



INLAND REVENUE  
AUTHORITY OF  
SINGAPORE

# IRAS

INLAND REVENUE AUTHORITY OF SINGAPORE

# ANNUAL REPORT

## 2012 | 2013



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# ABOUT US

## 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 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

## 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



# CHAIRMAN'S STATEMENT

The Singapore economy grew at a slower pace of 1.3% in 2012, amidst a challenging global environment. With unemployment rates maintained at 2.0%, our labour market remained tight while wages rose by 2.3%. Against this backdrop, tax revenues stayed robust, funding key Government programmes to strengthen social safety nets and workfare, as well as to help businesses restructure and become more productive.

## **BUILDING AN INTERNATIONALLY COMPETITIVE ENVIRONMENT**

IRAS facilitates cross-border investment and trade by enlarging and enhancing Singapore's extensive network of Avoidance of Double Taxation Agreements (DTAs). In FY2012/13, IRAS concluded DTAs with Belarus, Guernsey, the Isle of Man and Jersey, and updated the existing DTAs with Poland, Portugal and Vietnam. Singapore now has 74 comprehensive DTAs, 69 of which are in force. IRAS also concluded six Advanced Pricing Arrangements (APAs) and resolved a case through Mutual Agreement Procedure (MAP) discussions, providing greater tax certainty and eliminating the double taxation faced by businesses engaging in cross-border trade.

Since Singapore's endorsement of the internationally agreed Standard for Exchange of Information (EOI Standard) for tax purposes in 2009, we have been taking steps to enhance our EOI framework, amending our laws and renegotiating our tax agreements to incorporate the Standard. The Global Forum on Transparency and Exchange of Information for Tax Purposes has recently affirmed that Singapore's EOI regime is in line with the Standard. Singapore will further strengthen her EOI framework for international tax cooperation by extending EOI assistance in accordance with the Standard to all her existing treaty partners, without having to update individually her bilateral treaty with them; signing the Convention on Mutual Administrative Assistance in Tax Matters; streamlining the administration of EOI regime by removing the need to seek a court order for bank and trust information; and concluding with the United States a Model 1

# Chairman's Statement

Inter-Governmental Agreement to facilitate financial institutions in Singapore to comply with the Foreign Account Tax Compliance Act (FATCA). IRAS will continue to play a key role in assisting our EOI partners in their requests for information made in line with the Standard to fight cross-border tax offences effectively.

## HELPING BUSINESSES AND WORKERS

IRAS will continue to support the Government in helping businesses restructure and raise productivity. It will play a key role in implementing the 3-Year Transition Support Package announced in Budget 2013. These include the Productivity and Innovation Credit (PIC) Bonus to help businesses to invest in productivity and innovation, as well as the Wage Credit Scheme to support businesses in raising the wages of their employees.

## RAISING PROFESSIONAL STANDARDS

The external operating environment has become more complex as a result of rapid technological advancement and increased globalisation. Singapore needs to grow a pool of competent tax professionals, who will be able to strengthen our competitive position as an international centre for business and finance. Recognising the need to raise the standards of tax practice in Singapore to meet these challenges, IRAS has been playing a role in enhancing the capabilities of tax professionals. In FY2012/13, it expanded the scope and subsidy of the Tax Capability Development Fund to further encourage tax agents and in-house tax professionals to upgrade their technical competency.

The Tax Academy of Singapore has also been organising seminars and programmes to help tax professionals stay abreast of global developments and deepen their skill sets. In FY2012/13, it launched the Advanced Management Programme in International Tax with

the International Tax Center of the University of Leiden and Nanyang Business School of the Nanyang Technological University. The programme is aimed at building stronger tax expertise and a higher level of competency in the field of international tax. The Tax Academy also collaborated with CPA Australia to organise the inaugural International Tax Forum, a seminar on global tax trends and their implications on Singapore.

## ACKNOWLEDGEMENT

The quality and commitment of its people are pivotal to the success of an organisation. On behalf of the Board, I would like to express my appreciation to the management and staff of IRAS for their dedication and support.

I would like to welcome Dr Tan Kim Siew, who has served as a Board member since September 2007, as the new Commissioner.

I would also like to express my gratitude to Mr Moses Lee for leading IRAS from July 2005 to October 2012. His hard work and passion for IRAS over the years has led the organisation to achieve many accolades and firsts during its journey.



**MR PETER ONG**  
Chairman

# Members of the Board



● Mr Giam Chin Toon      ● Dr Tan Kim Siew  
Commissioner      ● Mr Peter Ong  
Chairman      ● Mr Lim Joo Boon      ● Mr Viswanathan Shankar

● Mr Pek Hak Bin      ● Adjunct Professor Lee Kwok Cheong      ● Mr Niam Chiang Meng      ● Mr Pok Soy Yoong

● Standing  
● Seated

# Members of the Board

## 1. MR PETER ONG

Chairman

Mr Ong was appointed the Chairman of IRAS Board on 1 October 2009. He is Head of Civil Service, and also holds the appointments of Permanent Secretary (Finance) and Permanent Secretary (Special Duties) in the Prime Minister's Office. Mr Ong also sits on the Boards of the Monetary Authority of Singapore, Directorship & Consultancy Appointments Council, National Research Foundation, Lee Kuan Yew School of Public Policy, Singapore Telecommunications Limited and Calvary Community Care.

## 2. DR TAN KIM SIEW

Commissioner

Dr Tan is the Commissioner of Inland Revenue from 2 November 2012. Prior to that, Dr Tan was the Permanent Secretary of Defence Development, Ministry of Defence. He joined the IRAS Board in September 2007.

## 3. MR NIAM CHIANG MENG

Board Member

Mr Niam is the Permanent Secretary (National Population and Talent Division) and Permanent Secretary (National Climate Change) in the Prime Minister's Office. He joined the IRAS Board in November 2012. Mr Niam is also the Chairman of the Media Development Authority.

## 4. MR GIAM CHIN TOON

Board Member

Mr Giam joined the IRAS Board in September 2007. He is a Senior Partner of Wee Swee Teow & Co. and a Senior Counsel. He is Singapore's Ambassador (Non-Resident) to Peru and Singapore's High Commissioner (Non-Resident) to Ghana. Mr Giam also serves on the boards of the Singapore Mediation Centre, Mewah International Inc. and Ascott Residence Trust Management Limited. He is the Chairman of IRAS Staff Committee A, which has oversight of personnel matters of senior executives.

## 5. MR LIM JOO BOON

Board Member

Mr Lim joined the IRAS Board in September 2007. He is both a board member and an advisor with Philip Private Equity Pte Ltd. He is also an advisor with OWW Capital Partners and serves on the boards of organisations such as Jurong Health Services Pte Ltd, Pteris

Global Limited, Singapore Pools Pte Ltd and Singapore Airlines Engineering Company. Mr Lim is an Adjunct Associate Professor with the National University of Singapore. He is also the Chairman of IRAS Audit Committee, which reviews the adequacy and adherence of IRAS' financial policies and internal controls.

## 6. MR VISWANATHAN SHANKAR

Board Member

Mr Shankar joined the IRAS Board in September 2007. He is the Group Executive Director of Standard Chartered PLC, London and its Chief Executive Officer for Europe, Middle East, Africa and Americas. He serves on the SINDA Board of Trustees and National Integration Council. Mr Shankar is also the Chairman of IRAS Investment Committee, which manages IRAS' surplus funds.

## 7. ADJUNCT PROFESSOR LEE KWOK CHEONG

Board Member

Adjunct Professor Lee joined the IRAS Board in September 2010. He is both the Chief Executive Officer of the SIM Global Education and a member of SIM University's Board of Trustees. He is currently a member of the Working Group for Schools under the National Integration Council as well as spearheaded the establishment of the Singapore Association for Private Education (SAPE) and is the founding President. He serves on the Boards of the Defence Science and Technology Agency, ITE Holdings Pte Ltd as well as the ITE Investment Committee and chairs the Casino Regulatory Authority's Technology Advisory Committee.

## 8. MR PEK HAK BIN

Board Member

Mr Pek joined the IRAS Board in September 2010. He is Partner and Head of Energy & Natural Resources at KPMG Singapore. He is also Head of KPMG's Global Energy Institute for the Asia Pacific region. Mr Pek serves as a member of the Singapore Institute of Technology's Board of Trustees and Chairman of its Audit Committee.

## 9. MR POK SOY YOONG

Board Member

Mr Pok joined the IRAS Board in September 2010. He was the former Head of Tax of Ernst & Young and a former board member of the Tax Academy of Singapore. He serves on the boards of other organisations such as Mapletree Logistic Management Limited, Perennial China Retail Trust Management Pte Ltd and Pavillion Foundation Limited.

# 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 Dr Tan Kim Siew, the Commissioner of Inland Revenue, Mr Niam Chiang Meng, Mr Giam Chin Toon, Adjunct Professor Lee Kwok Cheong, Mr Lim Joo Boon, Mr Pek Hak Bin, Mr Pok Soy Yoong 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 Lim Joo Boon chairs the Audit Committee. Its other members are Mr Niam Chiang Meng and Adjunct Professor Lee Kwok Cheong. 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 Giam Chin Toon chairs the Staff Committee A. Its other members are Dr Tan Kim Siew, Commissioner of Inland Revenue, and Mr Pok Soy Yoong. 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 Viswanathan Shankar chairs the Investment Committee. Its other members are Dr Tan Kim Siew, Commissioner of Inland Revenue, and Mr Pek Hak Bin. 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 to the Audit Committee and administratively to the Commissioner of Inland Revenue. The staff of the Internal Audit Branch have 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 Code of Conduct 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.





# COMMISSIONER'S MESSAGE

FY2012/13 was a significant year for IRAS. We collected a total of S\$41.4 billion in tax revenue, while keeping our cost of tax collection low at 0.79 cent per dollar of tax collected.

Our ongoing efforts to promote a high level of voluntary compliance have resulted in more individuals and businesses filing their tax returns and paying taxes on time. On-time filing rates have improved across all tax types, while tax arrears declined to a record low of 0.79%, among the lowest in the world.

IRAS also crossed an important milestone in its organisational history, marking our 20th year as a statutory board on 1 September 2012.

## SUPPORTING ECONOMIC GROWTH

IRAS supports economic growth through proactive reviews of tax policies and rules to ease businesses' compliance costs and facilitate enterprise. In FY2012/13, we reviewed 27 tax policies. These include the review of withholding tax requirement for payments made to branches in Singapore, introduction of an administrative concession for the tax treatment of insurance premiums paid by employers on group insurance policies, and review of the transfer pricing rules for related party loans.

## PROMOTING VOLUNTARY COMPLIANCE

We pressed on with our efforts to promote a high level of voluntary compliance. We reached out to Newly Incorporated Companies and published a guide to inform their directors of their tax reporting obligations. We enhanced our GST "Assisted Self-help Kit (ASK)" to help GST-registered businesses more effectively manage their compliance and GST risks. We also continued to provide timely updates and reminders on tax matters to taxpayers via social media platforms and sent out SMS notifications to inform and remind taxpayers to file their taxes.

## Commissioner's Message

We continued to make tax-filing convenient and easy for taxpayers. Form C-S, a simplified income tax return for small companies, was introduced in 2012 to save time and effort by small companies on tax filing. I am heartened to note that as at December 2012, 63% of the small companies eligible to file the form (or 70,400 companies) did so.

### SERVING TAXPAYERS WITH EXCELLENCE

IRAS expanded the Auto-Inclusion Scheme (AIS) for Employment Income to employers with 15 or more employees for the Year of Assessment 2013. With this expansion, tax-filing was made easier for 1.3 million employees whose salary information was transmitted directly to IRAS by their employers.

Tax-filing also became a non-event for nearly 60% of individual taxpayers who were eligible for the No-Filing Service (NFS). First introduced in 2007 to 45,000 taxpayers, the NFS has grown in scale to benefit 25 times as many or 1.13 million taxpayers this year. We also created a Facebook page, 'Tax Season 2013: All at Your Fingertips' to engage taxpayers on income tax filing through a series of tax tips and eye-catching graphics.

In FY2012/13, we introduced the Combined Valuation Notices (CVN) for private residential properties where property owners receive their property tax bill and the annual valuation notice at one go. This provided them with greater upfront certainty on the timing of revisions to their property tax assessments. We also collaborated with the Urban Renewal Authority (URA) to publish rental information for private residential properties on URA's website.

### STRENGTHENING CAPABILITIES

We continued to develop our people so that they are equipped with the right skill sets to serve Singapore and our taxpayers. We rotated staff to different areas of work within IRAS to widen their work experience and seconded staff to the Ministry of Finance to develop their skills in tax policy work. Our staff also attended international conferences, such as the OECD Global Forum on VAT in France and the Intelligence-led Compliance for Tax and Welfare in a Changing Digital Landscape in Australia, where they learnt about international best practices.

### ACKNOWLEDGEMENT

I would like to thank the IRAS Board for its support and all IRAS staff for their steadfast dedication and contributions to IRAS.



