



At a Glance



INLAND REVENUE
AUTHORITY
OF SINGAPORE

Revenue Collection

#TaxAndYou

INLAND REVENUE AUTHORITY OF SINGAPORE ANNUAL REPORT 2017-18



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CORPORATE INFORMATION AND HIGHLIGHTS

ABOUT US



INLAND REVENUE
AUTHORITY
OF SINGAPORE

OUR MISSION

- Act as an agent of the Government and provide service in the administration of taxes
- Advise the Government, and represent Singapore internationally, on matters relating to taxation

OUR CORPORATE GOALS

- Foster a competitive tax environment that supports inclusive growth
- Provide excellent service
- Maximise voluntary compliance
- Enhance organisational and staff productivity
- Achieve a high level of staff competence and satisfaction

OUR VISION

- The leading revenue authority in the world
- A partner of the community in nation-building and inclusive growth
- A dynamic team of competent and committed people

OUR CORE VALUES

Fairness: Treat everyone in the same circumstances equally

Integrity: Do what is right without fear or favour in all circumstances

Professionalism: Serve our nation responsively, with competence, pride, commitment and empathy

Teamwork: Work with one another with mutual trust and respect to achieve Whole-of-IRAS and Whole-of-Government outcomes

Innovation: Continuously seek new ways to do our work better

CHAIRMAN'S STATEMENT



“IRAS has taken bold steps in the past year to deliver enhanced and innovative services to taxpayers.”

Singapore's economy expanded by 3.6% in 2017, higher than the 2.4% growth in 2016. The better than expected economic performance, coupled with a low unemployment rate of 2.2%, contributed to higher tax collections this year. This supported funding of key Government programmes to build an innovative and connected economy, a quality living environment and a caring and inclusive society.

A 25-YEAR JOURNEY OF EXCELLENCE

IRAS celebrated its 25th anniversary in 2017. A trusted, efficient and effective tax administration is a key pillar of fiscal resilience. IRAS has worked hard to make taxpaying easy, provide great service to taxpayers, engender high levels of voluntary compliance, while achieving these at low collection costs. One example is how IRAS has made tax filing a non-event for most citizens – from e-Filing in IRAS' early years, to a tax portal that consolidates a whole suite of e-services, to the No-Filing Service. Generations of IRAS staff have worked hard to build a strong foundation of tax administration in Singapore, and the current generation will continue to build upon this legacy so that IRAS remains a leading revenue authority in the world.

FOSTERING AN INTERNATIONALLY COMPETITIVE ENVIRONMENT

Singapore is fully committed to the international standards on tax cooperation. On 21 June 2017, we signed the Multilateral Competent Authority Agreement (MCAA) on the Automatic Exchange of Financial Account Information under the Common Reporting Standard (CRS), and the MCAA on the Exchange of Country-by-Country Reports (CbCR). As of March 2018, Singapore has established a total of 62 Automatic Exchange of Information (AEOI) relationships for CRS purposes, and 53 AEOI relationships for CbCR purposes.

Singapore continued to update and expand its network of Avoidance of Double Taxation Agreements (DTAs) to facilitate cross-border investment and trade, in line with agreed international standards. During the year, IRAS signed new DTAs with Nigeria and Tunisia. As at the end of FY2017/18, 84 out of Singapore's 87 comprehensive DTAs are in force.

SUPPORTING INCLUSIVE GROWTH

Beyond collecting taxes, IRAS handles the administrative disbursement of grants in support of inclusive growth in Singapore.

CHAIRMAN'S STATEMENT

Over 90,000 employers received more than S\$800 million in payouts by March 2018 under the Wage Credit Scheme (WCS) administered by IRAS. SMEs received 71% of the payouts disbursed. Started in 2013, the WCS was introduced to help businesses cope with rising wage costs and improve their productivity. The scheme has been extended till 2020 to continue support for businesses embarking on transformation efforts.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express our gratitude to Mr Tan Tee How, who was the Commissioner of Inland Revenue and IRAS' CEO from December 2014 to January 2018. Under his stewardship, IRAS made continued progress in fostering an internationally competitive tax environment in Singapore. In early 2016, Mr Tan spearheaded the transformation movement "LEA:D" in IRAS to better harness technology, data and behavioural insights to deliver excellent services, a high level of voluntary compliance and cost efficiencies in tax administration. He also accelerated the building of staff capabilities by deepening their skills and adaptability so as to better respond to the changing work environment.

I would also like to welcome Mr Ng Wai Choong, who has served as a Board member since September 2016, as the new Commissioner and CEO.

IRAS has taken bold steps in the past year to deliver enhanced and innovative services to taxpayers. My heartfelt appreciation goes to the Board and its committees for their guidance and support, and to the management and staff of IRAS for their steadfast commitment and contributions. I wish them all the best as they continue on their transformation journey and digital endeavours.

MRS TAN CHING YEE

Chairman

MEMBERS OF THE BOARD



MRS TAN CHING YEE
CHAIRMAN
Permanent Secretary
(Finance), Ministry of
Finance



MR NG WAI CHOONG
BOARD MEMBER
Commissioner of
Inland Revenue/
Chief Executive Officer,
IRAS



MR NIAM CHIANG MENG
BOARD MEMBER
Chairman, Maritime and
Port Authority of Singapore



MR BOB TAN
BOARD MEMBER
Chairman, Jurong
Engineering Ltd



MRS CHNG SOK HUI
BOARD MEMBER
Chief Financial Officer,
DBS Group



DR PHILIP PILLAI
BOARD MEMBER



**MR ADAM
ABDUR RAHMAN**
BOARD MEMBER
Managing Director and
Head of Corporate
Affairs, Citi Singapore
and ASEAN



**PROFESSOR
SUM YEE LOONG**
BOARD MEMBER
Professor of Accounting
(Practice), School of
Accountancy, Singapore
Management University



MR TAN BOON GIN
BOARD MEMBER
Chief Executive Officer,
Singapore Exchange
Regulation

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

COMMISSIONER'S MESSAGE



“ Together, we have worked hard as a team during the year to redefine taxpayer experiences, facilitate compliance and enhance the competitiveness of our tax regime. ”

FY2017/18 was a significant year for IRAS. We collected S\$50.2 billion in tax revenue, 6.8% higher than the collection in FY2016/17, while keeping our cost of tax collection low at 0.84 cents for every dollar collected. Through our ongoing efforts to maximise voluntary compliance, we kept tax arrears low at 0.68% of net tax assessed.

1 September 2017 marked IRAS' 25th year as a statutory board. Over the years, IRAS has sought to continuously re-invent itself. Our LEA:D movement seeks to further transform the experiences of both the taxpaying community and our staff by **L**everaging **A**nalytics, **D**esign and **D**igitalisation. Together, we have worked hard as a team during the year to redefine taxpayer experiences, facilitate compliance and enhance the competitiveness of our tax regime. These entailed digitalising our internal processes and improving productivity.

PROVIDING EXCELLENT SERVICE

IRAS was conferred the GovInsider Innovation Award 2017 in the “Best Use of UI and UX Design” category for our revamped myTax Portal. This was in recognition of our efforts to use design to improve and ensure simplicity of our services. Completed in September 2017, the

portal is mobile-responsive and incorporates user-friendly design features, making it more convenient and intuitive for taxpayers.

We also actively harnessed technologies and digital communication channels to make interactions more convenient. The Virtual Assistant “Ask Jamie” was launched on our IRAS website in July 2017. Taxpayers were able to get quick answers on general enquiries relating to individual income tax, property tax and stamp duty. In the coming year, “Ask Jamie” will be able to handle enquiries on corporate tax and GST.

In line with the Smart Nation push for e-payment, we were the first organisation to partner OCBC Bank to leverage Application Programming Interface (“API”) for online application of GIRO. With this service at myTax Portal from November 2017, taxpayers no longer need to submit paper forms. The GIRO facility can be set up instantaneously. We will be collaborating with other banks to extend this service to their customers.

The statistics for the 2018 individual income tax filing season reflect the success and prevalence of online filing in Singapore.

COMMISSIONER'S MESSAGE

More than 97% of taxpayers who were required to file their tax returns did so electronically. About 23% of taxpayers used their mobile devices to access myTax Portal to file or view their tax returns on-the-go.

MAXIMISING VOLUNTARY COMPLIANCE

To help businesses get their tax obligations right from the start, we introduced an interactive on-boarding tool to provide tailored information on corporate tax to new companies in February 2018. We collaborated with the community and partnered the three awardees of the IRAS Co-Creation Grant in the development of digital tax solutions. These solutions, named TinkerTax, TallyGo and Freeboh, aim to simplify the tax affairs of small businesses and individual taxpayers while providing them with greater convenience in fulfilling their tax obligations. These solutions are owned by the community and have been launched for public use.

We continued to take firm actions against non-compliance. We audited and investigated 10,726 taxpayers and recovered approximately S\$384 million in taxes and penalties in FY2017/18.

FOSTERING A COMPETITIVE TAX ENVIRONMENT

IRAS proactively reviews tax policies to promote enterprise and ease businesses' compliance costs, thus ensuring that Singapore's tax system remains robust and competitive. In FY2017/18, we reviewed 28 tax policies. These include the tax

deductibility of Additional Buyer Stamp Duty, interest and penalty payments as well as the timing of such deductions to provide greater tax certainty to property developers. In line with the fast development of the digital economy, we will be introducing Goods and Services Tax (GST) on imported digital services with effect from 1 January 2020, to ensure that all services consumed in Singapore, whether purchased locally or abroad, are subject to the same GST treatment. We are currently in the process of designing the GST measures in consultation with various stakeholders. 850 businesses and associations have so far been consulted.

To enhance Singapore's standing as a trusted jurisdiction in the international tax community, we continue to uphold international tax principles and contribute in international efforts to establish a consistent set of international tax standards. We have committed to implementing the four minimum standards under the BEPS project. We are a member of the Steering Group of the BEPS Inclusive Framework, and the Chair of the Global Forum on Transparency and Exchange of Information for Tax Purposes Peer Review Group.

