEM COMPETITIVE

It was fortunate that the economic downturn was shorter and less severe than expected. This, coupled with a surprisingly buoyant property market in 2009 kept IRAS'

tax collection relatively unchanged. We collected a total of S\$29.9 billion of tax revenue for FY2009/10, or 0.2% higher than the previous financial year. Lower earnings reported by businesses and the 1% cut in corporate tax rate reduced corporate income tax collection. However, total tax revenue was boosted by higher individual income tax due to higher wages earned in 2008, and higher stamp duty collection due to higher levels of property transactions.

IRAS continued to work with other economic agencies to support the economic recovery by sustaining our effort in reviewing tax policies and rules to ease businesses' compliance costs and facilitate enterprise. Last year, we reviewed 37 tax policies, including simplifying the accounting of GST so that businesses no longer need to track the date of delivery of goods or performance of services, expanding the zero-rating of GST for the marine industry and enhancing the stamp duty relief rules on business restructuring. We have also engaged more large companies under our enhanced relationship framework to resolve tax issues more efficiently and provide greater tax certainty for them.

There was no let-up in our compliance efforts in FY2009/10. We continued to focus on sectors that posed higher compliance risk such as the motor industry, electronics wholesale, renovation contractors and incentivised enterprises and also identified specific profession like public accountants and doctors for routine assessment for compliance. Investigation and audit programs were coordinated to improve our effectiveness and we maximised deterrence efforts by prosecuting and publicising tax evasion cases. Besides audit and investigation, it is equally important to make tax compliance easy so as to enhance voluntary compliance. To help Small and Medium Enterprises (SME)



with their tax reporting, we introduced the Infocomm@SME-Accounting Software Assistance Scheme to improve their record-keeping practices. This scheme provided the SMEs with grants of up to 50% for the purchase of accounting software. More than S\$190,000 has been granted to 159 SMEs since its launch in July 2009.

FOCUSING ON EXCELLENT SERVICE

We saw a record 94% of individual income taxpayers e-filing their tax returns in YA2010, improving on last year's rate of 91%. This was possible through our salary auto-inclusion scheme, pre-filing of tax returns and our suite of user-friendly e-services. I am also pleased that 82% of the 630,000 individual taxpayers included in our No-Filing Service did not have to file their returns. Last year, we completed Project Frontline which we launched in 2008 to improve the quality of our frontline services by consolidating our telephone help-lines and walk-in contact centre network. We will continue to improve our service by focusing on developing staff competence, improving our automated telephone service and providing more user-friendly e-tax guides and e-services.

Our efforts in providing excellent service and making it easy and convenient for taxpayers to comply with their tax obligations have not gone unnoticed. Singapore has been ranked consistently in the top five amongst the 183 economies on the ease of paying taxes in the "Paying Taxes" Report 2010 by the World Bank, International Finance Corporation and Pricewaterhouse Coopers. Singapore is placed in the fourth position on the criterion for having a level of taxes that do not discourage work or investment, according to the Global Competitiveness Report 2009 by the World Economic Forum. Taxpayers also recognised our commitment to provide quality service

in the Taxpayer Survey conducted in 2009. More than 95% of taxpayers surveyed were satisfied with the level of service provided by us.

DEVELOPING OUR PEOPLE

Last year, we continued to recruit new staff and develop staff to strengthen our capabilities. We rotated staff to different jobs within IRAS to widen their work experience. Some were seconded to the Ministry of Finance (MOF) to do tax policy work and a couple of them were attached to the UK HM Revenue Customs to learn more about counter-fraud and investigation techniques. The Tax Academy (TA) continued to play a central role in improving our staff competency as well as that of the tax community. The Signature Conference 2009 organised by TA, provided both our staff and local tax professionals with the opportunity to exchange ideas on transfer pricing and emerging tax trends with foreign tax officials and industry experts from the Asia Pacific and the United States. IRAS tax specialists were also involved in the collaboration between TA and CPA Australia to develop and deliver the Singapore Taxation Segment under the CPA Program. I am glad that staff have also raised their international profile by writing articles published in reputable tax journals and participation in local and international tax forums.

In addition to our commitment to raising staff competency, we are dedicated to our role as a good corporate citizen. Last year, IRAS was honoured with the President's Social Service Award 2009, Singapore's most prestigious award for social service volunteerism, for our staff contributions towards the social service sector. IRAS also bagged the first prize in the MOF Family Website Competition in recognition of our user-friendly website. Our good Knowledge Management (KM) practices were recognised

by the Information and KM Society of Singapore (iKMS) and we were awarded the KM Excellence Award – Silver Medal.

Our achievements would not have been possible without the hard work put in by our team of competent and committed staff. I would like to take this opportunity to thank our staff for their steadfast dedication and contributions to the organisation. My deepest thanks also go to the Board for their guidance and to our taxpayers for their cooperation. I am confident that with strong support from the Board, commitment from staff and cooperation from taxpayers, IRAS is well-poised to meet future challenges.



MOSES LEE
Commissioner of Inland Revenue

SENIOR MANAGEMENT TEAM



Front row from left:

MR JAMES KHOR NGIAP LONG
Deputy Commissioner
 (Individual Group)

MR ONG KHIAW HONG
Deputy Commissioner
 (Corporate & Services Group)

MR MOSES LEE
Commissioner

MRS ENG-TAY GEOK LEE
Deputy Commissioner
 (Business Group)
Chief Compliance Officer

MRS CHIA-TERN HUEY MIN
Deputy Commissioner
 (Goods and Services Tax & Property Group)
Assistant Commissioner
 (Goods and Services Tax Division) (Covering)

Back row from left:

MDM CHEW TIEW SAN
Assistant Commissioner
 (Enforcement Division)

MISS CHAI SUI FUN
Assistant Commissioner
 (Tax Policy & International Tax Division)

MR WILSON ONG JOON LIM
Assistant Commissioner
 (Investigation & Forensics Division)
Assistant Commissioner
 (Compliance Strategy & Risk Division) (Covering)

MR ANDY SEAH YONG LUCK
Assistant Commissioner
 (Corporate Services Division)

MS ANG SOCK TIANG
Assistant Commissioner
 (Property Tax Division)

MISS CHIAM YAH FANG
Assistant Commissioner
 (Corporate Tax Division)

MR LIU HERN KUAN
Chief Legal Officer
 (Law Division)

MS CHIN LI FEN
Assistant Commissioner
 (Corporate Development Division)

MRS PATRICIA MAK
Assistant Commissioner
 (Accounting & Processing Division)

MS TANG WAI YEE
Assistant Commissioner
 (Infocomm Division)

MRS SABINA CHEONG HWEE BIN
Assistant Commissioner
 (Individual Income Tax Division)

MR WANG TECK LENG
Assistant Commissioner
 (Taxpayer Services Division)

CORPORATE GOVERNANCE

IRAS BOARD

The IRAS Board oversees IRAS and ensures that it carries out its functions competently. The Chairman of the Board is Mr Peter Ong, Permanent Secretary of the Ministry of Finance. The eight other members are Mr Moses Lee, the Commissioner of Inland Revenue, Dr Tan Kim Siew, Mr Giam Chin Toon, Mr Noel Hon Chia Chun, Mr Law Song Keng, Mr Lim Hua Min, Mr Lim Joo Boon and Mr Viswanathan Shankar.

The Board met three times last year to review major corporate policies and approve financial statements, annual budget and major expenditure projects. The Board has established three committees, the Audit Committee, the Staff Committee A and the Investment Committee, to assist in carrying out its duties.

AUDIT COMMITTEE

Mr Noel Hon Chia Chun chairs the Audit Committee. Its other members are Dr Tan Kim Siew and Mr Lim Joo Boon. The Committee reviews whether IRAS' accounting and financial policies and internal controls are in place,

adequate and adhered to. The Committee works closely with the external auditor, the Auditor-General, in reviewing the financial statements of IRAS, the scope of audit plans and the audit results. The Committee also reviews the annual audit plan of the Internal Audit Branch and the results of its work.

STAFF COMMITTEE A

Mr Law Song Keng chairs the Staff Committee A. Its other members are Mr Moses Lee, Commissioner of Inland Revenue, and Mr Giam Chin Toon. Staff Committee A is the approving authority for key remuneration policies in IRAS as well as key appointments, promotion and remuneration of senior executives in IRAS.

INVESTMENT COMMITTEE

Mr Lim Hua Min chairs the Investment Committee. Its other members are Mr Moses Lee, Commissioner of Inland Revenue, and Mr Viswanathan Shankar. The Committee sets investment policies and guidelines and manages surplus funds available for investments.

INTERNAL AUDIT FUNCTION

The Internal Audit Branch operates independently from other divisions of IRAS to provide objective audit assurance to management to assist them in the effective discharge of their responsibilities and in the attainment of corporate objectives. It evaluates the adequacy and

effectiveness of internal controls in IRAS; checks for compliance with policies, guidelines, laws and regulations; audits tax assessments to verify that tax principles have been correctly applied; and makes recommendations to improve the effectiveness of controls and processes. It also ensures that results of the audits and recommendations for improvements are promptly communicated to the management of the functional area, and that plans or actions taken to correct reported audit findings are satisfactory.

The Internal Audit Branch reports functionally and administratively to the Commissioner of Inland Revenue and has full and direct access to the Audit Committee.

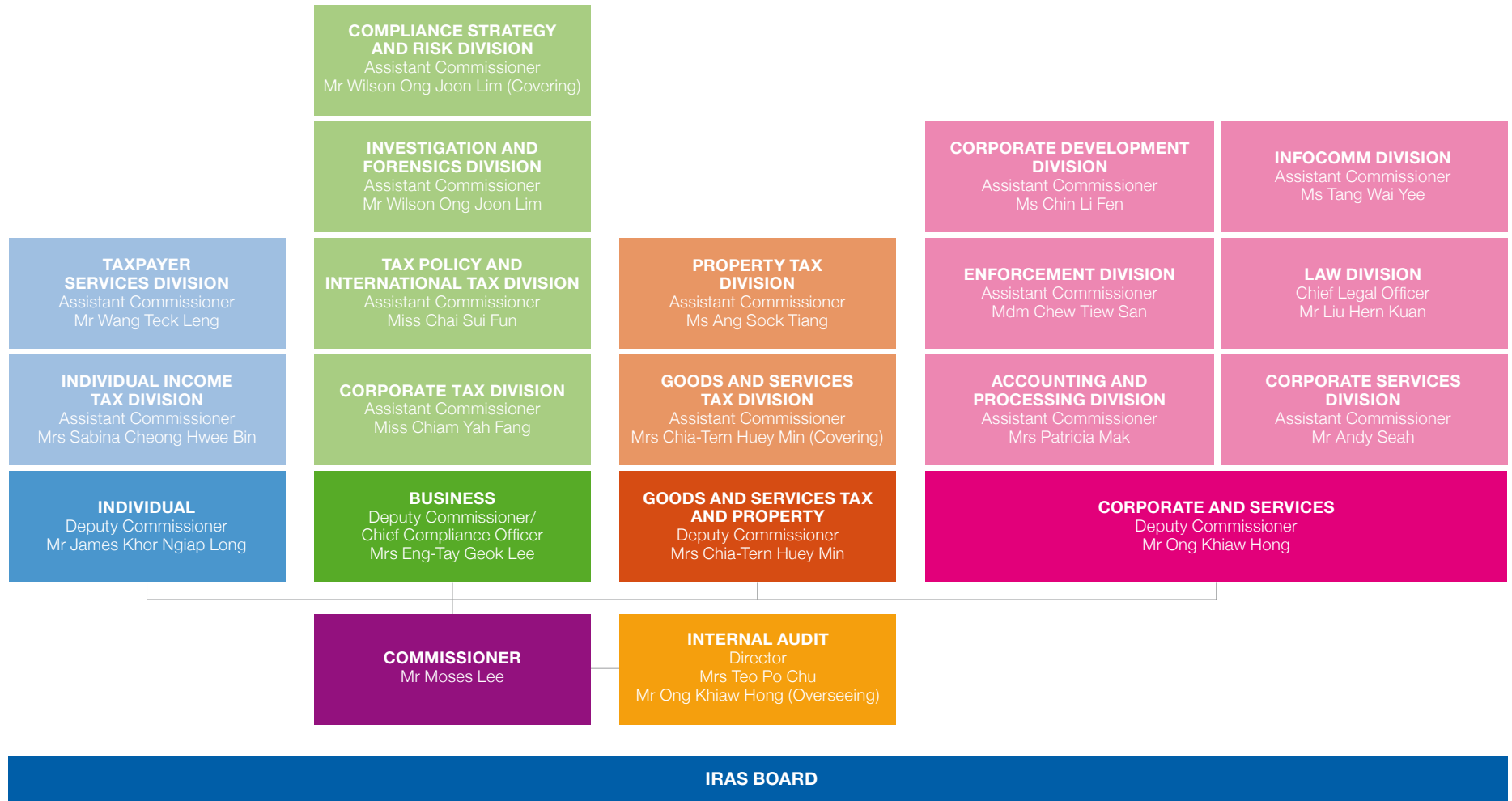
PROFESSIONAL AND ETHICAL CONDUCT

Every IRAS staff has to maintain high standards of professional integrity and personal conduct. They are required to abide by the Inland Revenue Authority of Singapore Act, as well as the IRAS Employee Handbook which provides guidance on matters such as the acceptance of gifts in the official course of duties, avoidance of situations with conflicts of interests, and disciplinary proceedings for staff who failed to comply.