**DR TAN KIM SIEW**  
Commissioner of Inland Revenue

# SENIOR MANAGEMENT TEAM



**Dr Tan Kim Siew**  
Commissioner of Inland Revenue



**Mr Ong Khiaw Hong**  
Deputy Commissioner  
(Corporate and Services Group)



**Mrs Chia-Tern Huey Min**  
Deputy Commissioner  
(Goods and Services Tax and Property Group)

Assistant Commissioner  
(Goods and Services Tax Division) (Covering)



**Mrs Eng-Tay Geok Lee**  
Deputy Commissioner  
(Business Group)

Chief Compliance Officer



**Mr James Khor Ngiap Long**  
Deputy Commissioner  
(Individual Group)

## Senior Management Team



**Ms Ang Sock Tiang**  
Assistant Commissioner  
(Property Tax Division)



**Miss Chai Sui Fun**  
Assistant Commissioner  
(Tax Policy and International  
Tax Division)



**Mrs Sabina Cheong  
Hwee Bin**  
Assistant Commissioner  
(Individual Income Tax Division)



**Miss Chiam Yah Fang**  
Assistant Commissioner  
(Corporate Tax Division)



**Ms Chin Li Fen**  
Assistant Commissioner  
(Corporate Development Division)



**Mr Liu Hern Kuan**  
Chief Legal Officer  
(Law Division)



**Miss Loh Lee Kim**  
Assistant Commissioner  
(Compliance Strategy and Risk Division)



**Mr Dennis Lui Siew Wah**  
Assistant Commissioner  
(Enforcement Division)



**Mrs Patricia Mak**  
Assistant Commissioner  
(Accounting and Processing Division)



**Mr Wilson Ong Joon Lim**  
Assistant Commissioner  
(Investigation and Forensics  
Division)



**Mr Andy Seah Yong Luck**  
Assistant Commissioner  
(Corporate Services Division)



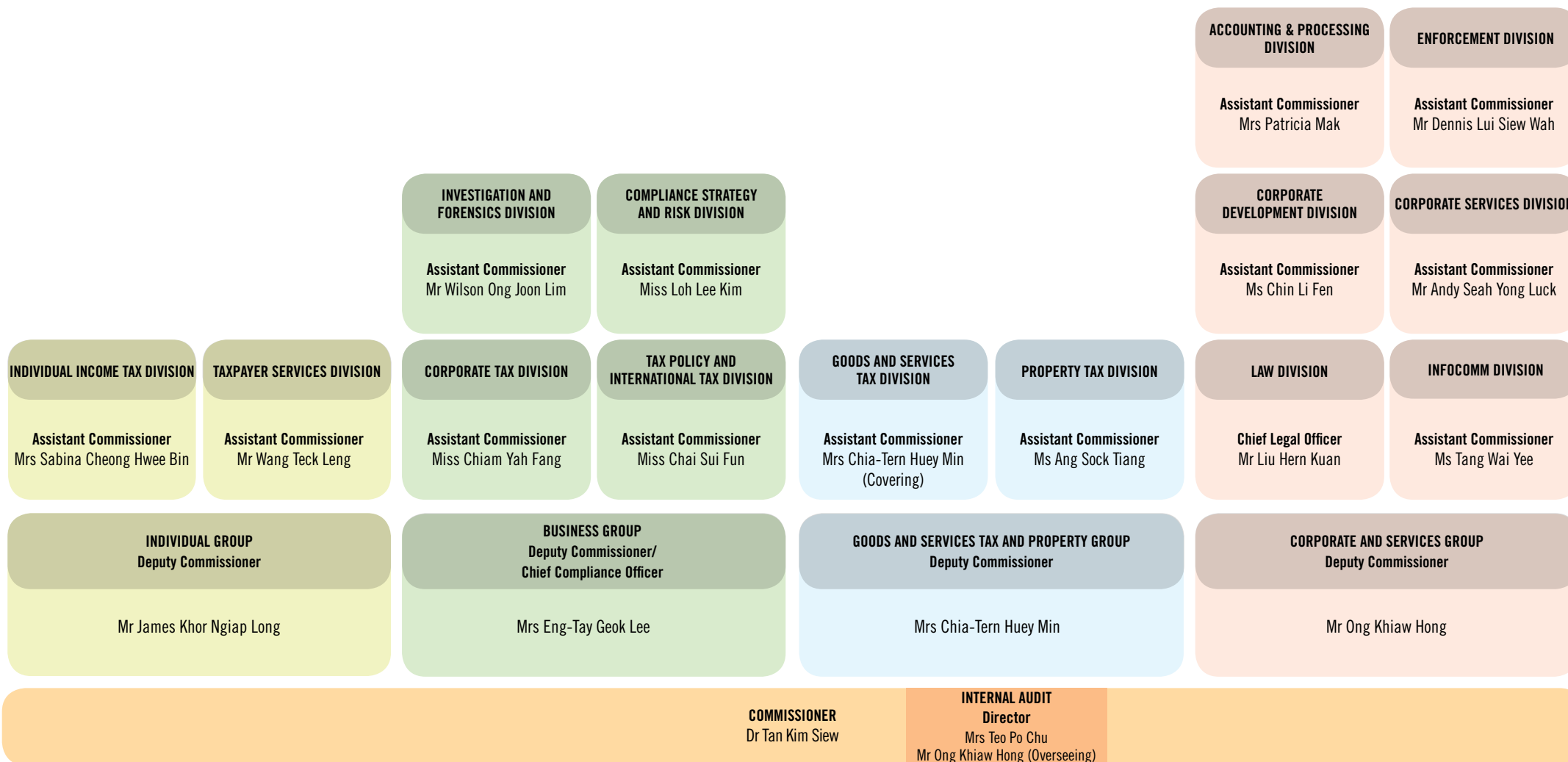
**Ms Tang Wai Yee**  
Assistant Commissioner  
(Infocomm Division)



**Mr Wang Teck Leng**  
Assistant Commissioner  
(Taxpayer Services Division)

# Organisation Structure (as at 31<sup>st</sup> March 2013)

## STAFF



## IRAS BOARD

## Organisation Structure (as at 31<sup>st</sup> March 2013)

### INDIVIDUAL INCOME TAX DIVISION

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 individual taxpayers.

#### MANAGEMENT TEAM:

- **Mrs Sabina Cheong Hwee Bin**  
Assistant Commissioner
- **Miss Magdelene Silva**  
Director (Employee)
- **Mrs Low-Chua Pik Sim**  
Acting Director (Employee Specialised)
- **Miss Marjorie Tan Yong Hin**  
Director (Foreigner & Clearance)
- **Miss Loh Cheng Cheng**  
Director (Self-Employed)
- **Ms Jackalin Er Hwee Pheng**  
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)
- **Ms Shirley Ng Li Mei**  
Manager (Taxpayer Services Management Unit)

### CORPORATE TAX DIVISION

Responsible for the end-to-end administration of 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
- **Ms Quek Su Lynn**  
Acting Tax Director (Small Corporations)
- **Mrs Lim-Leow Lay Hwa**  
Tax Director (Medium Corporations)
- **Mrs Choy-Koh Kum Lin**  
Tax Director (Large Corporations)
- **Ms Quek Su Lynn**  
Acting 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 safeguards 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**  
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 Lim Siew Gim**  
Acting Director (General)
- **Ms Tan Jek Swan**  
Director (Wholesale Trade)
- **Ms Hoe Ee Hui**  
Tax Director (Large Businesses)

## Organisation Structure (as at 31<sup>st</sup> March 2013)

### 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**  
Director (Residential)
- **Ms Sally Mok Chong Chin**  
Tax Director (Commercial)
- **Ms Alice Wong Chi Ling**  
Acting Tax Director (Industrial)
- **Ms Lee Yan Chin**  
Director (Valuation & 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 Tan-Yeo Wei Kuen**  
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:

- **Miss Loh Lee Kim**  
Assistant Commissioner
- **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:

- **Mr Dennis Lui Siew Wah**  
Assistant Commissioner
- **Mr Colin Chew Koo Chung**  
Director (Compliance Service)
- **Ms Deanna Choo Lay Yen**  
Director (Individuals & Properties)
- **Mrs Chia-Tan Hai Geok**  
Director (Businesses)

## Organisation Structure (as at 31<sup>st</sup> March 2013)

### 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 Joon Lim**  
Assistant Commissioner
- **Mr Low Han Hsien**  
Director (Investigation Branch 1)
- **Mr Ang Seng Leong**  
Acting Director  
(Investigation Branch 2)

### CORPORATE SERVICES DIVISION

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

#### MANAGEMENT TEAM:

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

### 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 Meng**  
Director (Organisation Excellence)
- **Mrs Claire Chua Wen Ying**  
Director (Corporate Planning)
- **Mrs Claire Chua Wen Ying**  
Director  
(Corporate Communications)  
(Covering)

### 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
- **Mrs Wee-Poh Lai Khim**  
Director (Infocomm Application)
- **Mr Jimmy Ho Ee Lam**  
Director (Infocomm Infrastructure & Operation)
- **Mdm Chew Soh Lang**  
Director (Infocomm Systems Architecture & Assurance)
- **Mr Robin Ng Sy Horng**  
Director (Infocomm Technology & Planning)
- **Miss Tan Yan Noi**  
Manager (Testing Centre of Excellence)
- **Mr Foo Kin Yan**  
Manager (Technology Refresh Programme Office)

### 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 FY2012/13

## OUR PERFORMANCE

- We collected S\$41.4 billion in tax revenue - a growth of 7.6% over the previous year.
- We spent 0.79 cent to collect every dollar of tax.
- Nine out of 10 individuals, or GST-registered businesses, and eight out of 10 companies filed their tax returns on time.
- Our tax arrears declined to a record low of 0.79%.
- Total cumulative tax arrears was S\$373.9 million, 22.5% lower than last year.
- We recovered a total of S\$275 million in taxes and penalties from 11,280 audited and investigated cases.
- We met our target of assessing 100% of YA2012 individual income tax returns by March 2013.
- We assessed 98.9% of corporate income tax returns received in 2011 by December 2012, exceeding our target completion rate of 95%.
- We assessed 99% of new properties listed in 2012 and reviewed 99.6% of existing properties by 31 December 2012, exceeding our targets of 90% and 92.5% respectively.
- We reviewed 27 tax policies and 431 tax rules and regulations to ensure our tax system stays competitive while our rules remain relevant.
- We incorporated the internationally agreed Standard for the exchange of information for tax purposes in Protocols / Avoidance of Double Taxation Agreements / Tax Information Exchange Agreement with eight other jurisdictions, bringing the number of jurisdictions with which Singapore has enhanced tax cooperation to 40.
- We processed a total of 12.5 million taxpayer records and converted more than six million pages of documents into electronic images.
- We handled 10.7 million mail correspondence.

## OUR SERVICE

- IRAS served more than 3.8 million taxpayers, comprising individuals, property owners and businesses.
- We handled a total of 14.9 million payment transactions. 99.7% of tax refunds were made within 14 days from the date when the credit arose, which exceeded our target of 97.5%.
- 1.3 million employees enjoyed simplified tax filing as their salary information for Year of Assessment 2013 was provided to IRAS by their employers under the Auto-Inclusion Scheme (AIS) for Employment Income.
- We expanded the No-Filing Service to 1.13 million individuals for the 2013 tax filing season.
- We replied to 88% of emails within five working days, attended to 89% of taxpayers within 20 minutes and answered 81% of telephone calls within one minute, well within our service standards.
- We received 17,133 compliments, up from 12,182 in the previous year. We also received 65 complaints and these served as learning opportunities for us to improve our service and processes.

## OUR PEOPLE

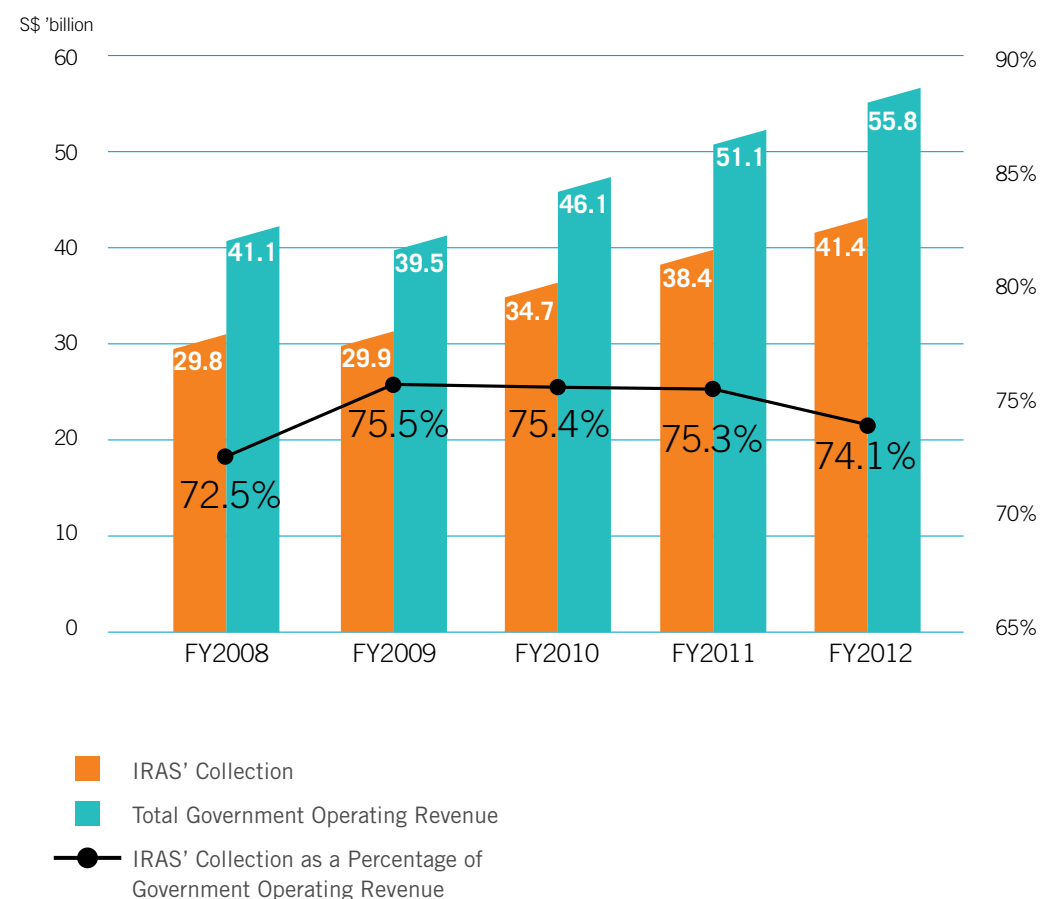
- 3 in 4 IRAS staff are satisfied or very satisfied working in IRAS, according to the 2013 Organisational Climate Survey.
- 6 in 7 IRAS staff are proud to be part of the organisation.
- Our people completed 405 innovation projects and contributed 5,426 suggestions to enhance IRAS' systems and processes.
- Our people spent an average of 15.8 mandays in learning and development.
- 141 IRAS staff are Accredited Tax Specialists. They have attained a high level of technical competency and will contribute towards our efforts to foster a competitive tax environment in Singapore.