ENHANCING PRODUCTIVITY AND CAPABILITIES

We made a major push on the adoption of Agile development methodology for the delivery of ICT projects. More than 200 staff have been trained through in-house developed courses as well as coaching sessions conducted by an external coach. We have also established a conducive space for project teams comprising

COMMISSIONER'S MESSAGE

both IT and Business representatives to co-locate and work on Agile projects. Through Agile, project teams would be able to respond quickly to changes, leading to shorter project delivery cycles and greater productivity.

To enhance our efficiency and effectiveness and to strengthen our data analytics competency, we have set up an Analytics Network in May 2017 to grow the analytics community in IRAS. Besides increasing awareness and appreciation for analytics, the Network facilitates the exchange of ideas and best practices amongst staff.

DEVELOPING A SMART DIGITAL WORKPLACE

In line with our digitalisation efforts, we piloted the use of Robotic Process Automation (RPA) in early 2017 to improve staff productivity. 38 processes have been automated using RPA, covering areas such as compliance checks, business processing, procurement services and customer management services. We are now scaling up the use of RPA at the enterprise-level and building RPA capabilities among both IT and non-IT staff.

To leverage data through digital platforms, we launched the enterprise Case Management System (CMS) in April 2017. CMS improves staff productivity through more effective tracking and management of cases, facilitates greater information sharing within IRAS and allows more data to be captured for risk analysis purposes.

LOOKING AHEAD

I am confident that IRAS will continue to build on the good work of my predecessor, Mr Tan Tee How, and strive towards our vision of becoming the leading revenue authority in the world.

ACKNOWLEDGEMENTS

I would like to thank the Board for its support.

In commemoration of IRAS' silver jubilee, I would like to pay tribute to all IRAS staff – both past and present - for their dedication and contributions to IRAS throughout the past 25 years.

MR NG WAI CHOONG

Commissioner of Inland Revenue/Chief Executive Officer


ORGANISATION STRUCTURE

(as of 30 June 2018)



IRAS AT A GLANCE

OUR PERFORMANCE

We collected  **\$50.2 billion** in tax revenue

We spent  **0.84 cents** to collect every dollar of tax

FY2017/2018 tax arrears stood at  **0.68%**

 We assessed **100%** of YA2017 Individual Income Tax returns received in 2017 by March 2018

We assessed **97.6%** of Corporate Income Tax returns received in 2016 by December 2017

 **9 out of 10** individuals
 **9 out of 10** GST-registered businesses
 **8 out of 10** companies
filed their tax returns on time

We assessed the annual value of **99.8%** of  new properties within 12 months from the date of completion. We reviewed the annual value of **99.8%** of existing properties by December 2017

 We concluded **10** unilateral and bi-lateral Advance Pricing Arrangements (APAs). We resolved **10** Mutual Agreement Procedure (MAP) cases

 We have **87** comprehensive Avoidance of Double Taxation Agreements (DTAs)

 We reviewed **28** tax policies to ensure our tax system stays competitive and progressive

 We audited and investigated **10,726** cases and recovered about **\$384 million** in taxes and penalties

IRAS AT A GLANCE

* OUR SERVICE



We handled more than
17.8 million
payment transactions



98% of respondents to our biennial Taxpayer Survey were satisfied with IRAS' service



The No-Filing Service benefited
1.5 million
taxpayers for the 2018
tax filing season



100% of taxpayers with appointments attended to within 15 minutes



90% of emails replied to within 5 working days



79% of telephone calls answered within 1 minute even during peak hours



More than
97%
of taxpayers
e-Filed



23% of taxpayers accessed myTax Portal via smartphones

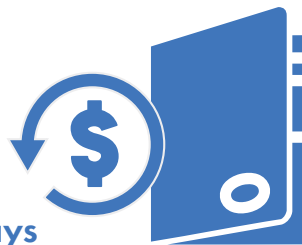


Responded to **78%** of mail correspondences within **15 working days**

Improved the refund processing speed:

99.6% of refund cases processed within **14 days**

100% of refunds processed within **30 days**



We served more than
4.6 million
taxpayers comprising individuals, property owners and businesses

* Service performance indicators are rounded-off figures.

IRAS AT A GLANCE

OUR PEOPLE



Each of us achieved an average of **14.05 days** in learning and development



196 IRAS officers are **Accredited Tax Specialists** who have attained a high level of **technical competency**



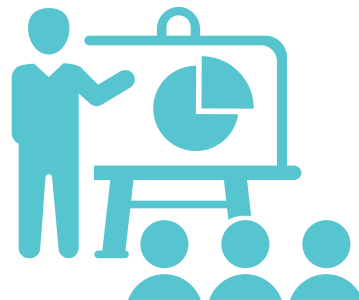
We implemented **346 innovation projects** and **3,264 suggestions** to enhance IRAS' systems and processes



Our staff strength was at **1,911** as at 31 March 2018



Turnover rate was **3.14%** in FY2017/2018



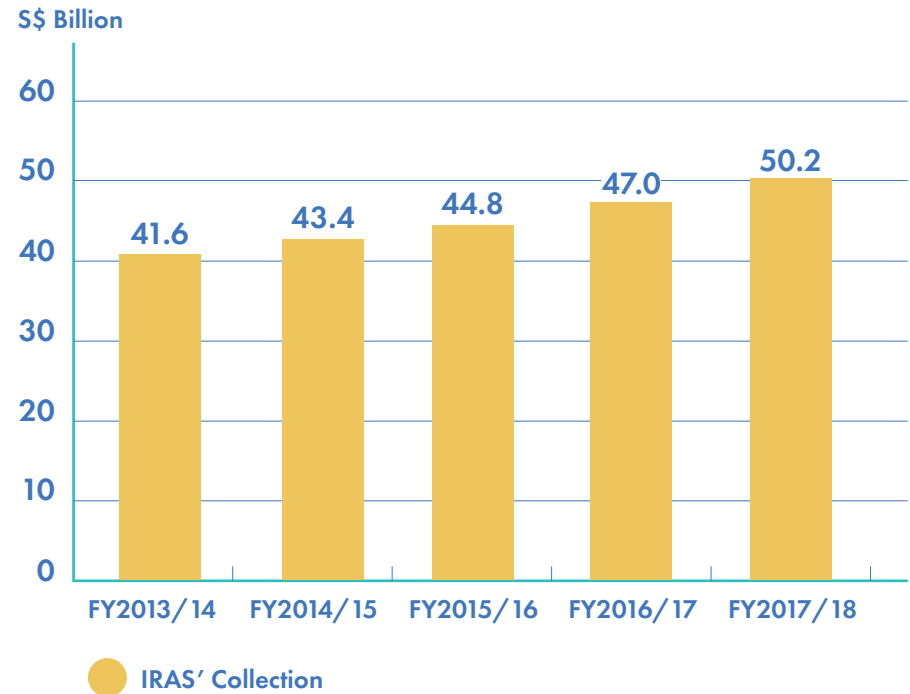
We invested **S\$5.13 million** or about **2.02%** of the total payroll in staff training.

OUR REVENUE COLLECTION

IRAS is the main revenue-collecting agency of the government, responsible for the collection of Income Tax, Goods and Services Tax (GST), Property Tax, Stamp Duty and Betting Taxes. Taxes collected are used to support government expenditures to promote economic and social goals, and to maintain strong security and external relations for Singapore.

We collected a total revenue of **S\$50.2 billion** in FY2017/18. This represents **66.2%** of the Government Operating Revenue and **11.1%** of Singapore's Gross Domestic Product.

IRAS' TAX COLLECTION



OUR REVENUE COLLECTION

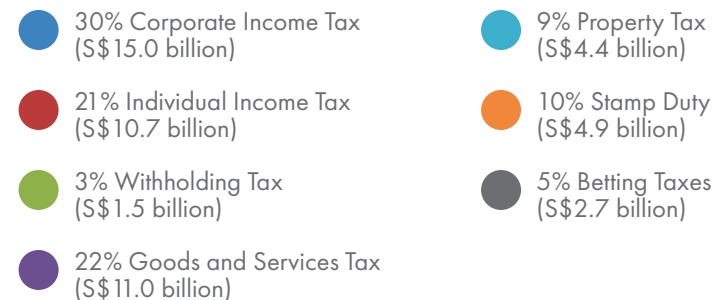
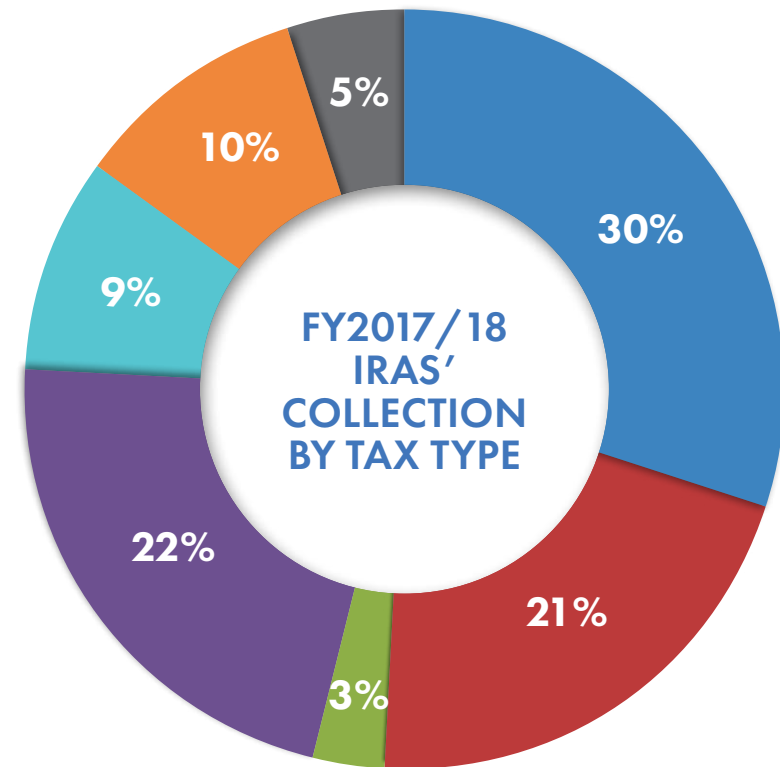
Income Tax (Corporate Income Tax, Individual Income Tax and Withholding Tax) made up **54%** of IRAS' collection in FY2017/18, similar to the previous financial year. Total income taxes collected were **S\$27.2 billion, 6.3% higher** as compared to S\$25.6 billion in FY2016/17. The increase was attributed to higher Corporate Income Tax collection from improved corporate earnings.

