



**Inland Revenue
Authority of Singapore**



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Inland Revenue**

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Our Vision

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

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

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

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

Chairman's Statement

IRAS has always been striving to make tax filing most convenient and easy for taxpayers. Both individuals and businesses have been enjoying the convenience of transacting and communicating with IRAS electronically for some years now. Last year, IRAS took another significant step by rolling out the No-Filing Service after a pilot run. Individual taxpayers eligible for this Service need not even submit their income tax returns and will receive their Notices of Assessment from IRAS directly. I believe IRAS has taken service excellence to another level.

The capability and responsiveness of IRAS were further tested when IRAS was called upon to implement various extraordinary measures announced in the Budget. To mitigate the effects of the global financial crisis, the Singapore Government announced a S\$20.5 billion resilience package to help Singaporeans keep their jobs and businesses to stay afloat. These measures included the Jobs Credit Scheme which provided businesses cash grants based on their wage cost to encourage businesses to preserve jobs for Singaporeans. The loss carry back scheme was enhanced, tax rebates were introduced and tax payable deferred to help ease taxpayers' cash flow. IRAS was swift to implement these Budget changes.

Even in the midst of addressing the immediate problem of the economic downturn, we continue to strengthen our long term economic competitiveness. As a small nation, Singapore has to continuously innovate and invest resources to develop new competitive advantages for our economy. Taxation is an essential component of our fiscal system

providing the resources for Singapore to develop new capabilities and to build a cohesive and inclusive society. Nonetheless, we keep our taxes competitive so as to encourage enterprise in a diversified economy. Corporate income tax rate has been lowered to 17% from Year of Assessment 2010. This would mean companies that are within the 70th to 80th percentile of tax paying companies (chargeable income of around S\$300,000) will pay an effective tax rate of below 10% if we take into account the partial tax exemption scheme.

Singapore is the third most competitive economy according to the World Competitiveness Yearbook 2009 published by International Institute for Management Development. For the two tax related criteria (i.e. "real personal taxes do not discourage people from working or seeking advancement" and "real corporate taxes do not discourage entrepreneurial activity") used to compute the competitiveness ranking, Singapore is also ranked among the top three countries.

IRAS plays a proactive role in fostering a competitive tax environment in Singapore. IRAS, in close contact with taxpayers and businesses, is a close partner of Ministry of Finance (MOF) in tax policy formulation. With deep understanding of the issues affecting taxpayers and businesses, IRAS has been proactively surfacing tax policy proposals that are beneficial for economic development to MOF for consideration. It also provides sound advice on implications of tax changes. This ensures that Singapore has a competitive tax regime and remains an attractive destination for businesses and investors.

IRAS also engages the international tax community and stays in the forefront of current global tax issues, through active participation in international conferences. These help facilitate businesses investing overseas and keep Singapore well-plugged into the international tax environment. In FY2008, we signed one treaty and ratified three tax treaties enlarging our Avoidance of Double Taxation treaty network to 60, and further expanded our economic space and facilitated cross-border transactions. With Singapore's endorsement of the internationally agreed standard for the exchange of information on tax matters, IRAS will be putting in place the necessary systems and processes to enable such exchanges. It will also be concluding more tax treaties based on the new standard.

It has been a challenging year for IRAS helping Singapore cope with the economic downturn through effective administration of the various tax rebates and measures, while keeping up its high standard of service to taxpayers. On behalf of the Board, I would like to thank IRAS management and staff for their dedication and support. I wish IRAS all the best in its excellence journey to be the leading tax administration in the world.



Teo Ming Kian
Chairman

Members of the Board

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 TEO MING KIAN

Chairman

Mr Teo was appointed Chairman of the IRAS Board on 1 October 2006. He is the Permanent Secretary of the Ministry of Finance and National Research and Development, Prime Minister's Office. Mr Teo is also the Chairman of the Accounting and Corporate Regulatory Authority, and sits on the boards of several other organisations.

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 Singapore Institute of Directors.

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 and Manulife (Singapore) Pte Ltd. He is the Chairman of IRAS' Staff Committee A, which oversees personnel matters of senior executives.

7. MR LIM HUA MIN

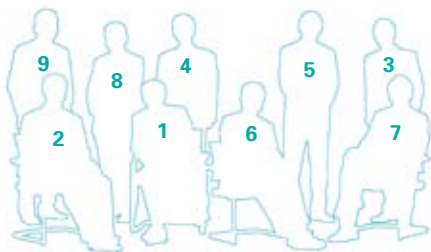
Mr Lim joined the IRAS Board in September 2004. He is the Group Executive Chairman of Phillip Securities Pte Ltd. He also serves on the boards of several organisations such as IFS Capital Limited, ECIS Limited and King & Shaxson Capital Limited. Mr Lim is the Chairman of IRAS Investment Committee, which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

8. MR LIM JOO BOON

Mr Lim joined the IRAS Board in September 2007. He is an advisor with Phillip 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.

9. MR VISWANATHAN SHANKAR

Mr Shankar joined the IRAS Board in September 2007. He is a Member of the Group Management Committee of the Standard Chartered Bank and serves on the boards of Committee to Develop the Accountancy Sector, SINDA Board of Trustees and Standard Chartered-Istithmar Asia Real Estate Opportunity Fund Pte Ltd.





Commissioner's Message

COMMISSIONER'S MESSAGE

IRAS collected a record S\$29.8 billion of tax revenue for FY2008/09, due mainly to the strong individual and corporate income growth in 2007 and the first half of 2008. As Singapore's income tax collection is on a preceding year's basis, it was relatively unaffected by the financial meltdown which took place towards the end of 2008. However, tax revenue is expected to fall sharply in FY2009/10, as the severe economic slowdown impacts income and consumption. I am pleased to report that we have also met all the key performance indicators set by the Ministry of Finance.

Given the difficult economic conditions, the risk of non-compliance of tax obligations is expected to rise. IRAS has established a strategic compliance framework to manage this risk. We believe that a high level of voluntary compliance is the only sustainable outcome to ensure a cost-effective tax administration in the long run. As taxpayers are generally compliant, we will make tax compliance easy and pro-actively educate taxpayers on their tax obligations. We enhanced our engagement with tax agents as they play an important role in facilitating compliance by taxpayers. We now have a dedicated tax agent webpage where tax agents can receive information on the latest tax changes and tax seminars and workshops. IRAS and the Institute of Certified Public Accountants of Singapore (ICPAS) have jointly set up a S\$1.3 million training fund to subsidise tax agents taking up relevant training courses with the Tax Academy of Singapore to upgrade their technical competency. While IRAS will continue to make it easy for taxpayers to comply with their tax obligations, errant taxpayers will expect strong deterrent actions from us. To encourage voluntary compliance, IRAS has made public our compliance focus for the year, outlining specific audit focus on taxpayer segments as well as the common mistakes made by taxpayers. We will not hesitate to impose severe penalties on those who choose willfully to commit tax offences, including prosecution in court.

IRAS is constantly looking for ways to deliver greater value to taxpayers and make our tax system a competitive advantage for Singapore. We stay in tune with the external economic environment and actively review our tax policies to keep pace with evolving business models and encourage business growth and activities. Some major policies reviewed in the year include transfer pricing for related party loans and services, the taxation framework for Public-Private Partnership (PPP) projects, simplified tax framework for corporate amalgamations, enhancement of the capital allowance regime, tax rules to facilitate start-ups and GST treatment for the aerospace and fund management industries.

IRAS is committed to provide excellent service to taxpayers. We strive to make our rules, systems and processes simple and clear so that taxpayers would not even need service from us. For Year of Assessment (YA) 2009, we expanded the No-Filing Service to about 495,000 individual taxpayers. The service benefited 344,120 taxpayers as they did not have to file tax returns, making tax filing a non event for them. Taxpayers who need our service can avail themselves of the suite of user-friendly e-Services available at *myTax Portal*. For YA 2009, we achieved a record e-Filing rate of 91% for individual taxpayers.

We have set up the Service Excellence Steering Committee chaired by Mr James Khor, Deputy Commissioner of Individual Income Tax, to bring service excellence to greater heights. The Committee has launched a new Service Pledge which encapsulates the attributes of our service and articulates our service standards to taxpayers. Through this initiative, we hope that all staff, frontline and backroom, will embrace service excellence as a way of life, and seek to exceed the expectations of all taxpayers in every encounter.

In recognition of our use of infocomm technology to enhance our operations and services, IRAS received the merit award under the "Most Innovative Use of Infocomm Technology (Public Sector)" category for our IRIN system at the 2008 National Infocomm Awards. We successfully renewed our Singapore Quality Class and People Developer status, affirming the robust management systems and processes that we have put in place as well as our strong emphasis on staff development.

IRAS continued to engage the international tax community through active participation in international conferences and study groups in FY2008. These included the OECD Forum on Tax Administration Compliance and Taxpayer Services Subgroup Meetings, the 38th Study Group on Asian Tax Administration & Research (SGATAR) Annual Meeting and the 29th Commonwealth Association of Tax Administrators (CATA) Annual Technical Conference. We have also hosted many foreign delegations to share our experiences and exchange best practices in tax administration.

A high level of staff competence and satisfaction is critical in realising our aspiration to be the leading tax administration in the world. We have enhanced our remuneration and career development structure so that we can continue to attract and retain talents. Our investment in knowledge management will encourage growing and sharing of knowledge among our staff. For our achievements in promoting good work-life practices, IRAS won the Work-Life Excellence Award 2008.

I would like to thank all staff for their commitment and contributions towards IRAS' achievements. I would also like to take this opportunity to thank our Deputy Commissioner, Mr Chia Chong Sing who retired in January 2009 after more than 42 years of dedicated service with IRAS. My appreciation also goes to the 2 retired Assistant Commissioners, Miss Cheong Swee Ying and Mr Tay Yong Chin, who have each given over 30 years of committed service to IRAS.

IRAS has come a long way since tax administration started in Singapore 60 years ago. With a team of committed and competent officers, I am confident that we would continue to foster a competitive tax environment for Singapore, promote voluntary compliance and provide excellent service to taxpayers.



Moses Lee
Commissioner of Inland Revenue

Senior Management Team

Senior Management Team



1. MR MOSES LEE
Commissioner



2. MISS CHIAM YAH FANG
Assistant Commissioner
(Corporate Tax Division)

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

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

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



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

7. MS ANG SOCK TIANG
Assistant Commissioner
(Property Tax Division)

Senior Management Team

Senior Management Team



1. MDM CHEW TIEW SAN

Assistant Commissioner
(Enforcement Division)

2. MRS PATRICIA MAK

Assistant Commissioner
(Accounting & Processing Division)

3. MR ONG KHIAW HONG

Deputy Commissioner
(Corporate & Services Group)

4. MR ANDY SEAH YONG LUCK

Acting Assistant Commissioner
(Corporate Services Division)

5. MR LIU HERN KUAN

Chief Legal Officer
(Law Division)

6. MS CHIN LI FEN

Assistant Commissioner
(Corporate Development Division)

7. MS TANG WAI YEE

Assistant Commissioner
(Infocomm Division)



8. MRS SABINA CHEONG HWEE BIN

Assistant Commissioner
(Individual Income Tax Division)

9. MR JAMES KHOR NGIAP LONG

Deputy Commissioner
(Individual Group)

10. MR WANG TECK LENG

Acting Assistant Commissioner
(Taxpayer Services Division)

Corporate Governance

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 Teo Ming Kian, Permanent Secretary of the Ministry of Finance. The eight 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 in 2008 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 members are Dr Tan Kim Siew and Mr Lim Joo Boon. The Committee reviews and ensures that 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, to review 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 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 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 the 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.