# Our Revenue Collection

Taxes provide Singapore with the financial resources to deliver essential goods and services to our people while promoting sustainable and inclusive growth. Revenues collected are channeled towards economic development, security, external relations, and social development, helping Singapore to build an educated, skilled and healthy population.

Total revenue collected by IRAS increased from S\$38.4 billion in FY2011/12 to S\$41.4 billion in FY2012/13, a growth of 7.6%. The higher collection was driven by the moderate economic growth in 2011 and continued buoyancy of the property market in 2012. As the main revenue collecting agency, IRAS' collection for FY2012/13 accounted for 74.1% of the Government Operating Revenue and 11.9% of Singapore's Gross Domestic Product.

**FIGURE 1A: IRAS' COLLECTION VERSUS TOTAL GOVERNMENT OPERATING REVENUE**



## Our Revenue Collection

Income tax (corporate income tax, individual income tax and withholding tax) collection amounted to S\$21.9 billion for FY2012/13, an 8.0% growth over the year before. The amount made up 53% of IRAS' total tax collection for FY2012/13, unchanged from the previous financial year.

Our corporate income tax collected in FY2012/13 was S\$12.8 billion, an increase of 5.8% over the previous year due to improved corporate earnings. Individual income tax collections also grew by 12.2% to S\$7.7 billion in FY2012/13, due to higher earnings and the cessation of one-off personal income tax rebates of 20% (capped at S\$2,000) given in Year of Assessment 2011.

GST collection increased at a slower rate in FY2012/13, in line with the moderate private consumption expenditure growth in 2012. S\$9.0 billion was collected, a rise of 4.0% over the S\$8.7 billion collected in FY2011/12.

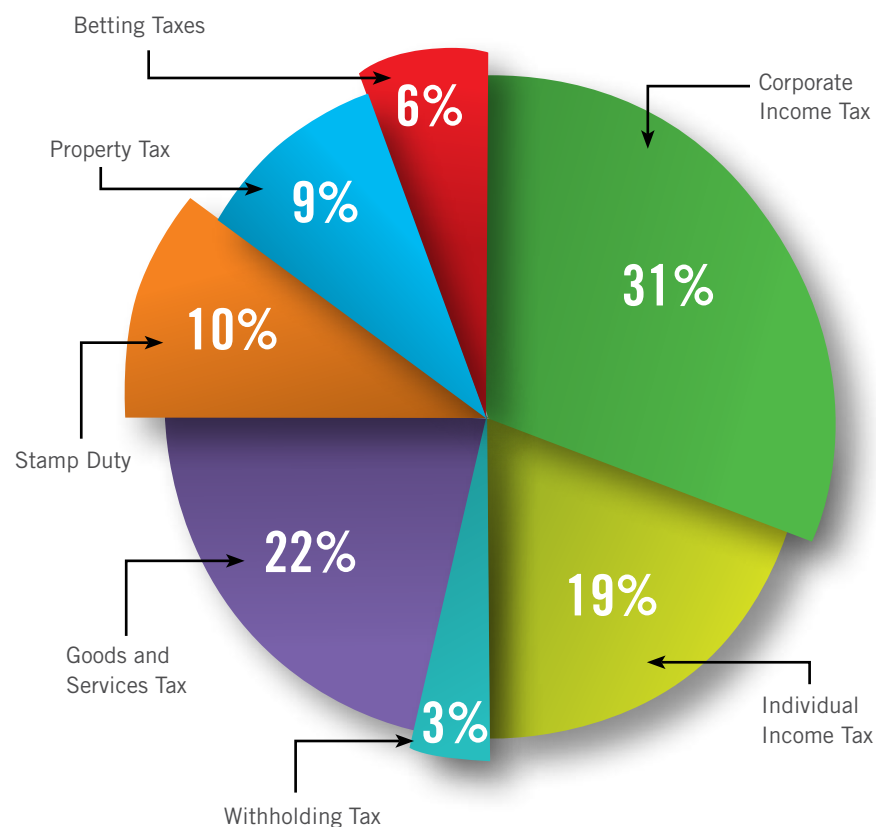
Unlike the other taxes, property tax collection in FY2012/13 at S\$3.8 billion was 3.1% lower than FY2011/12. This decrease relative to FY2011/12 was due to the cessation of the Property Tax Deferral for Land Approved for Development on 21 January 2011 which resulted in the deferred property tax being collected in FY2011/12.

Stamp duty collections made up a greater proportion of IRAS' total collection - from 8% in FY2011/12 to 10% in FY2012/13. They totalled S\$4.3 billion, an increase of 35.7% from S\$3.2 billion in FY2011/12. The higher FY2012/13 collection arose from the introduction of the Additional Buyer's Stamp Duty in December 2011 (a property cooling measure), and a higher number of property transactions.

Taxes from betting activities decreased marginally in FY2012/13 to S\$2.3 billion, down by 2.9% from the previous financial year.

Estate duty has been abolished for deaths occurring on or after 15 February 2008. However, executors may continue to file estate duty returns for deaths up to and including 14 February 2008. For FY2012/13, estate duty collection arising from deaths occurring before 15 February 2008 was S\$8.2 million.

FIGURE 1B: FY2012/13 IRAS' COLLECTION BY TAX TYPE



Note: Betting Taxes include Betting Duty, Casino Tax and Private Lotteries Duty.

# PARTNERING TAXPAYERS





# Partnering Taxpayers

“ The Productivity and Innovation Credit (PIC) scheme provides businesses with enhanced tax benefits and cash incentives for investing in a broad range of productivity and innovation activities ”

## ENCOURAGING ENTERPRISE THROUGH THE PRODUCTIVITY AND INNOVATION CREDIT

The Government is committed to improving productivity in Singapore to sustain our long-term economic competitiveness. One of the policy tools to achieve this goal is the Productivity and Innovation Credit (PIC) scheme that was introduced in Budget 2010 to spur productivity improvements among businesses.

The PIC scheme provides businesses with enhanced tax benefits and cash incentives for investing in a broad range of productivity and innovation activities. From Year of Assessment (YA) 2011 to 2015, businesses can enjoy a 400% tax deductions/allowances for the first S\$400,000 expenditure for each category of investment. Eligible businesses can choose to convert their expenditure into cash payout<sup>1</sup> of up to S\$60,000 per YA for YA2013 to YA2015 to relieve their cash flow as they invest in productivity and innovation.

Since its introduction, there have been a few enhancements to the PIC scheme to help businesses, particularly the small and medium enterprises (SMEs), benefit from the scheme. For example, to help with cash flow, businesses can receive the PIC cash payout on a quarterly basis instead of having to wait till the end of the financial year. In response to feedback from businesses to defray rising operating costs such as wages

and rentals and to encourage businesses in undertaking improvement in productivity and innovation, a PIC bonus was introduced in Budget 2013 as part of the Government's three-year transition support package from YA2013 to YA2015. The amount of PIC bonus is determined based on the PIC expenditure a business incurs, and provides a dollar-for-dollar cash payout of up to S\$15,000 for the 3-year period when businesses spend a minimum of S\$5,000 in a YA in qualifying investments. The PIC Bonus is on top of the other PIC benefits of 400% tax deductions and 60% cash payout.

## PROMOTION AND OUTREACH PROGRAMMES FOR THE PIC SCHEME

IRAS has been playing a key role in the administration of the PIC scheme since its introduction in 2010.

We partnered the SME Centres (formerly known as the Enterprise Development Centres (EDCs) and SPRING to conduct a series of one-to-one sessions to advise SMEs on how they can tap on the scheme to raise their productivity. We also ran PIC seminars and collaborated with various trade and professional associations to disseminate useful information on the PIC scheme to their members. As at April 2013, we have reached out to 970 businesses through the PIC Clinic sessions, and more than 36,900 business representatives through the PIC seminars.

<sup>1</sup>For YA2013 to YA2015, the cash payout rate was 60% of up to S\$100,000 of qualifying expenditure per YA. For YA2011 and YA2012, the cash payout rate was 30%.

# Partnering Taxpayers

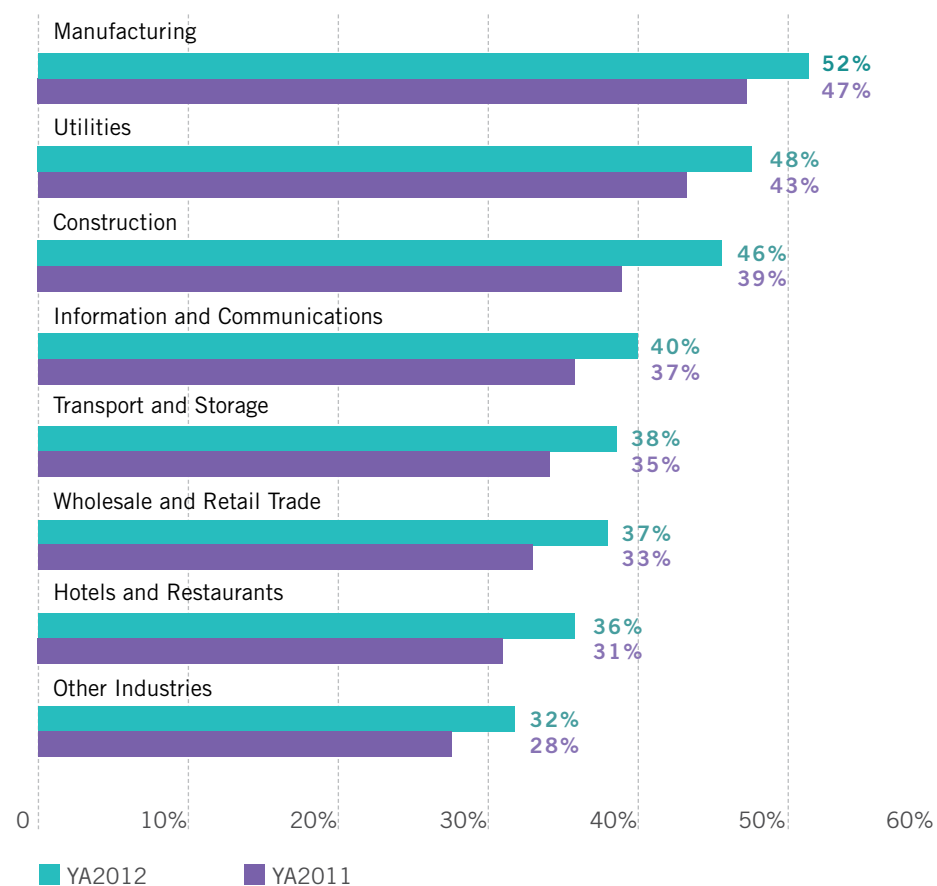
## TAKE-UP RATE FOR THE PIC SCHEME

44,000 companies or 37% of active companies benefitted from the PIC scheme in YA2012, up from 36,400 companies or 33% in YA2011.

The increase in the take-up rate for the PIC scheme is seen across all industry sectors. This indicates that awareness of the scheme has improved, and that companies are tapping on the incentives to restructure their operations to raise productivity.

From Figure 2A, between YA2011 and YA2012, the Construction industry has seen the highest increase in PIC take-up rate for all active companies. The Manufacturing industry has the highest take-up rate of 52%, followed by the Utilities and Construction industries with take-up rates of 48% and 46% in YA2012 respectively.