In addition, to safeguard official information, all IRAS staff are subject to secrecy provisions in relevant legislations such as the Official Secrets Act, the Statutory Bodies and Government Companies (Protection of Secrecy) Act, the Inland Revenue Authority of Singapore Act, the Income Tax Act and the Goods and Services Tax Act.



ORGANISATION STRUCTURE



INDIVIDUAL INCOME TAX

Responsible for the end-to-end administration of Individual Income Tax. This includes serving taxpayers, assessing and collecting tax, and ensuring compliance for all employees, self-employed, unincorporated businesses and non-resident individuals. This division also handles withholding tax administration for payors who are individuals.

Management Team:

- **Mrs Sabina Cheong Hwee Bin**
Assistant Commissioner
- **Miss Magdelene Silva**
Director (Employee)
- **Miss Loh Cheng Cheng**
Director (Employee Specialised)
- **Ms Christine Deniz Loo**
Director (Foreigner & Clearance)
- **Miss Marjorie Tan Yong Hin**
Director (Self-Employed)
- **Miss Loh Lee Kim**
Director (Ruling & Compliance)

TAXPAYER SERVICES DIVISION

Handles frontline tax enquiries and manages overall taxpayer relationship, taxpayer services infrastructure and e-services.

Management Team:

- **Mr Wang Teck Leng**
Assistant Commissioner
- **Ms Khoo Hung Ling**
Director (Contact Centre)
- **Mrs Tan-Yeo Wei Kuen**
Manager (Taxpayer Services Management Unit)

CORPORATE TAX DIVISION

Responsible for the end-to-end administration of the Income Tax for companies, charities, bodies of persons; Betting Duty, Private Lotteries Duty, Casino Tax and Trust. This includes serving taxpayers, assessing and collecting tax, and ensuring compliance. This division also handles withholding tax administration for payors who are companies.

Management Team:

- **Miss Chiam Yah Fang**
Assistant Commissioner
- **Miss Quek Puay Kiang**
Acting Tax Director (Small Corporations)
- **Mrs Lim-Leow Lay Hwa**
Tax Director (Medium Corporations)
- **Mrs Choy-Koh Kum Lin**
Tax Director (Large Corporations)
- **Mrs Loke-Ng Lay Beng**
Tax Director (Clubs & Associations, Trust & Gaming)

TAX POLICY AND INTERNATIONAL TAX DIVISION

Provides technical advice in the formulation of tax policies and fair application of tax laws, reviews tax policies, initiates tax rules changes and safeguard Singapore's economic interest through tax treaty negotiations and resolution of international tax issues.

Management Team:

- **Miss Chai Sui Fun**
Assistant Commissioner
- **Ms Chow Wai Yee**
Tax Director (Tax Policy & Ruling)
- **Miss Evelyn Lio Ee Min**
Acting Tax Director (International Tax)

GOODS AND SERVICES TAX DIVISION

Responsible for the end-to-end administration of Goods and Services Tax. This includes serving taxpayers, assessing and collecting tax, and ensuring compliance.

Management Team:

- **Mrs Chia-Tern Huey Min**
Assistant Commissioner (Covering)
- **Ms Hoe Ee Hui**
Director (General)
- **Ms Tan Jek Swan**
Acting Director (Wholesale Trade)
- **Mrs Eng Li Ming**
Tax Director (Large Business)



PROPERTY TAX DIVISION

Responsible for the end-to-end administration of Property Tax and Stamp Duty. This includes valuation of properties, serving taxpayers, assessing and collecting tax, and ensuring compliance.

Management Team:

- **Ms Ang Sock Tiang**
Assistant Commissioner
- **Ms Jennifer Lin Ee Leng**
Acting Director (Residential)
- **Ms Sally Mok Chong Chin**
Tax Director (Commercial)
- **Mrs Fong Lee Kheng**
Tax Director (Industrial)
- **Ms Lee Yan Chin**
Director (Valuation and Stamp Duty)

LAW DIVISION

Provides legal opinions on the application of tax laws, drafts legislations and other legal documents, and represents IRAS in legal proceedings.

Management Team:

- **Mr Liu Hern Kuan**
Chief Legal Officer
- **Mr Liu Hern Kuan**
Director (Law Branch 1) (Covering)
- **Ms Foo Hui Min**
Director (Law Branch 2)

ACCOUNTING AND PROCESSING DIVISION

Manages the collection, refund and accounting of taxes, and the bulk processing of taxpayer information and tax documents.

Management Team:

- **Mrs Patricia Mak**
Assistant Commissioner
- **Mrs Chia Seok Khim**
Director (Processing Centre)
- **Mrs Ang Siew Tee**
Director (Electronic Interface)
- **Ms Harriet Marion Van Buerle**
Director (Revenue Accounting)

COMPLIANCE STRATEGY AND RISK DIVISION

Develops IRAS-wide compliance strategies, policies and programmes, including compliance risk assessment, as well as strategic compliance intelligence and research.

Management Team:

- **Mr Wilson Ong**
Assistant Commissioner (Covering)
- **Miss Loh Lee Kim**
Director (Covering)

ENFORCEMENT DIVISION

Promotes voluntary compliance in the filing and payment of taxes and takes prompt and effective actions on defaulters.

Management Team:

- **Mdm Chew Tiew San**
Assistant Commissioner
- **Mr Dennis Lui Siew Wah**
Director (Compliance Service)
- **Mrs Chia-Mao Kawn Hwa**
Director (Individuals & Properties)
- **Mrs Chia-Tan Hai Geok**
Director (Business)

INVESTIGATION AND FORENSICS DIVISION

Deters tax evasion through investigation and forensics, focusing on serious non-compliant tax cases, and is responsible for the exchange of information with tax treaty partners.

Management Team:

- **Mr Wilson Ong**
Assistant Commissioner
- **Mr Colin Chew Koo Chung**
Director (Investigation Branch 1)
- **Mr Chua Aik Loy**
Acting Director (Investigation Branch 2)

CORPORATE SERVICES DIVISION

Manages and optimises IRAS' financial and physical resources and drives long-term organisational effectiveness.

Management Team:

- **Mr Andy Seah Yong Luck**
Assistant Commissioner
- **Miss Ang Sor Tjing**
Director (Finance & Administration)
- **Mr Andy Seah Yong Luck**
Director (Human Resource) (Covering)

CORPORATE DEVELOPMENT DIVISION

Builds and enhances the organisation's growth, capabilities and branding through the development of strategies, systems, culture and relationships.

Management Team:

- **Ms Chin Li Fen**
Assistant Commissioner
- **Mr Ernest Lee Kian Ming**
Director (Organisation Excellence)
- **Ms Jackalin Er Hwee Pheng**
Director (Corporate Planning)
- **Ms Deanna Choo Lay Yen**
Director (Corporate Communications)

INFOCOMM DIVISION

Responsible for Infocomm Technology (ICT) system planning, acquisitions, deployment, maintenance and operations. The division also provides ICT services and support and ensures the security and quality of IT systems and resources.

Management Team:

- **Ms Tang Wai Yee**
Assistant Commissioner
- **Mdm Chew Soh Lang**
Director (Infocomm Application)
- **Mrs Wee-Poh Lai Khim**
Director (Infocomm Infrastructure & Operations)
- **Mr Jimmy Ho Ee Lam**
Director (Infocomm Technology & Planning)

INTERNAL AUDIT BRANCH

Evaluates the adequacy and effectiveness of internal controls in IRAS and ascertains whether policies and guidelines are complied with. Provides objective audit assurance to assist IRAS management in the effective discharge of their responsibilities and in the attainment of corporate objectives.

Management Team:

- **Mrs Teo Po Chu**
Director (Internal Audit)

IRAS AT A GLANCE IN FY2009/10

Our Performance

- A total of S\$29.9 billion of tax revenue was collected, 0.2% higher than last year's collection.
- We spent 0.88 cent to collect every dollar of tax.
- Total cumulative tax arrears decreased by 13% to S\$669 million.
- Nine out of 10 individuals or GST-registered businesses, and seven out of 10 companies filed their tax returns on time.
- We audited and investigated 8,021 cases and recovered S\$256 million in taxes and penalties.
- We completed reviews of 37 tax policies and amended or removed 96 tax rules to ensure our tax system remains competitive and our rules relevant.
- We enhanced tax cooperation between Singapore and 18 other countries by incorporating the new internationally agreed Standard for the exchange of information for tax purposes in Avoidance of Double Taxation Agreements.
- About 94% of taxpayers surveyed acknowledged that the tax system was business-friendly and encouraged enterprise.
- About 92% of survey respondents thought the time and money spent on fulfilling their tax obligations were reasonable.

Our Service

- Close to 96% of taxpayers surveyed were satisfied with IRAS' service.
- We replied to 93% of emails within five working days, attended to 90% of taxpayers within 20 minutes, and answered 86% and 74% of telephone calls within one minute during non-peak and peak periods respectively.
- 1.12 million taxpayers benefited from the Auto-Inclusion Scheme for Employment Income during the YA2010 income tax filing season.
- A record 94% of taxpayers e-Filed their individual income tax returns in YA2010.
- Tax filing was a non-event for 82% of the 653,000 individuals that came under the No-Filing Service.
- We received 6,471 compliments, a 30% increase from the previous year.
- The IRAS website was awarded the Merit Award at the Singapore Government Web Excellence Awards 2009.

Our People

- IRAS staff spent an average of 15.6 mandays in learning and development.
- 113 of IRAS staff are Accredited Tax Specialists (ATS), an increase of 14% over the 99 ATS we had in FY2008/09.
- IRAS staff completed 273 innovation projects and contributed 4,542 suggestions to improve IRAS' systems and processes, an increase over the 165 completed projects and 4,220 suggestions contributed in FY2008/09.
- IRAS was awarded the President's Social Service Award 2009 (Formal Category) for her staff's efforts in community involvement activities and volunteerism.