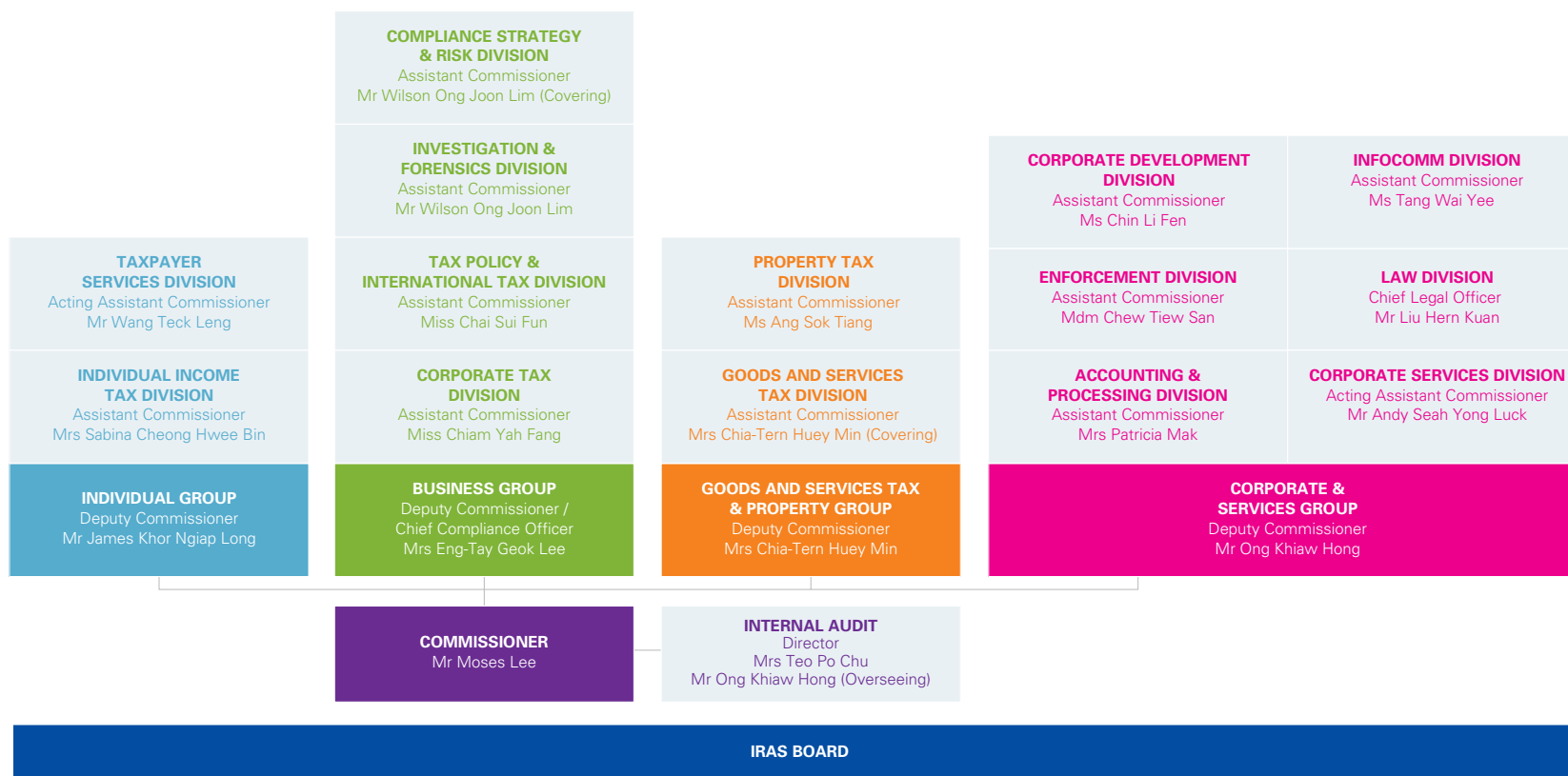
Professional and Ethical Conduct

Every IRAS staff has to maintain high standards of professional integrity and personal conduct. We 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 fail to comply.

In addition, to safeguard official information, all staff are subject to secrecy provisions in relevant legislation 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



Note : As at 4 May 2009



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 taxpayers 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	Acting 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; Charities Act, Betting & Sweepstakes Act and Private Lotteries Act. 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
Mrs Lim-Leow Lay Hwa	Tax Director (Small Corporations)
Mr Low Han Hsien	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 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 Tan Cheng Cheng	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)
Miss Ang Sor Tjing	Director (Wholesale Trade)
Mrs Eng Li Ming	Tax Director (Large Businesses)

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 Sally Mok Chong Chin	Director (Residential) (Covering)
Ms Sally Mok Chong Chin	Tax Director (Commercial)
Mrs Fong Lee Kheng	Tax Director (Industrial)
Ms Lee Yan Chin	Acting Director (Valuation & Stamp Duty)

LAW DIVISION

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

Management Team :

Mr Liu Hern Kuan	Chief Legal Officer
Ms Foo Hui Min	Director (Litigation)
Mr Liu Hern Kuan	Director (Legislation) (Covering)

ACCOUNTING AND PROCESSING DIVISION

Responsible for the prompt collection, refund and accounting of taxes, and the efficient 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 Joon Lim Assistant Commissioner (Covering)
Miss Loh Lee Kim Director (Covering)

INVESTIGATION AND FORENSICS DIVISION

Deters tax evasion through investigation and forensics, focusing on serious non-compliant tax cases.

Management Team :

Mr Wilson Ong Joon Lim Assistant Commissioner
Mr Colin Chew Koo Chung Director (Investigation)
Mr Felix Lum Hong Ching Manager (Forensics Unit)

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
Mrs Chia-Tan Hai Geok Director (Compliance Service)
Mr Dennis Lui Siew Wah Acting Director (Compliance Service) - Designate
Mrs Chia-Mao Kawn Hwa Director (Individuals & Properties)
Mrs Dorothy Guan Director (Business)

CORPORATE SERVICES DIVISION

Optimises the management and deployment of physical, financial and human resources.

Management Team :

Mr Andy Seah Yong Luck Acting Assistant Commissioner
Miss Koh Mui Gek 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) planning, system acquisitions and deployment. The division also provides ICT services and support and ensures the security 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)
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Highlights of FY2008

Our Performance

- A total of S\$29.8 billion was collected, S\$688 million or 2.4% higher than last year's collection.
- We spent 0.80 cent to collect every dollar of tax.
- Total cumulative tax arrears declined by 14% or S\$767 million.
- Nine in 10 individuals or GST registrants, and seven in 10 companies filed their tax returns on time.
- We audited and investigated 7,919 cases and recovered S\$199 million in taxes and penalties.
- We reviewed 28 tax policies and 53 tax rules and regulations to ensure our tax system remains competitive and our rules relevant.
- We have 63 comprehensive Avoidance of Double Taxation Agreements.
- We partnered the Tax Academy of Singapore and the OECD in organising the IRAS-OECD Training Programme which was attended by participants from 11 countries.

Our Service

- We replied to 93% of emails within five working days, attended to 86% of walk-in taxpayers within 20 minutes and answered 85% of telephone calls within two minutes.
- 892,000 employees benefited from the Auto-Inclusion Scheme for Employment Income for YA2009 income tax filing.
- Nine in 10 individual taxpayers e-Filed their YA2009 returns.
- Tax filing is a non-event for 70% of the 495,000 individuals who are not required to file a return under the No-Filing Service.

Our People

- Seven in 10 IRAS staff are satisfied or very satisfied working in IRAS, according to the latest Organisational Climate Survey.
- IRAS staff spent an average of 13.6 man-days in learning and development.
- IRAS raised S\$146,000 for charities through a Charity Walk that was participated by more than 1,300 staff and their families.

Nation-building and economic development

development
and economic



There are three main sources of government operating revenue, namely tax revenue, fees and charges and other receipts. Tax revenue accounted for 92.7% of the government operating revenue for FY2008/09. Taxes are used to fund public goods and services in areas such as education, healthcare, housing, national security, community development and economic development. IRAS administers six types of taxes and is the main tax administration agency in Singapore.

Collecting Taxes

IRAS' tax collection is the major component of the government operating revenue, averaging about 73% for the past three financial years (Figure 1.1). For FY2008/09, IRAS' collection represented 72.5% of the government operating revenue and 11.9% of Singapore's Gross Domestic Product (GDP).

In FY2008/09, IRAS collected a total of S\$29.8 billion in tax revenue, a 2.4% increase from the previous financial year. High economic growth in 2007 that continued into the first half of 2008 contributed to the increase in tax collection. As illustrated in Figure 1.2, IRAS' tax collection has been increasing since FY2003/04, in tandem with the continued growth of Singapore's economy. The global financial crisis triggered by the bankruptcy of Lehman Brothers in September 2008 impacted Singapore's economy negatively, and this has slowed the rate of increase for FY2008/09 collections.

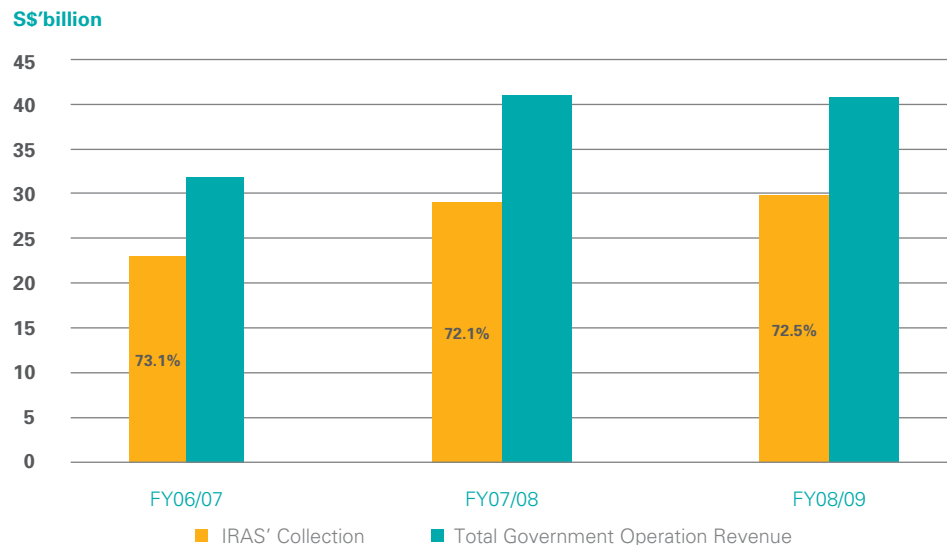


Figure 1.1 : IRAS' Collection versus Total Government Operating Revenue

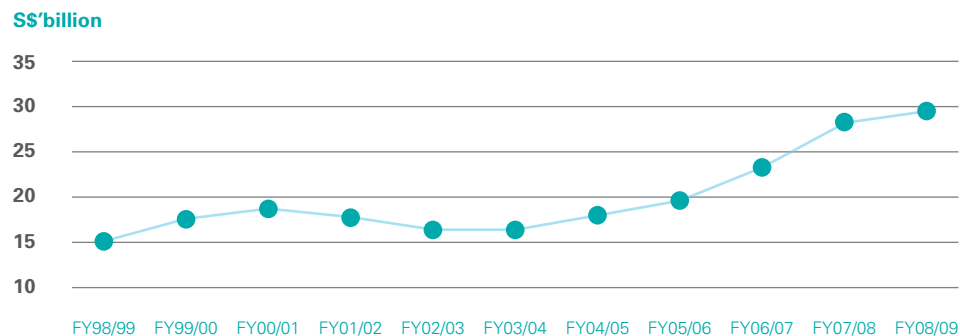


Figure 1.2 : IRAS' Tax Collection

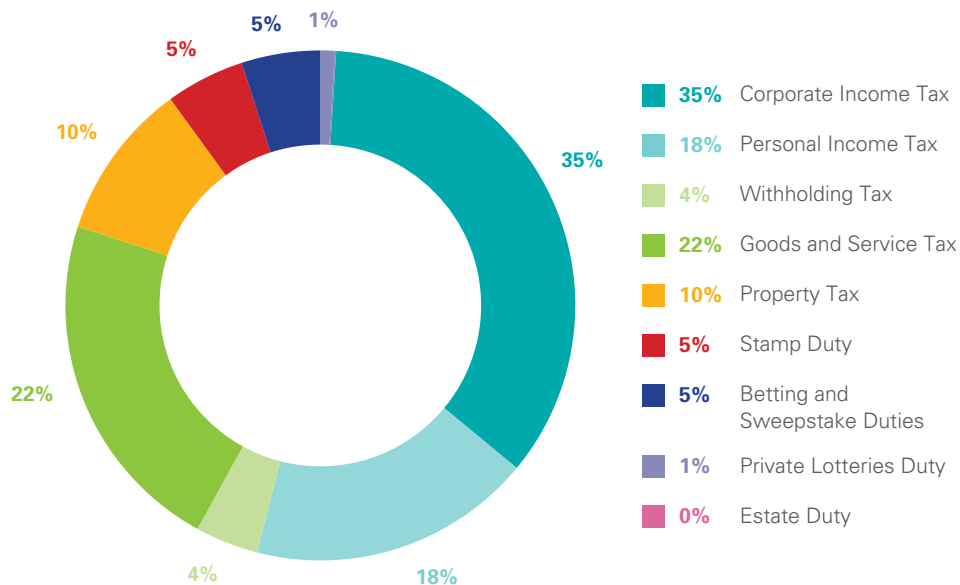


Figure 1.3 : FY2008/09 Collection by Tax Type

The slowdown in economic growth in the latter part of 2008 did not have a significant effect on the FY2008/09 tax collections. This is because the bulk of the tax collection is income tax which is based on the income of businesses and individuals in the preceding year.