FIGURE 2A: PIC TAKE-UP RATE FOR ACTIVE COMPANIES



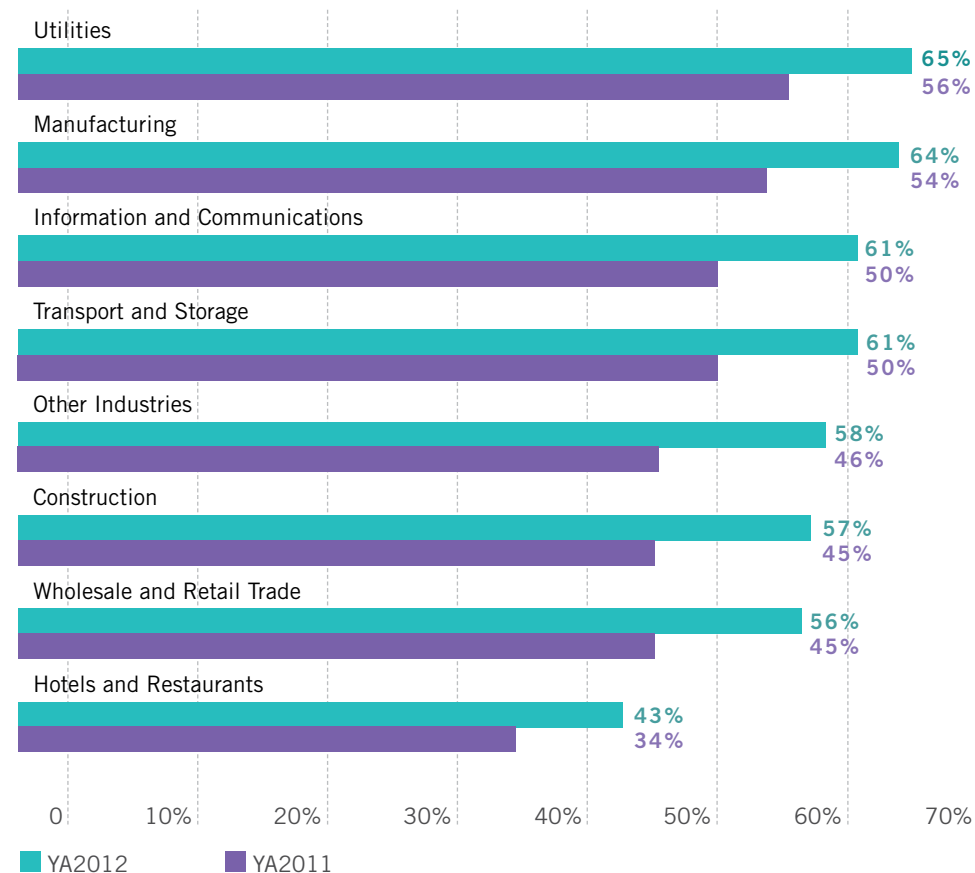
Note: Other Industries include financial services, real estate & business activities, other goods industries and others. Figures are as at 30 Apr 2013.

## Partnering Taxpayers

Although the enhanced tax deduction under the PIC Scheme is available to all companies irrespective of whether they have employees, PIC is especially beneficial for companies with employees, who can take advantage of the scheme to invest in manpower-saving or other productivity enhancements. Figure 2B shows the take-up rate of the PIC scheme for companies with at least one employee.

Overall, the take-up rate for companies across all industry sectors is significantly higher for both YA2011 and YA2012. The Utilities industry has the highest take-up rate of 65%, followed by Manufacturing at 64% in YA2012. The Construction industry has the highest increase of 12% in take-up rate over the two year period.

**FIGURE 2B: PIC TAKE-UP RATE FOR ACTIVE COMPANIES (WITH AT LEAST ONE EMPLOYEE)**



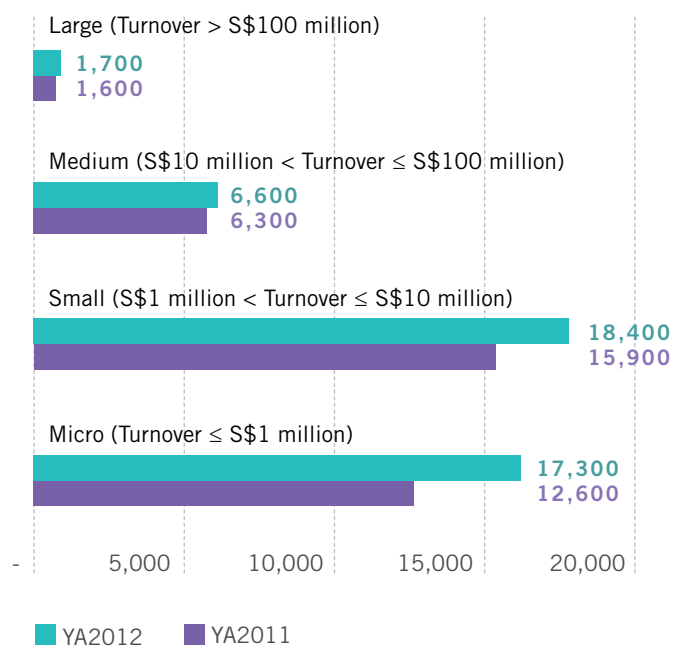
Note: Other Industries include financial services, real estate & business activities, other goods industries and others.  
For YA2012 – active companies with at least one employee who is not a shareholder.  
For YA2011 – active companies with at least one employee.  
Figures are as at 30 Apr 2013.

# Partnering Taxpayers

## TURNOVER PROFILE OF PIC CLAIMANTS

The PIC scheme is available to all companies, regardless of size. The number of companies that claimed PIC has increased by 21% from YA2011 to YA2012. This is driven largely by an increase in the number of micro and small companies claiming PIC, as seen from Figure 2C.

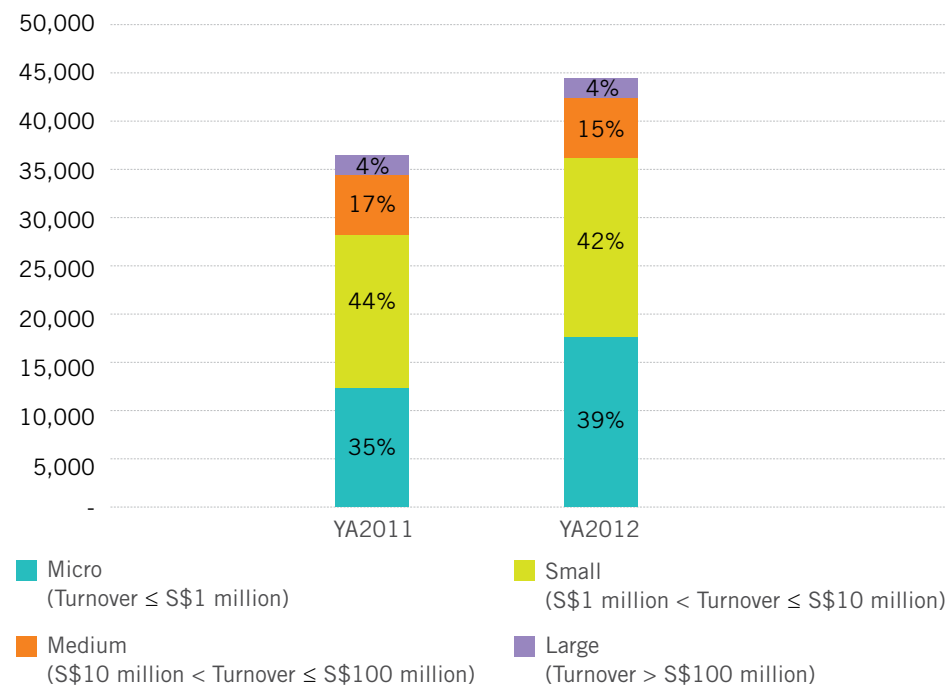
**FIGURE 2C: NUMBER OF COMPANIES THAT CLAIMED PIC**



Figures are as at 30 Apr 2013.

Our outreach and educational efforts targeted at the SMEs appear to have been successful in getting smaller companies to tap on the PIC scheme. Out of the 36,400 and 44,000 companies that claimed PIC in YA2011 and YA2012 respectively, about 96% of them are Small and Medium Enterprises (SMEs) with turnover not more than S\$100 million (Figure 2D).

**FIGURE 2D: TURNOVER PROFILE OF PIC CLAIMANTS**



Figures are as at 30 Apr 2013.



# Partnering Taxpayers

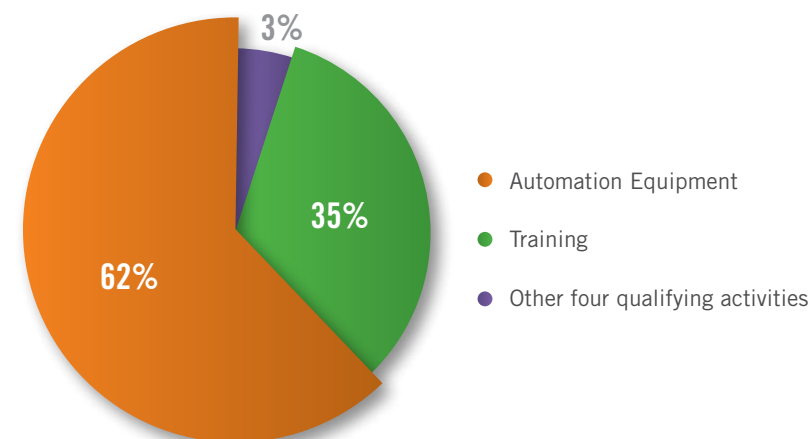
## TYPES OF QUALIFYING PIC ACTIVITIES

The six qualifying activities covered under the PIC scheme are:

- Acquisition or leasing of prescribed IT & Automation Equipment;
- Training of employees;
- Acquisition and in-licensing of Intellectual Property;
- Registration of Intellectual Property;
- Research and Development; and
- Approved Design.

Companies have mainly leveraged on technology (through use of automation equipment) and skills upgrading through training to enhance their productivity. In YA2011 and YA2012, there were a total of 50,200 and 63,300 claims processed for the six types of investment activities eligible for PIC scheme respectively. In YA2012, claims on the purchase or lease of automation equipment formed the largest proportion of the total claims, at 62%, followed by claims for the training of employees (35% of the total claims). Claims relating to the other four qualifying activities constituted about 3% of the total claims.

FIGURE 2E: PROPORTION OF PIC CLAIMS BY ACTIVITY FOR YA2012



Figures are as at 30 Apr 2013.

# BUILDING A COMPETITIVE TAX ENVIRONMENT



# Building a Competitive Tax Environment

“As a partner of taxpayers in nation building, we foster a competitive tax environment and proactively review tax policies and rules to encourage enterprise and support economic growth.”

## ENHANCING TAX COOPERATION

We continued to expand Singapore's network of tax treaties to facilitate cross border trade and investments. In FY2012/13, we signed Avoidance of Double Taxation Agreements (DTAs) with Belarus, Guernsey, the Isle of Man and Jersey. We also updated the existing DTAs with Poland, Portugal and Vietnam. Singapore now has 74 comprehensive DTAs, out of which 69 have been ratified.

In the area of transfer pricing, we concluded agreement on six unilateral and bilateral Advance Pricing Arrangements (APAs) and resolved one case through Mutual Agreement Procedure (MAP) discussions with other jurisdictions in FY2012/13. APAs set the transfer pricing rules for transactions between related entities operating in two or more jurisdictions. MAPs help businesses resolve instances of double taxation arising from transfer pricing adjustments. As at 31 March 2013, we have 38 ongoing unilateral, bilateral and multilateral APAs and 13 MAPs at different stages of review.

Singapore adopted the internationally agreed Standard for the Exchange of Information (EOI Standard) for tax purposes in 2009. Since then, we have been re-negotiating DTAs to incorporate the EOI Standard. As at 31 March 2013, IRAS has enhanced tax cooperation between Singapore and 40 jurisdictions by signing agreements that incorporate the EOI Standard.

## DEEPENING INTERNATIONAL RELATIONS

We continued to build our ties with the international tax community through active participation in international conferences and study groups. This enabled us to stay attuned to global developments that may impact Singapore's tax competitiveness. Through sharing our insights on tax administration at these conferences, we have raised Singapore's standing and profile in the international arena.



IRAS participated in the Forum on Tax Administration 2013 organised by OECD

In FY2012/13, IRAS participated in the 11th Meeting of the Organisation for Economic Cooperation and Development (OECD) Forum on Tax Administration SME Compliance Sub-Group, the 42nd Study Group on Asian Tax Administration and Research (SGATAR) and the Global Forum on Transfer Pricing. We exchanged views and gained insights on developments in the areas of compliance, transfer pricing and the investigation of tax crimes through these platforms. We also went on study visits to the National Tax Agency of Japan, China's State Administration of Taxation and the Chinese Tax Institute in Beijing where we shared experiences in the areas of tax policy formulation, tax administration, organisational excellence and compliance strategy.

IRAS hosted many foreign visitors, sharing our tax experiences in tax administration. In FY2012/13, we hosted more than 250 delegates from countries such as Belarus, China, Fiji, Ghana, India, Japan, Malaysia, Netherlands, New Zealand, Nigeria, Russia, South Korea and Vietnam.

## REVIEWING TAX POLICIES

We proactively reviewed our tax policies to ensure that they remain business-friendly while facilitating compliance. In FY2012/13, 27 such policies were reviewed. Major policies reviewed include transfer pricing rules for related party loans, withholding tax requirements for branches in Singapore, and introducing an administrative concession for insurance premiums payable under group insurance policies.

# ENHANCING COMPLIANCE



# Enhancing Compliance



We reach out to businesses through regular dialogues and seminars

## MAKING IT EASIER TO COMPLY

We continued to roll out policy changes and initiatives to simplify tax rules and lower taxpayers' compliance costs.

In FY2012/13, we reviewed the rules for pre-registration input tax claims to reduce compliance costs, reliefs given to import GST incurred by local agents, and policies relating to GST exemption of financial services. To help GST-registered businesses better manage GST risks, we enhanced our GST self-assessment compliance package "Assisted Self-Help Kit (ASK)". The ASK pre-filing checklists were simplified while a new e-Service for the ASK Annual Review was introduced to enable the retrieval of past GST assessment records.