Partnering you in
nation-building and
economic development



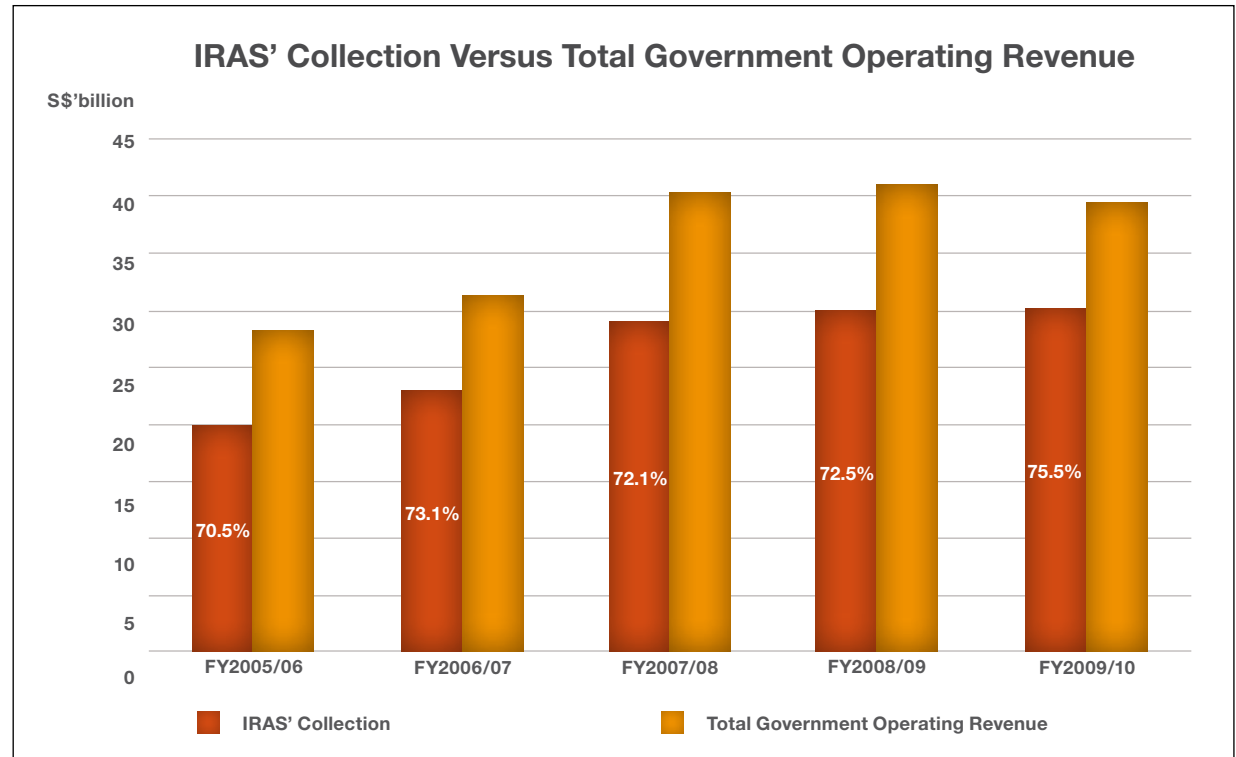
Taxes, being the major source of government operating revenue, are used to build a stronger community, create a better environment and sustain a competitive economy.

IRAS' TAX COLLECTION

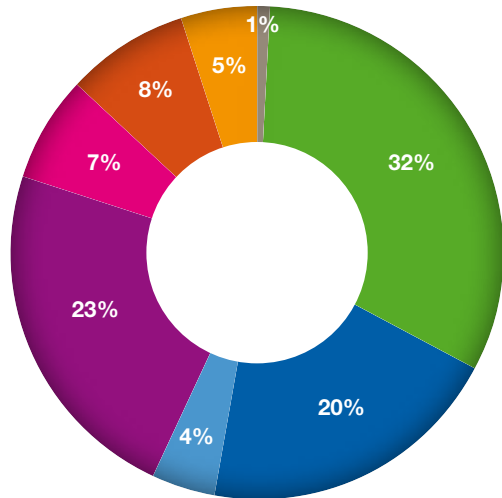
IRAS ensures that taxes are duly collected to support government's expenditure in public goods and services in areas such as education, healthcare, housing, national security, community development and economic development.

Taxes collected by IRAS are the largest contributor to the government operating revenue (GOR). For FY2009/10, IRAS' collection was 75.5% of GOR and 11.6% of Singapore's Gross Domestic Product (GDP).

A surprisingly buoyant property market in 2009 has sustained tax collection. Although the economy contracted 2% in 2009, a total of S\$29.9 billion was collected by IRAS in FY2009/10, which was 0.2% higher than last financial year.



FY2009/10 Collection by Tax Type



- 32% Corporate Income Tax
- 20% Individual Income Tax
- 4% Withholding Tax
- 23% Goods and Services Tax
- 7% Property Tax
- 8% Stamp Duty
- 5% Betting & Sweepstake Duties
- 1% Private Lotteries Duty

Fifty-six per cent of the total tax collection by IRAS came from income tax, which consists of corporate income tax, individual income tax and withholding tax. FY2009/10 income tax collection was S\$16.9 billion, 2% lower than last financial year.

FY2009/10 corporate income tax collection of S\$9.6 billion was 10% lower compared to that in the last financial year. Poorer corporate performance in 2009 and the 1% cut in corporate tax rate to 17% with effect from Year of Assessment (YA) 2010 had led to the lower corporate income tax collection. The rate cut had an effect on FY2009/10 tax collection as companies file their Estimated Chargeable Income (ECI) for YA2010 within three months from the end of their accounting period in 2009. FY2009/10 individual income tax collection of S\$6.1 billion was 13% higher than that in FY2008/09. The increase in individual income tax collection was due to the 12.5% increase in employment income reported by individuals for 2008, as compared to 2007. FY2009/10 withholding tax collection, which is a tax on specified income payments to non-tax residents, was S\$1.1 billion, 3.3% lower than that in FY2008/09.

GST collection picked up in the second half of FY2009/10 in tandem with the recovery of economy. For FY2009/10, GST collection was S\$6.9 billion or 7% higher compared to that in the last financial year.

Property related measures announced in Budget 2009 such as the 40% property tax rebates and land tax deferral scheme have impacted FY2009/10 property tax collection. The S\$2.0 billion property tax collection was 31% lower than FY2008/09 collection.

FY2009/10 stamp duty collection of S\$2.4 billion was a 67% increase over the previous financial year.

The Singapore property market made a remarkable recovery in 2009. Higher sale volume of residential properties coupled with higher property prices since second quarter of 2009, have contributed to the increase in stamp duty collection.

Taxes from gaming activities decreased in FY2009/10. Betting and sweepstakes duties was S\$1.4 billion, or 2% lower than that in FY2008/09. Private lotteries duty decreased by 4% from last year to S\$331 million.

Estate duty has been abolished for deaths occurring on and after 15 February 2008. The estate duty collection in FY 2009/10 arising from deaths occurring before 15 February 2008 was S\$8.2 million.

SPEED OF ASSESSING TAXES

IRAS completes tax assessments promptly. This ensures tax certainty for taxpayers and timely tax collection for the government. For individual income tax, we met our target to assess 100% of YA2009 tax returns by March 2010. For corporate income tax, we have assessed 98.6% of the tax returns received in 2008 by December 2009, above the target completion rate of 95%.

In view of the economic downturn, we accelerated the annual review of properties in 2009 to ensure they reflect the prevailing market rentals. In the first quarter of 2009, IRAS has reviewed a total of 116,200 private residential, commercial and industrial properties, up from 31,300 properties reviewed in the same period last year. As at end December 2009, 99.6% of the existing properties have been reviewed, which was higher than the 96.7% achieved last year. We also exceeded the target to assess 90% of new properties listed in 2009 by end December 2009 by 5%.

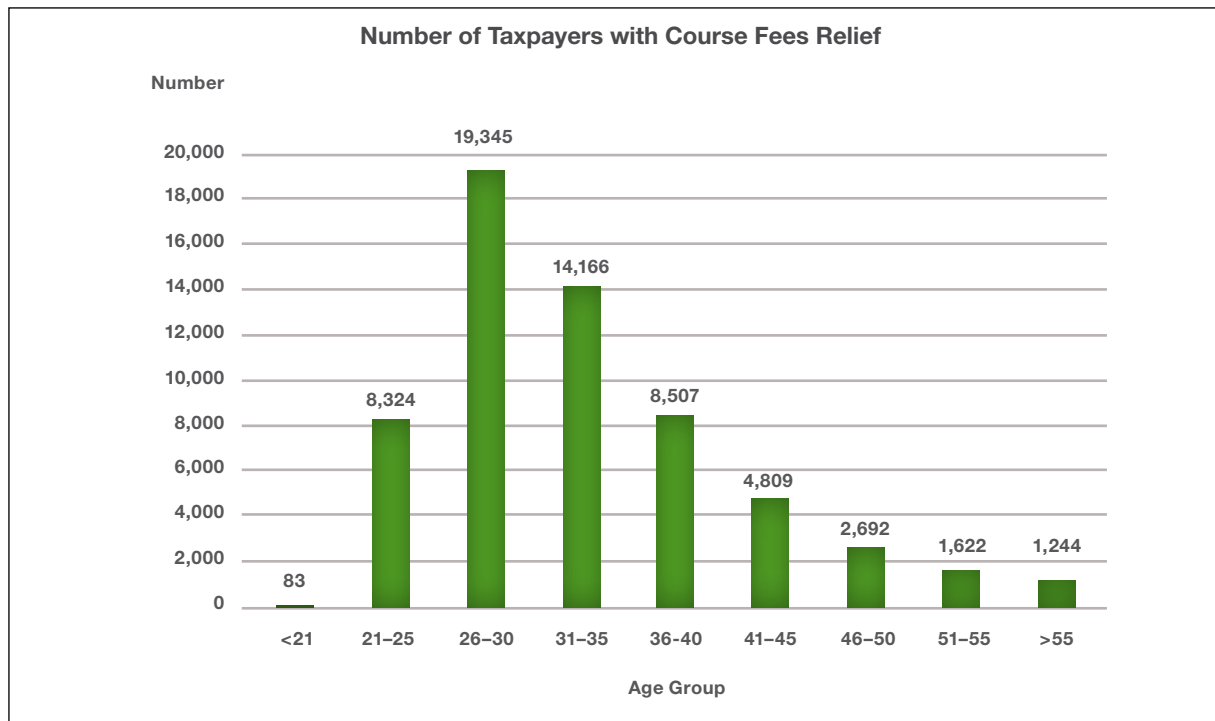
COURSE FEES RELIEF

Course fees relief aims to encourage an individual to continuously upgrade his skills so as to enhance his life-long employability. An individual can claim the actual course fees paid, up to a maximum of S\$3,500 each year, regardless of the number of courses, seminars or conferences attended.

Course fees relief has been enhanced over the years. With effect from YA2009, any individual who has attended a course, seminar or conference leading to an approved vocational qualification, regardless of its relevance to present or future vocation, is eligible to claim course fee relief. And if the course, seminar or conference leads to an approved academic, professional or vocational qualification and the taxpayer is unable to claim course fee relief due to nil or insufficient assessable income, he would be allowed to defer the claim for up to two YAs from the YA relating to the year he completed the course or attended the seminar/conference. The maximum amount of course fees relief will also increase to S\$5,500 from S\$3,500, with effect from YA2011.

In YA2009, there were 60,792 taxpayers who claimed course fees relief amounting to a total relief of S\$137,291,384. Forty-two per cent of them or 25,329 taxpayers claimed the maximum amount of S\$3,500.

The graph shows that 55% of taxpayers claiming course fees relief were from the 26 to 35 age group. Taxpayers aged 41 years and above made up 17% of taxpayers with course fee relief.



PARTIAL TAX EXEMPTION FOR COMPANIES

The partial tax exemption effective from YA2002 was first introduced in Budget 2001 to maintain Singapore's tax competitiveness, lower the tax burden of businesses in Singapore and help the small and medium businesses.

