





# SERVING YOU

## THE YEAR IN REVIEW

Dedicated to service excellence, IRAS proactively seeks to provide the highest standards of service. Enhancing the quality of taxpayer experience by serving with competence, efficiency and clarity, we enable taxpayers to fulfil their tax obligations on time and with convenience.

Continually improving our performance, we set ourselves high targets in responsiveness and seek public feedback and consultation regularly.



#### MEETING SERVICE STANDARDS

A key tenet of IRAS' service policy is our Service Pledge. We seek to provide a level of service that answers all queries with courtesy, competence, and clarity and at minimal inconvenience to taxpayers.

We track our performance via indicators in four key areas of interaction, namely, telephone calls, letters, walk-in interviews and tax refunds.

For FY2005/06, we answered a total of 1,206,140 phone calls from taxpayers. We achieved a 70.8% rate of answering telephone calls within two minutes.

Our responses to correspondence via letters, within three weeks, numbered 594,653 in FY2005/06. This represented 90.3% of all letters received, exceeding our service standard target of 80.0%. This also represents an improvement of 4.0% point over the preceding year.

There were 368,420 taxpayers who visited Revenue House in FY2005/06. 80.5% of these visitors were attended to within 20 minutes. While this met our service standard, which is set at 80.0%, it was a 6.0% point dip from the 86.5% achieved in the previous financial year.

For our last indicator of tax refunds, 97.0% of 368,636 refund cases received were processed within 24 days. This was slightly below our target of making 100% refunds within 24 days.

We aim to improve upon our performance in the coming year.

#### LISTENING TO TAXPAYER FEEDBACK

At IRAS, we strive to meet the established service standards. However, we realise that good service goes beyond simply meeting numerical targets; it also encompasses the quality of delivery. Hence, listening to what taxpayers have to say about our service is crucial in upholding our service pledge.

In FY2005/06, 6,136 compliments and 9 learning opportunities were received. Causes and remedies for these learning opportunities were shared with our officers after the taxpayers' concerns had been addressed.

Eight Taxpayer Feedback Panel sessions and two Taxpayer Focus Group sessions were held in FY2005/06.

One example of change arising from taxpayer feedback is the concession to not tax transport allowances and reimbursements for exigent ad hoc overtime work and other defined areas, with effect from 1 January 2005. This was a decision taken after considering the cost of compliance on taxpayers.

Views from stakeholders such as Institute of Certified Public Accountants of Singapore and Association of Banks in Singapore were also taken into account in arriving at the tax changes arising from the adoption of FRS39, the accounting standard on the recognition and measurement of financial instruments.



Our earnestness in seeking out taxpayers' feedback saw an improvement in our ranking in the Pro-Enterprise Ranking (PER) Survey. The annual survey, conducted by the Action Community for Entrepreneurship (ACE), seeks to rank government regulatory agencies on their responsiveness to the needs of business enterprises. FY2005/06 saw IRAS move up to the top 4<sup>th</sup> spot from last year's 5<sup>th</sup> ranking. IRAS has sought to improve on the findings gathered from last year's survey. The improvement is an affirmation that the right steps are being taken to better support the needs of the business community. In line with our refined corporate goal of supporting economic development, we will continue to strive to do better to merit a place at the summit of this survey.

These learning opportunities, feedback sessions, and accolades go a long way to inspire us to improve upon the quality of IRAS' service. We sincerely thank one and all that have contributed their opinions and helped us make progress in our service quality.

#### Public Consultation

Public consultation is sought on the various taxation initiatives under IRAS' purview. We released a set of guidelines on transfer pricing in February 2006 for public consultation. The guidelines give guidance to businesses on the application of the arm's length principle for transfer pricing. They include information on facilities available to help taxpayers avoid transfer pricing adjustments, or eliminate double taxation that may arise from transfer pricing adjustments.

We will continue to actively solicit feedback from the public, so as to include them in our rules reviews and implementation.

#### BETTER SERVICE

**1,206,140**

PHONE CALLS FROM TAXPAYERS  
ANSWERED

**70.8%**

OF PHONE CALLS  
ANSWERED WITHIN 2 MINS

**594,653**

OF ALL LETTERS RECEIVED,  
ANSWERED WITHIN 3 WEEKS

**97.0%**

OF 368,636 REFUND CASES RECEIVED,  
PROCESSED WITHIN 24 DAYS

#### GREATER RESPONSIVENESS

**6,136**

COMPLIMENTS RECEIVED

#### PRO-BUSINESS

RANKED **TOP 4**

IN PRO-ENTERPRISE RANKING BY ACE

Educating taxpayers is a responsibility IRAS takes seriously. Our initiatives include seminars and e-Tax guides clarifying tax rules and tax treatment.