We collected **S\$11.0 billion** of GST in FY2017/18, similar to FY2016/17.

FY2017/18 Property Tax collection was **consistent** with FY2016/17, **at S\$4.4 billion**.

Stamp Duty collection for FY2017/18 **increased by 49.6% to S\$4.9 billion** due to a higher number of property transactions.

S\$2.7 billion of Betting Taxes comprising Betting Duty, Casino Tax and Private Lotteries Duty were collected in FY2017/18, unchanged from the previous year.



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



INLAND REVENUE
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A TRANSFORMATION AGENDA

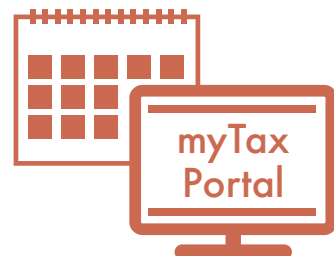
TAXPAYER-CENTRED EXPERIENCES

In FY 2017/18, taxpayers benefited from initiatives rolled out to meet their changing needs.



ON-THE-SPOT FINALISED TAX BILL

More than 25,000 individual taxpayers with assessable income of S\$100,000 or less received their finalised tax bill (Notice of Assessment) immediately upon filing their tax returns.



EARLY ASSESSMENT AND PREVIEW OF TAX BILL

Individual taxpayers on the No-Filing Service can ask for an early assessment and their tax bill will be available at myTax Portal by the next working day. This convenience is enjoyed by those who do not need to make changes to the pre-filled income and relief claims.



SIMPLER FILING FOR GRAB AND UBER DRIVERS

Some 9,000 Grab and Uber drivers enjoyed the convenience of having their income and commission fees pre-filled by IRAS in their tax returns. The pre-filing service initiative for self-employed individual taxpayers, rolled out in 2015, is already enjoyed by property and insurance agents.



PRE-FILLED PARTNERSHIP INCOME

More than 12,000 partners benefited from having their share of partnership income pre-filled in their individual income tax returns by IRAS.



REDUCED COMPLIANCE COST FOR COMPANIES

From YA2017, companies with annual revenue not exceeding S\$5 million can file their taxes using the simplified three-page Form C-S. This reduces costs for SMEs as companies filing Form C-S are not required to submit their financial statements and tax computation.

TAXPAYER-CENTRED EXPERIENCES



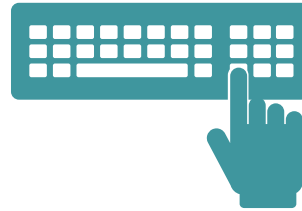
NEW COMPANY START-UP KIT

New companies benefited from an interactive e-learning guide, which provides them with tailored information for tax filing – from incorporation to the first Corporate Tax Return.



PROPERTY TAX NOTICES GO DIGITAL

Some 649,000 home owners opted to receive electronic notices for their property tax instead of paper notices. Home owners also enjoyed the convenience of SMS alerts on tax amount payable and the due date.



NEW TAXPAYER SERVICE CENTRE

A new Taxpayer Service Centre was opened on 8 January 2018 to meet the needs of different taxpayer segments. The Centre was designed to encourage self-service and improves turnaround time for taxpayers. Self-service terminals are also hosted at IRAS Lobby to enable taxpayers to use our online services outside operating hours.



REVAMPED MYTAX PORTAL FOR TAXPAYER-CENTRED EXPERIENCES

- Responsive Web Design for optimal user experiences on desktop, smartphone and tablet
- On-the-spot online application for GIRO (OCBC Bank) for individual income and property taxes payment on myTax Portal
- 89% of online survey respondents were satisfied with IRAS' e-services, compared to 30% prior to the revamp

A SOCIALLY RESPONSIBLE TAXPAYING COMMUNITY

IRAS is committed to fostering a culture of responsible taxpaying by making it easier for taxpayers to file and pay their taxes.

ON-TIME FILING RESULTS FOR FY2017/18

96.5%



Individual Income Tax

90.1%

94.3%



Goods and Services Tax

89.9%

82.1%



Corporate Income Tax

84.9%

NA



Property Tax

94.7%

ON-TIME PAYMENT RESULTS FOR FY2017/18



Our current year arrears for Income Tax, Goods & Services Tax and Property Tax amounted to about **\$278 million**.

The proportion of these tax arrears as at the end of FY2017/18 stood at **0.68%**.

ENGAGING THE COMMUNITY

We keep our ears close to the ground and engage taxpayers, stakeholders and industry to understand their needs.

KEY ENGAGEMENTS IN FY2017/18

GST UPDATES TO BUSINESSES

Through the Singapore Business Federation and the Singapore Institute of Accredited Tax Professionals, we reached out to businesses to share common GST errors and upcoming changes to GST in the digital economy. Regular seminars were also conducted at the Tax Academy of Singapore.



SERVICE DESIGN PROJECT FOR INDUSTRIAL PROPERTY TAXPAYERS

We engaged industrial property taxpayers to design solutions to improve their ability to budget for property tax and provide greater transparency and clarity.



ENGAGING THE HOTEL INDUSTRY

We reached out to the hotel industry to explain the change in assessment basis for food and beverage outlets and function rooms in hotels from 1 January 2018. The change arose from feedback from the industry and would provide hotel owners with greater certainty and clarity in the computation of property tax.



REGULAR DIALOGUES WITH SHARING ECONOMY

We proactively engaged the players of the sharing economy and members of the Sharing Economy Association to disseminate tax information. A dedicated webpage was posted for their easy access to relevant information to fulfil their tax obligations. In addition, we conducted regular engagements with other stakeholders such as the commission paying companies and trade associations.

TAXPAYER FEEDBACK PANEL

The Taxpayer Feedback Panel (TFP) comprises representatives from a wide spectrum of local businesses, industries and trade associations. Through TFP, we keep our industry partners updated on new initiatives and major tax developments, while garnering their feedback. Topics shared at the TFP sessions held in FY2017/18 included:

- Update on Country-by-Country Reporting;
- GST and the Digital Economy
- Digital Property Tax Notices initiative

IRAS INNOVATING FOR THE FUTURE



A FUTURE-READY PEOPLE

2017 AWARD WINNERS

PS21 STAR SERVICE AWARD WINNERS



IRAShines! AWARD RECIPIENTS



IRAShines! SERVICE CHAMPIONS



Standing: Vanessa Song
Seated: Goh Swee Leong

Standing (from left to right): Bartholomew Yeo, Chew Kay Seng, Florence Chen, Chen Siying
Seated (from left to right): Wong Shu Qi, Rita Balasurian, Teo Boon Ping, Kellyn Tan, Koh Hsiang Ling, Wong Ming Shen, Chong Choon Kiat
Not in photo: Muhammad Noor Danial Bin Noorrashid

2017 STAR SERVICE TEAMS

SINGPASS TRANSFORMERS



Standing (from left to right): Ng Siling, Ho Kit Mung (GovTech), Clara Ng
Seated (from left to right): Elin Sou, Loh Bin Han (GovTech), Norhaizah Bte Zainal
Not in photo: Felicia Chong

TAXPAYER-CENTRIC



Standing (from left to right): Abdul Hadi Bin Rafie, Carine Low, Fitriawaty Bte Abdul Hamid
Seated: Emily Lee

25 YEARS OF TRANSFORMATION

IRAS marked 25 years of transformation by giving back to the community in 2017. To commemorate its Silver Jubilee, IRAS staff came together to raise funds, do kind deeds and in the process, bonded and became stronger as an organisation.