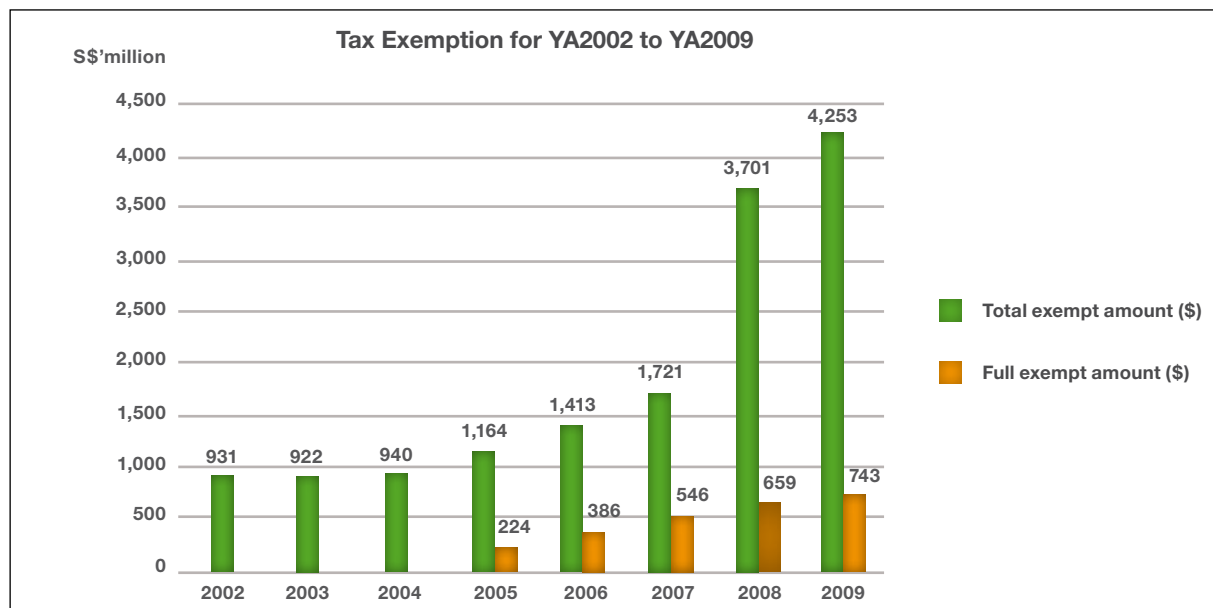
The partial tax exemption was given to companies on normal chargeable income¹ of up to S\$100,000 as follows:

- (i) For the first S\$10,000 of such income, 75% of the income or an amount up to S\$7,500 shall be exempt from tax; and
- (ii) For the next S\$90,000 of such income, 50% of the income or an amount up to S\$45,000 shall be exempt from tax.

Subsequently in YA2005, a full tax exemption scheme for new companies was also introduced to support entrepreneurship and to help our local enterprises grow. Under this scheme, any company that meets the qualifying conditions will enjoy full exemption on their normal chargeable income up to S\$100,000 for each of its first three consecutive years of assessment.

The threshold for partial tax exemption and the full tax exemption for new companies have been increased to S\$300,000, effective from YA2008. For the partial tax exemption, the tax exemption is as follows:

- (i) For the first S\$10,000 of the normal chargeable income, 75% of the income or an amount up to S\$7,500 is exempt from tax; and
- (ii) For the next S\$290,000 of the normal chargeable income, 50% of the income or an amount up to S\$145,000 is exempt from tax.



For the full tax exemption, the tax exemption is as follows:

- (i) For the first S\$100,000 of normal chargeable income, full tax exemption is given; and
- (ii) For the next S\$200,000 of normal chargeable income, 50% of the income or an amount up to S\$100,000 shall be exempt from tax.

The above graph shows the total amount of tax exemption (both partial tax exemption and full tax exemption) and the amount of full tax exemption given over the years from YA2002 to YA2009. This translates to a total tax savings of S\$2,929 million for businesses over the past eight YAs. The breakdown of the tax savings enjoyed by businesses arising from these tax exemption schemes for each YA is as follows:

YA	Tax Savings (S\$' million)
2002	227.98
2003	202.88
2004	206.86
2005	232.71
2006	282.51
2007	344.17
2008	666.11
2009	765.56
Total	2,928.78

¹ Normal chargeable income refers to income to be taxed at the prevailing corporate tax rate.

Assisting taxpayers in the economic downturn

The world suffered its worst and most wide-spread recession in 60 years. Global financial markets seized up in a way that has never happened before. Trade in goods and services also fell sharply, especially in Asia. Singapore's economy contracted 2% in 2009. Resident unemployment reached a high 5% in the third quarter of 2009.

Adhering to the tenet of our vision in partnering taxpayers in nation-building and economic development, IRAS moved swiftly into action to help individuals and businesses ride out the economic downturn.

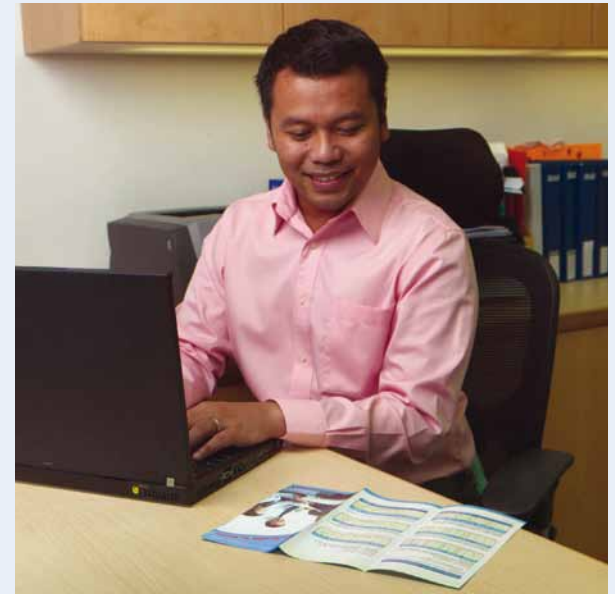
We administered the Jobs Credit Scheme (JCS) which was introduced as part of the Resilience Package in Budget 2009 to encourage businesses to preserve jobs in the downturn. Under this scheme, more than 100,000 employers benefitted from the total payout of S\$4.3 billion.

Businesses were facing credit crunch during this difficult period and we helped ease their cash flow by processing claims for refund and loss-carry back relief expeditiously.

In FY2009/10, we processed 94.6% and 99.9% of refund claims within 14 days and 30 days respectively. All 1,979 claims for loss-carry back relief amounting to S\$164.4 million were also processed within the service level of one month.

To help individual taxpayers in genuine financial hardship fulfil their tax obligations, we rolled out various concessions such as the extended and deferred payment schemes. 22,249 individuals signed up for the deferred instalment plan.

We also accelerated our review of annual values of properties to ensure they were in line with the prevailing market rental levels. We reviewed a total of 116,200 properties – private residential, commercial and industrial properties – in the first quarter (Q1) of 2009, up from 31,300 properties reviewed in the same period last year. A total of 349,500 properties were reviewed in 2009 and 57% of the reviewed properties had their annual values reduced.



More than 100,000 employers benefitted from the Jobs Credit Scheme administered by IRAS

Facilitating Economic Growth



We strive to foster a competitive tax environment that will support businesses and individuals through proactive policy formulation and tax rules review.

INTERNATIONAL RELATIONS

IRAS continues to uplift Singapore's tax environment amidst the challenges arising from the global economic downturn. We sustained efforts to expand our network of tax treaties to identified trading regions to facilitate cross-border investments and businesses. IRAS signed a comprehensive Avoidance of Double Taxation Agreement (DTA) with Libya in April 2009. Singapore now has 65 comprehensive DTAs, out of which 61 have been ratified.

Following Singapore's endorsement of the Organisation for Economic Co-operation and Development (OECD) 2008 Standard for the effective exchange of information through DTAs, we have been making good progress in re-negotiating DTAs with some countries to effect the new standard. As at 31 March 2010, IRAS has enhanced tax cooperation between Singapore and 18 other countries by successfully re-negotiating the DTAs to incorporate the new internationally agreed Standard for the exchange of information for tax purposes. With these agreements, Singapore now joins the OECD white

list of jurisdictions that have substantially implemented the Standard.

IRAS will continually seek to re-negotiate such DTAs with our trading partners, in keeping with Singapore's role as a trusted centre for finance and a responsible jurisdiction, with strong and consistent regulatory policies and a firm commitment to the rule of law.

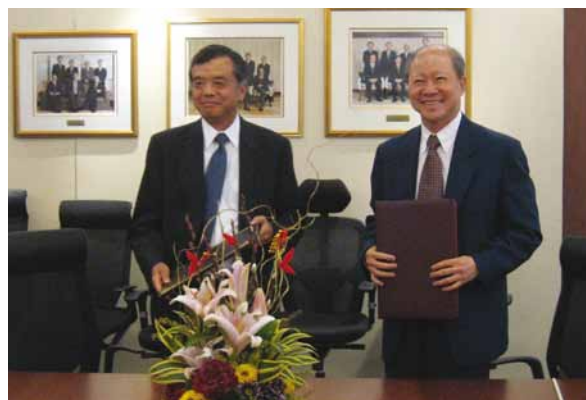
IRAS has also completed and documented five unilateral and five bilateral Advance Pricing Arrangement (APA) in the FY ending 31 March 2010. At the moment, we have 13 ongoing bilateral/multilateral APAs, five unilateral APAs and eight Mutual Agreement Procedure (MAP) at different stages of review. MAPs help businesses resolve instances of double taxation arising from transfer pricing adjustments and APAs set the transfer pricing rules for interested party transactions between entities operating in both countries, offering greater certainty and minimising risks to the taxpayers.

INTERNATIONAL COLLABORATION

IRAS continues to engage the international tax community through participation in international conferences and study groups. These participations have allowed us to be plugged into the latest global developments that would impact Singapore's tax competitiveness, as well as opportunities to share our insights on tax issues on an international platform.

In FY2009/10, we participated in various international conferences and forums such as the 5th OECD-Forum on Tax Administration (FTA) Meeting, OECD Global Forum on Tax Treaties and Transfer Pricing, OECD FTA Compliance

DTA signing between Commissioner and His Excellency Mr Makoto Yamanaka, Japan's Ambassador to Singapore





**IRAS staff with Ms Debbie Hastings,
Senior Assistant Commissioner, Centres of
Expertise, Australian Taxation Office**

Sub-group Conference and Australian State and Territory Revenue Offices Commissioners' Conference. Through these platforms, we shared on topics such as innovation, technology as well as our responses to the global economic situation. In addition, we gained invaluable insights to developments in compliance studies and transfer pricing.

At the OECD Global Forum on Tax Treaties and Transfer Pricing in France, IRAS chaired the session on Deductibility of Interest in Related Party Situations. The forum helped strengthened IRAS' technical expertise as well as enhanced our international standing in the area of transfer pricing and tax treaties.

Our participation at the 5th OECD-FTA Meeting allowed us to share our insights and discuss on the challenges and opportunities tax administrations face within the next three years as well as recent developments in offshore tax compliance. Participating in the meeting also allowed us to keep abreast with international studies on banks, large businesses, high net worth individuals and corporate governance.

Singapore has been elected as the Vice-Chair of the Peer Review Group, which is responsible for establishing a robust, comprehensive and global peer review process for all Global Forum members. Created by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes, it provides a platform for achieving high standards of transparency and exchange of information in an equitable manner and permits fair competition between all jurisdictions.

Besides our participation in international forums, we hosted more than 200 delegates from over 12 countries, including Australia, Botswana, Fiji, Malaysia, New Zealand, South Korea, Tanzania and Vietnam in FY2009/10.

ENVIRONMENTAL SCANNING

To ensure a business-friendly tax system which is in-tune with industry practices, IRAS regularly carries out environmental scanning to identify potential areas for tax policy changes. Through our efforts in FY2009/10, we covered topics such as GST issues in the online gaming industry, employment source rules and property tax on structural networks and submarine cables.

TAX POLICY REVIEW

IRAS actively reviews our tax policies to foster a competitive tax environment that promotes business growth and facilitates commercial activities. We have reviewed an average of about 20 tax policies since FY2007/08. This year, we completed 37 tax policy reviews, with 25 approved tax proposals. Some major policy reviews include the legislation of the arm's length principle, unilateral advance pricing agreement, stamp duties relief rules on business restructuring, GST treatment affecting the marine industry and application of time of supply rules for GST.

EXPANDING GST ZERO-RATING FOR MARINE INDUSTRY

Following IRAS' review of the aerospace industry in 2008 which resulted in changes for the GST treatment of aircraft and aircraft-related supplies, we embarked on a similar review of the marine industry to assess if there was scope to refine the GST legislation.

The review identified several key changes that could more aptly reflect the international character of ship and ship-related supplies in today's context. These included expansion of definitions (e.g. of ship) and the scope of zero-rating.

Singapore Shipping Association Chairman, Mr S S Teo, commented on the positive reception to these changes. He said, "The SSA welcomes the Budget 2010 changes with regard to the GST treatment for ship and ship-related supplies.