FY2008/09 income tax collection, including corporate income tax, individual income tax and withholding tax amounted to S\$17.2 billion, 14.9% higher than that in the last financial year. This makes up 57% of IRAS' total tax collection.

In FY2008/09, IRAS collected a total of S\$10.6 billion in corporate income tax, an increase of 14.3% compared to that in the previous financial year. Companies were generally reporting better corporate profits which mirrored the favourable economic climate in 2007 and earlier months of 2008. Individuals also enjoyed higher earnings and this has fuelled the increase of individual income tax collection to S\$5.4 billion, 19.4% higher compared to that in FY2007/08.

The impact of the 2008 economic slowdown is better reflected through the Goods and Service Tax (GST) collection which tends to move in tandem with economic conditions. Consumption has softened in months following the global financial crisis. Total GST collection for FY2008/09 increased by 5.2% to S\$6.5 billion compared to FY2007/08 collection.

FY2008/09 property tax collection amounted to S\$2.9 billion, or 17.6% higher than FY2007/08 collection. This increase in tax collection is attributed to the high rentals that the market was experiencing in the first half of FY2008/09 across all property types.

FY2008/09 stamp duty collection of S\$1.4 billion was 61.1% lower than that of the previous financial year. The dip in the number of property transactions in the second half of 2008 contributed to the reduction in collection. Developers launched fewer units of new residential properties for sale and buying activity was also subdued compared to the heyday of property boom. The decline in property prices also resulted in low stamp duty collection from the Sales and Purchase Agreements.

Betting taxes continued to increase at a slower rate. Betting and Sweepstakes Duties was S\$1.4 billion for FY2008/09, or 3.6% higher than the collection in the last financial year. Private Lotteries Duty of S\$343 million showed a marginal 2.3% increase from last year.

Estate duty has been abolished for deaths occurring on and after 15 February 2008. The estate duty collection in FY2008/09 arising from deaths occurring before 15 February 2008 was S\$47.4 million.

Cost of Collecting Taxes

Maintaining a high level of cost-effectiveness and efficiency is high on the agenda of IRAS. We aim to keep our costs of collection low and our target is to ensure that the cost of collection does not exceed the average cost of the last three financial years. For FY2008/09, we spent 0.80 cent to collect every dollar of tax. This is lower than the three-year average cost of 0.84 cent per dollar collected.

Speed of Assessing Taxes

The Singapore income tax system operates on an Official Assessment System (OAS) where the tax liability arises upon assessment of tax by IRAS based on the taxpayer's declaration of income. Consequently, timely assessment of taxes is an important aspect of the tax administration as it gives tax certainty for the taxpayers and enables IRAS to collect due taxes on a timely basis.

For individual income tax, IRAS' target is to assess 100% of Year of Assessment (YA) 2008 tax returns by March 2009. As at end March 2009, 100% of YA2008 individual income tax returns received in 2008 have been assessed.

As for corporate income tax, 98% of the tax returns received in 2007 have been assessed as at end December 2008. This is above the target completion rate of 95%.

Annual values of properties are reviewed yearly to ensure they reflect the prevailing market rentals. As at end December 2008, the annual values of 96.7% of the properties have been reviewed. This is higher than the 95.9% achieved last year and the target of 92.5%. 98.6% of the new properties listed in 2008 have also been assessed by the end of December 2008, well exceeding the target of 90%.



IMPACT OF INDIVIDUAL INCOME TAX RELIEFS/REBATES ON TAX REVENUE

For Year of Assessment (YA) 2008, a one-off personal tax rebate of 20% was given to all tax resident individuals, up to S\$2,000 per taxpayer. This one-off tax rebate, enjoyed by 1,026,627 individuals, reduced tax revenue by S\$498 million based on the YA2008 assessments as at 31 March 2009.

Besides this one-off personal tax rebate, rebates and reliefs are also given to individuals as recognition of their efforts and to promote certain social objectives. For example, there are reliefs available to encourage family formation, filial piety and upgrading of skills and reliefs given in support of individuals saving for retirement and for serving National Service.

Table 1: Amount of Relief Claimed by Individuals

Relief	S\$'000
Earned Income Relief	1,844,347
CPF Relief	8,767,933
Child Relief	3,773,334
Parent/Handicapped Parent Relief	1,598,699
NSman Relief	1,148,837
Wife Relief	601,067
Foreign Maid Levy Relief	453,643
SRS Relief	260,058
Life Assurance Relief	229,884
Course Fees Relief	134,995
Grandparent Caregiver Relief	107,942
CPF Cash Relief	26,652
Handicapped Sibling Relief	19,668
Total Relief	18,967,059

Table 1 shows the reliefs available for resident individuals. In YA2008, individual taxpayers claimed S\$19 billion worth of reliefs which translated to a reduction of S\$1.54 billion in tax revenue. 218,600 individuals with an assessable income of more than S\$20,000 did not need to pay income tax after deducting reliefs from their assessable income.

Child relief is the next largest claim after CPF relief. This relief which amounted to S\$3.8 billion is claimed by taxpayers under the Qualifying/Handicapped Child Relief (QCR/HCR) and Working Mother's Child Relief (WMCR) schemes. QCR/HCR is given in recognition of families' efforts in supporting and caring for their children whilst the WMCR is to encourage married women to remain in the workforce after having children.

To encourage families to have more children, a lump sum Parenthood Tax Rebate (PTR) is given to married Singapore tax residents by providing them with financial support for bringing up children. For YA2008, the total amount of PTR claimed was S\$91 million. With PTR, some individuals may not need to pay income tax for a few years as unutilised PTR can be carried forward to offset future income tax payable, until it is fully utilised. For YA2008, 58,155 individuals used their PTR to offset their income tax.

NET TAX ASSESSED (NTA) FOR COMPANIES BY INDUSTRY SECTOR

Year of Assessment (YA)	Total NTA for companies (in S\$'million)
2006	7,946
2007	9,391
2008	10,284

Total Net Tax Assessed for companies has increased from about S\$8 billion in YA2006 to S\$10.3 billion in YA2008, in tandem with the robust economic growth registered during the period from 2004 to 2007.

Figure 1.4 shows the percentage contribution of the NTA for companies from the various sectors for YA2006, 2007 and 2008. The financial sector that contributed an average of 29.5% of total NTA for the past three years is the largest contributor among all sectors. The recent global financial crisis is expected to negatively impact the tax revenue from this sector for the next one to two years of assessment.

The wholesale & retail trade sector and the manufacturing sector are the other two largest contributors to NTA besides the financial sector. The distribution of tax revenue by industry sector follows closely to that of Gross Domestic Product (GDP). Given that the economy grew by 1.1% in 2008 and is expected to contract by 6.0% to 9.0% in 2009 based on the Ministry of Trade and Industry's forecast, corporate tax income collection is expected to shrink in the next one to two financial years. The decrease in tax collection will also be accentuated by the 1% reduction in the corporate income tax rate from YA2010.

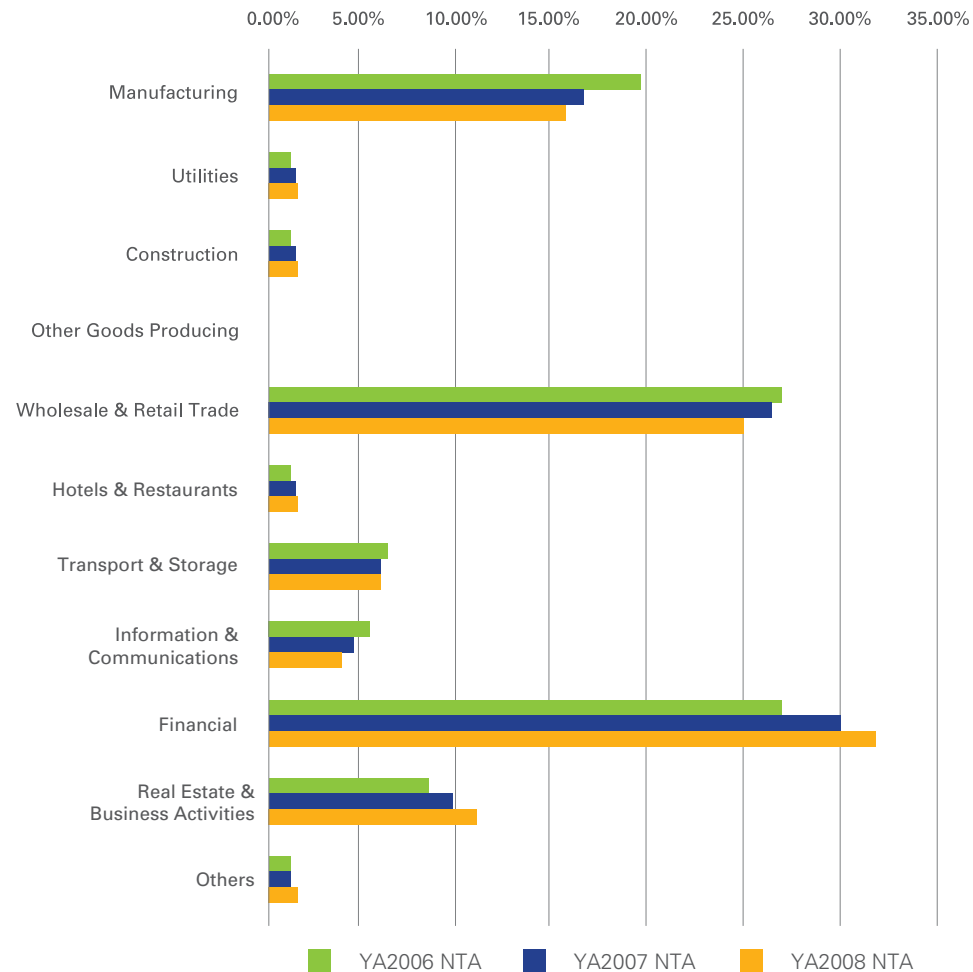


Figure 1.4 : Percentage Contribution to NTA for Companies by Industry Sector for Three Years of Assessment



**Fostering a
competitive tax
environment**
ευλικώμενη
συμβεγνλε τξ

As part of Singapore's economic family, IRAS contributes to economic development by fostering a competitive tax system that encourages enterprise and supports economic growth. With our deep understanding of the issues affecting taxpayers' businesses and expectations through our frequent contact with taxpayers and regular engagements with stakeholders, we review tax policies and tax treaties to ensure that our tax regime remains competitive and that our rules and regulations are keeping up with changes in the economy.

International Taxation

Singapore maintains a comprehensive network of tax treaties to facilitate cross-border investments and trade. The tax treaties are bilateral agreements drawn up between countries to reduce or eliminate the double taxation of cross-border transactions. IRAS plays a facilitator role on these cross-border activities, providing guidance to businesses and helping them to be aware of transfer pricing risks.

In FY2008/09, IRAS signed one Avoidance of Double Taxation Agreement (DTA) with Uzbekistan and ratified three DTAs with Belgium, Russia and Uzbekistan. Singapore currently has 63 comprehensive DTAs, out of which 60 have been ratified.

IRAS completed and documented two bilateral Mutual Agreement Procedure (MAP) and two bilateral Advance Pricing Arrangement (APA) in this financial year. MAPs help businesses resolve instances of double taxation arising from transfer pricing adjustments and APAs set transfer-pricing rules for interested party transactions between entities



operating in two countries, offering greater certainty and minimising risks to the taxpayers.