GIVING BACK TO THE COMMUNITY



S\$142,490
raised for the President's
Challenge 2017

5 ACTIVITIES ORGANISED TO RAISE FUNDS



Gift of Hope



Charity@
Marketplace



Vote for a
Star



Do a
Kind Deed



A Goodie
Bag in
Kindness

Average donation of
S\$73.50 per staff



350 staff packed and gave out
2,980 goodie bags at
9 Family Service Centres



814 staff formed **42** teams
to do kind deeds to pay-it-forward



25 YEARS OF TRANSFORMATION



**MORE THAN
1.37 BILLION STEPS**
achieved by staff in the Step-Up Challenge





FINANCIAL REPORT

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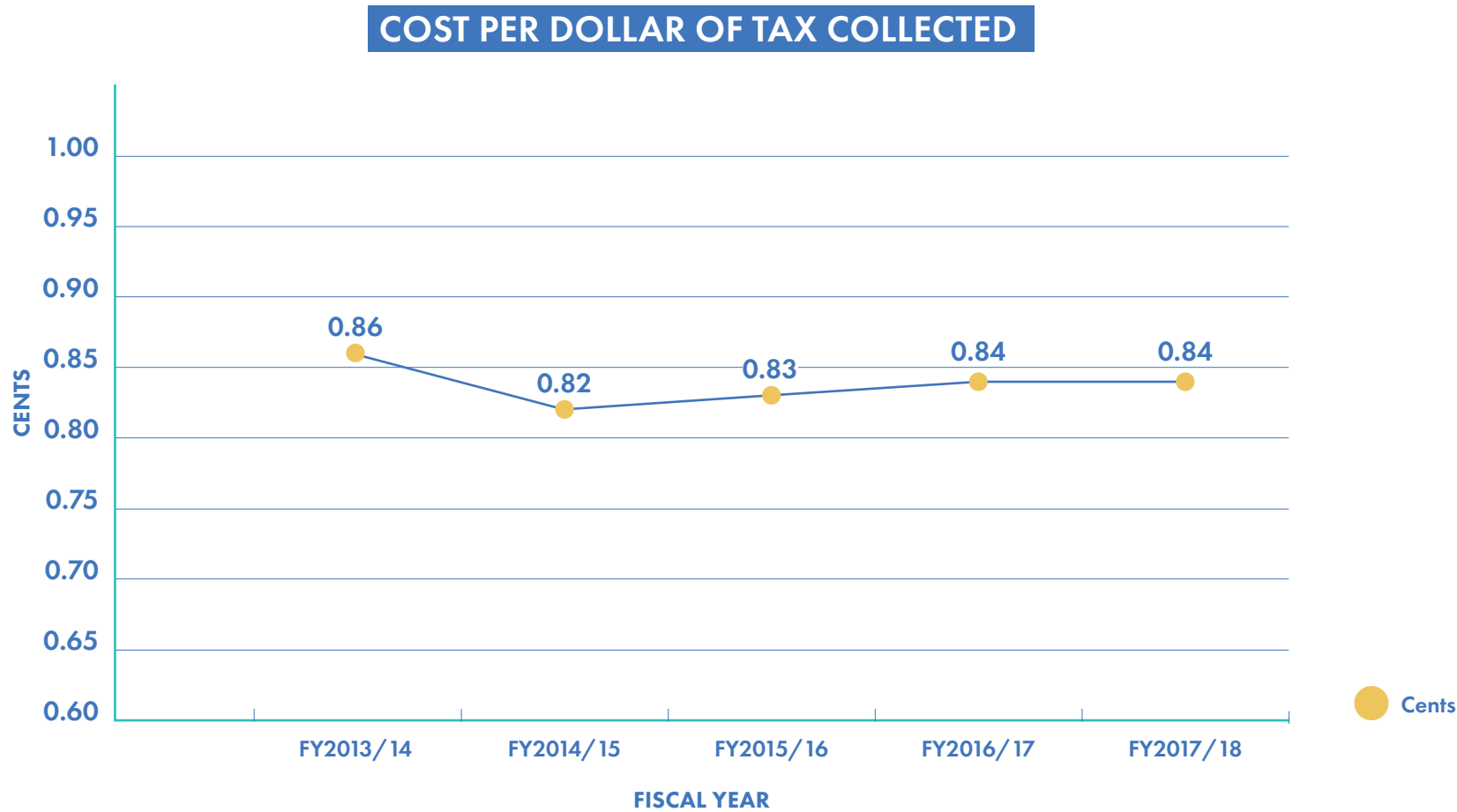
FIVE-YEAR FINANCIAL SUMMARY

STATEMENT OF COMPREHENSIVE INCOME (S\$' MILLION)	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18
Operating Income	412.6	425.9	429.8	459.8	474.3
Operating Expenditure (includes depreciation and amortisation)	360.5	360.8	374.3	397.0	424.3
Manpower Costs	205.2	218.1	231.2	249.5	257.4
Depreciation and Amortisation	31.0	21.2	22.1	21.6	22.9
Other Operating Expenditure	124.3	121.5	121.0	125.9	144.0
Operating Surplus	52.1	65.1	55.5	62.8	50.0
Net Investment Income/(Loss)	(1.3)	19.8	1.6	14.6	13.5
Other Comprehensive Income - Actuarial Gain/(Loss)	0.7	(1.2)	(1.6)	-	(0.3)
Surplus before Contribution to Government Consolidated Fund	51.5	83.7	55.5	77.4	63.2
Capital Expenditure (S\$' million)	17.4	21.9	8.0	13.5	16.6
Tax Revenue (S\$' million)	41,568	43,388	44,771	47,028	50,226
Cost per Dollar of Tax Collected (cent)*	0.86	0.82	0.83	0.84	0.84
Number of taxpayers per employee	2,085	2,122	2,203	2,315	2,464

* Cost figures do not include the cost of administering Medishield Life Scheme on behalf of MOH and Wage Credit Scheme on behalf of MOF and are before Contribution to Government Consolidated Fund.

COST PER DOLLAR OF TAX COLLECTED

IRAS aims to keep the cost of tax collection low. The average cost per dollar of tax collected in the last 5 financial years has been kept at below 1 cent. For FY2017/18, the cost per dollar of tax collected is 0.84 cents, the same as FY2016/17.



FINANCIAL REVIEW

FINANCIAL RESULTS

Income

Our operating surplus for FY2017/18 is S\$50.0 million or S\$12.8 million lower than that for FY2016/17. This is due to an increase in operating expenditure.

The net investment gain of S\$13.5 million (FY2016/17: S\$14.6 million) is mainly due to the higher valuation of our unit trust holdings.

Operating Expenditure

Operating expenditure for FY2017/18 is S\$424.3 million. This is S\$27.3 million more than FY2016/17.

Operating expenditure is made up of 3 main components: (i) Staff Cost, (ii) Infocomm Technology (ICT) and (iii) Maintenance and Facilities. Staff Cost accounts for 63% of total operating expenditure (FY2016/17: 65%), followed by ICT at 27% (FY2016/17: 25%) and Maintenance and Facilities at 6% (FY2016/17: 6%).

Staff Cost consists of manpower costs, staff welfare and training costs. It has increased by 3% to S\$265.4 million. The increase is mainly due to higher annual variable component and salary increment.

ICT, comprising IT resources, depreciation of computer hardware and amortisation of computer software, is the second highest cost component of IRAS' operating costs. Compared to the previous year, there is an increase of 16% in the expenditure on ICT to S\$113.3 million. The increase is mainly due to transition cost of moving to a new data centre.

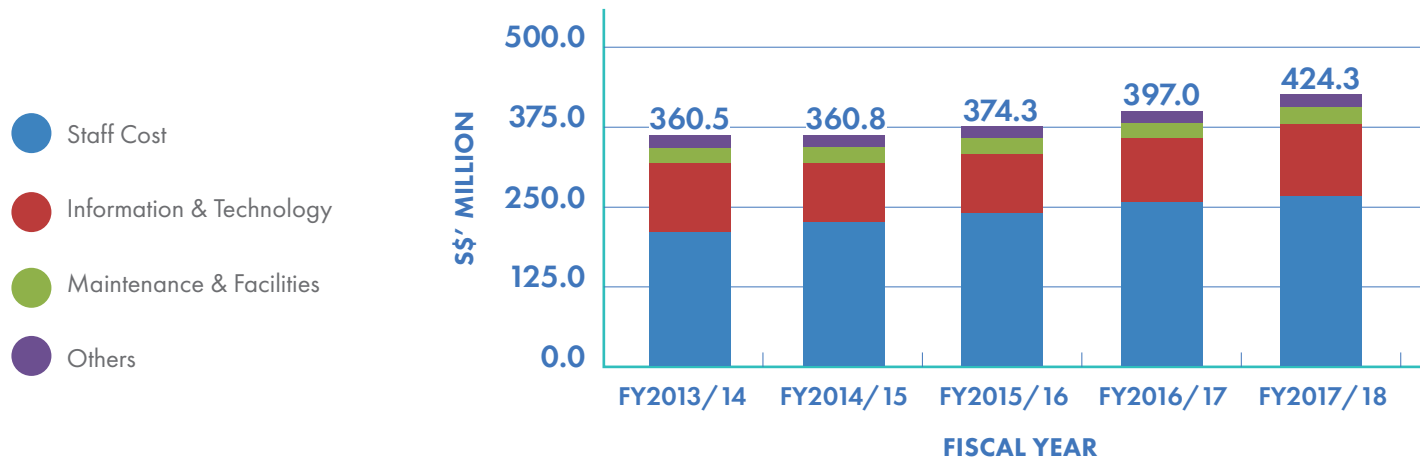
The third main cost component is Maintenance and Facilities. It has increased by 1% to S\$25.2 million. The increase is due to additional works done to our building.

Capital Expenditure

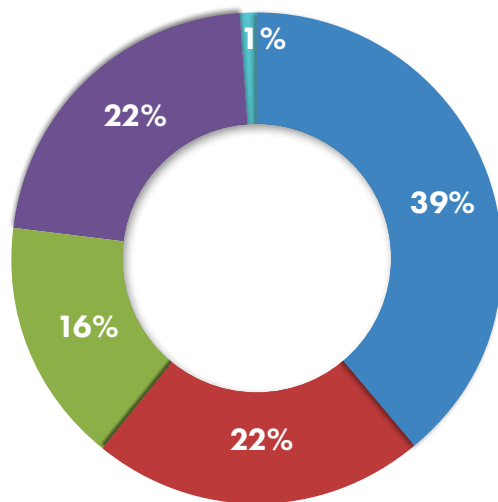
Capital expenditure incurred for the year was S\$16.6 million (FY2016/17: S\$13.5 million). S\$1.1 million was spent on purchasing computer hardware and software and upgrading building systems, while the balance S\$15.5 million was spent on development projects.

FINANCIAL REVIEW

OPERATING EXPENDITURE OVER 5 YEARS



EXPENDITURE BREAKDOWN BY FUNCTION FY2017/2018



- Corporate & Services Group**
 - S\$164.7 million (39%)
 - Infocomm Division (11%)
 - Revenue And Corporate Services Division (10%)
 - Enforcement Division (9%)
 - Corporate Development Division (8%)
 - Law Division (1%)
- International, Investigation & Indirect Taxes**
 - S\$92.8 million (22%)
 - Goods And Services Tax Division (11%)
 - Property Tax Division (7%)
 - Investigation & Forensics Division (3%)
 - International Tax Affairs & Relations (1%)
- Business Group**
 - S\$67.5 million (16%)
 - Corporate Tax Division (12%)
 - Tax Policy And International Tax Division (2%)
 - Compliance Strategy & Risk Division (2%)
- Individual Group**
 - S\$96.2 million (22%)
 - Individual Income Tax Division (15%)
 - Taxpayer Services Division (7%)
- Wage Credit Scheme And Medishield Life Scheme**
 - S\$3.1 million (1%)

FINANCIAL REVIEW

FINANCIAL POSITION

As at 31 March 2018, our total assets decreased by S\$59.1 million or 7% to S\$796.4 million, and our total liabilities increased by S\$14.7 million or 12% to S\$133.6 million. Our equity is made up of accumulated surplus amounting to S\$655.0 million (FY2016/17: S\$728.8 million) and share capital of S\$7.8 million (FY2016/17: S\$7.8 million). The decrease in accumulated surplus of S\$73.8 million is due to a dividend payment of S\$126.2 million to the Government during the financial year, offset by our net surplus of S\$52.4 million.