"Many of our members are in the international shipping business. Expanding the scope of zero-rating relief to include any goods to be used/installed on board any qualifying ship used for international transport of passengers or goods will definitely reduce the administrative burden on ship operators. This is a move in the right direction and will certainly enhance Singapore's position as an international maritime centre."

These business friendly measures were aimed at promoting the growth of the marine industry in Singapore and simplifying GST compliance along the supply chain.

Ms Teng Bee Suan, Vice President (Group Tax), Sembcorp Marine Ltd, added, "The new GST changes especially the item relating to suppliers no longer have to prove that the goods are installed or for use on a voyage to or from a destination outside Singapore for every voyage for zero-rating of the goods supplied, is a good example of IRAS' pro-business efforts to ease compliance procedures for companies in the marine industry."

FACILITATING MERGERS AND ACQUISITIONS

With Singapore's economy on track to recovery, it is timely for local businesses to consider mergers, acquisitions (M&A) and restructuring as a strategy for growth and internationalisation.

To facilitate this, an M&A allowance and stamp duty relief ("M&A scheme") was introduced in Budget 2010. IRAS collaborated with the Ministry of Finance to develop this one-off tax allowance for qualifying M&As, executed from 1 April 2010 to 31 March 2015 (both dates inclusive). The allowance will be equal to 5% of the value of the acquisition, capped at S\$5 million in a single year of assessment.

Mr Sum Yee Loong, Partner, Deloitte & Touche, welcomed the initiative. He said, "The quickest way to grow and be a serious player in the global arena is through M&As. However, M&As, by definition are capital transactions and as such, costs associated to such M&As are not deductible for tax purposes. The proposed M&A Allowance is an innovative way through which the Government seeks to encourage SMEs to consider M&As, as this allowance will alleviate the cost burden of companies pursuing M&As."

To further reduce the cost of M&As for companies, stamp duty relief would be granted on the transfer of unlisted shares for these qualifying M&A deals over the same period, capped at S\$200,000 per year of assessment.

IRAS has released a consultation paper in June 2010 to seek feedback from the public on the details of the M&A scheme. Details of the scheme will be finalised thereafter, taking into account the feedback received.

HIGHLIGHTS OF TAX CHANGES

INCOME TAX CHANGES FOR BUSINESSES

Productivity and Innovation Credit

A broad-based tax measure was introduced to encourage businesses to invest in productivity and innovation. The scheme enhances existing tax measures and consolidates them into a single scheme, to be known as Productivity and Innovation Credit (PIC).

The PIC provides businesses with enhanced deductions for a range of activities promoting productivity and innovation. For the purpose of the PIC, qualifying deductions/allowances comprise the following:

- a) Enhanced capital allowance for prescribed automation equipment
- b) Enhanced deduction of qualifying research & development expenditure
- c) Enhanced deduction of costs of registering patents, trademarks, designs and plant varieties
- d) Enhanced deduction of costs of intellectual property rights
- e) Enhanced deduction of costs of approved design activities
- f) Enhanced deduction of training costs

The various enhancements under the PIC will be available from Year of Assessment (YA) 2011 to YA2015.

In addition, from YA2011 to YA2013, eligible businesses can opt to convert an amount of up to S\$300,000 of their qualifying deductions/allowances from all or any combination of the six above-mentioned activities for each qualifying YA into cash at the rate of 7%. For YA2011 and

YA2012, the cap on the amount of qualifying deduction/allowances that can be converted into cash will be combined, making it a total of S\$600,000 for two YAs.

Enhanced Capital Allowance for Prescribed Automation Equipment

Capital allowance on the first S\$300,000 incurred on the acquisition of prescribed automation equipment in each basis period is enhanced to 250%, subject to certain requirements, for YA2011 to YA2015. Expenditure in excess of S\$300,000 will continue to enjoy capital allowance based on 100% of the costs incurred.

To help businesses benefit from the PIC without rushing the implementation of their investments, the cap for the enhanced capital allowance claim will be combined for YA2011 and YA2012. Businesses will be able to enjoy up to 250% allowance on the first S\$600,000 incurred on the acquisition of prescribed automation equipment in the basis periods for YA2011 and YA2012. The pooling of cap will similarly apply to the other five activities promoting innovation and productivity.



Enhancements to Encourage Research & Development (R&D) in Singapore

A further 100% tax deduction, in addition to the current enhanced 150% tax deduction allowable under sections 14D and 14DA of the Income Tax Act (ITA), is granted on the first S\$300,000 of qualifying R&D expenditure incurred in each basis period on R&D carried out in Singapore. The new further enhanced deduction is granted from YA2011 to YA2015. Qualifying R&D expenditure in excess of S\$300,000 will continue to enjoy a 150% tax deduction.

The R&D Tax Allowance (RDA) scheme will be phased out with effect from YA2011. RDA granted in respect of chargeable income for YA2009 and YA2010 can be utilised against income for subsequent YAs up to YA2016, subject to prevailing conditions. However, if a company elects to claim RDA, it will not be entitled to a further enhanced deduction under the Credit.

The existing R&D Incentive for Start-up Enterprise (RISE) scheme will be subsumed under the Credit from YA2011. Claims made under RISE will still be processed and allowed for YAs 2009 and 2010, subject to the prevailing conditions.

Enhanced Deduction of Costs of Registering Patents, Trademarks, Designs and Plant Varieties

Costs incurred in registering trademarks, designs and plant varieties are allowed as tax deductions. The tax deduction under section 14A of the ITA is enhanced to 250% for the first S\$300,000 of the costs incurred in a basis period for the registration of patents, trademarks, designs and plant varieties. Registration costs in excess of S\$300,000 will continue to enjoy a deduction at 100% of the costs incurred.

The above tax changes are effective for YA2011 to YA2015. All prevailing conditions governing the deduction under section 14A will continue to apply.

Enhanced Deduction of Costs of Intellectual Property Rights (IPR)

An enhanced writing-down allowance under section 19B of the ITA equal to 250% for the first S\$300,000 of the capital expenditure incurred to acquire IPRs in each basis period is granted, subject to conditions. Capital expenditure in excess of S\$300,000 will continue to be written down based on 100% of the expenditure incurred.

The definition of IPRs is expanded to include plant varieties. The above tax changes are effective for YA2011 to YA2015.

Enhanced Deduction of Costs of Approved Design Activities

A tax scheme that grants 250% tax deduction on the first S\$300,000 of qualifying design expenditure incurred on approved product and industrial design activities conducted in each basis period is introduced. Any such expenditure incurred exceeding S\$300,000 will continue to enjoy 100% tax deduction. The scheme is effective from YA2011 to YA2015.

Enhanced Deduction of Training Costs

A 250% tax deduction is granted on the first S\$300,000 of qualifying training expenditure incurred in a basis period, subject to conditions. All other training expenditure incurred in the basis period will continue to enjoy a 100% tax deduction, subject to the general tax deduction rules under sections 14 and 15 of the ITA. The enhanced tax deduction is effective from YA2011 to YA2015.

Tax Incentive for Mergers & Acquisitions

A new tax incentive is introduced for companies that undertake qualifying mergers and acquisitions (M&A) from 1 April 2010 to 31 March 2015. The quantum of the M&A allowance is 5% of the value of the acquisition, and is capped at S\$5 million for all qualifying M&A deals executed in the basis period for each year of assessment. The M&A allowance is to be written down over five years on a straight-line basis.

Phase Out of Industrial Building Allowance (IBA)

The IBA regime, which had been around since the 1940s, has been phased out with effect from 23 February 2010, subject to certain transitional measures. The transitional rules have been put in place to ensure that qualifying taxpayers who have committed on or before 22 February 2010 to incur capital expenditure on an industrial building are not unduly affected by the tax change.

Land Intensification Allowance

In line with the recommendations by the Economic Strategies Committee, a Land Intensification Allowance (LIA) scheme is introduced to encourage businesses to intensify the use of industrial land in Singapore. The LIA will be granted on an approval basis to a qualifying person who incurs construction or renovation costs on a building which meets certain criteria. Under the scheme, an initial allowance of 25% and annual allowances of 5% on the qualifying construction or renovation costs incurred are given subject to conditions. The window approval period for the scheme is from 1 July 2010 to 30 June 2015.

Extension and Enhancement of Investment Allowance for Approved Project for the Provision of Maintenance, Repair and Overhaul Services

The Investment Allowance (IA) scheme for aircraft rotables is renewed for another five years from 1 April 2010 to 31 March 2015. In addition, the non-swapping of aircraft rotables condition for the purpose of IA scheme is removed with effect from 1 April 2010, subject to conditions. All other conditions under the IA scheme remain unchanged.

New Tax Incentive on Incremental Income Derived from International Legal Services

A new tax incentive is introduced for qualifying law practices providing international legal services. The incentive grants a concessionary tax rate of 10% for a period of five years on incremental income derived from the provision of qualifying international legal services (exceeding a base income) by an approved qualifying law practice, subject to conditions and targets. Eligible law practices may apply for the incentive from 1 April 2010 to 31 March 2015.

Extension of Maritime Finance Incentive

The window approval period for granting the Maritime Finance Incentive (MFI) is extended from 28 February 2011 to 31 March 2016. Any company, partnership or registered business trust that is awarded MFI status between 1 March 2011 and 31 March 2016 (both dates inclusive) will be approved for a period of five years.

Inclusion of In-House Ship Management Fees as Qualifying Income under Sections 13A and 13F of Income Tax Act

In-house ship management income that is derived on or after 22 February 2010 from rendering ship management services to qualifying related parties is included as income qualifying for tax exemption under sections 13A and 13F of the ITA.

Tax Incentive for Ship Brokers and Forward Freight Agreement (FFA) Traders

A new tax incentive for ship broking and FFA trading activities is introduced, whereby a company that is awarded the incentive will enjoy a concessionary tax rate of 10% on its qualifying income derived from the activities of ship broking and FFA trading performed in Singapore. If the company is currently carrying out such activities prior to the award of the incentive, only the qualifying income above a base income will enjoy the concessionary tax rate. The incentive status may be granted for a period of five years and the window approval period is from 1 April 2010 to 31 March 2015 (both dates inclusive).

Extension of and Refinement to Listed Real Estate Investment Trusts (REITs) Concessions

The concessionary tax rate of 10% on distributions made by the trustee of a REIT to a qualifying non-resident non-individual investor is extended from 18 February 2010 to 31 March 2015.

A sunset clause will be imposed on the tax exemption granted under section 13(12) of the ITA on qualifying foreign-sourced income received in Singapore by REITs or wholly-owned Singapore subsidiary companies of REITs. The tax exemption will apply to qualifying foreign-sourced income received in Singapore on or before 31 March 2015.

Enhancements to the Financial Sector Incentive (FSI) Scheme

The qualifying base (QB) under the FSI Scheme will be removed from 1 January 2011. In tandem with the removal, the concessionary tax rate for Financial Sector Incentive – Standard Tier (FSI-ST) award will be adjusted from 10% to 12% as a revenue neutral change.

The list of FSI-ST qualifying activities will also be updated.

Review of Tax Incentives for Futures Members and Members of Singapore Commodity Exchange (SICOM)

The tax incentives granted to future members of Singapore Exchange and members of SICOM will lapse after 31 December 2010. The futures members of Singapore Exchange and members of SICOM will have an option to transit to the FSI-ST scheme from 1 January 2011 to 31 December 2013, subject to conditions.

From 1 January 2011, companies which engage in transactions that would have been incentivised under the tax incentives granted to future members of Singapore Exchange and members of SICOM may apply for tax concession under the FSI scheme.

Review of Tax Concession for Offshore Insurance Business

With effect from 1 April 2010, the following changes are introduced to the tax incentive scheme for the offshore insurance business:

- a) A five-year sunset clause will be imposed and the scheme will be reviewed on or before 31 March 2015 to determine whether it will be further extended after 31 March 2015;
- b) New headcount requirement will be imposed for incentive recipient (except for captive insurer);
- c) The incentive will be awarded to an approved recipient for a period of 10 years;
- d) To facilitate the transition of existing incentive recipients to the revised incentive framework (with the new headcount criterion), existing incentive recipients will be given a grace period of three years from 1 April 2010 to 31 March 2013 to meet the headcount criterion before they can continue to enjoy the concession for the remaining seven years of the first 10-year award.