In addition, IRAS reviewed the administrative guidance on APA/MAP requests and issued a tax guide to provide greater clarity to the applicants of Advance Pricing Arrangement on what they should do to facilitate acceptance and discussion of the APA application. We also reviewed and published the transfer pricing guidelines that provide guidance on the application of the arm's length principles on related party loans and related party services, after a public consultation.



Delegates from 11 countries attended the IRAS-OECD Training Programme, held in October 2008

Strengthening International Relations

IRAS continued to expand and strengthen our ties with the international tax community through active participation in international conferences and study groups. This enables IRAS to be plugged into the latest global developments that would impact Singapore's tax competitiveness, as well as to share information and experiences with our international counterparts.

In FY2008/09, IRAS participated in the Organisation for Economic Co-operation and Development (OECD) Forum on Tax Administration (FTA) Compliance and Taxpayer Services Subgroup Meetings, the 38th Study Group on Asian Tax Administration &

Research (SGATAR) Annual Meeting, and the International Revenue Conference organised by the Australian Taxation Office.

As a member of the OECD FTA Study on "Applying the Enhanced Relationship to the Banking Sector", IRAS contributed to various areas of the study such as ways for revenue agencies to broaden their relationships with banks. A report on this study was presented to the Heads of Tax Administrations at the 5th meeting of the FTA in May 2009.

IRAS also partnered the Tax Academy of Singapore and the OECD in organising the IRAS-OECD Training Programme, which was attended by 11 countries, including members of ASEAN and SGATAR.



The Tax Academy of Singapore also organised a conference on Regional Perspectives on Transfer Pricing in Singapore in October 2008, which received very positive feedback from the 200 participants. These activities contributed positively towards Singapore's and IRAS' standing in the international tax community.

IRAS' increased prominence in the international arena is evident from the many foreign visits to IRAS. In FY2008/09, we hosted 191 delegates from 21 countries, including Azerbaijan, Cambodia, China, Hong Kong, India, Tanzania, Vietnam, Uzbekistan and the United Kingdom etc. We exchanged information and shared our experiences on tax administration, technological advances and work processes with the visitors. On top of the many foreign visits, we received frequent requests for information and assistance from foreign tax administrators on matters relating to tax policies and tax system.

Working with Local Partners

Fostering a competitive tax system requires IRAS to keep in touch with the global economic environment and stay connected with our stakeholders.

IRAS collaborated with local economic agencies such as the Ministry of Finance (MOF), Ministry of Trade and Industry (MTI), Economic Development Board (EDB) and Monetary Authority of Singapore (MAS) to review global tax developments and identify issues impacting Singapore's tax competitiveness through the Tax Competitiveness Forum (TCF). This forum was initiated by IRAS in 2006 to look into the longer term strategies to further strengthen the competitiveness of Singapore's economy. In addition, we also hold quarterly dialogues with the MOF to discuss tax policy reviews and tax administration matters.

In FY2008/09, we engaged key members of professional bodies and industry groups such as the Institute of Certified Public Accountants of Singapore (ICPAS), Singapore Institute of Chamber and Commerce (SICC) and Association of Banks in Singapore (ABS) at high-level dialogues where we discussed issues such as the IRAS-tax agent relationship, transfer pricing, foreign sourced income exemptions and tax risks management. These engagements enable IRAS to better understand the dynamic changes in the business environment and prompt us to think of ways to better support the changes.

Environmental Scanning

Environmental scanning is another means to identify and uncover potential areas for tax policy changes to support economic growth. In FY2008/09, IRAS' environment scanning efforts covered topics such as simplification of taxation of limited liability partnership (LLP), GST issues on the insurance industry, deductibility of interest expense for property developers and income tax issues in the gas sector.

Reviewing Tax Policies

IRAS actively reviews tax policies to ensure that they do not inhibit business growth and commercial activities. We reviewed 28 policies in FY2008. Some of these major policies include the taxation framework for Public-Private Partnership (PPP) projects, deferment of land tax for en-bloc sites, GST treatment affecting Aerospace Industry (including Airlines, the Maintenance, Repair and Overhaul (MRO) industry and their suppliers) and the fund management industry, and GST on hand-carried exports. These reviews provide taxpayers with greater tax certainty and make it easier for them to comply with their tax obligations.

SIMPLIFIED TAX FRAMEWORK FOR CORPORATE AMALGAMATIONS

Downturns are typically a time of opportunity for companies to merge, acquire or restructure. Hence it is timely that IRAS introduces a new simplified tax framework for corporate amalgamations to make it easier for companies to restructure and rationalise.

This new framework will give income tax effect to qualifying statutory amalgamations as if there is no cessation of the existing businesses by the amalgamating companies (and hence no acquisition of the businesses by the amalgamated company) and all risks and benefits that existed prior to the merger are transferred and vested in the amalgamated company.

The current income tax treatment considers amalgamating companies as having ceased business and disposed of their assets and liabilities, and the amalgamated company having acquired or commenced a new business. This treatment could give rise to taxable gains in the hands of the amalgamating companies because trading stocks and certain assets are subject to tax based on either the transfer price or open market values.

Ms Soh Pui Ming, Partner, International & Corporate Tax Services, Ernst & Young Solutions LLP, welcomes the initiative. She said, "This framework seeks to provide a tax neutral platform for corporate amalgamations by removing some of the tax uncertainties previously faced by companies in the amalgamation process.

"The additional good news is that tax attributes such as unabsorbed tax losses and capital allowances of the amalgamating companies can now be transferred to the amalgamated company (if certain conditions are met). This is indeed timely as corporate groups consider internal restructuring to merge the weaker businesses and subsidiaries."

Under the new tax framework, the amalgamated company will be seen as having "stepped into the shoes" of the amalgamating companies and continuing with the business seamlessly. IRAS will apply the usual tax consequences of a continuing business to the amalgamated company. The tax treatment of plant and machinery, intellectual property rights and so on that are transferred to the amalgamated company will be determined on the basis that the businesses taken over in entirety have not ceased, but continue in the amalgamated company, as part of the business of the amalgamated company.

This new framework will significantly lower the tax burden when a company acquires another and takes over all its assets and liabilities.

IRAS has put up a consultation paper on 20 February 2009 to seek feedback from the public on this new framework. The proposed legislation giving effect to the new framework will be included in the Income Tax Act Amendment Bill 2009, which will be published for public consultation in June 2009.

NEW GST REMISSION FOR PRESCRIBED FUNDS

The introduction of the Goods and Services Tax (GST) remission scheme for prescribed funds was the outcome of a tax policy review jointly conducted by IRAS and MAS. We reviewed the application of GST on fund management, custodian and other services supplied by GST-registrants to funds belonging in Singapore. The review revealed some ambiguity on the eligibility of some funds for GST registration which gave rise to uncertainty during the claiming of input tax.

To resolve this issue, IRAS simplified the rules and administrative processes for prescribed funds managed by prescribed fund managers in Singapore to claim input tax. Funds

that meet the requirements for GST remission will therefore enjoy certainty of input tax recovery.

Mr Geoff Main, Director of Finance and Operations Asia, CarVal Investors aptly sums up the positive reception to this scheme. He said, "We welcome the GST remission granted for prescribed funds, specifically for approved Singapore Resident Funds (SRFs) which CarVal Investors has an interest in. The fixed input recovery rate has reduced the cost needed to operate a Singapore resident fund and is certainly a step in the right direction to encourage more interest in the SRF scheme within the industry and to place Singapore as a serious contender to other offshore fund locations."

Highlights of Tax Changes

INCOME TAX CHANGES FOR BUSINESSES

Reduction in Rate of Tax for Companies

The rate of tax for companies will be reduced from the current 18% to 17% with effect from the year of assessment (YA) 2010. Generally, tax rates that are presently pegged to the company tax rate will also be correspondingly reduced to 17% with effect from YA2010, except for the tax rate for non-resident individuals and non-resident Hindu joint families, which will remain at 20%.

Enhanced Carry-Back Relief System for YA2009 and YA2010

The carry-back relief system is enhanced for YA2009 and YA2010, as follows:

- (a) The amount of qualifying deductions for the current YA that may be carried back is increased from the current S\$100,000 for each YA to S\$200,000 for each YA; and
- (b) The number of YAs for which the qualifying deductions may be carried back is also increased from one YA (i.e. the immediate preceding YA) to three YAs.

The carrying-back of qualifying deductions for the current YA shall first be made to the third YA immediately preceding the current YA (i.e. YA relating to the year in which the capital allowance was granted or trade loss was incurred), then where applicable, to the second YA immediately preceding the current YA and last, where applicable, to the YA immediately preceding the current YA.

All other conditions for the purpose of carrying-back the qualifying deductions remain unchanged.

Enhancement of Tax Deduction for Capital Expenditure Incurred on Renovation or Refurbishment Works ("R&R costs")

Tax deduction on qualifying R&R costs incurred during the basis periods for YAs 2010 and 2011 will be given in one YA (i.e. in YA2010 or 2011 respectively), instead of over three YAs.

All other conditions remain unchanged, including the deduction cap of S\$150,000 R&R costs for every three consecutive basis periods.

Extension of the Tax Exemption Scheme for New Start-up Companies to Companies Limited by Guarantee

With effect from YA2010, companies limited by guarantee ("CLGs") can qualify for the tax exemption scheme for new start-up companies, so as to promote social enterprises incorporated in the form of CLGs. A qualifying company under the tax exemption scheme will enjoy a full tax exemption on its normal chargeable income up to S\$100,000 annually for its first three consecutive YAs. It is also granted a partial tax exemption of 50% on up to the next S\$200,000 of its normal chargeable income annually for its first three consecutive YAs.

All other conditions for a qualifying company under the tax exemption scheme remain unchanged.

Tax Treatment of Amalgamations under Sections 215B to 215J of Companies Act

A new tax framework will be introduced for amalgamations falling under sections 215B to 215J of the Companies Act. The tax framework will apply to qualifying statutory amalgamations where, amongst other conditions, the amalgamated company takes over all assets and liabilities of the amalgamating companies and the existing businesses of the amalgamating companies continue to be carried on by the amalgamated company.

Enhancement of Existing Capital Allowance Regime

Capital allowance on capital expenditure incurred during the basis periods for YAs 2010 and 2011 on plant or machinery for the purposes of a trade, profession or business will be granted over two YAs instead of three YAs based on the following rates:

- a) 75% of capital expenditure for the first YA of claim
- b) 25% of capital expenditure for the second YA of claim.

All other existing rules relating to the claim of capital allowance remain unchanged.

Accelerated Writing-Down Allowance for Acquisition of Intellectual Property Rights for Media & Digital Entertainment Content

The writing-down period for writing-down allowance under section 19B is shortened from five to two years in respect of acquisition cost of intellectual property rights for Media & Digital Entertainment (MDE) content incurred by an approved MDE company or partnership, subject to conditions. This takes effect from 22 January 2009.

Extension and Enhancement of Withholding Tax Exemption for Maritime Industry

The withholding tax exemption under the Block Transfer Scheme, which covers loans taken by a shipping enterprise in Singapore from a non-resident lender (excluding a permanent establishment in Singapore) to purchase ships registered with the Singapore Registry of Ships, will be extended for another five years to 31 December 2013. The withholding tax exemption under the Block Transfer Scheme is also extended to cover loans taken from a non-resident lender (excluding a permanent establishment in Singapore) by a shipping enterprise in Singapore for the purpose of acquiring 100% of the shares in a special purpose company that owns 100% of a ship that is a new entrant to the Singapore Registry of Ships and registered with the SRS on any date from 1 January 2009 to 31 December 2013.

Enhancement of Fund Management Incentive Schemes

An Enhanced Tier is introduced to encourage more funds belonging to resident non-individuals to be managed by Singapore-based fund managers. The Enhanced Tier is open to fund vehicles with a minimum fund size of S\$50 million at the point of application and that are constituted in the form of trusts, companies and limited partnerships. Under the Enhanced Tier, a fund, subject to approval by MAS and conditions being met, will be granted tax exemption on specified income derived in respect of designated investments regardless of the residency status of its investors. There will also not be any restriction imposed on the residency status of the fund vehicles.

A five-year sunset clause will be imposed for the Enhanced Tier and existing fund management incentive schemes (e.g. sections 13C and 13CA). Under the Enhanced Tier, a fund may be approved during the period from 1 April 2009 to 31 March 2014.