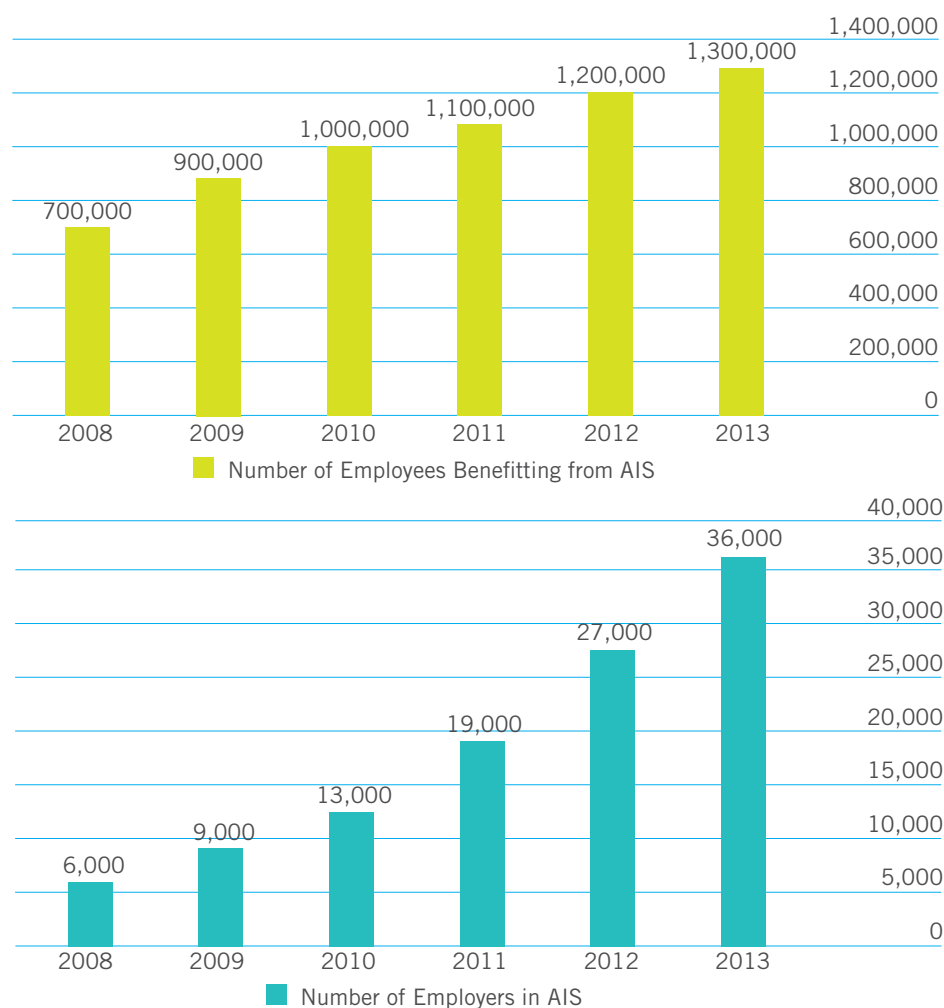
“A high level of voluntary compliance, where taxpayers willingly contribute their fair share of taxes, is the best way to ensure a cost effective and efficient tax administration. We nurture a positive environment for voluntary compliance and deter non-compliance by making tax compliance easy while maintaining a strong presence through engagement programmes, audit and investigation.”

We simplified tax-filing for small companies by launching Form C-S, a simplified income tax return for small companies which makes it easier to file their taxes. In 2012, 70,400 companies benefitted from this streamlined tax reporting process, cutting the average time taken to file an income tax return from 20 minutes to 10 minutes.

To make the tax filing process easier for individual taxpayers, the coverage of the Auto-Inclusion Scheme (AIS) for Employment Income was extended to 36,000 employers in YA2013, up from 27,000 employers in YA2012. With the increase in the number of employers on board the AIS, 1.3 million employees enjoyed greater convenience during the 2013 tax filing season as their employment income information was submitted electronically to IRAS by their employers. (Figure 3A)

# Enhancing Compliance

**FIGURE 3A: AUTO-INCLUSION SCHEME (AIS) FOR EMPLOYMENT INCOME**



IRAS plans to extend the AIS to include employers with 12 or more employees over the next two years. With this extension, another 100,000 taxpayers can look forward to a higher level of convenience during the tax filing season.

## BOOSTING CLARITY ON TAX RULES

IRAS provides taxpayers with timely and accurate tax information through various channels. They include the IRAS website, workshops and seminars, as well as SMS and Twitter alerts.

To help taxpayers understand how our tax rules and principles apply, we embarked on a review of our e-Tax Guides to ensure that they are written in a simple, clear and concise manner. 30 e-Tax Guides were reviewed, rewritten and consolidated into 14 e-Tax Guides. These were further reviewed by both internal and external parties.

In FY2012/13, we published a guide on the tax reporting obligations of Newly Incorporated Companies. A new, consolidated e-Tax Guide on the tax treatment of the gains and profits from employee share options and other forms of employee share ownership plans was also published. This ensures that our taxpayers can get all the information that they need in one e-Tax Guide.

e-Tax Guides on taxation of property developers, income tax treatment of real estate investment trusts and property tax assessment on common property to provide greater clarity on our tax rules were also put out on the website. To provide greater transparency in our processes, we further published an e-Tax Guide on the administrative changes to the objection and appeal processes for Corporate Income Tax.

Beyond the review of our e-Tax Guides, we conducted workshops and seminars on Corporate Income Tax filing for the general public and tax agents, e-Submission of Employment Income for AIS, as well as seminars on the Productivity and Innovation Credit (PIC) scheme and Budget 2012 Highlights for businesses.

# Enhancing Compliance

## PROMOTING VOLUNTARY COMPLIANCE

We enhanced IRAS Voluntary Disclosure Programme (VDP) to encourage more taxpayers to review their tax matters and voluntarily disclose errors made in their tax returns. The VDP was also extended to taxpayers who voluntarily disclose past actions involving wilful intent to evade taxes, subject to qualifying conditions being fulfilled.

We continued with our compliance strategy of maintaining a strong presence among taxpayers to build community confidence in our tax system. Our GST and income tax audit and investigation teams uncovered a total of 11,280 non-compliant cases and recovered more than S\$275 million in taxes and penalties in FY2012/13.

We took errant taxpayers to task and publicised prosecution cases in the media to raise public awareness of our compliance capabilities and deter taxpayers from committing tax offences.

We continued to invest in data analytics to gain insights into taxpayers' behaviour, identify unknown compliance risks and to support our compliance strategies. We also carried out research studies to ascertain the compliance risks associated with areas such as e-commerce, limited liability partnerships and withholding tax.

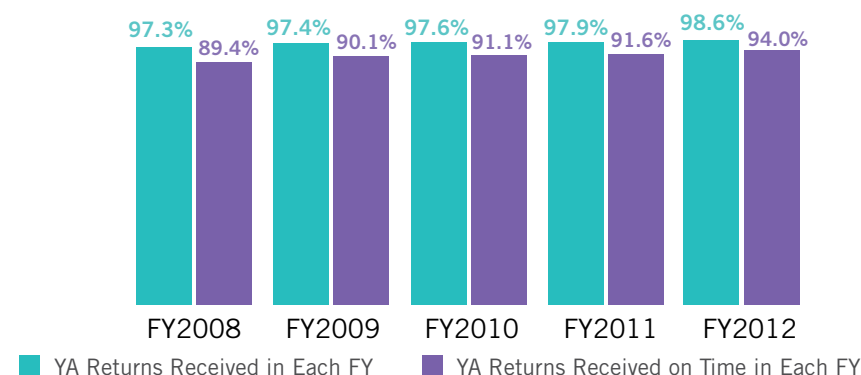
## ACHIEVEMENTS IN TAX COMPLIANCE

Our ongoing efforts to raise compliance levels have helped to maintain the upward trend of our filing and payment compliance rates.

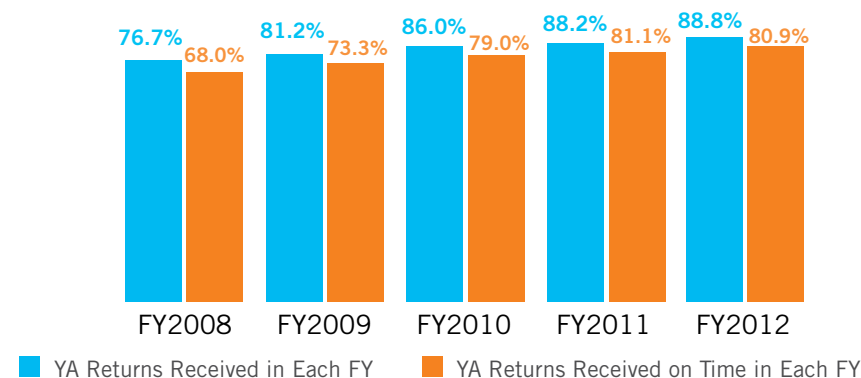
For Individual Income Tax, 94% of the 1,901,745 returns issued in YA2012 were filed by the due date. (Figure 3B)

For Corporate Income Tax, we issued a total of 153,988 corporate income tax returns in YA2012, out of which 124,531 returns were submitted on time. This represented 80.9% of the returns. (Figure 3C)

**FIGURE 3B: COMPLIANCE RESULTS FOR INDIVIDUAL INCOME TAX**



**FIGURE 3C: COMPLIANCE RESULTS FOR CORPORATE INCOME TAX**

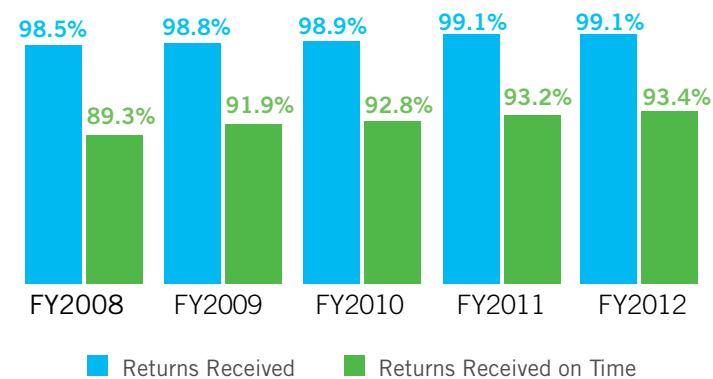


# Enhancing Compliance

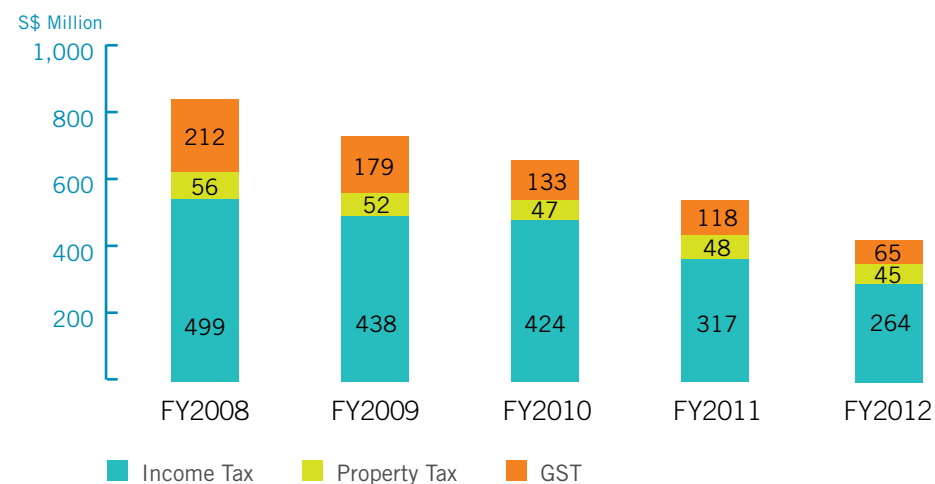
For Goods and Services Tax (GST), 93.4% of the 334,767 GST returns issued were submitted on time.

Our total cumulative tax arrears have been declining over the years. The total cumulative tax arrears was S\$374 million as at 31 March 2013. This represented a significant reduction of S\$109 million from the S\$483 million in FY2011/12.

**FIGURE 3D: COMPLIANCE RESULTS FOR GST**



**FIGURE 3E: TOTAL TAX ARREARS (AS AT 31 MARCH OF EACH FY)**





# SERVING WITH PRIDE AND PROFESSIONALISM



# Serving with Pride and Professionalism

“ We put our customers at the centre of all that we do and work hard to make paying taxes a pleasant and fuss-free experience for our taxpayers.”



## SURPASSING SERVICE STANDARDS

We answered a total of 980,134 telephone calls from taxpayers in FY2012/13. 81% of telephone calls were answered within one minute during peak periods, exceeding our target of 70%. We responded to 92% of the 212,335 correspondences within 15 working days and 88% of the 234,617 emails within five working days, exceeding our service target of 80%. We also attended to 89% of the 100,437 taxpayers who walked into our Taxpayer Service Centre within 20 minutes, surpassing our target of 80%.

Tax refunds continued to be promptly processed. Last year, we met our service standard of processing 100% of the refunds within 30 days. In fact, 99.7% of the 832,523 refund cases were processed within 14 days.