Removal of Approved Start-Up Fund Manager Scheme

The Approved Start-Up Fund Manager Scheme has lapsed after its expiry on 17 February 2010. No new approvals will be granted under the Scheme after 17 February 2010.

INCOME TAX CHANGES FOR INDIVIDUALS

Reduce Withholding Tax Rate for Non-Resident Public Entertainer

The withholding tax rate for a non-resident public entertainer (NRPE) on gross income from services as a public entertainer rendered in Singapore is temporarily reduced from 15% to 10%, where the payments are due and payable from 22 February 2010 to 31 March 2015 (both dates inclusive).

All other prevailing rules and procedures relating to the withholding tax regime for NRPE (such as existing administrative concession, filing and payment procedures) remain unchanged.

Changes to Dependant-Related Reliefs

Changes to Income Condition

Prior to the 2010 Budget announcement, one of the qualifying conditions imposed on the dependant who is the subject of claim of dependant-related reliefs is that the dependant must not have income exceeding the threshold of S\$2,000 (referred to as “income condition”) in the year immediately preceding any particular year of assessment.

The income condition for all handicapped dependant reliefs (i.e. handicapped spouse relief, handicapped child relief, working mother’s child relief in respect of handicapped child, handicapped parent relief, handicapped sibling relief, CPF cash top-up relief in respect of handicapped spouse and sibling) is removed.

The income threshold for non-handicapped dependant reliefs (i.e. wife relief, child relief, working mother's child relief in respect of non-handicapped child, parent relief in respect of non-handicapped parent, CPF cash top-up relief in respect of non-handicapped spouse and sibling) is raised from S\$2,000 to S\$4,000.

Changes to the income condition for the dependant-related reliefs will take effect from YA2010, with the exception of CPF cash top-up relief for top-up made for spouse and sibling. Changes to the income condition for the latter will only take effect from YA2011.

Increase in Quantum of Parent/Handicapped Parent Relief

The amount of tax relief is raised with effect from YA2010:

- a) The Parent Relief is increased to S\$7,000 if the parents live with the resident individual in the same household and S\$4,500 if they do not live together.
- b) The handicapped parent relief is increased to S\$11,000 if the parents live with the resident individual in the same household and S\$8,000 if they do not live together.

All qualifying conditions (other than income condition as mentioned above) for parent/handicapped parent relief remain unchanged.

Expansion of Wife Relief to Spouse Relief

With effect from YA2010, the existing wife relief is replaced with a new spouse relief which allows either the husband or wife to claim relief in the current YA provided the income of the spouse does not exceed S\$4,000 in the previous year. All other qualifying conditions remain unchanged.

Increase in Course Fee Relief

The course fee relief is increased from S\$3,500 to S\$5,500 from YA2011.

Tax Deduction for Approved Angel Investors

An approved angel investor is granted a tax deduction based on 50% of the cost of qualifying investments made by him in a qualifying start-up company, subject to a deduction cap of S\$250,000 for each YA. The deduction will only be granted at the end of the second year of holding the investments and is subject to meeting certain conditions. This incentive is valid from 1 March 2010 to 31 March 2015 (both dates inclusive) and applies to approved investments made in qualifying start-up companies during this period.

INCOME TAX CHANGES FOR BUSINESSES, INDIVIDUALS AND BODIES OF PERSONS

Enhancement of Tax Deduction on Donations

The tax deduction of 2.5 times is extended for another year for donations made to Institutions of Public Character and other specified recipients from 1 January 2010 to 31 December 2010. All other conditions regarding the tax deduction of donation remain unchanged.

GOODS AND SERVICE TAX (GST) CHANGES

Simplification of the General Time of Supply Rules

With effect from 1 January 2011, the following changes will be made to the general time of supply rules:

- a) removal of the basic tax point; and
- b) removal of the 14-day rule.

With the tax changes, the liability to account for output tax on most transactions will arise at the earlier of:

- a) when tax invoice is issued; or
- b) when payment is received.

Import GST Deferment Scheme

A new Import GST Deferment Scheme will be implemented from 1 October 2010. The scheme allows approved GST-registered traders to defer their import GST payments until the submission of their monthly GST returns for the prescribed accounting period for a period of three years.

Extension of GST Remission Granted to REITs and Qualifying Registered Business Trusts Listed in Singapore

The current GST remission granted to REITs and qualifying Registered Business Trusts (qualifying RBTs) listed on Singapore Exchange, is extended from 18 February 2010 to 31 March 2015. The remission allows REITs and qualifying RBTs to recover input tax incurred on all business expenses (except for disallowed expenses) from 17 February 2006 to 31 March 2015, regardless of their eligibility for GST registration. All other details and qualifying criteria will continue to apply.

Expanding GST Zero-rating for Marine Industry

With effect from 1 July 2010, the following changes will be made to the GST treatment for the marine industry:

- a) Expand the definition of qualifying ship in section 21(4)(a) of the Goods and Services Tax Act (GSTA) to include wholly internationally bound ships that are used or adapted for use for recreation or pleasure purposes;
- b) Expand the scope of zero-rating relief to include the supply of any goods to be used or installed on board any ship that falls within the expanded definition of qualifying ship;
- c) Expand the scope of zero-rating relief to include all international transport of passengers and/or goods without the need for the ship to call at a port outside Singapore

Expanding GST Zero-Rating for Aircraft-Related Supplies

With effect from 1 July 2010, the scope of zero-rating relief will be expanded to include the supply of stores and merchandise for resale on board any aircraft that falls within the definition of qualifying aircraft under section 21(4)(a) of the GSTA.

PROPERTY TAX CHANGES

Review of Existing Property Tax Rebate for Owner-occupied Residential Properties

For property tax payable from January 2011, the existing owner-occupier's concessionary tax rate of 4% will be replaced by a new progressive property tax regime for owner-occupied residential properties:

- i) 0% for the first S\$6000 of Annual Value (AV);
- ii) 4% for the next S\$59,000 of AV;
- iii) 6% for the balance of AV in excess of S\$65,000.

With the introduction of the progressive property tax regime for owner-occupied residential properties, the annual GST rebates introduced since 1994 for owners of owners-occupied residential properties will lapse on 31 December 2010. Non-owner-occupied residential properties and other properties will continue to be subject to 10% property tax.

STAMP DUTY CHANGES

Stamp Duty Remission Granted to Documents Relating to Qualifying Mergers and Acquisitions (M&A)

Stamp duty remission is granted on transfer documents of unlisted shares for qualifying M&A deals executed from

1 April 2010 to 31 March 2015 (both dates inclusive). The remission of stamp duty will be capped at S\$200,000 per year.

Extension of Stamp Duties Remissions granted to Singapore REITs and Extending the Qualifying Time Period for Listing of REITs to six months

Currently, remissions of stamp duties are granted on any contract, agreement or instrument:

- a) in relation to the conveyance, assignment or transfer on sale of any immovable property or any interest thereof from any person to a REIT executed from 18 February 2005 to 17 February 2010 (both dates inclusive); and
- b) in relation to the conveyance, assignment or transfer on sale of 100% of the issued share capital or any interest therein of a Singapore incorporated company that was solely set up to hold directly or indirectly any immovable properties situated outside Singapore to a REIT, executed from 1 January 2006 to 17 February 2010 (both dates inclusive).

The above stamp duties remissions are extended from 18 February 2010 to 31 March 2015 (both dates inclusive). For the purpose of qualifying for the stamp duties remissions, the time period for listing of REITs is extended from one month to six months from the execution of the chargeable document.

Promoting Voluntary Compliance



A high level of voluntary compliance is an outcome we strive for, as we believe this is the most sustainable outcome to ensure effectiveness and efficiency of tax administration.

LOWERING TAXPAYERS' COMPLIANCE COSTS

At IRAS, we believe that lowering compliance costs will have a positive influence on taxpayers' behaviour and improve the level of voluntary compliance. We constantly review and simplify rules to make it easy for taxpayers to comply. IRAS has reviewed GST rules to reduce administrative costs for most businesses, particularly for smaller traders as they no longer need to track the delivery of goods or performance of services. We have also expanded the scope for GST zero-rating for the marine industry, commenced research to refine the zero-rating provisions further and introduce new measures for compliance.

For small and medium enterprises (SMEs), we partnered with IDA to introduce the Infocomm@SME – Accounting Software Assistance Scheme. This scheme aims to improve SMEs' record keeping practices and make tax reporting easier for them. More than 150 SMEs have applied for this scheme and they have received grants of up to 50% (subject to a cap of S\$1,500) for their accounting software purchases.

To facilitate tax filing for individuals, we increased the coverage of the Auto-Inclusion of Employment Income Scheme (AIS) from 8,550 employers for YA2009 to 13,500 employers for YA2010. To help employers prepare for the electronic transmission of employment income, we conducted 24 seminars and 136 hands-on workshops for those who were new to the AIS. More employers onboard the AIS translates to a higher level of convenience for about 1.12 million taxpayers as their employment income information were submitted electronically to IRAS for the YA2010 tax filing exercise by their employers.



We gather inputs via the Taxpayer Feedback Panel on our initiatives to reduce compliance costs for taxpayers

TAXPAYER EDUCATION

Taxpayers who are well-informed and understand their tax matters are better able to comply with their tax obligations. Hence, we continue to provide taxpayer education and timely information to taxpayers through various media such as our website, seminars, workshops and dialogue sessions.

In line with our compliance focus for FY2009/10, we held a series of sharing sessions for individuals and businesses to learn about tax and their tax obligations. In FY2009/10, GST-registered businesses from electronics wholesale, marine fuel trade firms, motor industry and small and medium manufacturers attended GST workshops and dialogue sessions to learn about proper record keeping and accounting. For individuals, we conducted educational seminars and dialogue sessions for renovation contractors, accountants and medical practitioners. We also organised





Explaining the Productivity and Innovation Credit at the Tax Academy Budget Seminar 2010

dialogues with promotion agencies and reviewed incentivised shipping enterprises and corporate taxpayers who had been granted incentives under the Global Trader Programme (GTP) and the Approved Royalty Incentive.

AUDIT AND INVESTIGATION

Our FY2009/10 compliance focus also guides our compliance activities in audit and investigation. We mounted coordinated investigation and audit programmes where relevant to increase the effectiveness of our compliance activities.

Through the efforts of our GST and income tax audit and investigation teams, a total of 8,021 non-compliant cases

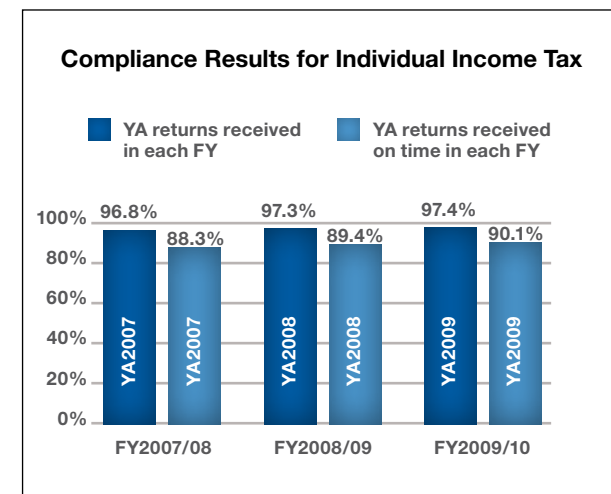
were uncovered, resulting in the collection of S\$256 million in taxes and penalties in FY2009/10. We also publicised cases that were prosecuted in court, so as to raise public awareness of our compliance capabilities and to deter taxpayers from committing tax offences. In FY2009/10, ten prosecution cases were widely publicised in the media.

We also conducted a stamp duty audit on transactions on residential properties last year and 99.8% of the transactions were found to have complied with the Stamp Duties Act. IRAS worked with the Law Society and Real Estate Developers' Association of Singapore (REDAS) to remind their members on the stamping requirement of sales and purchase documents and reporting of sub-sale property transactions respectively.