A fund that qualifies or is approved for the various fund management incentive schemes (including Enhanced Tier) on or before 31 March 2014 would be allowed to continue to enjoy the tax exemption under the schemes after 31 March 2014.

Enhancement of the List of Specified Income and Designated Investments for Certain Tax Incentive Schemes

The tax exemption schemes for foreign investors and qualifying resident funds (sections 13C, 13CA and 13R), foreign trusts (section 13G), tax incentive schemes for approved trustee companies (section 43J) and financial sector incentive companies (section 43Q), are enhanced with the expansion of the lists of specified income and designated investment. The expanded lists of specified income and designated investment take effect from 22 January 2009.

Enhancements of Financial Sector Incentive–Head Quarter (FSI-HQ) Scheme

The following changes are made to the FSI-HQ Scheme:

- a) Allow HQ companies that are wholly owned, directly or indirectly by, or wholly own directly or indirectly, a company which is licensed or approved by Monetary Authority of Singapore or its home country's financial supervisory authority; and that provide treasury, investment or financial services in Singapore for any of its offices or associated companies, to be approved under the scheme from 22 January 2009 to 31 December 2013;
- b) Grant withholding tax exemption on interest payments made by FSI-HQ companies to qualifying persons on qualifying loans entered into during the period from 22 January 2009 to 31 December 2013;
- c) Subsume the prescribed processing services incentivised under the QPC scheme under the FSI-HQ scheme;
- d) Allow local network companies to be approved as qualifying network companies with effect from 22 January 2009 subject to the condition that the total annual revenue of such a company does not exceed 10% of the total annual revenue of the group of companies to which the company belongs.

Extension and Enhancement of the Commodity Derivatives Trading (CDT) Scheme

The following enhancements are made to the CDT scheme:

- (a) Extend the CDT scheme for a further period from 27 February 2009 to 31 December 2013 and subsume the scheme under the Financial Sector Incentive – Derivatives Market ("FSI-DM") scheme (to be known as the FSI-DM-CDT award) on 27 February 2009;
- (b) Include emission derivatives as a qualifying activity under the FSI-DM-CDT award. This applies to trades conducted during 27 February 2009 to 31 December 2013;
- (c) Remove the current counter-party requirements with respect to the derivative trading where the derivative is exchange-traded for both the FSI-DM-CDT and Global Trader Programme (GTP). This applies to trades conducted during 27 February 2009 to 31 December 2013.

Extension of Tax Deduction for Provisions made under MAS Notices

The tax deduction for collective impairment provisions made by banks, merchant banks or finance companies under MAS Notices 612, 811 and 1005 will be extended for a further three years, up from the period of five years from the first YA that such bank, merchant banks or finance companies are required to comply with FRS 39 for accounting purposes. All other conditions remain unchanged.



INCOME TAX CHANGES FOR INDIVIDUALS

Personal Income Tax Rebate for Resident Individuals

A one-off personal tax rebate of 20% is granted to each individual or Hindu joint family resident in Singapore for YA2009. The rebate will be capped at S\$2,000 per taxpayer. The 20% tax rebate is calculated based on the tax payable after double tax relief (DTR) and other credits but before set-off of any other tax rebates, namely, parenthood tax rebate and tax deducted at source under section 46(1)(a) and (b) of the Income Tax Act.

Removal of Income Tax on Net Annual Value

The income tax on net annual value (NAV) of all residential properties will be removed from YA2010.

INCOME TAX CHANGES FOR BUSINESSES, INDIVIDUALS AND BODIES OF PERSONS

Expansion of Scope of Foreign-Sourced Income Exemption for Specified Period

Tax exemption is granted to all foreign-sourced income earned/accrued outside Singapore on or before 21 January 2009 to resident non-individuals and resident partners of partnerships in Singapore and which is received in Singapore from 22 January 2009 to 21 January 2010 (both dates inclusive). For this period, the conditions specified in section 13(9) will be temporarily lifted.

Enhancement of Tax Deduction on Donations

Tax deduction for all donations (in cash or kind) made in the calendar year 2009 to Institutions of Public Character and other approved recipients (such as approved museums, prescribed schools etc.) is increased from two to two and a half times. All other conditions regarding the tax deduction of donation remain unchanged.

GOODS AND SERVICE TAX (GST) CHANGES

Suspension of GST on Goods Temporarily Removed from Zero-GST or Licensed Warehouse for Auctions and Exhibitions

With effect from 1 April 2009, GST payment is suspended on:

- a) the temporary removal of goods (including wine) by businesses from approved warehouses for auctions and exhibitions; and
- b) the sale of such goods at auctions and exhibitions held outside approved warehouses

as long as these goods are returned to the same warehouse (from which they have been removed) after the auction or exhibition.

Import GST Relief and Duty Exemption for Wine Imported for Wine Sampling at Approved Exhibitions and Conferences

With effect from 1 April 2009, import GST relief and duty exemption will be granted on a maximum of three bottles of wine per label per day for wine sampling at approved wine exhibitions and conferences for each exhibitor and main conference organiser.

Partial Input Tax Recovery for Qualifying Funds on GST Incurred on Prescribed Fund Management and Related Services

Qualifying funds that are managed by Singapore-based fund managers can recover a portion of their input tax incurred on prescribed fund management and related services via remission. The amount of GST recoverable will be based on a partial input tax recovery rate prescribed by IRAS annually. The remission will apply to input tax incurred by qualifying funds from 22 January 2009 to 31 March 2014 (both dates inclusive).



Changes to GST Treatment for the Aerospace Industry

Aircraft related supplies

These changes to aircraft related supplies take effect from 1 April 2009:

- a) The scope of qualifying aircraft is expanded to include any aircraft that is wholly used or intended to be used for travel outside Singapore. This means that zero-rating treatment would apply so long as an aircraft is used for international transportation;
- b) The sale and lease of serviceable aircraft components and systems are zero-rated, so long as they form part of a qualifying aircraft;
- c) Repairs and maintenance services performed by qualifying persons on qualifying aircraft components and systems of a qualifying aircraft are zero-rated.

Aircraft related imports

A new import GST suspension scheme 'Approved Import Suspension Scheme' (AISS) has been introduced on 1 April 2009 to allow GST to be suspended for certain importations and removals by any approved trader under AISS.

PROPERTY TAX CHANGES

Property Tax Rebate for Owner-Occupied Residential Properties

A property tax rebate of 40% will be granted on the property tax payable (after off-setting the existing rebates) to owner-occupiers of residential properties for the period from 1 January 2009 to 31 December 2009.

Property Tax Deferral for Land Approved for Development

The collection of property tax on land with valid Provisional Permission ("PP") or Written Permission ("WP") will be deferred for up to two years from 22 January 2009 (i.e. 22 January 2009 to 21 January 2011). The property tax deferral will take effect from 22 January 2009, or from the date of PP/WP, whichever is later. It will lapse on 21 January 2011, or Temporary Occupation Permit, or upon lapsing of the PP/WP (i.e. if the PP/WP is not renewed), or upon transfer of the property, whichever is the earliest.

Property Tax Rebate for Commercial and Industrial Properties

A property tax rebate of 40% will be granted on the property tax payable to owners of commercial and industrial properties for the period from 1 January 2009 to 31 December 2009.

Deferment of Increase in Assessment Rate for Hotel Rooms

The increase in hotel room assessment rate to 25% will be deferred by one year. This means that the property tax assessment rate of 20% of gross room receipts (which was applied in year 2008) will continue to apply for the year 2009. Property tax will only be assessed on hotels based on 25% of gross room receipts from 1 January 2010 onwards.

Promoting voluntary compliance



A high level of voluntary compliance, where taxpayers willingly contribute their fair share of taxes on time, is a hallmark of a leading tax administration. IRAS strives to achieve a high level of voluntary compliance as we believe this is a sustainable outcome to ensure effectiveness and efficiency of tax administration in the long run.

We have put in place a strategic compliance framework to provide focus on our compliance strategies and action plans. To encourage voluntary compliance and deter non-compliance, we continue to make it simple for taxpayers to comply and maintain a strong presence amongst taxpayers through engagement programmes, audits and investigation.

Making It Simple

Taxpayers are more willing to comply voluntarily if the tax system is simple. IRAS strives to make it as easy as possible for the taxpayers to comply, through the reduction of time and effort taken by them to fulfill their tax obligations. We proactively review tax rules to ensure their relevance. In addition, we also simplify our procedures and remove rules so as to reduce the compliance cost of taxpayers. Last year, we reviewed a total of 53 tax rules and regulations to provide greater clarity on tax treatments and tax certainty for taxpayers. These include the review of GST treatment of medical insurance, tax treatment on deduction of expenditure incurred on renovation and refurbishment, treatment of structural network for property tax purposes, waiver of requirement to withhold tax where tax payable is less than S\$15, and removal of mandatory adjudication for gift transfers.

IRAS endeavours to provide better and more convenient ways for taxpayers to submit information and make their tax payment. The 8,500 employers who are in the Auto-Inclusion Scheme for Employment Income for YA2009 have found the scheme to be more convenient, efficient and cost-effective for them to submit employees' income

information. The 892,000 employees who benefited from this scheme also have an easier time reporting their income during the annual tax filing period. 469,486 individual taxpayers, 9,491 corporate taxpayers and 35,726 GST taxpayers pay their taxes through the GIRO scheme which also makes payment of taxes a fuss-free process. In addition, taxpayers are also able to pay their taxes through other easy and convenient payment modes such as Internet Banking and automated booths like ATMs and AXS machines.

Educating Taxpayers

IRAS believes that taxpayers who know their tax obligations will be better able to comply and be responsible for their tax matters. Hence, we provide taxpayer education and timely information through various channels to help taxpayers learn about taxation and their tax obligations.



Engaging taxpayers at one of our FasTax Seminars



Students touring the IRAS Gallery during a National Education Visit, led by our Gallery Ambassador

We organise seminars, dialogue sessions and programmes in collaboration with various industry groups and professional bodies for different groups of taxpayers. In FY2008/09, our officers spoke at the Association of Taxation Technicians Singapore (ATTS) Tax Forum 2008, Singapore Chinese Chamber of Commerce & Industry's (SCCCI) workshops, The Association for Promoting Chinese Medicine and the Tax Academy of Singapore's FasTax Seminars on a slew of topics ranging from corporate tax to in-depth GST issues.

IRAS continued to partner the Accounting and Corporate Regulatory Authority (ACRA) in its Public Education Programme seminars for new business owners and entrepreneurs in FY2008/09. These seminars allowed us to inform these new corporate taxpayers on their tax obligations and the basic essentials of keeping proper records and accounts, business income reporting and GST registration.

IRAS also focused our education efforts on smaller cash businesses to improve their record keeping processes. We published a record keeping guide for small businesses on

the IRAS website and developed a set of IRAS-compliant software standards to facilitate the analysis of accounting data for tax purposes.

The Internet is a convenient channel for taxpayers and members of the public to find and receive up-to-date tax-related information. In addition to the many e-Tax guides published on our website, a new Taxpayer Compliance webpage was launched to raise public awareness of our compliance programme, such as our strategic compliance framework and the compliance focus for 2009.

Inculcating the right attitude to taxpaying should start with the young. IRAS shared the importance of taxes to nation-building and economic development with students from secondary schools, polytechnics and junior colleges through the many National Education Visits we hosted. Primary school students were also educated about the important role that IRAS and taxpayers play in nation-building and economic development through their social studies module.

Engaging Tax Intermediaries

In the long run, building a community that believes in taxpaying is the best strategy for tax compliance. IRAS hopes to leverage on stakeholders and inculcate in the community a strong sense of righteousness with respect to taxpaying. This would improve and sustain voluntary compliance.

IRAS worked on strengthening our relationship with the tax intermediaries as they play a vital role in facilitating compliance by taxpayers. In FY2008/09, IRAS completed a survey of the tax agents and launched a dedicated tax agent webpage that serves as a platform for updates on tax information and available seminars or workshops.

It is important for tax intermediaries to have a good understanding of the tax system in order to effectively advise their clients. Together with the Tax Academy of Singapore (TA) and the Institute of Certified Public Accountants of Singapore (ICPAS), IRAS developed a new training roadmap for tax agents to help enhance their technical competency. We also jointly set up a S\$1.3 million training fund with ICPAS to subsidise tax agents taking up relevant training courses with TA.

