



# GROWING WITH YOU

**You are at the centre of all that we do. The success of the nation is eventually dependent on your contribution, and will also eventually be yours to share and enjoy. To IRAS, every taxpayer, whether individual or corporate, is important and valuable. No contribution is too small or insignificant; every dollar collected plays its part in building up the nation.**

We see it as our calling to provide you with service of the highest standards. It is only when we perform our duty to the satisfaction and approval of both the nation and the people that we have fulfilled our mission. By continually training ourselves, upgrading our processes, improving our service, enhancing interaction with the taxpayer and exploiting technology, we strive to always maintain the leading edge as the nation's tax revenue authority.

We are glad that we have successfully accelerated the development of the tax revenue collection process in its entirety. By going online with IRIN, we have made a quantum leap in simplifying and streamlining the tax collection process for the taxpayer, and in efficiency and productivity for ourselves. But excellence is a journey without a destination, and we will not rest upon our laurels but forge ahead to realise even greater achievements in the future.

## Improving Taxpayer Service

For the first time in IRAS' history, IRAS' tax officers were stationed at decentralised centres in the heartlands to help taxpayers e-File. IRAS officers at the 3 centres at Bedok, Chong Pang and Yew Tee community clubs served more than 8,000 taxpayers from 1 March to 18 April 2007. Based on a survey of the taxpayers who were at the 3 centres, 99% of them ranked the services rendered to be either 'Very Good' or 'Good'. Most surveyed (95%) preferred seeking filing assistance at these community clubs and 50% indicated that they would be able to e-File on their own next year. IRAS is happy with the outcome of this service, and will look into extending this service to more centres next year.

IRAS also aims to improve service delivery by leveraging on technology. With the rollout of the Property Tax module in late May 2006, the Inland Revenue Interactive Network (IRIN) is now in place for Individual Income Tax, Corporate Income Tax, Goods & Services Tax and Property Tax. Besides allowing taxpayers to pay their taxes, and view their tax assessments and statement of accounts online, additional e-services like "View Return Status", "View Correspondence/Notice", "Object/Revise Assessment" and "Transfer of Parenthood Tax Rebate" will be progressively made available in 2007.

As at 18 April 2007, a record high of 1,002,000 individual taxpayers, representing 79.3% of the total number who filed, e-Filed their YA2007 tax returns compared to 915,000 (i.e. 73.3%) in the previous year. This marks the tenth year that IRAS has introduced the electronic filing of individual income tax. Our user-friendly system, combined with our publicity and volunteer programs to encourage taxpayers to e-File, have helped to increase the e-Filing rate.

By September 2008, e-Filing will be made compulsory for all GST traders. e-Filing has been made compulsory for groups of traders in phases, starting with the larger traders in January 2007. The first group of compulsory GST e-Fileers was businesses with turnover more than S\$5 million and the second group comprised of businesses

with turnover between S\$2 million and S\$5 million. The first group was to e-File by 31 January 2007 while the second group was to e-File by 30 April 2007. This would be followed by other businesses in phases until all GST-registered businesses e-File by September 2008.

To assist businesses in switching from hardcopy filing to e-Filing, we have made available a dedicated helpline and email address, as well as e-Filing workshops for GST-registered traders.

At IRAS, we constantly seek to improve our processes and raise our service level. We track our performance via indicators in four key areas of interaction, namely, telephone calls, letters, walk-in interviews and tax refunds.

For FY2006/07, we answered a total of 1,188,760 phone calls from taxpayers. We achieved a 72.2% rate for answering telephone calls within two minutes, marginally below our service target of 75.0%.

Our responses to correspondence via post, within three weeks, numbered 588,302 in FY2006/07. This represented 85.4% of all letters received, exceeding our service target of 80.0%.

There were 325,028 taxpayers who visited Revenue House in FY2006/07. 78.9% of these visitors were attended to within 20 minutes. This was a slight dip from the 80.5% achieved in the previous financial year.

For our last indicator of tax refunds, 95.8% of 405,217 refund cases received were processed within 30 days. We were 4.2% short of our service target of processing all refunds within 30 days. We aim to improve upon our performance in the coming year.

## Listening to Taxpayer Feedback

In FY2006/07, 4,761 compliments and 10 learning opportunities were received. Causes and remedies for these learning opportunities were shared with our officers after the taxpayers' concerns had been addressed.

Four Taxpayer Focus Groups were held in FY2006/07 for the 'No-Return-No-Filing system' and 'Improvements on EASY system'. The 'No-Return-No-Filing system' seeks to streamline income tax filing for a significant group of taxpayers who have no other sources of income except auto-included employment and/or dividend income and no changes in relief claims. This group of taxpayers is not required to submit their Income Tax Return. The 'EASY system' launched two years ago will be enhanced by reducing the manual effort in linking staff of third parties to their clients through the system. This enhancement serves to provide segregation between the Tax Agent's (third party) own tax matters and those of their clients; and with the option to create a list of authorisation records that can be downloaded through the EASY portal.

The Taxpayer Feedback Panel met four times during the year. The Taxpayer Feedback Panel (TFP) was formed in September 1999 to serve as a more structured and regular communication channel to receive feedback from taxpayers. The objective is to obtain constant feedback to enhance IRAS' existing systems, policies and services, and to receive suggestions to initiate new services. The TFP comprises 20 members from various professions and industries, among whom a chairman is appointed.