Of the S\$655.0 million in accumulated surplus, S\$307.7 million (47%) had already been utilised and committed for capital expenditure. S\$246.0 million had been utilised for the purchase of property, plant and equipment, intangible assets, development projects-in-progress and other non-current asset while S\$61.7 million was committed for capital expenditure. The balance surplus fund of S\$347.3 million is retained to meet future capital replacement as well as contingency funds for operational needs.

The investment position as at 31 March 2018 was S\$502.5 million. S\$105.5 million is managed by Accountant-General's Department (AGD) via the Centralised Liquidity Management initiative and it is held on a short-term basis to meet our operating needs. S\$397.0 million is held in unit trusts under AGD's Demand Aggregation Scheme for Fund Management Services (2011).

Our long-term liabilities comprise deferred income and pension provision that is set aside for future payments to pensionable staff upon their retirement and pensioners who opted for monthly pensions. As at 31 March 2018, the pension provision stood at S\$19.2 million, compared with S\$21.3 million as at 31 March 2017.

Our cash position remains healthy with S\$105.5 million in cash and cash equivalents as at 31 March 2018 with a net cash outflow of S\$68.7 million during the financial year. The net cash outflow is mainly due to the dividends of S\$126.2 million paid to the Government this year. Net cash generated from our operating activities amounted to S\$74.7 million.

STATEMENT BY THE MEMBERS OF THE BOARD

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

In our opinion, the financial statements of the Inland Revenue Authority of Singapore (the Authority) as set out on pages 40 to 71 are drawn up in accordance with the provisions of the Inland Revenue Authority of Singapore Act (Cap. 138A, 2012 Revised Edition) and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2018, and the results, changes in equity and cash flows of the Authority for the financial year ended on that date.

On behalf of the Board



TAN CHING YEE
Chairman
Singapore



NG WAI CHOONG
Commissioner Of Inland Revenue /
Chief Executive Officer
Singapore

28 June 2018

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE INLAND REVENUE AUTHORITY OF SINGAPORE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

The financial statements of the Inland Revenue Authority of Singapore (the Authority), set out on pages 40 to 71, have been audited under my direction. These financial statements comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Inland Revenue Authority of Singapore Act (Cap. 138A, 2012 Revised Edition) (the Act) and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2018 and the results, changes in equity and cash flows of the Authority for the financial year ended on that date.

Basis for Opinion

The audit was conducted in accordance with Singapore Standards on Auditing (SSAs). The responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. As the Auditor-General, I am independent of the Authority and I exercise my duties and powers in accordance with the Constitution of the Republic of Singapore (1999 Revised Edition) and the Audit Act (Cap. 17, 1999 Revised Edition). Ethical requirements that are relevant to the audit and in line with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) have been fulfilled. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The management is responsible for the other information. The other information obtained at the date of this auditor's report is the Statement by the Members of the Board but does not include the financial statements and my auditor's report thereon.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE INLAND REVENUE AUTHORITY OF SINGAPORE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with the audit of the financial statements, the auditor's responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work performed on the other information obtained prior to the date of this auditor's report, there is a material misstatement of this other information, that fact will be reported. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Authority is constituted based on the Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Authority or for the Authority to cease operations.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE INLAND REVENUE AUTHORITY OF SINGAPORE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

As part of an audit in accordance with SSAs, professional judgement is exercised and professional scepticism is maintained throughout the audit. An audit also includes:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtaining an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal controls.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I will draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls identified during the audit are communicated to those charged with governance.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE INLAND REVENUE AUTHORITY OF SINGAPORE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion

In my opinion:

- a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the financial year are, in all material respects, in accordance with the provisions of the Act; and
- b) proper accounting and other records have been kept, including records of all assets of the Authority whether purchased, donated or otherwise.

Basis for Opinion

The audit was conducted in accordance with SSAs. The responsibilities under those standards are further described in the Auditor's Responsibilities for the Compliance Audit section of this report. As the Auditor-General, I am independent of the Authority and I exercise my duties and powers in accordance with the Constitution of the Republic of Singapore and the Audit Act. Ethical requirements that are relevant to the audit and in line

with the ACRA Code have been fulfilled. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion on management's compliance.

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

The management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

Auditor's Responsibilities for the Compliance Audit

My responsibility is to express an opinion on management's compliance based on the audit of the financial statements. The compliance audit was planned and performed to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE INLAND REVENUE AUTHORITY OF SINGAPORE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

A compliance audit includes obtaining an understanding of the internal controls relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.



TAN YOKE MENG WILLIE

Auditor-General

Singapore

28 June 2018

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	NOTE	FY2017/18 S\$'000	FY2016/17 S\$'000
Share capital	3	7,823	7,823
Accumulated surplus		654,980	728,803
		662,803	736,626
Represented by:			
Non-current assets			
Property, plant and equipment	4	218,371	222,022
Intangible assets	5	20,727	19,888
Development projects-in-progress	6	6,925	10,391
Prepayments		5,648	-
Other non-current asset	7	13	17
		251,684	252,318
Current assets			
Funds with fund managers	8	397,013	385,851
Trade and other receivables	9	34,248	35,372
Prepayments		7,951	7,846
Cash and cash equivalents	10	105,512	174,170
		544,724	603,239

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	NOTE	FY2017/18 S\$'000	FY2016/17 S\$'000
Less:			
Current liabilities			
Trade and other payables	11	84,759	69,115
Advances and deposits		1,748	2,355
Deferred income	12	979	-
Contribution payable to Government Consolidated Fund	13	10,795	13,159
Provision for unutilised leave	14	11,298	11,199
Provision for pension and gratuities	15	2,848	1,816
		112,427	97,644
Net current assets		432,297	505,595
Less:			
Non-current liabilities			
Deferred income	12	1,958	-
Provision for pension and gratuities	15	19,220	21,287
		662,803	736,626

The accompanying notes form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	NOTE	FY2017/18 S\$'000	FY2016/17 S\$'000
Operating income			
Agency fee		434,547	419,892
Other income		39,751	39,878
		474,298	459,770
Less:			
Operating expenditure			
Manpower	16	257,418	249,562
Service and lease expenses	17	100,979	86,730
Depreciation and amortisation	4,5,7	22,858	21,566
Maintenance of building and equipment		18,672	15,423
Staff welfare and training		7,956	8,203
Utilities and communication		6,351	6,329
Property tax		4,048	4,619
Office and other supplies		3,478	2,669
Grants and subsidies		670	742
Public relations and events		985	510
General expenses		844	639
		424,259	396,992
Operating surplus		50,039	62,778

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	NOTE	FY2017/18 S\$'000	FY2016/17 S\$'000
Net investment income	18	13,461	14,627
Other comprehensive (loss)/income			
<i>Item that will not be reclassified to Operating surplus</i>			
Actuarial (loss)/gain	15	(325)	22
Surplus for the financial year before contribution to Government Consolidated Fund		63,175	77,427
Less:			
Contribution to Government Consolidated Fund	13	10,795	13,159
Net surplus for the financial year, representing total comprehensive income for the financial year		52,380	64,268

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	NOTE	SHARE CAPITAL S\$'000	ACCUMULATED SURPLUS S\$'000	TOTAL S\$'000
Balance as at 1 April 2016		7,823	681,837	689,660
Total comprehensive income for the financial year		-	64,268	64,268
Dividends	19	-	(17,302)	(17,302)
Balance as at 31 March 2017		7,823	728,803	736,626
Total comprehensive income for the financial year		-	52,380	52,380
Dividends	19	-	(126,203)	(126,203)
Balance as at 31 March 2018		7,823	654,980	662,803

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	NOTE	FY2017/18 S\$'000	FY2016/17 S\$'000
Cash flows from operating activities			
Agency fee and other income received		474,681	496,673
Cash paid to employees and suppliers		(386,778)	(363,300)
Contribution to Government Consolidated Fund		(13,159)	(9,704)
Net cash from operating activities		74,744	123,669
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		51	17
Interest income received		2,423	1,665
Payment for purchase of property, plant and equipment and intangible assets		(504)	(3,561)
Expenditure on development projects		(22,106)	(16,166)
Net cash used in investing activities		(20,136)	(18,045)

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	NOTE	FY2017/18 S\$'000	FY2016/17 S\$'000
Cash flows from financing activities			
Dividends paid	19	(126,203)	(17,302)
Government grant received	12	2,937	-
Net cash used in financing activities		(123,266)	(17,302)
Net (decrease)/increase in cash and cash equivalents		(68,658)	88,322
Cash and cash equivalents as at beginning of the financial year		174,170	85,848
Cash and cash equivalents as at end of the financial year	10	105,512	174,170

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL ACTIVITIES

The Inland Revenue Authority of Singapore (the Authority) was established under the Inland Revenue Authority of Singapore Act (Cap. 138A, 2012 Revised Edition) and is under the purview of the Ministry of Finance.

The Authority acts as the agent of the Government of the Republic of Singapore (the Government) in administering, assessing, collecting and enforcing payment of income tax, property tax, goods and services tax, estate duty, stamp duty, betting and sweepstake duties, private lotteries duty, casino tax and such other taxes as may be agreed between the Government and the Authority.

Pursuant to these principal activities, the Authority will advise the Government on the formulation of tax policies and represent Singapore internationally in respect of matters relating to taxation.

As a statutory board, the Authority is subject to the directions of the Ministry of Finance and is required to comply with policies and instructions

issued from time to time by the Ministry of Finance and other government agencies.

The registered office and principal place of operation of the Authority is located at 55 Newton Road, Revenue House, Singapore 307987.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Authority have been prepared in accordance with the provisions of the Inland Revenue Authority of Singapore Act (Cap. 138A, 2012 Revised Edition) and the Statutory Board Financial Reporting Standards (SB-FRS).