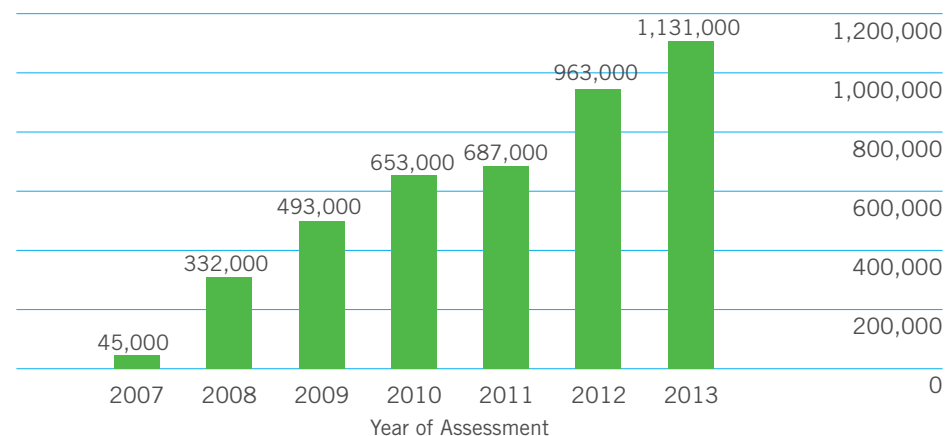
## ENHANCING TAXPAYER SERVICE

We continued to expand our service offerings and enhance our systems and processes to meet the needs of our taxpayers.

## SERVING INDIVIDUALS

We extended the No-Filing Service (NFS) to 1.13 million taxpayers, up from the 963,000 in YA2012. The NFS provides taxpayers with a hassle-free tax filing experience as their employment incomes are electronically transmitted by their employers to IRAS under the auto-inclusion scheme and their claims for personal reliefs are pre-filled based on the previous year's claims. Taxpayers on the NFS do not have to file their tax returns unless they have additional income to declare or changes to make to their claims for relief.

FIGURE 4A: NUMBER OF TAXPAYERS ON NO-FILING SERVICE



## Serving with Pride and Professionalism

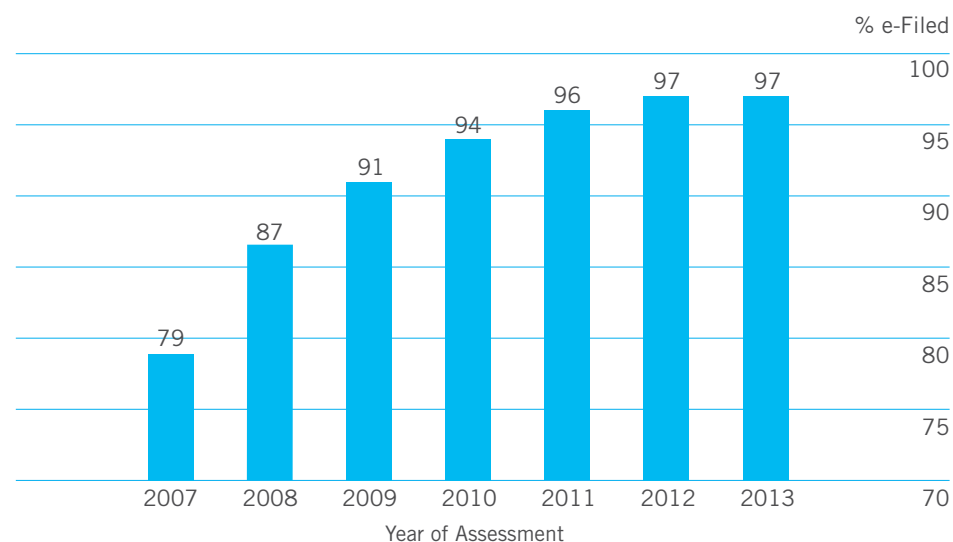
To help taxpayers who need to file their tax returns, we provided many online channels and services to guide them through the tax filing process. About 32,000 taxpayers checked out the interactive online filing guides at the new e-Learning Portal (eLearn.iras.gov.sg), which guided them through various income or relief scenarios. We also piloted a virtual assistant on the IRAS website to provide taxpayers with round-the-clock assistance on income tax queries.

IRAS also launched a Facebook page, 'Tax Season 2013: All at Your Fingertips' to deliver tax tips and filing reminders in a light-hearted, engaging manner. In five weeks, this seasonal page was viewed by over 22,000 Facebook users.

To assist the less e-savvy taxpayers, we set up e-Filing service centres island-wide, where 22,000 taxpayers received tax assistance and learnt how to e-File their tax returns. In YA2013, 97% of taxpayers e-Filed their tax returns.

Due to the convenience and ease of tax filing, IRAS achieved a record tax filing rate of 95% in 2013 at the close of the filing season, up from last year's 94%.

**FIGURE 4B: E-FILING RATE OF TAX RETURNS**



# Serving with Pride and Professionalism

## SERVING BUSINESSES

We introduced a new “View Donations” e-Service which enabled companies to view the donations they have made to approved Institutions of Public Character. Along with the auto-inclusion of donations, where the donations will be automatically reflected in a company’s tax return, companies now need only validate the donations they have made in the preceding year.

We also introduced two online tax calculators to help companies prepare their tax computations and complete their tax returns. The calculators incorporate the latest tax rules and schemes and have built-in data validation checks to help companies file accurately.

To boost productivity and innovation among businesses, we actively reached out to businesses to increase their awareness of the Productivity and Innovation Credit (PIC) scheme. In FY2012/13, we conducted 126 PIC seminars and consultation clinics to advise businesses how to claim PIC.

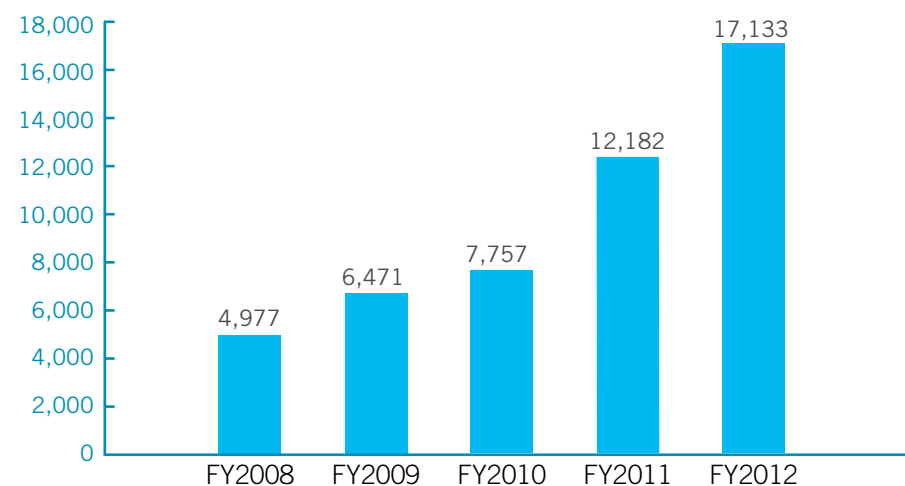
## LISTENING AND LEARNING THROUGH TAXPAYERS’ FEEDBACK

We continued to actively engage our taxpayers and gather their feedback to help us improve the quality of our services and processes.

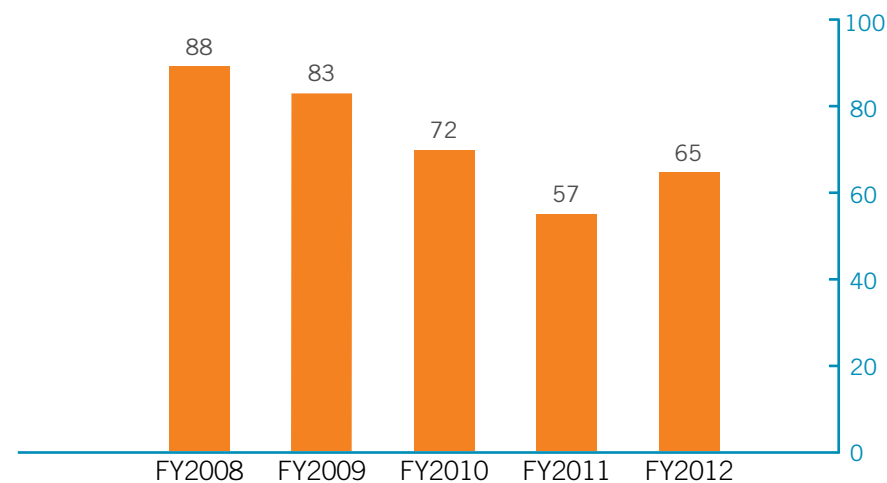
The Taxpayer Feedback Panel (TFP) discussions helped us understand the changing needs of taxpayers and provided us with a platform to clarify taxpayers’ concerns about our tax policies and rules. Issues discussed at the TFP meetings in FY2012/13 included the discontinuation of the self-pay instalment scheme for corporate taxpayers and enhancements to IRAS’ Voluntary Disclosure Programme.

In FY2012/13, we received 17,133 compliments and 65 learning opportunities.

**FIGURE 4C: NUMBER OF COMPLIMENTS FROM TAXPAYERS**



**FIGURE 4D: NUMBER OF LEARNING OPPORTUNITIES**



## Serving with Pride and Professionalism



### 2012 PS21 STAR SERVICE AWARD WINNERS' SERVICE STORY

The PS21 Star Service Awards are given out annually to recognise public officers for their dedication to service excellence. PS21 Distinguished Star Service Award, the highest accolade for service excellence in the public sector, is awarded to a select few of the best PS21 Star Service Award winners each year.

This year, one IRAS officer – Ms Tan Kwee Khim Kellyn from Property Tax Division received the PS21 Distinguished Star Service Award.

#### Ms Tan Kwee Khim Kellyn

Winner of 2012 PS21 Distinguished Star Service Award

Compliment for Kellyn:

“Thank you so much for your quick response. I am impressed by your performance par excellence and am sure it’s a model for the rest of your colleagues to emulate.”

# Serving with Pride and Professionalism

## 2012 IRASHINES! SPECIAL AWARD RECIPIENTS' SERVICE STORIES

Everyone in IRAS plays a role in delivering excellent service. The IRASHines! Award is an annual pinnacle service award to reward and recognise both frontline and backroom staff for their outstanding service delivery to taxpayers and internal customers.

There are 12 winners and among them, 4 were honoured as the Special Award recipients for their exemplary contributions to service excellence.

### Ms Wong Li Lin Mabeline

Assistant Manager, Taxpayer Services Division

2012 IRASHines! Special Award Recipient: Frontline (counter)

Compliment for Mabeline:

“Mabeline Wong Li Lin’s service is excellent. She is knowledgeable and demonstrated a high level of patience as she listened to my problems. All civil servants should learn from her to promote such good public service attitude!”

### Mr Choo Rong Jin

Tax Officer, Taxpayer Services Division

2012 IRASHines! Special Award Recipient: Frontline (helpline / email / correspondence)

Compliment for Rong Jin:

“Mr Rong Jin’s extra mile service given to a Singaporean like me was indeed an unforgettable experience and should be highly commended.”

### Ms Ang Siok Peing

Principal Tax Officer, Corporate Tax Division

2012 IRASHines! Special Award Recipient: Backroom (non fulltime frontline)

Compliment for Siok Peing:

“Ms Ang is very professional, polite and very patient and has helped us in many ways. The best officer I have ever met.”



STANDING: Chen Lifen Angie, Wong Li Lin Mabeline, Jumiati bte Ahmad, Gwee Gek Ching  
SEATED: Choo Rong Jin, Ang Siok Peing, Kamisah bte Ibrahim, Wendy Lai, Che Rose bte Awang, Kwang Siew Lam Serene, Margaretha Desy Susanty, Lim Eng Kok Daryl

### Ms Jumiati bte Ahmad

Senior Assistant Tax Officer, Enforcement Division

2012 IRASHines! Special Award Recipient: Backroom (internal customer service)

Compliment for Jumiati:

“Thank you for always being so helpful. You never fail to help when others are in need, and you always do it with a smile! It’s a pleasure to work with you! Our working environment is certainly more pleasant with a supportive and joyful person like you! Thank you! Shine On!”

# GROWING WITH IRAS



## Growing with IRAS



A running event for staff organised by the Inland Revenue Recreation Club

“ Our people play an integral role in helping IRAS achieve our Vision. We strive to develop a team of highly competent and dedicated people. ”

### STAFF STRENGTH

Our staff strength as at 31 March 2013 was 1,899. The staff turnover rate in FY2012/13 was 4.38%, down from 4.98% in FY2011/12.

### ENHANCING COMPETENCIES

We develop our people to enhance their professionalism and technical capabilities. In FY2012/13, we spent more than S\$4.4 million or about 2.5% of the total payroll on staff training. Each employee achieved an average of 15.8 training man-days in the year.

In FY2012/13, our people attended several international conferences. These included the Intelligence-led Compliance for Tax and Welfare in a Changing Digital Landscape in Australia, which discussed analytical and intelligence tools and techniques, and the First Meeting of the OECD Global Forum on VAT, which discussed issues relating to the design and operation of value added taxes or GST. Our officers also went on study visits to Europe, where they gained new insights on the latest tax developments, various European intellectual property tax regimes and tax administration best practices.

In-house sharing sessions were organised to keep our staff updated on industry trends and tax developments. Topics covered in FY2012/13 included Emerging Tax Issues in Asia and the Pacific, Use of Advanced Analytics in Tax Administrations and Business Use of Social Media.