Risk-based Audits and Investigation

IRAS believes that taxpayers are generally compliant; however we will take strong deterrent action against errant taxpayers who choose not to fulfill their tax obligations. Six taxpayers were successfully prosecuted in FY2008/09 and jail sentences were meted out on five cases.

IRAS adopts a risk-based approach in carrying out compliance actions. We identify and prioritise key areas of compliance risks and develop compliance programmes to address these risks. In FY2008/09, we focused our audit efforts on operators in the food & beverage industry, real estate agents and property owners with rental income. We completed a total of 7,919 audit and investigation cases, an increase of 20% compared to FY2007/08. The increase is in line with our compliance strategy to maintain a strong compliance presence among taxpayers.

Through our audit and investigation efforts, we recovered a total of S\$198.8 million in taxes and penalties.

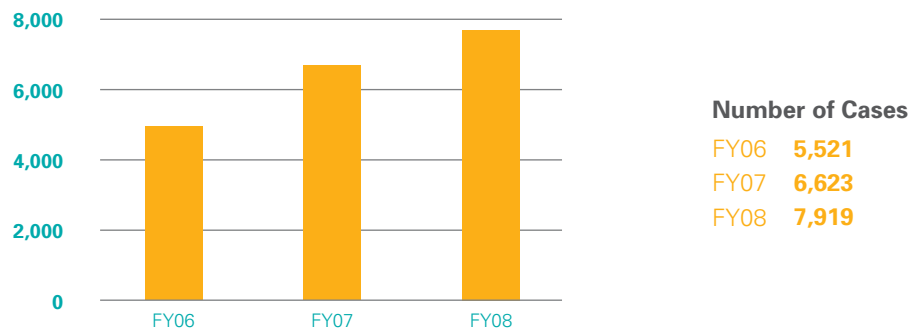


Figure 3.1: Total Number of Audit & Investigation Cases Completed

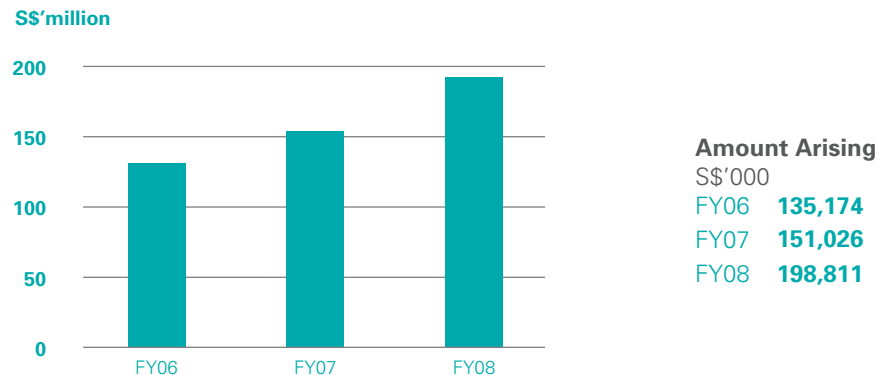


Figure 3.2: Total Amount of Tax & Penalty Arising from Audit and Investigation Cases Completed

Tax Compliance Results

Our continual efforts to enhance compliance levels have resulted in improvements in our filing and payment compliance rates.

For Individual Income Tax, we issued a total of 1,578,382 returns for YA2008 and close to 90% of YA2008 returns were filed by the due date. This high filing compliance rate is a reflection of IRAS' relentless efforts to provide easy and convenient ways for taxpayers to file their returns. This includes the provision of our e-Filing facility through the user-friendly *myTax Portal*, and our 'No-Filing Service' where eligible taxpayers do not have to file their tax returns. We also achieved good compliance results for Goods and Services Tax (GST). About 89% of GST-registered traders submitted their GST returns on time, an increase of 7% from that in FY2007/08. 127,442 corporate tax returns were issued for YA2008 and 68% of these returns were submitted on time.

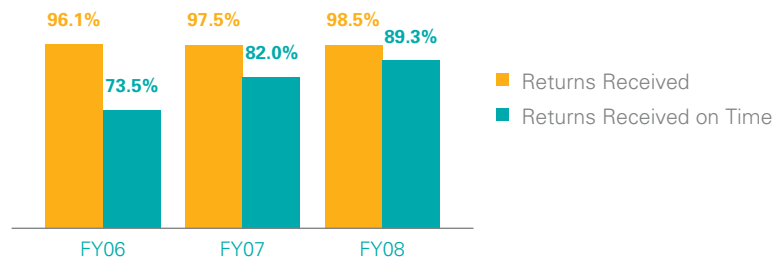


Figure 3.3: Filing Compliance Results for Goods and Services Tax

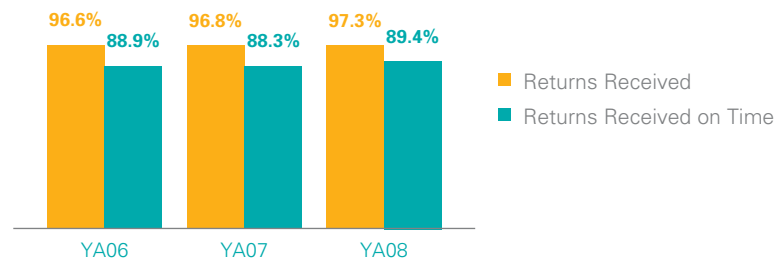


Figure 3.4: Filing Compliance Results for Individual Income Tax

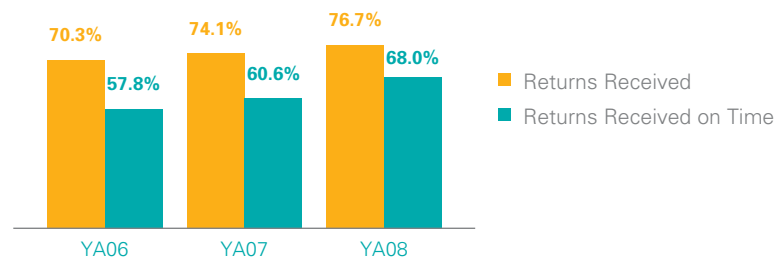


Figure 3.5: Filing Compliance Results for Corporate Tax

The total cumulative tax arrears have been declining for the past three years. As at 31 March 2009, the total cumulative tax arrears amounted to S\$767 million, registering a 14% drop from the same period last year. [See Appendix 16 for more details on active arrears]

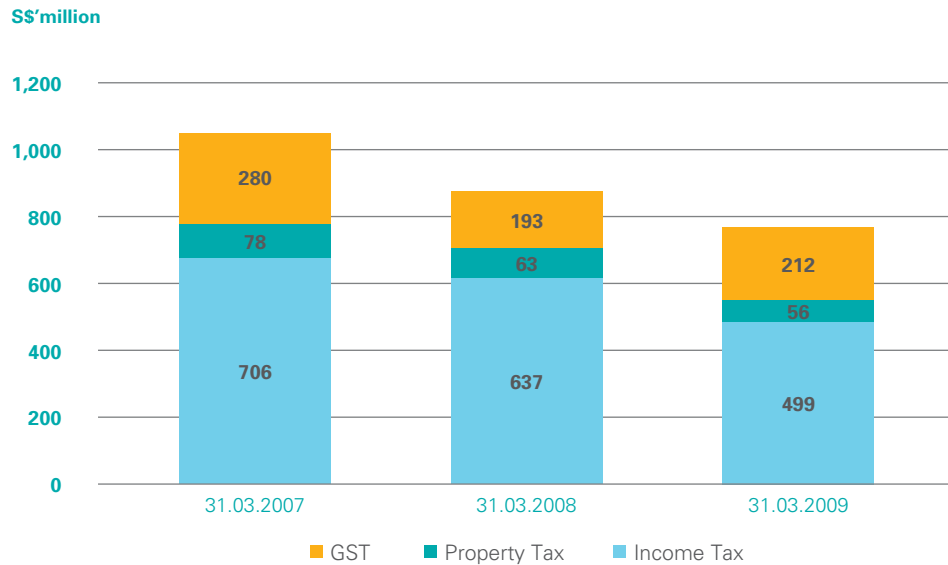


Figure 3.6 : Total Cumulative Tax Arrears

New Division to Enhance Tax Compliance

A Compliance Strategy and Risk Division (CSRD) will take over and expand on the roles of our Chief Compliance Office (CCO) to further enhance the overall effectiveness of our compliance strategies. CCO was set up in 2007 to drive tax compliance at the strategic level. The new CSRD will be responsible for the development of IRAS-wide compliance strategies, policies and programmes. It will also develop new functions of compliance risk analysis and assessment, and strategic compliance intelligence and research.

Providing
excellent service
EXCELLENT SERVICE



Being taxpayer-focused is fundamental to IRAS as we exist to serve the public. In IRAS, everyone has a role in providing excellent service. We adopt a service-oriented mindset in all that we do. While taxpayers do not have a choice about paying taxes, we strive to make their taxpaying experience as pleasant as possible.

Inculcating a Strong Service Culture

To ensure a high level of management's attention to service development, IRAS set up the Service Excellence Steering Committee (SESC) in July 2008 to drive service quality and organisation-wide service initiatives in IRAS. We launched a service excellence drive on 23 February 2009, unveiling IRAS' new Service Motto, revamped Service Pledge and revised service standards.

The new Service Motto, "**Excellent Service. Always!**" describes our service vision for the next five years. It underpins our belief that everyone in IRAS, from the frontline to the backroom, has a role to play in providing excellent service.

IRAS will provide excellent service by reviewing and designing our work processes from the taxpayers' perspectives, and where possible reduce their need for service. We will continually provide user-friendly self-help services as it entails the least compliance cost for taxpayers. Through these self-help services, taxpayers can access tax information and services at the time and place of their choice and at their own convenience. And where assisted service is required, we will provide taxpayers with a quality service experience.

Achieving Higher Standards in Taxpayer Service

Our refined Service Pledge reflects IRAS' renewed commitment to delivering quality service. One significant change is that we pledge to be "Proactive" in dealing with our customers. It also sets out our clear service standards in five key areas, namely, telephone calls, letters, walk-in interviews, emails and tax refunds.

In FY2008/09, we answered a total of 965,075 phone calls from taxpayers. We achieved a 85% rate for answering telephone calls within two minutes, exceeding our target of 75% and last year's rate of 79.3%. For FY2009/10, we aim to answer 85% of all telephone calls within one minute.

Our responses to mail correspondence within 15 working days numbered 502,221 in FY2008/09. This represented 86.4% of all letters received, exceeding our target of 80% and last year's rate of 82.5% of correspondence being responded to within three weeks.

Out of 215,178 emails we received in FY2008/09, 93.1% were responded to promptly within five working days. We exceeded our target by 13% but fell short of last year's rate by 1%.

A total of 239,460 taxpayers walked into Revenue House in FY2008/09. 86.2% of them were attended to within 20 minutes, a slight drop of 1% from last financial year.

FY2008/09 is the second year where we pledge to process 100% of tax refund cases within 30 days. As at 31 March 2009, 99.96% of cases were processed within 30 days.

Integrating the Frontline for Better Service

Giving taxpayers a quality service experience is just as important as meeting service standards.

In FY2008/09, IRAS completed Phase I of Project Frontline, an initiative that aims to bring about the consolidation of telephone help lines and walk-in structures of various tax types and functions. Taxpayers will find it easier to get their calls through to the right officers and to have their issues resolved much more quickly once the project is fully completed in late 2009.

We have also created an in-house service portal, Service@IRAS for our staff. This one-stop repository of all service-related information serves as a learning platform for staff to improve on the way we interact with taxpayers and fellow colleagues.

At IRAS, we strive to review and understand taxpayers' needs through our active listening and learning channels.