An IRAS TFP-SME Feedback Group Mandarin Dialogue was also set up in November 2004, to gather feedback from Chinese-speaking members of small and medium enterprises (SMEs). The dialogues are held quarterly covering specific tax issues that affect the SMEs. Representatives from various industries are invited to attend the dialogues, which are co-chaired by the TFP chairman and REACH SME Feedback Group's chairman.

In line with our Vision to partner taxpayers in nation building and economic development, we have set up the Tax Competitiveness Forum, comprising senior representatives from IRAS, Ministry of Finance (MOF), Economic Development Board (EDB), Monetary Authority of Singapore (MAS) and Ministry of Trade and Industry (MTI). The Forum looks into the longer term tax strategies to further strengthen the competitiveness of the Singapore economy. It is also a platform to review global taxation developments, assess Singapore's tax competitiveness and consider tax proposals that would help attract investments and talents to Singapore in the longer term.

IRAS has also met up with the Credit Counselling Society (CCS) to discuss ways to collaborate with each other in promoting taxpayers' compliance level and to find out how best to help taxpayers who are facing financial difficulties.

We have also initiated several high-level meetings with various business and professional groups to understand the business issues faced and to seek their inputs to our processes and policies. In FY2006/07, the Commissioner of Inland Revenue and senior management have met with the Association of Banks in Singapore (ABS), Singapore International Chamber of Commerce (SICC), Singapore National Employers Federation (SNEF), Real Estate Developers Association of Singapore (REDAS), and Institute of Certified Public Accountants of Singapore (ICPAS).

## Promoting Taxpayer Education

The Tax Academy of Singapore (TAS) was officially launched by Second Minister for Finance, Mr Tharman Shanmugaratnam, on 28 July 2006. It is jointly set up by the Big 4 Accounting Firms, Law Society of Singapore and IRAS. The first seminar organised by TAS, in conjunction with its launch, was on transfer pricing. This seminar, which saw a strong turnout of 600, sought to provide insight into a specialised but important area for tax authorities as well as for businesses going global. Singapore businesses that seek to expand overseas need to be aware of the potential for them to be scrutinised on their transfer pricing policies and to prepare themselves accordingly.

Since its first Income Tax course in August 2006, TAS had conducted other courses that were open to the public. Generally, the feedback on the courses was good and more than 85% of the course participants felt that the course had met their expectations. The Institute of Certified Public Accountants of Singapore (ICPAS) has recently joined TAS' Training Commitment Program, committing in advance a sum of money for sending their members to attend courses at the academy.

Following the Budget Speech announced in February 2007, TAS organised a Budget Seminar for the business communities and professional bodies in early March 2007. The seminar touched on details of the new tax changes.

In addition, TAS has started developing an Advanced Tax Program (ATP). The ATP is an advanced training program for tax professionals and will be launched in mid-2007. TAS has also started discussions with the three local universities on a Masters in Taxation program.

We continue to organise seminars on different tax types to cater to different groups of stakeholders. In FY2006/07, we held seminars on property tax and other property-related e-services for real estate agents. Talks were also organised for self-employed academic associates from Republic Polytechnic to create an

awareness of the tax obligations of self-employed persons and to encourage them to e-File their tax returns.

To prepare all GST-registered traders for the increase in the GST rate from 5% to 7% with effect from 1 July 2007, IRAS has made available an online e-tax guide, which outlines essential GST rules and treatments to be observed and applied during the transition to the new rate. IRAS also conducted free seminars on the rate change to help businesses understand the transitional rules.

IRAS took part in the Accounting and Corporate Regulatory Authority's (ACRA) third run of public education seminars on "Essentials for Business". The seminars strived to clarify issues on regulations for setting up a business and advise on essentials such as taxation, finance management, MediSave and employment. IRAS shared on corporate tax issues, GST registration and the auto-inclusion scheme for employment income.

At IRAS, National Education Visits play an important role in sharing with future generations of taxpayers on the various taxes and their importance to our nation. For FY2006/07, we were pleased to host 339 students from 10 schools here in Revenue House. Besides these visits, IRAS' role in nation building is also shared with children in school via the social studies syllabus.



### **Improving Tax Compliance**

Out of the 1,469,742 individual income tax returns issued for YA2006, close to 90.0% of the YA2006 returns were received by the filing due date last year. By 31 March 2007, 1,419,201 returns were submitted, representing 96.6% of the total returns issued. This high compliance rate could be attributed to the improved e-Filing system pre-filling taxpayers' income details online. The various publicity tools employed during the peak filing period also reminded taxpayers to file on time. These include TV, radio, newspaper and outdoor advertisements.

For corporate income tax, 112,720 returns were issued for YA2006, and 70.3% were received, showing a 3.5% point increase from the previous filing year. For GST-registered traders, 96.1% of the 261,427 returns issued were submitted. This reflects a 2.4% point hike from YA2006's rate of return of 93.7%.

Tax arrears were equivalent to 1.9% of the tax contributions for FY2006/07, a slight increase from 1.3% in the previous financial year.

Though we believe that most of our taxpayers are compliant, there remains a small number who choose not to fulfil their tax obligations. Through the efforts of our GST and individual income tax audit and investigation teams, a total of 5,521 non-compliant cases were uncovered, resulting in the collection of S\$135 million in taxes and penalties. We have also publicised those cases that were prosecuted in court, so as to raise public awareness of IRAS' audit capabilities and to deter taxpayers from committing tax offences. This year, three prosecution cases were highly publicised in the media. In all three cases, mobile phone traders were charged for making fraudulent claims in their GST returns with the intent to evade tax.