The Annual Tax Conference, organised by our Accredited Tax Specialist (ATS) community, was held in September 2012. The conference provided the ATSs with the opportunity to discuss issues such as Thin Capitalisation rules and GST rules for the property market. At the conference, we also welcomed 11 newly accredited tax specialists into the ATS community, bringing the number of IRAS tax specialists who have attained the necessary professional training and practical experience to 141.

In recognition of our human capital best practices, we were awarded the 2012 Singapore HR Award for Leading HR Practices in Manpower Resourcing & Planning.



# Growing with IRAS

## RECOGNISING STAFF

Nine IRAS staff were honoured with medals at the Singapore National Day Awards in 2012. The Singapore National Day Awards recognise various forms of merit and service to the nation.

Miss Chiam Yah Fang (Assistant Commissioner, Corporate Tax Division) and Ms Harriet Marion Van Buerle (Director, Accounting & Processing Division) were bestowed the Public Administration Medal (Silver) and Public Administration Medal (Bronze) respectively, for their outstanding efficiency, competence and industry.

For their commendable performance and conduct, Ms Quile Lily (Tax Specialist, Goods & Services Tax Division), Mrs Wong-Tan Puay Luang (Principal Tax Specialist, Corporate Tax Division), Mrs Oon-Chua Chor Hong Jeana (Principal Tax Auditor, Goods & Services Tax Division) and Ms Ang Hui Siam (Assistant Manager, Accounting & Processing Division) were conferred the Commendation Medal.

Miss Chin Sau Hing (Assistant Manager, Taxpayer Services Division), Miss Lee Miin Che (Senior Tax Officer, Individual Income Tax Division) and Mr Choy Man Sang (Assistant Manager, Enforcement Division) were awarded the Efficiency Medal for their exceptional efficiency or devotion to duty.

## INNOVATION

Our people embody the spirit of innovation. We continually seek new ways to better serve our customers while raising IRAS' productivity. In FY2012/13, our people contributed 5,426 suggestions and completed 405 innovation projects that yielded savings of about S\$3.2 million.

IRAS was conferred two Best Pro-Enterprise Idea Awards in FY2012/13. We had reduced the compliance costs of law firms by reviewing our stamp duty regulations and dispensing with the requirement for submission of stamp duty certificates when lodging documents electronically with the Land Titles Registry. We had also reduced tax compliance costs and enhanced the international competitiveness of businesses by extending the recovery of import GST to local agents.

We were also awarded the Best Public Service (PS) 21 Project Award (Gold) for the Electronic Tourist Refund Scheme (eTRS) project. The award recognises individuals and teams in the Singapore Public Service who have made significant impact in their work through suggestions and innovations.

## SUPPORTING WORK-LIFE BALANCE

We organise activities to support the work-life balance of our people.

Our biennial IRAS Dinner and Dance, themed "Rollin' Good Times" was held at the Resorts World Convention Centre in November 2012. Staff were entertained by a dance performance led by our senior management.



Staff performing at our annual Dinner and Dance

## Growing with IRAS

Our Inland Revenue Recreation Club organised sporting and recreational activities in 2012 such as a Gardens by the Bay walk and an overseas trip to Yogyakarta, Indonesia. We also participated in the Public Service Star Games organised by the Civil Service Club, and clinched top finishes in beach volleyball and the CSC Run by the Bay.

In recognition of our efforts in achieving work-life balance, we were conferred the Work-Life Achiever Award 2012 by the Tripartite Committee on Work-Life Strategy and the 2012 Singapore HR Awards for Leading HR Practices (Special Mention) in Quality Work-Life, Physical and Mental Well-Being Award.

### CONTRIBUTING TO THE COMMUNITY

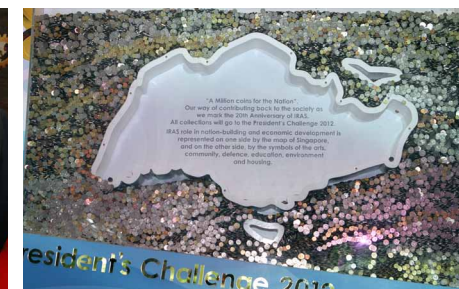
We also organise events to promote the spirit of volunteerism and instil a strong sense of public responsibility amongst staff.

In FY2012/13, our people teamed up with staff from VITAL on a humanitarian trip to Siem Reap, Cambodia to build water filters for the underprivileged there. Our people also volunteered to assist the elderly residents of Kwong Wai Shiu Hospital and the youths of Pertapis Children's Home.

In conjunction with IRAS' 20th Anniversary celebrations, the Inland Revenue Recreation Club raised a record sum of S\$622,472 for President's Challenge, through events such as a charity bazaar, sale of decommissioned revenue stamps and the 'Million for the Nation' initiative. The 'Million for the Nation' initiative saw staff, families and friends saving and donating generously to the President's Challenge 2012. The coins that they painstakingly collected were stored in a specially designed coin structure that set a new record for the "Largest Box of Coins" in the Singapore Book of Records.



IRAS Board Members at the 20<sup>th</sup> Anniversary Celebrations



The 'Million for the Nation' coinbox that was part of our efforts for the President's Challenge 2012

### VOLUNTEER E-FILING SERVICE (VES)

We continued to promote volunteerism by the community for the community via our Volunteer e-Filing Service (VES). Over four weekends from 23 March 2013 to 14 April 2013, 328 students and adults signed up as volunteers to assist less IT-savvy taxpayers with their income tax filing, at 23 CitizenConnect Centres island-wide.



Staff sharing with volunteers on how to assist taxpayers in e-Filing

# Growing with IRAS

## ORGANISATIONAL CLIMATE SURVEY

We conduct the Organisational Climate Survey (OCS) biennially to gather staff feedback on IRAS' development and initiatives. The feedback helps us in identifying the areas of improvement to make IRAS a better workplace.

95% of our staff participated in the OCS 2013, which was conducted in February 2013. 74% of staff indicated that they are satisfied or very satisfied working in IRAS, 8% higher than the Singapore National Norm.

## REALISING OUR PEOPLE'S POTENTIAL

IRAS is proud of our team of competent and committed staff. We take pride in helping our people realise their potential.

One such example is **Ms Suzanne Seah Saw Tin**, Manager, Goods and Services Tax Division. Commenting on her 12-year career in IRAS, Suzanne treasures the opportunities she had to work in different areas, and feels that the experiences gained were invaluable and rewarding.

Heading an audit team which reviews GST refund claims made by businesses, Suzanne's current team processes businesses' refund claims in a timely manner. This minimises impact to businesses' cash flows while proactively helping them to comply with tax obligations. A keen believer in innovation, Suzanne remarks that "by continuously seeking new ways and leveraging on technology, we can make paying taxes less painful while keeping compliance costs low for IRAS and taxpayers."

In 2012, Suzanne was involved in the Electronic Tourist Refund System (eTRS) – the first of its kind in the world placing multiple operators and retailers on a common platform. Attributing the success of the eTRS project to strong management support and team synergy, Suzanne commented that being a part of this innovative project was greatly satisfying and rewarding.

Agreeing, **Anthony Tan**, Manager, Corporate Tax Division, remarked that "the pervasive 'can-do' spirit and willingness to take up challenges amongst staff makes taxpaying a breeze for taxpayers".

Recalling his experience in developing e-Filing for individuals when Internet use was not as common, Anthony said, "I am glad we made improvements over the years with the implementation of the Auto-Inclusion Scheme of Employment Income and the No-Filing Service. I am proud to play a significant role in IRAS' journey towards excellence in tax administration."

Anthony oversees a team which educates businesses on their tax obligations, encourages the use of e-Services, and promotes the Productivity and Innovation Credit (PIC) Scheme. He has been involved with outreach programmes to raise awareness of the PIC Scheme since its inception in 2010.

"To educate businesses on the PIC Scheme, we partner them, especially the SMEs, on their productivity journey," Anthony explained. IRAS has reached out to more than 900 businesses and more than 36,900 business representatives through PIC clinics and seminars. This success was credited to good teamwork and strong relations with government agencies and trade associations.



Suzanne Seah Saw Tin



Anthony Tan

# Growing with IRAS

## Serving Taxpayers for 20 Years

We celebrated our 20th anniversary as a statutory board in 2012.

As we “come of age” as a 21 year old in 2013, let us take a walk down memory lane and reflect upon our key milestones over the 20 years.

1992

Formerly known as the Inland Revenue Department (Ministry of Finance), **IRAS** was born as a new statutory board on 1 September 1992.



INLAND REVENUE  
AUTHORITY  
OF SINGAPORE

1993

**Auto-Inclusion Scheme** for dividend income introduced to better serve taxpayers with local share-holdings.



1994

Implemented **Goods and Services Tax** smoothly after months of preparation to help taxpayers and the business community adjust to the new tax.



1995

Unveiled the **Inland Revenue Integrated System (IRIS)** to enhance our processing efficiency. This was awarded the “Plexus Application Excellence Award” by Recognition International.



1996

Moved to **Revenue House** and brought separately located departments together under one roof. This reduced duplication of services, enhanced operational efficiency, and strengthened staff bonding.



# Growing with IRAS

## Serving Taxpayers for 20 Years

**1998**

Among the first in the world to introduce direct **e-Filing** of individual income tax – a major breakthrough in taxpayer service.

**Auto-Inclusion Scheme** was extended to include employment income.



**1999**

First in the world to implement **e-Stamping** for lawyers and property agents, allowing them to stamp documents and make payment for stamp duties electronically.

**Taxpayer Feedback Panel** was formed to engage more closely with taxpayers on tax policies, processes and services.



**2001-2002**

Introduced multiple **e-Services** to help individuals and businesses file and pay their taxes.



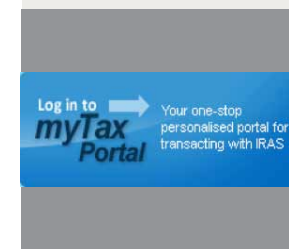
**2003**

Won the **Singapore Quality Award**, conferred on organisations for attaining world-class standards of business excellence.



**2005**

Launched **Inland Revenue Interactive Network (IRIN)** and **myTax Portal** to provide seamless and convenient service to taxpayers. Transactions across various tax types are now conveniently done online.



**2006**

Set up the **Tax Academy of Singapore** to raise the standards of tax community and develop Singapore into a regional tax hub.

Implemented an **Advance Ruling System** for businesses to receive legally-binding advice on how tax rules would apply to their arrangements.



# Growing with IRAS

## Serving Taxpayers for 20 Years

### 2007-2008

New breakthrough achieved with the “**No-Filing Service**”. Individual taxpayers with auto-included income and unchanged tax reliefs no longer have to file their returns.

The **IRAS Gallery** was launched in 2008 as a platform for public education.



### 2009

Swiftly implemented the **Jobs Credit Scheme**, paying out over S\$4.3 billion to 100,000 employers and saving about 120,000 jobs.



### 2010

Enhanced **e-Stamping** system to enable taxpayers to e-Stamp their documents directly for free.

Implemented a new **Casino Tax** on gaming revenue with introduction of Integrated Resorts in Singapore.



### 2011

Launched the **electronic Tourist Refund Scheme** a hassle-free, common electronic platform that reduced the turnaround time for tourists to claim GST refunds.

Implemented automatic-granting of **Property Tax** owner-occupier concession to newly purchased homes for owners of one residential property.

Won the **Singapore Quality Award** for a second time.



### 2012

Introduced **Form C-S**, a simplified 3-page income tax return for small companies.

Won the **Global Performance Excellence Award**, the only formal international recognition of business excellence awarded to organisations.



# LOOKING AHEAD



## Looking Ahead

### ENCOURAGING ENTERPRISE AND FACILITATING INCLUSIVE GROWTH

Amid challenging global economic times, IRAS will continue to actively foster a competitive tax environment by playing a proactive role in tax policy formulation and working with our stakeholders to keep our tax system simple and competitive. We will play our part in contributing to Singapore's drive for inclusive growth through the implementation of progressive tax policies and national productivity or assistance schemes. We will also promote Singapore's interests by enhancing our international engagement efforts and through greater collaboration with other tax jurisdictions.

### PARTNERING OUR STAKEHOLDERS

We will continue to partner our stakeholders in nation-building, so as to develop Singapore into a stronger community, a better environment and a more vibrant economy. We will stay attuned to the evolving needs and expectations of our stakeholders by strengthening our listening and learning strategies, and sense-making capabilities. We will build greater customer-centricity into the design of our policies, services and processes, while maintaining fairness and overall efficiency of our tax system. We will strengthen our capabilities in dealing with emerging compliance issues and innovative tax schemes by deriving insights through research and appropriate use of data analytics.

### RAISING ORGANISATIONAL AND STAFF PRODUCTIVITY

In line with Singapore's national productivity movement, we will continue to enhance the productivity of the organisation and our people through the effective use of data analytics and technology. We will also strengthen our management systems and processes, and benchmark our organisational capabilities against Business Excellence Standards. Beyond technology, we seek to imbue in our people the mindset to proactively look out for innovative ways to enhance their personal effectiveness and productivity in their respective areas of work.

### NURTURING AN ENGAGED AND ADAPTIVE WORKFORCE

IRAS aspires to be a dynamic and future-ready organisation that is responsive to the rapidly changing environment and is able to make timely, strategic shifts where needed. We will continue to attract and retain the right people for the organisation. We will provide challenging and meaningful jobs for our people, equip them with the right capabilities and competencies, and help them realise their full potential. We will also foster a positive work environment through flexible work arrangements, and keep our people engaged and motivated about their work, so that we achieve our Vision as a team.