(a) Functional currency and presentation

The financial statements are presented in Singapore dollars (S\$), which is also the Authority's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except for certain financial assets and liabilities as disclosed in the accounting policies below.

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with SB-FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenditure. These are based on management's best knowledge of current events and relevant factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical Accounting Estimate

The management's use of estimates and assumptions are integral to the valuation of property, plant and equipment and intangible assets, and the provision for pension and gratuities. The useful life and impairment of property, plant and equipment and intangible assets are reviewed on an annual basis as described in Notes 2.2, 2.3 and 2.6 to the financial statements. Details of the underlying assumptions that are made by management for the provision for pension and gratuities are as set out in Note 15 to the financial statements.

(d) Changes in accounting policies

The adoption of the following new or revised SB-FRS and Interpretations of SB-FRS mandatory for application from 1 April 2017 did not result in changes to the Authority's accounting policies and has no impact on the Authority's financial statements:

- SB-FRS 7: Amendments to SB-FRS 7: Disclosure initiative
- SB-FRS 112: Amendments to SB-FRS 112: Disclosure of Interests in Other Entities

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2.2 PROPERTY, PLANT AND EQUIPMENT

(a) Measurement

Property, plant and equipment acquired by the Authority are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

(b) Depreciation

Depreciation is calculated on a straight-line basis from the date the property, plant and equipment are ready for use to write off the cost of the property, plant and equipment, less residual value, over their estimated useful lives as follows:

	Estimated Useful Lives
Leasehold Land	97 years
Building	50 years
Building Systems & Improvements	5 to 20 years
Computer Hardware	2 to 5 years
Office Equipment	5 years
Furniture & Fittings	5 years
Motor Vehicles	7 years

Property, plant and equipment costing less than S\$2,000 are charged to the Statement of Comprehensive Income in the year of purchase.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and that the expected pattern of consumption of the future economic benefits are embodied in the items of property, plant and equipment.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Authority and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2.3 INTANGIBLE ASSETS

Intangible assets consist of computer software and software development costs for various computer applications. They are capitalised on the basis of the costs incurred to acquire or develop and bring to use the software. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Cost associated with maintaining computer software is recognised as an expense when incurred. On disposal of an item of intangible assets, the difference between the net disposal proceeds and its carrying amount is taken to the Statement of Comprehensive Income.

Intangible assets are stated at cost less accumulated amortisation and impairment losses. These costs are amortised using the straight-line method from the date the intangible assets are ready for use over their estimated useful lives of 2 to 8 years. Computer software and development costs costing less than S\$2,000 are charged to the Statement of Comprehensive Income in the year of purchase.

The amortisation period and the amortisation method are reviewed at each financial year-end.

2.4 DEVELOPMENT PROJECTS-IN-PROGRESS

Development projects-in-progress relate mainly to Infocomm Technology projects, carried out by the Authority during the financial year. The cost of development projects-in-progress includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use. No depreciation or amortisation is calculated for development projects-in-progress until they are ready for use and transferred to property, plant and equipment or intangible assets.

2.5 OTHER NON-CURRENT ASSET

Other non-current asset relates to club membership, which is being held on a long-term basis, and previously stated at cost less accumulated impairment losses. The Authority has decided not to renew the membership when it expires on 31 December 2021 and has adopted the approach to depreciate the net carrying amount of the club membership as at 1 April 2017 on a straight-line basis over the remaining tenure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant and equipment, intangible assets, development projects-in-progress and other non-current asset are reviewed for impairment at each financial year-end date or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

An asset's recoverable amount is the higher of the asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows on its own. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in the Statement of Comprehensive Income.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. A previously recognised impairment loss is reversed only if there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation or amortisation) had no impairment loss been recognised for the asset in prior years. The reversal is recognised in the Statement of Comprehensive Income.

2.7 FINANCIAL ASSETS

(a) Classification

The Authority classifies its financial assets in the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification at every financial year-end, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

(i) Financial assets at fair value through profit or loss

This category comprises financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Financial assets are designated at fair value through profit or loss if the Authority manages such investments on a fair value basis in accordance with the Authority's documented risk management or investment strategy. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the financial year-end date.

The Authority's investments in funds with fund managers are classified as financial assets at fair value through profit or loss.

(ii) Loans and receivables

Loans and receivables comprise trade and other receivables and cash and cash equivalents. They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Authority provides money, goods or services directly to a debtor with no intention of trading

the receivable. Loans and receivables that are due within 12 months after the financial year-end date are classified as current assets in the Statement of Financial Position. For those that are due more than 12 months after the financial year-end date, they are classified as non-current assets.

(b) Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date – the date on which the Authority commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Authority has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

(d) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Any resultant gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” are included in net investment income/(loss) in the Statement of Comprehensive Income in the period in which they arise. Interest earned on “financial assets at fair value through profit or loss” is also included in net investment income/(loss).

(e) Impairment

The Authority assesses at each financial year-end date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of loans and receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of these assets is reduced through

the use of an impairment allowance account which is calculated as the difference between the carrying amount, and the present value of the estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the Statement of Comprehensive Income.

2.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise deposits with the Accountant-General’s Department and cash and bank balances that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.9 TRADE AND OTHER PAYABLES

Trade and other payables including accruals are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. A payable is derecognised when the obligation is discharged or cancelled or expired. The difference between the carrying amount of a payable (or part of a payable) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2.10 PROVISIONS

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each financial year-end date and adjusted to reflect the current best estimate, taking into consideration the time value of money. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.11 INCOME RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable.

Agency fee and income from other services provided are recognised over the period in which the services are rendered.

Interest income is recognised using the effective interest method.

2.12 EMPLOYEE BENEFITS

(a) Defined benefit plan

Pensionable employees transferred from the Civil Service to the Authority when it was established on 1 September 1992 are entitled to pension benefits in accordance with the provisions of the Pensions Act (Cap. 225, 2004 Revised Edition). Pension liability attributable to the services rendered by these employees prior to the establishment of the Authority will be borne by the Government and is excluded from the Authority's provision of pension.

A pensionable employee may, at retirement, opt for pension to be paid monthly for his remaining lifetime, as a lump sum upon retirement or in a combination of both at a reduced rate.

Provision for pension and gratuities recognised in the Statement of Financial Position represents the present value of the pension obligations as at the financial year-end and is computed by the Authority annually based on the principal assumptions described in Note 15. Discount rates used are the yields as at financial year-end on government bonds that have maturity dates approximating the tenure of the related pension obligations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Current service costs of the pensionable employees and interest costs on the provision for pension obligations that arise from the passage of time are recognised in expenditure on manpower in the Statement of Comprehensive Income. Actuarial gains and losses arising from changes in principal assumptions are recognised in other comprehensive income.

(b) Defined contribution plan

Contributions are made to the Central Provident Fund (CPF) scheme as required by law. The CPF contributions are recognised as expenditure on manpower in the same period as the employment that gives rise to the contribution.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the financial year-end date.

2.13 OPERATING LEASES

(a) Where the Authority is the lessor

Leases where the Authority effectively retains substantially all the risks and rewards of ownership of the leased asset are classified

as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(b) Where the Authority is the lessee

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the lease term are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

2.14 GOVERNMENT GRANTS

Government grants are recognised at their fair values where there is reasonable assurance that the Authority will comply with the conditions attaching to them and the grants will be received. When the grants relate to compensation for expenses incurred, they are recognised in the Statement of Comprehensive Income in the same periods in which the expenses are recognised. Where the grants relate to assets, the grants are recognised as deferred income in the Statement of Financial Position. The deferred income is recognised in the Statement of Comprehensive Income on a systematic basis over the periods necessary to match the depreciation and amortisation of the assets, or when the assets are disposed or written off.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2.15 NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following new SB-FRS (including its consequential amendments) that are relevant to the Authority were issued but not yet effective:

Effective for annual periods beginning on or after 1 January 2018

- SB-FRS 109 *Financial Instruments*
- SB-FRS 115 *Revenue from Contracts with Customers*

Effective for annual periods beginning on or after 1 January 2019

- Amendments to SB-FRS 109 *Financial Instruments*
- SB-FRS 116 *Leases*

The management expects that the adoption of SB-FRS 115 will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SB-FRS 109 and SB-FRS 116 are described below.

SB-FRS 109 *Financial Instruments*

SB-FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SB-FRS 109 are based on an expected credit loss model and replace the SB-FRS 39 incurred loss model.

The Authority plans to adopt the new standard on the required effective date without restating prior periods. The Authority has performed a preliminary impact assessment of adopting SB-FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Authority adopts SB-FRS 109 in FY2018/19.

Classification and Measurement

Upon application of SB-FRS 109, the Authority does not expect a significant impact on the classification and measurement of financial instruments. The Authority's funds with fund managers will continue to be classified as financial assets at fair value through profit or loss while the other financial instruments will be measured at amortised cost.

Impairment

SB-FRS 109 requires the Authority to record expected credit losses on all of its debt securities, loans, trade receivables and financial guarantees if any, either on a 12-month or lifetime basis. The Authority plans to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Authority does not expect a significant impact on its net assets and net operating surplus.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

SB-FRS 116 *Leases*

SB-FRS 116 requires lessees to recognise most leases on the Statement of Financial Position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of low value assets and short-term leases. The accounting approach for lessors will not change significantly.

The Authority plans to adopt the new standard on the required effective date without restating prior periods. As at 31 March 2018, the Authority as the lessee has non-cancellable operating lease commitments of S\$178.56 million which are disclosed as operating lease commitments as required under SB-FRS 17. The Authority has performed a preliminary assessment and expects that these arrangements will meet the definition of a lease under SB-FRS 116. Hence the Authority will recognise a right-of-use asset and a corresponding liability in respect of these leases unless they qualify as low value or short term leases upon application. It is currently impracticable to provide a reasonable estimate of the financial effect until the Authority completes its detailed assessment.