Listening and Learning through Taxpayers' Feedback

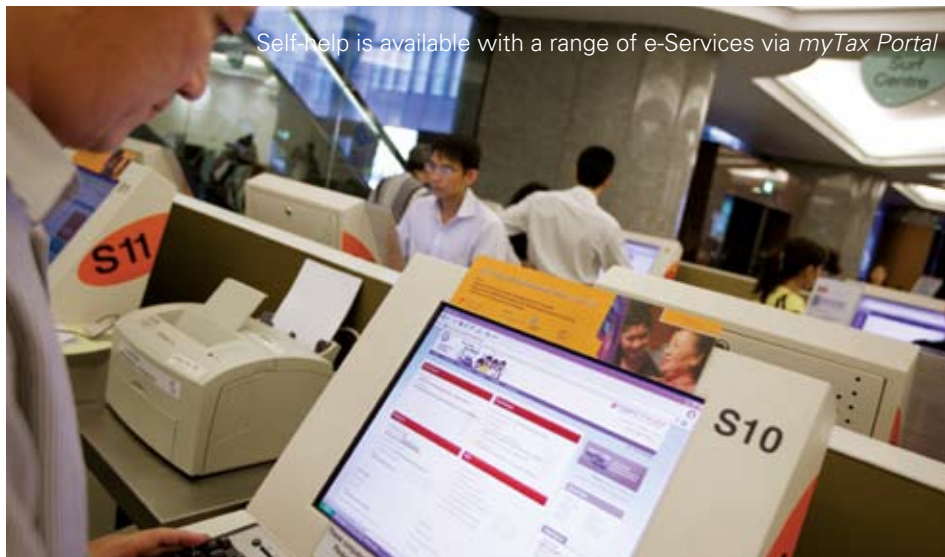
IRAS takes taxpayers' feedback seriously. We use this to continually improve our services and processes. In FY2008/09, as a demonstration of our commitment to taxpayers' feedback, we reviewed our Complaints Management System (CMS) and shortened the complaint resolution time from six to four days. We also published our complaint management process on the IRAS website. As at 31 March 2009, we received a total of 4,977 compliments and 88 learning opportunities.

IRAS conducted four English and three Mandarin Taxpayer Feedback Panel (TFP) meetings in this financial year. These meetings help us to appreciate and understand the concerns businesses might have with regard to our policies and rules. It also allows IRAS to clarify the rationale of these policies and rules. Some issues discussed at the TFP meetings included feedback on the Compulsory e-Filing of Employment Income and on the Hand-Carried Exports Scheme, Common Mistakes in Corporate Income Tax Filing by Family-Owned Companies, Concessions Granted to Taxpayers during the Economic Downturn and IRAS' Voluntary Disclosure Programme.

Through the provision of excellent service, we strive to reduce taxpayers' need for service and achieve a high level of taxpayer satisfaction.



Providing service with a smile at our Taxpayer Service Centre



Self-help is available with a range of e-Services via *myTax Portal*

Reducing the Need for Service

IRAS strives to bring service to the highest level of excellence by making our rules, systems and processes so simple and clear that taxpayers would not need service from us. As testimony to this commitment, the No-Filing Service (NFS) was extended to 332,000 individual taxpayers for YA2008 and benefited 247,300. These taxpayers, whose employment income was auto-included and who did not have any changes to their relief claims, did not need to file their tax returns to IRAS. They instead received their Notices of Assessments from IRAS directly. We expanded the NFS to 495,000, approximately one-third of the total employee base, for the YA2009 tax filing. Close to 70% or 344,120 of these taxpayers did not need to file their YA2009 tax returns, making tax filing a non-event for them.

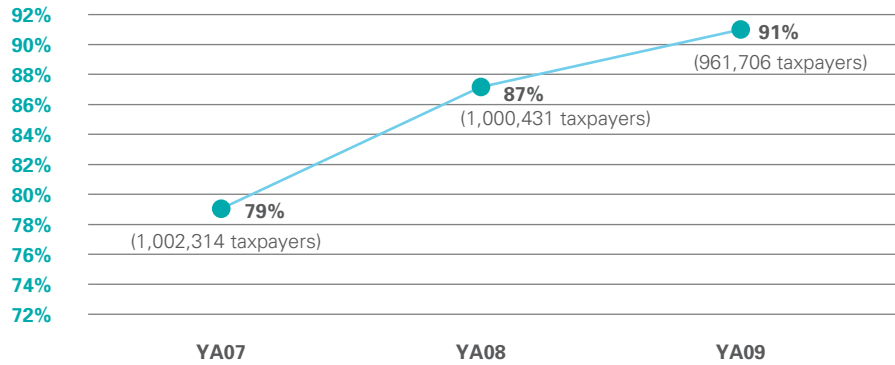
Enhancing Taxpayer Experience through e-Services

e-Filing is one of the main and popular electronic services of IRAS. To provide greater accessibility to individual taxpayers and to encourage them to e-File their tax returns, IRAS staff and e-Filing volunteers were stationed at various locations in the heartlands, at e-Filing Service Centres at CPF Main and Branch Offices and 25 CitizenConnect Centres to help taxpayers e-File. At the close of the e-Filing deadline of 18 April 2009, 91% of taxpayers (961,706) had e-Filed. This is 4% higher than the 87% e-Filing rate for YA2008. Individual taxpayers can now access their Notice of Assessments (NOAs) via *myTax Portal*.

IRAS also implemented Form P (a tax form to file partnership income) e-Filing on 15 May 2008 and set up a dedicated help line during the filing period to help taxpayers to e-File this return. As at the filing due date of 18 April 2009, 39.9% of those invited to file had used the system.

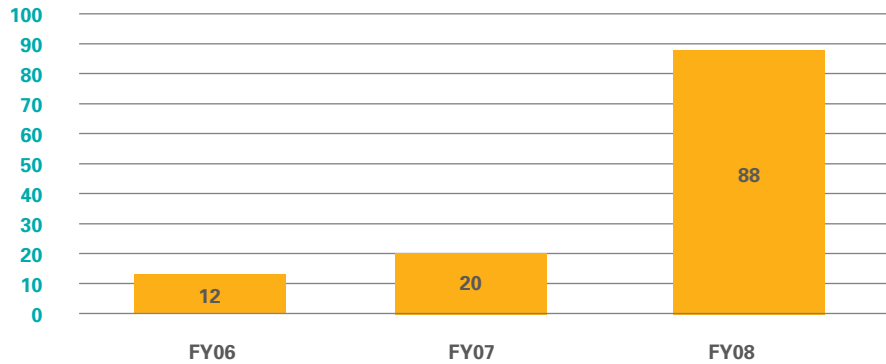
e-Filing for GST traders was made compulsory in October 2008, after a phased-in approach that started in 2007. 98.5% of GST traders are on e-Filing as at 31 March 2009.

Taxpayers can look forward to more e- and m-services in the future, made possible by IRAS' innovative use of technology. We are proud that our in-house Inland Revenue Interactive Network (IRIN) won the Merit Award for 'Most Innovative Use of Infocomm Technology (Public Sector)' at the biennial National Infocomm Awards (NIA) 2008.



Note : The e-Filing rate is calculated as the total number taxpayers who e-Filed (stated in brackets) over the total number of taxpayers who filed.

Figure 4.1: Individual e-Filing Rate



Note : Last year, we widened our scope and definition of learning opportunities to include those resolved verbally as well as those requiring written replies.

Figure 4.2: Number of Learning Opportunities *

* Refers to service gaps such as a lapse in customer service, system errors and disputes over procedural matters

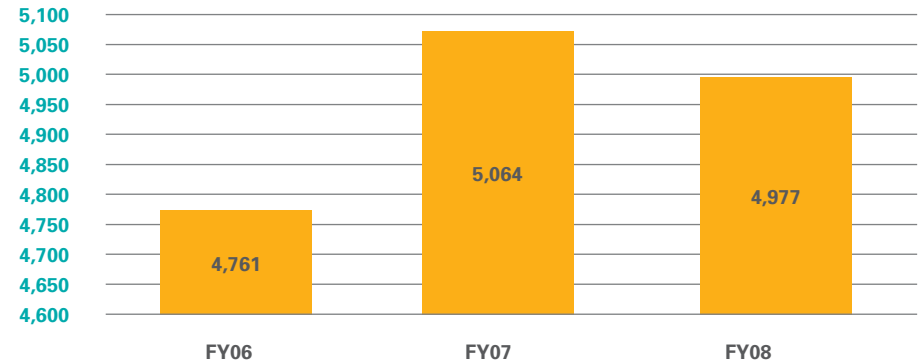


Figure 4.3: Number of Compliments from Taxpayers

PROVIDING EXCELLENT SERVICE

The PS21 Star Service Award is given out annually to recognise public service officers for their dedication to service excellence. This year, two IRAS officers received this prestigious award – **Mr Sundaresan Shanmuganath** (Tax Officer, Taxpayer Service Division) and **Ms Rita Balasurian** (Tax Officer, Enforcement Division).

Words of appreciation



for Mr Sundaresan Shanmuganath:

“Shan is patient and provides clear and concise explanations. He is also knowledgeable and gives helpful examples to help me understand how my rental income is taxable. This is especially useful as I am based overseas.” ~ Ms Tan



for Ms Rita Balasurian:

“I would personally love to see more officers like Rita in Public Service. She is outstanding in listening, has a pleasant disposition and is very quick in providing relevant solutions. She is an exemplary officer who deserves highest commendation among Public Service officers.” ~ Mr Mohamed Noor



Developing an
excellent team
excellent team
developing su



IRAS strives to develop a team of competent and committed people who will make contributions to IRAS with pride and passion to achieve our vision of being the leading tax administration in the world.

Staff Strength

IRAS had a staff strength of 1,712 as at 31 March 2009. Our staff turnover rate in FY2008/09 was 5.35%, a much lower figure compared to 7.26% in FY2007/08 and 9.42% in FY2006/07.

Building a Competent Workforce

We place great emphasis on developing our people. We seek to raise their professional standards and competency such that they are widely recognised as tax experts and tax administration professionals. We invest widely in staff training. For FY2008/09, our staff training expenditure was S\$2,818,201, representing 2% of the total payroll. The average learning man-days per employee for FY2008/09 also increased from 12.8 days in FY2007/08 to 13.6 days in FY2008/09.

We also have in place measures aimed at improving staff knowledge on external economic developments. Besides regular reviews of country budgets and policy positions, in-house sharing on topics such as Compliance Risk Relating to Related Party Remuneration, Tax Efficient Corporate Financing and Formula One Racing & GST were conducted in FY2008/09 to update staff on industry trends and tax developments.

The Annual Tax Conference, aimed at raising the technical competency, professional standards and standing of tax officers in IRAS, was held in September 2008. Our staff discussed topics such as "Tax & Globalisation - Tax Implications of Payments for Global Services for Income Tax & Goods and Services Tax" and "Rationalising the Property Tax Assessment of Specialised Plant" at the conference.

The Budget Seminar 2009, organised by Tax Academy of Singapore, saw the biggest line-up of IRAS' tax specialists. Besides providing valuable insights on the major Budget 2009

IRAS' tax specialists participated actively in the Budget Seminar 2009, held on 20 February



tax changes, our officers shared their expert views on tax risk management and transfer pricing implications with the business community and tax practitioners during the panel discussion.

We also launched an in-house publication to keep staff updated on global tax administration developments.

Knowledge Management

As part of our efforts to build staff competency, we encourage staff to grow and share knowledge through Knowledge Management (KM). To further integrate KM practices and processes into our day-to-day work, IRAS embarked on the Knowledge and Information Management (KIM) Policy and Information Architecture project in November 2008 to enhance consistency and discipline in information management and documentation. The project, which started with desktop reviews of our existing KIM policies and our Intranet, aims to enhance the ease of information retrieval to facilitate work efficiency and effectiveness.

We strive to match staff competence with pride and passion for the organisation. We want to create a good working environment where staff are happy and every individual takes pride in what he/she does. We also want staff to find their work in IRAS challenging and meaningful.

Engendering Innovation

We encourage our people to be creative and to give innovative solutions to make their work easier, less tedious and more satisfying. In FY2008/09, we completed 174 innovation projects which generated savings of about S\$4.9 million. A further 4,220 suggestions were generated by staff, with an implementation rate of 58%. To appreciate and recognise staff's innovative efforts, we give out awards such as the Commissioner's Award, Most Innovative Branch Award, Monthly Top Suggestor Award and Friend of Innovation.