# Highlights of Budget Changes

## Support Scheme for Businesses

### WAGE CREDIT SCHEME (WCS)

WCS is part of the 3-Year Transition Support Package introduced in Budget 2013. Under the scheme, the Government co-funds 40% of wage increases given to Singaporean employees earning a gross monthly wage of up to S\$4,000 over the period 2013-2015.

Businesses are restructuring in a tight labour market and wages will have to rise. Through the WCS, the Government provides businesses with co-funding support for wage increases for their employees during this period of transition. This allows businesses to free up resources to invest in productivity, and to share productivity gains with their employees.

Wage Credits will be automatically paid out by IRAS to eligible employers during the three-year period. The first annual payout will be made in end March 2014.

## Income Tax Changes for Businesses

### CORPORATE INCOME TAX ("CIT") REBATE FROM YA2013 TO YA2015

From YA2013 to YA2015, companies will receive a 30% CIT rebate capped at S\$30,000 per YA. This is to help companies cope with rising business costs.

### PRODUCTIVITY AND INNOVATION CREDIT ("PIC") BONUS FROM YA2013 TO YA2015

To help businesses defray rising operating costs and encourage businesses to undertake improvement in productivity and innovation, eligible businesses that spend a minimum of S\$5,000 in qualifying PIC investments during the basis period relating to the relevant YA will receive a dollar-for-dollar matching cash bonus.

The PIC Bonus is capped at S\$15,000 for the 3-year period (YA2013 to YA2015), and is given in addition to existing PIC benefits of:

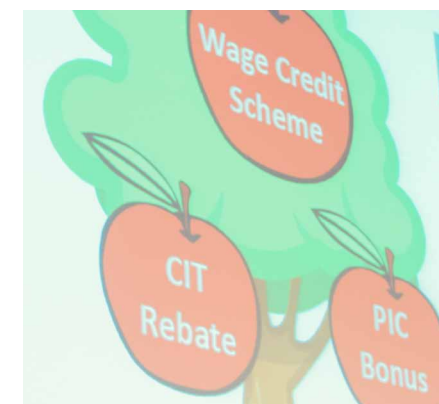
- a) 400% PIC tax deductions/allowances on up to S\$400,000 in expenditure for each PIC qualifying activity; or b) Cash payout at 60% on up to S\$100,000 of the qualifying expenditure.

### LIBERALISING THE SCOPE OF PIC AUTOMATION EQUIPMENT

More equipment will qualify for PIC benefits with effect from YA2013 through liberalising the conditions for approving equipment that is not on the prescribed list. The new conditions are:

- Equipment automates or mechanises, whether in whole or in part, the work processes, whether core or non-core of the business; and
- Equipment enhances the productivity of the business.
- Equipment that is a basic tool will be allowed if:
  - It increases productivity compared to the existing equipment used in the business; or
  - It has not been used in the business before.

The prescribed equipment list will be updated regularly to take into account feedback from businesses.



# Highlights of Budget Changes

## ENHANCING THE PRODUCTIVITY AND INNOVATION CREDIT (PIC) SCHEME TO INCLUDE INTELLECTUAL PROPERTY (“IP”) IN-LICENSING

To help businesses that license IP rights instead of acquiring the IP for innovation or productivity improvements, the PIC scheme will be enhanced to allow IP in-licensing costs incurred from YA2013 to YA2015 to qualify for PIC benefits.

The current PIC qualifying activity of “Acquisition of Intellectual Property” will also be renamed to “Acquisition and In-Licensing of Intellectual Property” to reflect the change.

## RATIONALISING THE START-UP TAX EXEMPTION (“SUTE”) SCHEME

SUTE will no longer be available to the following types of companies incorporated from 26 Feb 2013:

- a) Property Developer - a company that buys or leases land and arranges for a building to be built on the land in order to lease, manage or sell the building; and
- b) Investment Holding Company - a company whose principal activities are those of investment holding and derives passive investment income such as rental, dividend or interest income.

Property developers and investment holding companies will still be able to enjoy the partial tax exemption generally available to all companies.

All existing conditions of the SUTE scheme remain unchanged.

## ALLOWING THE DEDUCTION SCHEME FOR UPFRONT LAND PREMIUM TO EXPIRE

As the deduction scheme has been assessed to be no longer relevant, it will be allowed to expire for leases granted on or after 28 Feb 2013.

## ALLOWING THE FURTHER TAX DEDUCTION SCHEME FOR EXPENSES INCURRED IN RELOCATION OR RECRUITMENT OF OVERSEAS TALENT TO EXPIRE

As the objective of the scheme no longer merits a tax incentive, the scheme will be allowed to expire on 30 Sep 2013.

## For Financial Sector

### EXTENDING AND ENHANCING THE FINANCIAL SECTOR INCENTIVE (“FSI”) SCHEME

To continue the growth of financial sector activities in Singapore, the FSI scheme (excluding the FSI-IF award) will be extended for five years to 31 Dec 2018.

The FSI scheme will also be refined. Unless otherwise specified, the changes will take effect from 1 Jan 2014. Existing award recipients, who continue to fulfil the conditions under the respective awards, can continue with their awards till the end of their award tenures.

### EXTENDING AND REFINING THE QUALIFYING DEBT SECURITIES (“QDS”) AND QUALIFYING DEBT SECURITIES PLUS (“QDS+”) INCENTIVE SCHEMES

To further promote Singapore’s debt market, the QDS and QDS+ schemes will be extended for five years to 31 Dec 2018.

For debt securities issued during the period of 1 Jan 2014 to 31 Dec 2018, the requirement that the QDS has to be substantially arranged in Singapore will be rationalised to ease compliance for issuers.

The QDS+ scheme will also be extended for five years to 31 Dec 2018 and refined to allow debt securities with standard early termination clauses to qualify, subject to conditions.

Other existing conditions of the schemes remain unchanged.

### EXTENDING THE TAX EXEMPTION ON INCOME DERIVED BY PRIMARY DEALERS FROM TRADING IN SINGAPORE GOVERNMENT SECURITIES

To continue encouraging trading in Singapore Government Securities, the tax exemption on income derived by primary dealers from trading in Singapore Government Securities will be extended for five years to 31 Dec 2018.

# Highlights of Budget Changes

## **EXTENDING THE TAX INCENTIVE SCHEME FOR APPROVED SPECIAL PURPOSE VEHICLE (“ASPV”) ENGAGED IN SECURITISATION TRANSACTIONS (“ASPV SCHEME”)**

To continue developing the structured debt market, the ASPV scheme will be extended for five years to 31 Dec 2018.

All existing conditions of the scheme remain unchanged.

## **ENHANCING THE TAX EXEMPTION SCHEME TO INCLUDE UNDERWRITING OF OFFSHORE SPECIALISED INSURANCE RISKS**

With effect from 25 Feb 2013, tax exemption will be granted on qualifying income derived from offshore Catastrophe Excess of Loss (“CAT-XOL”) reinsurance layers to encourage the underwriting of severe and volatile catastrophe risks from Singapore.

All existing conditions of the scheme remain unchanged.

## **EXTENDING AND ENHANCING THE TAX INCENTIVE SCHEME FOR OFFSHORE INSURANCE BROKING BUSINESS**

To support Singapore’s position as a major regional insurance and reinsurance hub, the scheme will be extended for five years to 31 Mar 2018. Insurance broking activities will be incentivised if the risks being insured or reinsured are offshore risks. Advisory services will continue to be incentivised for services provided to clients that are not based in Singapore.

With effect from 1 Apr 2013, a new 5%-tier award for the offshore specialty insurance broking business will be introduced to accelerate the development of the specialty insurance cluster in Singapore. Brokers who are granted the new award can enjoy a 5% concessionary tax rate on fees and commissions derived from the provision of qualifying specialty insurance broking and advisory services.

## **ALLOWING THE OFFSHORE INSURANCE BUSINESS SCHEME FOR ISLAMIC INSURANCE AND REINSURANCE TO EXPIRE**

As the objective of the Offshore Insurance Business Scheme for Islamic Insurance and Reinsurance no longer merits a tax incentive, the scheme will be allowed to expire on 31 Mar 2013.

Insurers which conduct offshore Islamic insurance and reinsurance activities may apply to MAS for the existing 10% Offshore Insurance Business Scheme.

## **For Maritime Sector**

### **EXTENDING THE MAXIMUM TENURE OF THE MARITIME SECTOR INCENTIVE – APPROVED INTERNATIONAL SHIPPING ENTERPRISE (“MSI-AIS”) AWARD**

To promote the growth of our maritime industry, the maximum tenure of the MSI-AIS award will be increased from 30 years to 40 years.

Companies can be granted the MSI-AIS award for a 10-year period, with the possibility of renewal up to a maximum tenure of 40 years, subject to conditions.

## **Other Tax Incentives for Businesses**

### **ALLOWING THE TAX INCENTIVE SCHEME FOR FAMILY-OWNED INVESTMENT HOLDING COMPANIES TO EXPIRE**

As the objective of the Tax Incentive Scheme for Family-Owned Investment Holding Companies no longer merits a tax incentive, the scheme will be allowed to expire on 31 Mar 2013.

### **WITHDRAWING THE OVERSEAS ENTERPRISE INCENTIVE (“OEI”) SCHEME**

With broad-based changes to our tax regime for foreign-sourced income in past years, the OEI scheme is assessed to be no longer relevant and will be withdrawn from 25 Feb 2013.

# Highlights of Budget Changes

## WITHDRAWING THE APPROVED CYBER TRADER (“ACT”) SCHEME

As the objective of the ACT scheme no longer merits a tax incentive, the scheme will be withdrawn from 25 Feb 2013.

## Property Tax Changes

### MORE PROGRESSIVE PROPERTY TAX STRUCTURE FOR RESIDENTIAL PROPERTIES

From 1 Jan 2014, the property tax rates for owner-occupied homes will be made more progressive. The progressivity of the tax rates will be enhanced over two years as follows:

ANNUAL VALUE	TAX RATES FROM 1 JAN 2014	TAX RATES FROM 1 JAN 2015
First S\$8,000	0%	0%
Next S\$47,000	4%	4%
Next S\$5,000	5%	6%
Next S\$10,000	6%	6%
Next S\$15,000	7%	8%
Next S\$15,000	9%	10%
Next S\$15,000	11%	12%
Next S\$15,000	13%	14%
AV in excess of S\$130,000	15%	16%

**Non-owner-occupied residential properties** will be taxed at the following new progressive tax rates:

ANNUAL VALUE	TAX RATES FROM 1 JAN 2014	TAX RATES FROM 1 JAN 2015
First S\$30,000	10%	10%
Next S\$15,000	11%	12%
Next S\$15,000	13%	14%
Next S\$15,000	15%	16%
Next S\$15,000	17%	18%
AV in excess of S\$90,000	19%	20%

The property tax rate for land and non-residential properties remains unchanged at 10%.

### REMOVAL OF THE PROPERTY TAX REFUND CONCESSION FOR VACANT PROPERTIES

With effect from 1 Jan 2014, the property tax refund concession for vacant properties (whether residential or not) will be removed. The tax treatment of all vacant properties will be streamlined as follows:

- Vacant residential properties** will be taxed at the prevailing property tax rates for non-owner-occupied residential properties;
- However, **residential properties undergoing repairs or building works for owner-occupation** can, upon application to IRAS, be taxed at the owner-occupier property tax rates during the period of repairs or building works (for up to two years). This is provided that the property is owner-occupied for at least one year after the completion of the repairs or building works;

# Highlights of Budget Changes

- c) **Vacant non-residential buildings or those undergoing repairs** to render them fit for occupation will be taxed at the prevailing property tax rate of 10% for non-residential buildings;
- d) **Vacant land undergoing residential development for owner-occupation** can, upon application to IRAS, be taxed at owner-occupier tax rates during the development period (for up to two years) if the property is owner-occupied for at least a year after the completion of the residential development. All other vacant land will continue to be taxed at 10% during the development period.

The property tax treatment for residential properties undergoing demolition and reconstruction remains unchanged.

## Income Tax Changes for Individuals

### PERSONAL INCOME TAX REBATE

To help taxpayers cope with the increases in cost of living, all resident individual taxpayers will be given a personal income tax rebate for Year of Assessment (YA) 2013. The amount of the rebate depends on the age of the resident individual as at 31 Dec 2012 and is subject to a cap of S\$1,500:

- a) 30% for resident individuals aged below 60; and
- b) 50% for resident individuals aged 60 and above.

### RATIONALISING THE TAXATION OF ACCOMMODATION BENEFITS

To simplify tax compliance and make our tax system fairer, with effect from YA2015, the accommodation benefits enjoyed by employees (including company directors) will be taxed according to market value, as follows:

- a) Taxable value of housing accommodation: the annual value of the premises, less rent paid by the employee.
- b) Taxable value of hotel accommodation: the actual cost of the hotel stay benefit provided to the employee.
- c) Taxable value of furniture & fittings: a percentage of the annual value of the housing accommodation.

### PHASING OUT THE EQUITY REMUNERATION INCENTIVE SCHEMES (“ERIS”)

The ERIS (Start-ups) has expired on 15 Feb 2013 and will not be renewed. The ERIS (All Corporations) and ERIS (SMEs) will expire with effect from 1 Jan 2014.

However, employees who are granted stock options or shares before the expiry of the above schemes will continue to enjoy partial tax exemption on the gains from these stock options/shares, if these gains are derived on or before 31 Dec 2023.