3 SHARE CAPITAL

	FY2017/18 NUMBER OF SHARES (IN '000)	FY2017/18 S\$'000	FY2016/17 NUMBER OF SHARES (IN '000)	FY2016/17 S\$'000
As at 31 March	7,823	7,823	7,823	7,823

The shares are fully paid and are held by the Minister for Finance, a body incorporated by the Minister for Finance (Incorporation) Act (Cap. 183, 2014 Revised Edition). The shares have no par value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

4 PROPERTY, PLANT AND EQUIPMENT

4.1 PROPERTY, PLANT AND EQUIPMENT FOR FY2017/18

	LEASEHOLD LAND S\$'000	BUILDING S\$'000	BUILDING SYSTEMS & IMPROVEMENTS S\$'000	COMPUTER HARDWARE S\$'000	OFFICE EQUIPMENT S\$'000	FURNITURE & FITTINGS S\$'000	MOTOR VEHICLES S\$'000	TOTAL S\$'000
COST								
As at 1 April 2017	155,344	137,173	57,861	44,693	3,838	1,356	216	400,481
Reclassifications	-	(69)	69	113	(113)	-	-	-
Additions	-	-	521	172	2	-	-	695
Transfer from Development projects-in-progress (Note 6)	-	-	6,532	4,728	-	-	-	11,260
Disposals	-	-	(291)	(2,071)	(24)	(5)	-	(2,391)
As at 31 March 2018	155,344	137,104	64,692	47,635	3,703	1,351	216	410,045
ACCUMULATED DEPRECIATION								
As at 1 April 2017	36,678	57,793	49,010	29,855	3,576	1,338	209	178,459
Reclassifications	-	(2)	2	21	(21)	-	-	-
Depreciation for the financial year	1,594	2,749	2,923	8,246	74	13	7	15,606
Disposals	-	-	(291)	(2,071)	(24)	(5)	-	(2,391)
As at 31 March 2018	38,272	60,540	51,644	36,051	3,605	1,346	216	191,674
NET BOOK VALUE								
As at 31 March 2018	117,072	76,564	13,048	11,584	98	5	0	218,371

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

4.2 PROPERTY, PLANT AND EQUIPMENT FOR FY2016/17

	LEASEHOLD LAND S\$'000	BUILDING S\$'000	BUILDING SYSTEMS & IMPROVEMENTS S\$'000	COMPUTER HARDWARE S\$'000	OFFICE EQUIPMENT S\$'000	FURNITURE & FITTINGS S\$'000	MOTOR VEHICLES S\$'000	TOTAL S\$'000
COST								
As at 1 April 2016	155,344	136,795	57,700	41,065	3,790	1,356	216	396,266
Additions	-	-	432	1,862	13	-	-	2,307
Transfer from Development projects-in-progress (Note 6)	-	378	24	5,514	113	-	-	6,029
Disposals	-	-	(295)	(3,748)	(78)	-	-	(4,121)
As at 31 March 2017	155,344	137,173	57,861	44,693	3,838	1,356	216	400,481
ACCUMULATED DEPRECIATION								
As at 1 April 2016	35,084	55,055	46,369	27,123	3,540	1,317	179	168,667
Depreciation for the financial year	1,594	2,738	2,936	6,480	114	21	30	13,913
Disposals	-	-	(295)	(3,748)	(78)	-	-	(4,121)
As at 31 March 2017	36,678	57,793	49,010	29,855	3,576	1,338	209	178,459
NET BOOK VALUE								
As at 31 March 2017	118,666	79,380	8,851	14,838	262	18	7	222,022

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

5 INTANGIBLE ASSETS

	FY2017/18 S\$'000	FY2016/17 S\$'000
COST		
As at 1 April	251,126	253,579
Additions	396	256
Transfer from Development projects-in-progress (Note 6)	7,691	293
Disposals	(533)	(3,002)
As at 31 March	258,680	251,126
ACCUMULATED AMORTISATION		
As at 1 April	231,238	226,562
Amortisation for the financial year	7,248	7,653
Disposals	(533)	(2,977)
As at 31 March	237,953	231,238
NET BOOK VALUE		
As at 31 March	20,727	19,888

Intangible assets include the Inland Revenue Interactive Network, the Authority's core tax administration system, with a Net Book Value of S\$17.9 million and a remaining amortisation period of up to 7 years.

Included in the Additions and Transfer from Development projects-in-progress to the Intangible assets are internally-developed computer applications relating to the operations of the Authority with a cost of S\$7,438,611 (FY2016/17: S\$0).

6 DEVELOPMENT PROJECTS-IN-PROGRESS

	FY2017/18 S\$'000	FY2016/17 S\$'000
COST		
As at 1 April	10,391	5,794
Additions	15,485	10,919
Transfer to Property, plant and equipment (Note 4)	(11,260)	(6,029)
Transfer to Intangible assets (Note 5)	(7,691)	(293)
As at 31 March	6,925	10,391

Included in the development projects-in-progress are computer software amounting to S\$2,936,631 (FY2016/17: S\$0), reimbursed by a government grant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

7 OTHER NON-CURRENT ASSET

	FY2017/18 S\$'000	FY2016/17 S\$'000
Cost	114	114
Less: Accumulated impairment losses	(97)	(97)
Less: Depreciation for the financial year	(4)	-
Net carrying amount as at 31 March	13	17

As stated in Note 2.5, the Authority has adopted the approach to depreciate the net carrying amount of the asset as at 1 April 2017 amounting to S\$17,600 on a straight-line basis over the remaining tenure of the membership.

8 FUNDS WITH FUND MANAGERS

	FY2017/18 S\$'000	FY2016/17 S\$'000
Unquoted unit trusts at fair value as at 31 March	397,013	385,851

The unquoted unit trusts are managed by two fund managers appointed under the Accountant-General's Department's Demand Aggregate Scheme for Fund Management Services 2011.

The unquoted unit trusts are denominated in Singapore dollar.

9 TRADE AND OTHER RECEIVABLES

	FY2017/18 S\$'000	FY2016/17 S\$'000
Trade receivables	32,976	34,013
Other receivables	1,272	1,359
As at 31 March	34,248	35,372

Credit risk with respect to Trade and other receivables is limited as the receivables are mostly due from governmental entities and government-linked companies. These balances are unsecured, non-interest bearing and usually settled within 3 months from the invoice date and within credit terms granted to them. Due to these factors, the Authority believes that no impairment allowance is necessary as at 31 March.

10 CASH AND CASH EQUIVALENTS

	FY2017/18 S\$'000	FY2016/17 S\$'000
Deposits with Accountant-General's Department as at 31 March	105,512	174,170

Deposits are placed with Accountant-General's Department under the "Whole-of-Government Centralised Liquidity Management" for cost efficiency and better credit risk management. The effective interest rate of Cash and cash equivalents is 1.32% (FY2016/17: 1.37%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

11 TRADE AND OTHER PAYABLES

	FY2017/18 S\$'000	FY2016/17 S\$'000
Payables for employee benefits	47,132	43,385
Trade payables	20,114	15,364
Other accrual for operating and capital expenditure	17,513	10,366
As at 31 March	84,759	69,115

Trade and other payables are unsecured, non-interest bearing and usually paid within 6 months from the invoice date.

12 DEFERRED INCOME

The deferred income pertains to a grant received from the Ministry of Health for the development of computer software which is still in progress.

	FY2017/18 S\$'000	FY2016/17 S\$'000
As at 1 April	-	-
Grant received related to development projects-in-progress (Note 6)	2,937	-
As at 31 March	2,937	-
Amount to be recognised within 1 year	979	-
Amount to be recognised after 1 year	1,958	-

13 CONTRIBUTION TO GOVERNMENT CONSOLIDATED FUND

The contribution to the Government Consolidated Fund is in accordance with section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap. 319A, 2004 Revised Edition). Under this Act, the Minister for Finance has the authority to prescribe the contributions to be made by the Statutory Boards in respect of their annual accounting surplus as well as their past accumulated surplus in lieu of income tax. The contribution rate and the framework governing such contributions are determined by the Ministry of Finance.

The contribution is based on 17% (FY2016/17: 17%) of the surplus, excluding Other comprehensive income, for the financial year.

14 PROVISION FOR UNUTILISED LEAVE

	FY2017/18 S\$'000	FY2016/17 S\$'000
As at 1 April	11,199	10,169
Net provision made during the financial year	99	1,030
As at 31 March	11,298	11,199

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

15 PROVISION FOR PENSION AND GRATUITIES

	FY2017/18 S\$'000	FY2016/17 S\$'000
As at 1 April	23,103	24,905
Charged to expenditure on Manpower:		
Current service costs	233	400
Interest costs	476	480
Actuarial loss/(gain) charged to Other comprehensive income:		
From changes in demographic assumptions	561	141
From changes in financial assumptions	(236)	(163)
	24,137	25,763
Amount paid during the financial year	(2,069)	(2,660)
As at 31 March	22,068	23,103
Amount payable within 1 year	2,848	1,816
Amount payable after 1 year	19,220	21,287

The principal assumptions used in determining the Authority's pension obligations are:

(a) pensionable employees will retire at the age of 62 and opt for pension to be paid as a lump sum upon retirement;

(b) the discount rates for determining present value of lump sum due to pensionable employees range from 1.90% to 2.29% (FY2016/17: 1.32% to 2.25%) per annum, depending on the tenure of the related pension obligations, and 2.61% (FY2016/17: 2.43%) per annum for pensions due to pensioners who opted for monthly pensions;

(c) the estimated future salary increases range from 0% to 17.90% (FY2016/17: 0% to 17.90%); and

(d) the life expectancy for male and female pensioners range from 80.6 to 84.0 years (FY2016/17: 80.4 to 83.9 years) and 85.1 to 87.4 years (FY2016/17: 84.9 to 87.1 years) respectively.