#### PROMOTING TAXPAYER EDUCATION

We continue to organise seminars on Corporate Tax and Goods and Services Tax (GST) for newly incorporated companies and new GST-registered traders. Seminars were also conducted on the treatment of Benefits-in-Kind. These seminars were conducted with the aims of clarifying tax treatment and giving clarity to taxpayers.

e-Tax Guides are also published regularly to explain how tax laws are to be applied. For example, to help facilitate the adoption of the FRS39 accounting standard in December 2005, an e-Tax Guide was released to explain to companies the various changes to the income tax treatment of financial assets and liabilities. 18 such Guides were made available to the public via our website, in the last financial year.

At IRAS, National Education Visits play an important role in sharing with future generations of taxpayers the various taxes and their importance to our nation. For FY2005/06, we were pleased to host 696 students from 15 schools here at Revenue House. Besides these visits, IRAS' role in nation building is also shared with children in school via the social studies syllabus.

#### IMPROVING TAXPAYER COMPLIANCE

Out of the 1,533,200 income tax returns issued for YA2005, close to 90.0% of the YA2005 returns were received by the filing due date of 30 April last year. By 31 March 2006, 1,481,356 returns were submitted, representing 96.6% of the total returns issued. This high compliance rate could be attributed, in no small part, to the improved e-Filing system pre-filing 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, 104,598 returns were issued for YA2005, and 66.8% were received, showing a 2.3% point decrease from the previous filing year. For GST-registered traders, 93.7% of the 264,166 returns issued were submitted. This reflects a 2.2% point drop from YA2005's figure of 95.9%.

Tax arrears were equivalent to 1.3% of the tax contributions for FY2005/06, down from 2.0% 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 6,075 non-compliant cases were uncovered, resulting in the collection of S\$170 million in taxes and penalties. We have also publicised those cases that were prosecuted in court, so as to raise public awareness of our compliance

capabilities and to deter taxpayers from committing tax offences. This year, six prosecution cases were highly publicised in the media, including a landmark case on non-registration of GST.

A stamp duty audit was also conducted in June 2005. Lease agreements in several commercial buildings were checked for their compliance with Stamp Duty regulations. IRAS also reminded all landlords and tenants on the requirements of the Stamp Duties Act.

IRAS endeavours to provide greater clarity in the application of tax rules, and where possible, to simplify or eliminate unnecessary ones.

For example, per diem rates which would not be taxable in the hands of the employees were published on our website in August 2005. Payments above the published rates are then liable to tax. It is envisaged that with these rates, companies are provided with an easy reference for tax compliance. These rates, reflective of industry norms within the private and public sectors, will be reviewed regularly to ensure their currency. Feedback from companies will also be solicited in the review process.

A Rules Review initiative has been undertaken to ensure that our rules and regulations remain updated, so as to reduce the cost and burden of regulation on taxpayers. IRAS has completed the first round of rules review, and the second round of review began on 1 April 2005 and will be completed within the next four years.

# 1,533,200

INCOME TAX RETURNS  
ISSUED FOR YA2005

HIGH COMPLIANCE RATE

# 96.6%

OF INCOME TAX RETURNS ISSUED  
WERE FILED BY 31 MARCH 2006

# S\$170 MILLION

IN TAXES AND PENALTIES RECOVERED  
FROM AUDIT AND INVESTIGATION

IRAS actively seeks to improve taxpayer compliance by enhancing the taxpayer's experience through technology. Since the launch of our improved e-Filing system on the IRIN system, the rate of taxpayer compliance has risen significantly.

#### ENHANCING THE TAXPAYER EXPERIENCE THROUGH TECHNOLOGY

Increasingly, electronic services have become the main avenue through which taxpayers interact with IRAS. We at IRAS aim to employ the right system to streamline the various transactions that taxpayers make with us, so as to ensure that the online experience is a smooth and quick one. Our upgraded system, the Inland Revenue Interactive Network (IRIN), has been implemented in phases since FY2004/05.

October 2005 saw the start of the implementation of the IRIN system for Individual Income Tax, Corporate Tax and GST process. The migration from the preceding IRIS system has borne fruit with increased productivity, due to the improved functionality of the IRIN system. Implementation carried on in FY2005/06, with taxpayers already reaping its first benefits, with the easy "two-click" e-filing for YA2006's individual income tax.

While a good system enhances the users' experience, IRAS recognises that effective public communications is necessary to complement our efforts to encourage more to e-file. A press briefing was held in March 2006, to acquaint the media with the new, effortless "two-click" e-filing process. The simplified process was made possible by the extensive pre-filling of information by IRAS.

In addition to our efforts in making e-filing a hassle-free process, we have also gone to the ground with 900 volunteers to provide assistance at over 32 locations islandwide during the peak e-filing period between March and April 2006.

At the end of the e-filing period on 18 April 2006, nearly 916,000, or 72.8%, of the 1,257,495 Individual Income Tax returns filed were done via e-filing. This represents an increase of 9.1% over YA05's e-filing figures as at the filing due date of 30 April.

With future additions and improvements to IRIN, we are definitely on the right track to make the taxpayer experience, in all transactions with IRAS, as convenient and as hassle-free as possible.



**E-FILING**

**916,000**

OR 72.8% OF 1,257,495

INDIVIDUAL INCOME TAX RETURNS,

E-FILED BY 18 APRIL 2006