Commissioner presenting the Friend of Innovation award to Miss Loh Wai San (Tax Specialist, Corporate Tax Division)

Remuneration and Benefits

We conduct regular reviews of our remuneration package to ensure that it remains competitive so that we continue to attract and retain talent. In FY2008/09, we added the Organisation Bonus (an annual payment tied to economic performance and IRAS' performance) to our remuneration structure. The salaries of our Technical-Gratuity officers and monthly allowances for IT and Legal officers were also revised.

We continue to recognise our staff's efforts and commitment through performance-based rewards and appropriate staff benefits. Rewards are more directly linked to performance under our new Performance Appraisal and Rewards System (PARS) implemented last year. We also enhanced our staff benefits with effect from 1 March 2009. These include increasing the flexible benefits quantum for staff, introducing the Family Care Time-Off Scheme and enhancing the existing Comprehensive Health Screening Scheme and Staff Development Scheme.

Organisational Climate Survey

Staff commitment to the organisation is enhanced when they have a part to play in making IRAS a better workplace. The biennial Organisational Climate Survey (OCS) is one of the key channels for staff to provide feedback on IRAS' development and initiatives, and helps in identifying the areas of improvement which would make working in IRAS more rewarding and meaningful for staff. We engaged Towers Perrin-ISR to conduct the OCS 2009 in February 2009. Close to 93% of our staff participated in this survey.

IRAS – A GREAT PLACE TO WORK IN

Our continuing efforts to make IRAS a more meaningful and rewarding workplace has yielded positive results. In 2009, 70% of our staff are satisfied or very satisfied working in IRAS. This is much higher than the 57% in 2007 and also 6% higher than that of the Towers Perrin-ISR Singapore National Norm.

Majority of IRAS staff are either satisfied or very satisfied working in IRAS according to our latest Organisational Climate Survey



Achieving Work-Life Balance

IRAS supports the work-life balance of our people because we believe that work-life integration is important for the physical, emotional as well as mental well-being of our staff.

Our Staff Well-Being Committee and Inland Revenue Recreation Club organised many social activities during the year to help staff lead a balanced and happy working life in IRAS. We conducted regular lunch time talks providing parenting and health tips, as well as exercise classes at the in-house gym after working hours. We also organised a Sports and Wellness Fortnight in February 2009, which included a bazaar as well as activities such as a Golf Clinic and Rockwall Climbing.



A Golf Clinic was conducted for staff during the Sports and Wellness Fortnight

Our biennial IRAS Dinner & Dance, themed “Night of Stars”, was held at Suntec Convention Centre in November 2008. Attendees were entertained by an original IRAS musical produced by our very own staff. Other social activities organised for staff included overseas trips to Hong Kong and Vietnam and visits to local attractions such as the Singapore Flyer and Pulau Ubin.

In the sporting arena, our staff participated actively in various external tournaments in FY2008/09. These included the Inter-Statutory Board Games, where we emerged as Overall Champions for both Dragon Boat and Cross Country. Our IRAS runners won the overall joint third placing for the Reservoir Run during the Public Service STAR Games. Staff also took part in internal competitions such as Captains’ Ball, Badminton and Nature Run. In 2008, we were recognised for our efforts with the Work-life Excellence Award.



The IRAS Dragon Boat team clinched the Overall Championship in the Inter-Statutory Board Games

In addition to building a competent workforce committed to the success of IRAS, we also work hard to fulfill our corporate responsibility to the community and environment. Events to promote the spirit of volunteerism are continually being organised to inculcate a strong sense of public responsibility amongst our staff.

IRAS Charity Walk

In FY2008/09, we organised the IRAS Charity Walk as part of the celebrations for our 60th anniversary of tax administration. This is the first large-scale charity event in IRAS' history. More than 1,300 volunteers, including staff and their families, participated in the walk. An impressive whopping sum of more than S\$146,000 was raised for various charitable causes such as the President's Challenge and the Children's Aid Society.

Volunteer e-Filing Service

We also continued with our Volunteer e-Filing Service (VES), which was launched in March 2007 to help non-IT savvy taxpayers fulfill their tax filing obligations. In FY2008/09, a total of 350 students and adults signed up as e-Filing volunteers. Nine e-Filing training sessions were conducted to train these volunteers. The VES took place at 25 CitizenConnect Centres over four weekends from 28 March 2009 to 18 April 2009.

Green Movement

As part of our green movement, we took part in Waterways Watch and Project Cleanup to raise the level of awareness on the need to keep our waterways and environment clean and litter-free. We also continued with our recycling efforts through regular pulping exercises.



Staff participated in community involvement activities such as Waterways Watch

IRAS' AMBASSADORS @ WORK

IRAS recognises the importance of developing and motivating our staff, and we are constantly on the look-out for opportunities where they can learn and grow. Besides training programmes, we encourage our staff to speak at tax conferences and forums. Participating in such events provides exposure for our staff and presents a good learning opportunity for them to increase their level of technical knowledge.

One such example is Miss Jow Lee Ying (Tax Specialist, Tax Policy and International Tax Division), who had represented IRAS together with her Assistant Commissioner, Miss Chai Sui Fun, at the Kuala Lumpur conference, "Transfer Pricing: Challenges & Issues". They presented on Singapore's approach to transfer pricing at the conference held on 10 February 2009.

Lee Ying commented, "It was interesting for me to hear from the other speakers about their respective countries' perspectives on transfer pricing, and how it may differ from Singapore's approach.

"It is important for us to be aware of developments in other countries since cross-border related party transactions could involve companies in Singapore. It is also a rewarding



Miss Jow Lee Ying
(Tax Specialist, Tax Policy and International Tax Division)

experience to speak at overseas seminars such as this as it allows us to keep abreast with the latest international tax developments, and interact face-to-face with tax professionals from other countries."

Public speaking engagements are also a good avenue for reaching out to and engaging taxpayers. We take the opportunity to share information with participants so they are kept updated and can have a better understanding of tax policy changes.

Miss Gloria Chee (Tax Specialist, Corporate Tax Division), spoke at the Lianhe Zaobao Business Forum on 28 March 2009, on the topic "Tax Changes from Budget 2009 for the SMEs". The main aim of the event was to share tips with SME players on what they can do to overcome the current economic downturn.

Gloria explained how SMEs stand to benefit from the corporate tax changes announced in Budget 2009, the 40 per cent property tax rebate for commercial and industrial properties, and the Jobs Credit Scheme which is administered by IRAS.

"It was the first time I participated in a Budget-related forum, and it was particularly interesting and an insightful experience, due to the current economic situation. The Government had provided some measures in this year's Budget to assist businesses, so it was a good opportunity for us to explain these to SMEs."



Miss Gloria Chee
(Tax Specialist, Corporate Tax Division)

Retirement of Senior Management

Three of our Senior Management members retired this year.

Miss Cheong Swee Ying retired on 1 September 2008 after more than 37 years of dedicated service. She retired from the post of Chief Tax Policy Officer of the Tax Policy Directorate at the Ministry of Finance (MOF). She was formerly Assistant Commissioner of the Technical Services Division and Specialist & Technical Development Division before she was seconded to MOF in September 2005. She had many years of experience in tax policy and international taxation, and made major contributions to improve the tax policies and practices in MOF and IRAS. She also played a key role in introducing the Accreditation of Tax Specialist framework in 2003 during her stint in the Specialist Development Committee.

Mr Chia Chong Sing, Deputy Commissioner of the InfoComm Group, retired on 1 January 2009 after more than 42 years of dedicated service. He was previously Deputy Commissioner of the Centralised Service Group and prior to that, he headed the Tax Processing Division, Information Technology & Systems Division and Accounting & Processing Division. Over the years, he played a major role in raising operational efficiency in IRAS through the use of technology, especially in the individual income tax area. He implemented INTAX in 1992 and 1993 - the first-ever software developed by IRAS to help taxpayers prepare their tax returns, and also oversaw the implementation of e-Filing in 1998.

Mr Tay Yong Chin retired on 1 April this year. In his 31 years of service with IRAS, he oversaw several divisions such as the Investigation & Intelligence Division (IID), Enforcement Division and Management & Information Systems Division. He led various important projects such as IRAS' move to Revenue House and the development of the computer system IRIS. Under his leadership in IID, IRAS established a stronger presence in deterring tax evasion through a significant increase in the number of cases prosecuted.



Miss Cheong Swee Ying

Mr Chia Chong Sing

Mr Tay Yong Chin

IRAS as 60od as 60ld



1 Launch of IRAS Gallery and Commemorative Book : (left to right) Commissioner of Inland Revenue Mr Moses Lee, Minister for Finance Mr Tharman Shanmugaratnam, Chairman of IRAS and Permanent Secretary (Finance), Mr Teo Ming Kian



2 The Singapore Tax Story: Commissioner and Minister viewing the Gallery exhibits



3 An historical journey from Fullerton to present: A walk made more meaningful as we reminisced about the "Fullerton days"



4 Charity Walk: Staff dressed in their "divisional best" – Even as we walked for a good cause, the spirit of teamwork shone through



Celebrating 60 years of tax administration in Singapore (1948 – 2008)

2008 was a year that will resonate with fond memories for our people. We marked the 60th year of tax administration in Singapore with the opening of the IRAS Gallery - The Singapore Tax Story, and the launch of a commemorative book, *The IRAS Story*.

Minister for Finance, Mr Tharman Shanmugaratnam, officiated at the opening of the Gallery and the launch event on 29 August 2008. Our Board Members, senior representatives from the industry and Taxpayer Feedback Panel members were among our distinguished guests.

More than a celebratory event, the activities allowed our people to rise to the occasion as we reflected on a journey of 60 eventful years, the vast experience gained, and the improvements and innovations we have achieved.

We also remembered members of the community with deserving needs. Staff and industry partners rallied to support our largest ever charity event - the IRAS Charity Walk, raising more than S\$146,000 for the President's Challenge, which IRAS has been contributing to since 2003, as well as beneficiaries supported by IRAS' staff recreation club and IRASSU (IRAS' staff union) – namely, the Children's Aid Society, Habitat for Humanity Singapore and Young Women Muslim Association (PPIS).

As part of our celebrations, we staged an original musical, "iM60: The Mission" which chronicled IRAS' recent achievements and envisioned our future. The musical and its songs were written, produced and performed by our very own staff, making it a truly special and memorable performance at our biennial Dinner & Dance.



5



6



7

5 Carnival: Good things come to those who walk – staff were in for a treat at the end of the walk

6 Night of IRAS' very own stars: The much-awaited musical produced by the staff for staff - "iM60: The Mission" – driven by our commitment to excellence and talent beyond work

7 Stage performance by staff: True to IRAS' tradition and team spirit

Looking ahead
Глокинд аргсг



IRAS plans ahead and reviews our strategic directions regularly. In FY2008/09, we completed our corporate planning exercise and laid down our strategic directions and priorities for the next five years.

IRAS aspires to be the leading tax administration in the world. Having a “leading” mindset will drive us to deliver greater value to taxpayers and make our tax administration a competitive advantage for Singapore.

As a partner of taxpayers in nation-building and economic development, IRAS will support economic growth through a competitive tax regime. We will enhance our capacity and competence in tax policy formulation so that we play the facilitation role in economic growth more effectively.

We believe in the long run, a high level of voluntary compliance is a sustainable outcome for a cost-effective tax administration. We will strengthen our processes in managing compliance programmes by adopting a risk-based approach and investing more in IT to perform compliance functions more effectively.

We aim to achieve a high level of taxpayer satisfaction by understanding taxpayers’ needs better and enhancing our service delivery, especially for corporate taxpayers. We will also make our rules, systems and processes simple and clear so that taxpayers would not need any service from us. And where service is needed, taxpayers can self-serve - anytime, anywhere - with our extensive user-friendly self-help facilities.

Highly efficient business processes and highly integrated information systems are primary components that make us a cost-effective tax administration. We will leverage on appropriate technologies to streamline and improve our business processes so that

our people can focus on more value-added work and hence increase their productivity. Together with the active review and simplification of our tax rules, we will also strive to keep taxpayers’ compliance costs low.

We will continue to raise our professional standards and broaden the knowledge base to build a vibrant and knowledgeable staff. IRAS will be a workplace where people are happy to be, where people take responsibility for their own work-life balance and personal growth, and where people take pride in what they do and are committed and passionate about their role in IRAS and the Public Service.

Strategising for effective facilitation of economic growth in Singapore



Photo courtesy of the Singapore Tourism Board