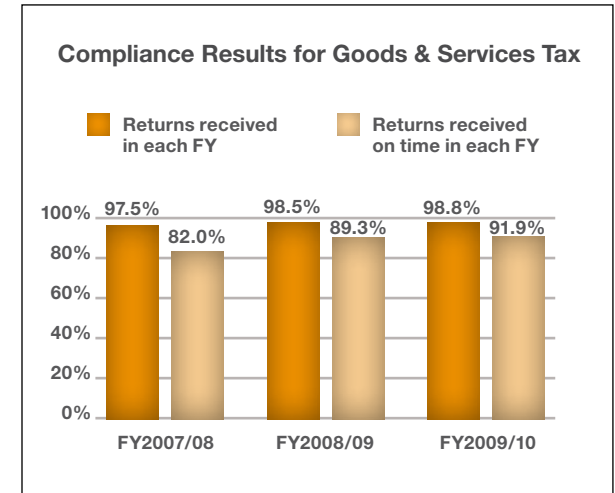
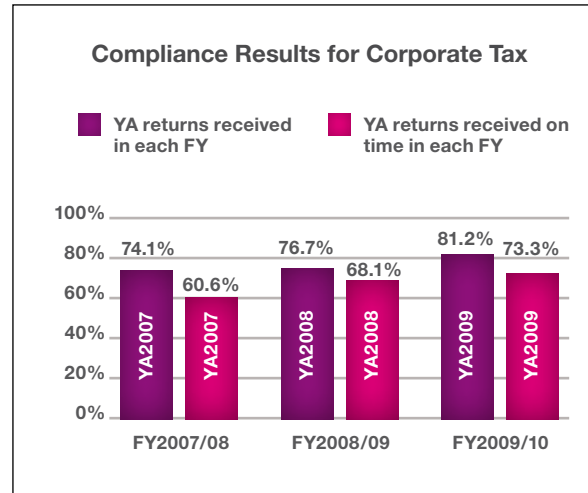
TAX COMPLIANCE RESULTS

The continuous improvement in our tax compliance results is a reflection of the effectiveness of our compliance efforts.

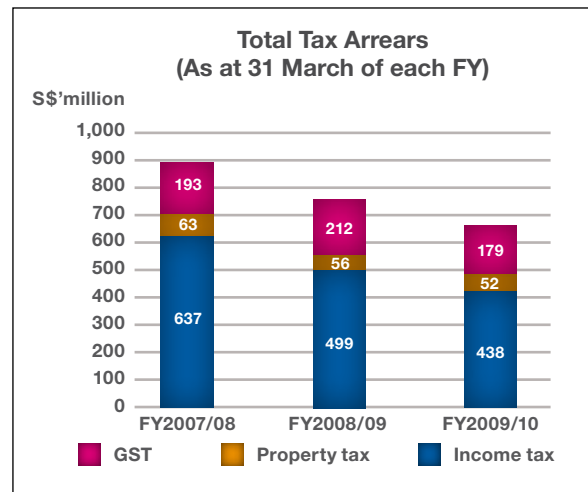
Out of the 1,599,957 individual income tax returns issued for YA2009, more than 90% of the returns were received by the filing due date. This high compliance rate may be attributed, in no small part, to including more taxpayers into the No-Filing Service (NFS) scheme and expanding the Auto-Inclusion scheme to cover more employers. In addition, we tapped on mobile services to encourage taxpayers to file early. About 34,000 taxpayers received our SMS reminders to "File Early" and 42% of them e-Filed earlier in 2009.



We also achieved a marked improvement in the compliance results for corporate income tax. We issued a total of 133,068 returns in YA2009, and 73.3% were submitted on time. This is a remarkable 5.3% increase from that of the previous year. 91.9% of the 302,726 GST returns issued were submitted on time, representing a 2.6% increase from that of FY2008/09.



Our tax arrears rate remained healthy despite the abysmal economic climate last year. As at 31 March 2010, the total cumulative tax arrears amounted to S\$669 million, registering a 12.8% drop from the previous financial year.





Providing
Excellent Service

We seek continuous improvement in our organisation as our priority is to provide excellent service to taxpayers.

INCULCATING A STRONG SERVICE CULTURE

Our service excellence campaign kicked into full throttle in FY2009/10, spearheaded by our Service Excellence Steering Committee (SESC) which was set up to drive service excellence in IRAS.

Recognising that different taxpayer segments have differing needs and expectations, we defined the Desired IRAS Experience IRAS would like to deliver to these customer segments. All staff are undergoing customised service excellence training to deliver the Desired IRAS Experience to our taxpayers.

ACHIEVING HIGH STANDARDS IN TAXPAYER SERVICE

A key tenet of IRAS' commitment to service is our Service Pledge. We seek to provide a level of service that answers taxpayers' queries with consistency, competence and clarity without inconveniencing our taxpayers. We track our service level in five key areas of interaction, namely, telephone calls, letters, emails, walk-in interviews and tax refunds.

In FY2009/10, we answered a total of 999,040 telephone calls from taxpayers. We answered 86% and 74% of telephone calls within one minute during non-peak and peak periods respectively, exceeding the corresponding service targets of 85% and 70%.

We responded to 90.8% of the 449,856 mail correspondences received within 15 working days in FY2009/10. This exceeded our target of replying to 80% and was higher than FY2008/09's rate of 86.4%.

Out of 258,204 emails we received in FY2009/10, 93.3% were responded to promptly within five working days. This exceeded our service target of 80% by 13.3%.

A total of 186,071 taxpayers walked into Revenue House in FY2009/10 and we attended to 90.1% of them within 20 minutes, surpassing our target of 80%. This marked a 3.9% improvement from FY2008/09.

We processed 760,712 refunds promptly. 94.6% and 99.9% of refunds were processed within 14 and 30 days respectively.



Staff pick up important skills on improving excellent service to taxpayers at a customised workshop



SERVING TAXPAYERS BETTER

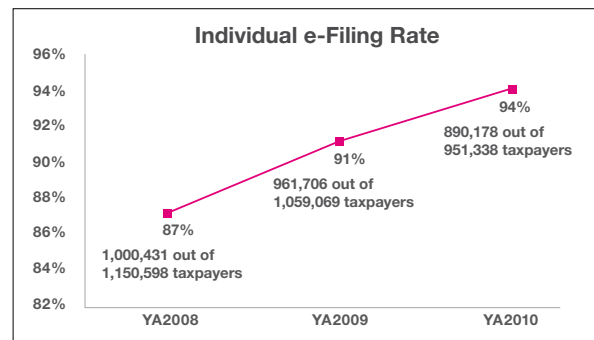
Excellent service goes beyond meeting the established service standards; it encompasses continuously improving our processes and systems with taxpayers' needs in mind.

In FY2009/10, IRAS completed Project Frontline which we embarked on last year to consolidate our telephone helplines and walk-in structures of various tax types, so we can resolve taxpayers' issues more quickly. We also enhanced the functionalities of our Complaints Management System (CMS) with a 360-degree view of taxpayers' profiles, customisation and automation of performance reports, to improve our frontline productivity.

Recognising the varying needs of different taxpayer segments, we employ a targeted approach for each group. For large corporations, we have stepped up our engagement with them through more face-to-face discussions and field visits to understand business practices and resolve tax issues. We have also introduced the Enhanced Taxpayer Relationship (ETR) programme for larger groups of companies. In engaging the senior executives of these companies on their tax matters, we are able to resolve tax issues in a more timely and holistic manner. To date, we have invited 10 groups of companies to this programme.

We introduced the No-Filing Service (NFS) in YA2007 to individual taxpayers who have straightforward tax positions – where their employment income information is already transmitted by their employers to IRAS under the Auto-Inclusion scheme for employment income and where their claims for relief have remained unchanged. This service allows these taxpayers to receive their Notices of Assessment without having to file their returns. In YA2010, we extended NFS to more than 650,000 individual taxpayers, up from 495,000 in YA2009. YA2010 tax filing was a non-event for 532,924 individuals or 82% of the total number of taxpayers offered NFS as they did not need to file their returns.

Taxpayers can rely on easy, accessible and efficient service when they need to transact with us. Our extensive user-friendly self-service facilities bring convenience to taxpayers as they can access tax information and services at the time and place of their choice. In YA2010, a record 94% of individual taxpayers used our e-services to file their taxes as at the e-Filing due date, as compared to 91% of taxpayers who e-Filed in YA2009. We also leveraged on mobile services to encourage taxpayers to file early.



Don't miss this out.

e-File by 18 April 2010

File your tax return early to avoid the last-minute rush.

For enquiries, email taxqueries@iras.gov.sg or call 1800 252 5011

Visit these centres from now till 17 Apr if you need help :

- Bedok Community Centre
- Chong Pang Community Club
- Mon to Fri - 11am to 7pm, Sat - 9am to 2pm

CPF Service Centres at

- Robinson Rd
- Jurong
- Bishan
- Tampines
- Woodlands

Mon to Fri - 8am to 5pm, Sat - 8am to 1pm

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

INLAND REVENUE AUTHORITY OF SINGAPORE

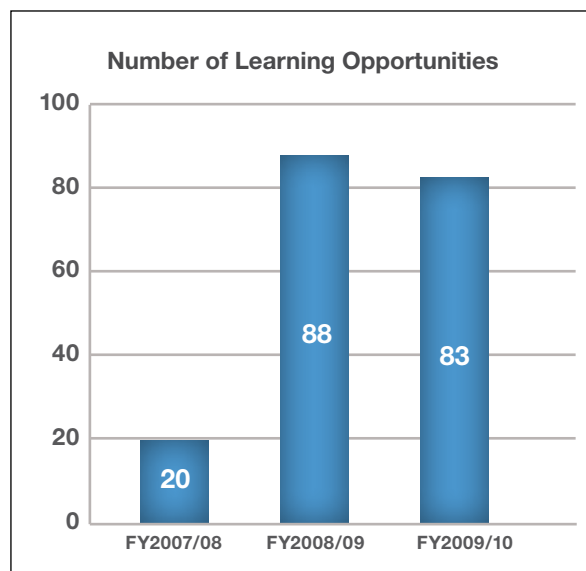
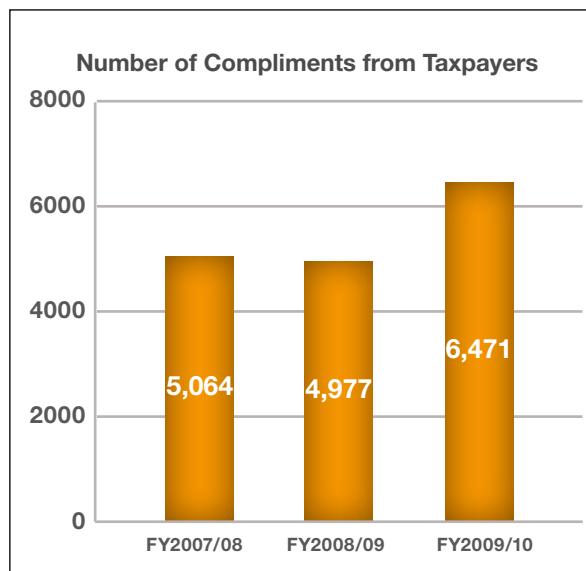
Our tax filing publicity campaign encouraged taxpayers to e-File their taxes early

GATHERING TAXPAYERS' FEEDBACK FOR IMPROVEMENT

Feedback from taxpayers is very important to us as we continually seek ways to improve the quality of our services and processes.

As at 31 March 2010, we received 6,471 compliments and 83 learning opportunities. The learning opportunities were tracked via our improved Complaints Management System (CMS) and shared with our officers.

During this financial year, we conducted three Taxpayer Feedback Panel (TFP) sessions. These meetings help us understand taxpayers' needs and expectations in this challenging economic climate, and serve as a platform for us to clarify their concerns about our policies and rules. Some issues discussed at the TFP meetings included the SME Accounting Software Subsidy Scheme, Productivity and Innovation Credit, Simplified Reporting of Benefits-in-Kind for Income Tax Purposes and Proposed Changes in Income Tax Act on Taxing Property Sales Gains.



TAXPAYER SURVEY 2009

IRAS conducted the biennial Taxpayer Survey in 2009 to get an in-depth understanding of taxpayers' needs and obtain their feedback on IRAS' policies, regulations and services.

We surveyed a total of 5,344 taxpayers spanning across all tax types. Overall, 95.8% of taxpayers were satisfied with IRAS' service. This is an improvement from 95.3% achieved in the 2007 survey.

A high percentage of the respondents (93.7%) acknowledged that the tax system was business friendly and encouraged enterprise and this marked a 3.8% point increase from the last survey conducted.

The majority of the respondents (95.6%) also agreed that taxpayers in general declared their incomes honestly. There was an increase in the number of respondents who thought the time and money spent on fulfilling their tax obligations were reasonable – 91.7% compared to 89.1% in 2007.



Building a Competent and Committed Workforce

We strive to develop a team of competent and committed people who contribute to IRAS with pride and passion.

STAFF STRENGTH

IRAS' staff strength stands at 1,823 as at 31 March 2010. Staff turnover rate is lower at 3.86%, as compared to 5.35% in FY2008/09.

DEVELOPING OUR STAFF

IRAS believes in developing our people. In FY2009/10, S\$3,456,243 or 2.45% of the total payroll was spent training our staff and each employee achieved an average of 15.6 training man-days.

To enhance the professional standards of our staff, we keep our staff up-to-date on industry trends and tax developments through in-house sharing. Some of the topics covered include Tax Impact on Financial Reporting Standards, Compliance Risk relating to Transit Hotels, Property Tax on Structural Networks, GST on Fund Management Industry and Tax Treatment on Corporate Amalgamations.

We also develop our staff through job rotations and dual appointments. More recently, we have seconded more officers to Ministry of Finance (MOF) to provide exposure to tax policy work.



Staff get a clearer insight into the internationally agreed Standard for the exchange of information for tax purposes





Commissioner presents the Commissioner’s Award to Mrs Wee-Poh Lai Khim (Director, Infocomm Division) and Mr Leo Ann Thong (Manager, Infocomm Division) at the Innovation Award Ceremony

The Annual Tax Conference (ATC), organised by the Accredited Tax Specialist (ATS) community, was held in September 2009. The event provided ATSS with the opportunity to discuss new technical issues, such as Simplifying Time of Supply Rules for GST, Inclusion of Landlord Expenses in the Computation of Annual Value, and Source Rules for Individual Income Tax. The ATC is also a celebration of the tax specialist movement, and awards given out during the conference include Newly Accredited Tax Specialists, Technical Contribution Award and Book Prizes for Advanced Courses.

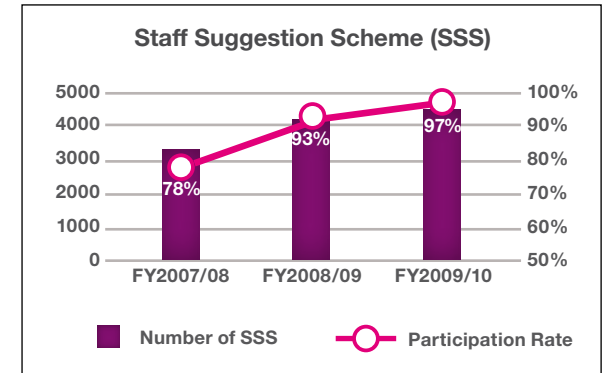
Three of our staff were honoured with medals at the Singapore National Day Awards in 2009. The Singapore National Day Awards are a means of recognising various forms of merit and service to Singapore. Ms Chow Wai Yee (Tax Director, Tax Policy and International Tax Division) was bestowed with the Public Administration Award (Bronze) for her outstanding efficiency, competence and industry. For her commendable performance and

conduct, competence and devotion to duty, Mrs Tan Kai Wah (Manager, Accounting and Processing Division) was awarded the Commendation Medal. Ms Neo Chai Chin (Assistant Manager, Accounting and Processing Division) was conferred with the Efficiency Medal which is awarded to individuals who have shown exceptional efficiency or exceptional devotion to duty.

INNOVATION

Continuous improvement is a way of life in IRAS and we strongly encourage active thinking and innovation in our people.

Our 3rd annual Learning and Innovation Festival held in August 2009 drew active participation from our staff. During the week-long festival, we organised talks on innovation and customer service initiatives, and held a “Learning Bites” session where staff gained valuable



insights useful for their work. As part of the Festival activities, the IRAS Thinkathon also generated a record 1,648 suggestions from staff in one day!

We held the Innovation Award Ceremony to commend staff for contributing their innovative suggestions. This spirit of continuous learning and innovation is evident from the completion of 273 innovation projects in FY2009/10, up from 165 last year. Staff contributed a further 4,542 suggestions, with an implementation rate of 57%.

KNOWLEDGE MANAGEMENT

To facilitate knowledge-sharing, we will embark on a Knowledge and Information Management (KIM) Policy and Information Architecture project. This project aims to enhance consistency and discipline in information management and documentation, as well as to promote ease of information retrieval for work efficiency and

effectiveness. A new KIM policy has also been developed, addressing broad principles in the areas of Information Custodianship, Information and Knowledge Sharing, Records Management and Document Management.

As a testament to our efforts, IRAS has achieved the KM Excellence Award (Silver) conferred by the Information and KM Society of Singapore (iKMS). This award affirms IRAS' commitment in creating and sustaining an organisation-wide knowledge sharing culture.

WORK-LIFE BALANCE

Here at IRAS, we believe healthy staff builds a quality organisation. IRAS adopts a holistic approach in encouraging a healthy lifestyle where we focus on the physical, emotional as well as mental well-being of our staff. IRAS' Staff Well-being Committee and the Inland Revenue Recreation Club (IRRC) organised a range of recreational, social and sporting events for our staff during the year. Some social activities organised for staff included the biennial IRAS Family Day, ice-cream making workshops,



A day of fun for the entire family at the IRAS Family Day held at Universal Studios

prawning, a movie outing as well as an overseas trip onboard the SuperStar Virgo cruise.

The IRRC launched the Learn-a-Sport Programme for staff who are keen to pick up a new sport such as fencing, golf and inline skating. The inaugural IRAS Amazing Race also proved to be a popular event among our staff, encouraging team-building through different tasks and activities. Team IRAS participated in the Public Service STAR Games (PSIG) organised by the Civil Service Club and got through to the finals in the Dragon-boat competition. We also clinched top four positions this year in Netball, Bridge and Sports Tele-match.

COMMUNITY INVOLVEMENT

IRAS is glad to extend a helping hand to the needy and less fortunate, continuing a long tradition of giving back to the community. Our efforts did not go unnoticed. IRAS was awarded the President's Social Service Award 2009 (Formal Category) on 22 October 2009. Conferred by the President's office to honour outstanding voluntary contributions towards our country's social service sector,



Staff band together to raise funds for the community through a second-hand goods bazaar

this award is Singapore's most prestigious award for social service volunteerism.

VOLUNTEER E-FILING SERVICE

IRAS promotes volunteerism by the community, for the community via our Volunteer e-Filing Service (VES). This year, 325 volunteers signed up for VES, where they learnt about e-Filing directly from IRAS officers. The volunteers were stationed at 25 VES centres (23 CitizenConnect Centres, Society for the Physically Disabled and Resident Committee) to help less IT-savvy taxpayers e-File their tax returns.

ACTIVITIES FOR CHARITY

To raise funds for the President's Challenge 2009, the community involvement committee of IRRC organised various activities such as food and second-hand goods bazaars, and a car wash which involved our staff and senior management. Through these activities, we raised a grand total of S\$32,029, exceeding the target by about S\$6,000.

CARING FOR THE ENVIRONMENT

One of the main thrusts of our social responsibility policy is to "act together to sustain a clean and healthy living environment". We took part in Waterways Watch to raise the level of awareness among staff on the need to keep our waterways and environment clean and litter-free. We also continued to carry out regular pulping exercise as part of IRAS' continual recycling efforts.

STRIVING TOWARDS OUR CORPORATE GOALS

At IRAS, we aim to develop a team of competent and committed staff who are passionate about their work, enabling the achievement of IRAS' corporate goals through their work. Here, we highlight three staff whose work primarily revolves around fostering a competitive tax environment in Singapore and ensuring compliance by taxpayers.

Ms Low-Chua Pik Sim is a Group Tax Specialist from the Tax Policy and International Tax Division where she formulates tax policies and issues tax rulings and directives.

Each year she would be roped in at the very start of the Budget cycle to review the proposals from various government agencies and evaluate their tax implications. This can be very challenging as she needs to provide accurate technical as well as operational inputs on what the proposed tax changes mean to Singapore's tax system. She also proposes effective, efficient and feasible solutions to implement the supported tax changes, bearing in mind the compliance costs on various stakeholders.

Pik Sim commented, "It's very exciting and I am proud to be part of the team that provides constructive and meaningful technical inputs to shape and carve tax policies to increase the competitiveness of Singapore's tax system. I always feel a great sense of accomplishment and satisfaction after the Budget Statement is delivered."

Increasing the professional standards and competency of our people via training and attachment programmes is also essential for enabling our staff to excel and shine in their work.

For Mr Kenny Hor (Manager, Goods and Services Tax Division) who leads counter-fraud teams, ensuring compliance by taxpayers is his key work objective. He recently had a fruitful four-month attachment with the United Kingdom's customs and tax department, Her Majesty's Revenue and Customs (HMRC), which was beneficial in sharpening the skills of our counter-fraud teams.

Kenny said, "The attachment was very enriching and enlightening. It was a valuable opportunity for me to garner a wide variety of knowledge on the strategies employed by HMRC."

"Their rich experience in shaping timely policies and actions to deter fraudsters provided a good learning platform for me. Apart from obtaining information on their best practices, there was also open sharing and discussion on areas that could be improved, which was very insightful."

Another avenue to encourage compliance by taxpayers is through tax seminars and workshops. Ms Julia Chew (Acting Manager, Corporate Tax Division) frequently conducts educational seminars to companies and tax agents, which are either organised by IRAS or initiated by external parties such as trade associations.

Julia explained, "The aim of our seminars is to reach out to companies and educate them about their tax obligations, basic corporate tax rules and the use of our corporate tax e-services."

"Feedback from the companies has been encouraging. Participants would comment they have learnt much from our seminars and encourage us to continue having more of such educational efforts. There is a great sense of fulfillment knowing that companies find our seminars useful and informative, and it is also an interesting and rewarding experience to interact with the participants."



"I contribute to the organisation with pride and passion." (L-R): Mr Kenny Hor, Ms Low-Chua Pik Sim and Ms Julia Chew

Looking Ahead

The global financial crisis has reminded us of the increasingly volatile external environment. As a tax administrator, we need to constantly adapt to meet the changing demands of the economy and of our stakeholders.

DELIVERING GREATER VALUE TO THE NATION THROUGH A COMPETITIVE TAX SYSTEM

We will deliver greater value to Singaporeans by making the tax system a competitive advantage for the nation. In line with the government's call to grow more globally competitive companies, we will continue to negotiate new treaties with countries in regions where there are new economic opportunities. We will continuously review and refine our tax policies to make it even easier to do business in Singapore.

MAKING IT EASY TO COMPLY

We will continue to review and simplify our rules, procedures and our tax guides, making it clear and easy for taxpayers to understand and comply.

We will conduct strategic research into areas with potential compliance risks to formulate plans to address these risks and influence taxpayers' compliance behaviour. We will also strengthen across-tax compliance programmes as well as let taxpayers better appreciate our compliance capabilities and efforts through our enhanced compliance webpage.

SCALING THE PEAKS OF EXCELLENCE IN SERVICE

Living up to our service mantra - "No service is the best service" – we will further reduce taxpayers' need for assisted service with the introduction of new and specific e-services in FY2010. IT-savvy taxpayers can also expect a more seamless e-experience at the IRAS website and *myTax Portal*.

BUILDING SUPERIOR CAPABILITIES

As an organisation that relies greatly on our people to excel, we will develop deep expertise in both tax and non-tax related areas. We will also invest in appropriate technologies and build superior capabilities and competencies as IT will continue to be a major enabler in achieving the outcomes of our focus areas.