If the discount rates change by 50 basis points with all other assumptions remaining constant, the impact on the Authority's pension liability as at 31 March will be as follows:

	FY2017/18 S\$'000	FY2016/17 S\$'000
+50 basis points	(830)	(865)
-50 basis points	882	919

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

If the life expectancy for male and female change by 0.3 year with all other assumptions remaining constant, the impact on the Authority's pension liability as at 31 March will be as follows:

	FY2017/18 S\$'000	FY2016/17 S\$'000
+0.3 year	231	230
-0.3 year	(233)	(232)

Included in the balance as at 31 March is provision set aside for key management personnel as follows:

	FY2017/18 S\$'000	FY2016/17 S\$'000
Key management personnel	1,348	1,263

16 MANPOWER

Included in the expenditure on Manpower is the following:

	FY2017/18 S\$'000	FY2016/17 S\$'000
CPF contributions for staff	27,755	33,925

During FY2016/17, there was a one-time ex-gratia payment amounting to S\$6.8 million made by the Authority for its officers who joined the Civil Service on the CPF-Annual Allowance Scheme between 1 July 1955 and 6 December 1984 to help them defray the cost of their Medishield Life premiums, purchase additional medical insurance or prepare for other post-retirement need.

17 SERVICE AND LEASE EXPENSES

Included in the expenditure on services and leases are the following:

	FY2017/18 S\$'000	FY2016/17 S\$'000
Data centre operation charges	39,248	31,901
Infocomm technology		
outsourcing charges	30,417	27,561
Data centre leasing charges	8,113	8,187
Computer equipment leasing charges	1,087	1,403
Audit fees:		
Audit of agency accounts	714	693
Audit of corporate accounts	376	365
Board members' allowances	212	201

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

18 NET INVESTMENT INCOME

	FY2017/18 S\$'000	FY2016/17 S\$'000
Income from Funds with fund managers:		
Fair value gain	11,162	12,752
Investment expenses	(40)	(39)
	11,122	12,713
Interest income:		
Deposits with		
Accountant-General's Department	2,339	1,914
Net investment income	13,461	14,627

Included in the fair value gain are gains arising from price movements of unquoted unit trusts classified as "financial assets at fair value through profit or loss".

19 DIVIDENDS

	FY2017/18 S\$'000	FY2016/17 S\$'000
Dividend paid in respect of the previous financial year	16,203	17,302
Special dividend	110,000	-
	126,203	17,302

Dividends paid comprised a dividend of S\$16,203,000 (FY2016/17: S\$17,302,000) made in accordance with the Capital Management Framework for Statutory Boards outlined in Finance Circular Minute No. M26/2008, and a special dividend of S\$110,000,000 (FY2016/17: \$0).

20 COMMITMENTS

20.1 CAPITAL COMMITMENTS

Capital expenditure approved by the Authority as at the financial year-end date but not recognised in the financial statements are as follows:

	FY2017/18 S\$'000	FY2016/17 S\$'000
Development Projects		
- Approved and contracted for	27,313	2,399
- Approved but not contracted for	32,279	57,067
Property, Plant and Equipment		
- Approved but not contracted for	1,016	10,054
Intangible Assets		
- Approved but not contracted for	1,080	551
	61,688	70,071

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

20.2 OPERATING LEASE COMMITMENTS – WHERE THE AUTHORITY IS THE LESSOR

The future minimum lease receivables under non-cancellable operating leases contracted for at the financial year-end date but not recognised as receivables, are as follows:

	FY2017/18 S\$'000	FY2016/17 S\$'000
Related parties		
- Not later than 1 year	16,204	1,670
- Later than 1 year but not later than 5 years	6,126	744
Non-related parties		
- Not later than 1 year	299	896
- Later than 1 year but not later than 5 years	37	231
	22,666	3,541

The Authority leased part of its office building to tenants under operating leases. The leases typically run for a period of 1 to 3 years, with an option to renew the lease on expiry. None of the leases include contingent rental.

20.3 OPERATING LEASE COMMITMENTS – WHERE THE AUTHORITY IS THE LESSEE

The future minimum lease payables under non-cancellable operating leases contracted for at the financial year-end date but not recognised as liabilities, are as follows:

	FY2017/18 S\$'000	FY2016/17 S\$'000
Not later than 1 year	31,512	13,114
Later than 1 year but not later than 5 years	140,979	116,735
Later than 5 years	6,069	30,874
	178,560	160,723

The operating lease commitments above relate to leasing of data centre facilities and computers. These leases have tenures ranging from two to five years. The Authority has an option to extend the lease for data centre facilities for up to 10 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

21 TAX ACADEMY OF SINGAPORE

The Authority incorporated the Tax Academy of Singapore (the Academy) on 2 August 2006 as a company limited by guarantee to an amount not exceeding S\$1.00, and is the sole member of the Academy. The principal objects of the Academy are to promote education, research and information exchange in the field of taxation and other related fields of knowledge, for the purposes of educating the public, raising the overall competency of tax professionals for the benefit of the public and raising the vibrancy of the tax community in Singapore or elsewhere, providing taxation-related training for policymakers and tax administrators in Singapore and abroad, and serving as a strategic tool for engagement with foreign tax officials from the region.

The financial transactions of the Academy, a subsidiary of the Authority, are not consolidated as they are immaterial. The summarised financial information of the Academy, audited by RSM Chio Lim LLP, are as follows:

	FY2017/18 S\$'000	FY2016/17 S\$'000
Assets	3,191	2,872
Liabilities	478	492
Revenue	2,339	2,466
Total comprehensive income	334	458

22 RELATED PARTY TRANSACTIONS

22.1 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the significant transactions that took place between the Authority and related parties on terms agreed between the parties during the financial year are as follows:

	FY2017/18 S\$'000	FY2016/17 S\$'000
Ministry of Finance		
- Agency fee income	434,547	419,892
- Rental income	7,285	7,285
- Reimbursement of service costs incurred	3,262	2,648
- Procurement of services	(8,910)	(6,589)
Other Ministries and Statutory Boards		
- Rental income	10,978	11,944
- Other income	3,062	2,882
- Procurement of infocomm technology related services	(5,176)	(4,710)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

22.2 SIGNIFICANT RELATED PARTY ACCOUNT BALANCES

In addition to the information disclosed elsewhere in the financial statements, the significant account balances as at 31 March that the Authority has in relation to related parties are as follows:

	FY2017/18 S\$'000	FY2016/17 S\$'000
Ministry of Finance		
- Trade receivables	29,203	31,570
Other Ministries and Statutory Boards		
- Trade payables	(857)	-

22.3 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation during the financial year is as follows:

	FY2017/18 S\$'000	FY2016/17 S\$'000
Salaries and other short-term employee benefits	10,760	10,241
CPF contribution	750	714
Post-employment benefits	69	75
Other long-term benefits	3	2
	11,582	11,032

The Commissioner of Inland Revenue/Chief Executive Officer, Deputy Commissioners, Assistant Commissioners, and Chief Legal Officer are considered as key management personnel for this purpose.

23 FINANCIAL RISK MANAGEMENT

The Authority's activities expose it to interest rate risk, currency risk, price risk, credit risk, liquidity risk and capital risk. The Authority's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Authority's financial performance. The Authority invests its surplus funds to meet future capital replacements. To meet this objective, the Authority seeks to achieve capital preservation and optimise investment returns at acceptable risk levels through adequate risk diversification.

The funds are placed in unit trusts that are managed by the fund managers appointed under Mandate A of the Accountant-General's Department's Demand Aggregate Scheme for Fund Management Services 2011. The appointed fund managers are given discretion in managing the funds, subject to the investment guidelines set out in the tender specifications of the scheme. The Authority's investment policies are approved by the Board.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

23.1 INTEREST RATE RISK

The exposure to risk of changes in interest rates relates primarily to interest-bearing assets and deposits with Accountant-General's Department (AGD). The interest rates are based on deposit rates determined by the financial institutions with which the cash are deposited and are expected to move in tandem with market interest rate movements.

The Authority does not have any significant exposure to interest rate risk as at the end of the financial year.

23.2 CURRENCY RISK

The Authority is not exposed to significant foreign currency risk as the monetary assets and liabilities of the Authority are denominated primarily in Singapore dollars.

23.3 PRICE RISK

The Authority is exposed to price risk arising from the investments in unit trusts. The price risk is the potential loss in fair value resulting from the decrease in the net asset value of the unit trusts.

If prices of the unit trusts change by 5% with all other variables remaining constant, the impact on the Authority's surplus for the financial year will be as follows:

	FY2017/18 S\$'000	FY2016/17 S\$'000
+5%	19,850	19,293
-5%	(19,850)	(19,293)

23.4 CREDIT RISK

The Authority's exposure to credit risk arises from deposits with AGD, trade and other receivables and funds with fund managers. The maximum exposure at the end of the financial year is the carrying amount of these assets as indicated.

Credit risks on trade and other receivables are disclosed in Note 9. Deposits with AGD are placed with high credit quality financial institutions. Funds for investments are placed in unit trusts that are managed by licensed and reputable fund managers.

23.5 LIQUIDITY RISK

The Authority monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Authority's operations. The funds placed in unit trusts can be liquidated readily when required. The Authority does not have a significant exposure to liquidity risk as at the financial year-end date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

23.6 CAPITAL RISK

The Authority manages its capital to ensure it will be able to continue as a going concern while fulfilling its objective as a statutory board. The capital structure of the Authority consists of share capital and accumulated surplus. There were no changes in the capital management approach during the financial year. The Authority is not subject to externally imposed capital requirements, except for the Capital Management Framework for Statutory Boards outlined in Finance Circular Minute No. M26/2008.

23.7 FAIR VALUE MEASUREMENTS

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their respective fair value due to the relative short term maturity.

The Authority measures fair value of its financial assets using the following fair value hierarchy that reflects the significance of the inputs used in the measurements:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- (b) Level 2: valuation techniques based on observable inputs, either directly (that is, as prices) or indirectly (that is, derived from prices); and

- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In infrequent circumstances where a valuation technique for financial instruments is based on significant unobservable inputs, such instruments will be included in Level 3.

The following table presents the financial assets measured at fair value and classified by level of fair value measurement hierarchy:

	LEVEL 1 S\$'000	LEVEL 2 S\$'000	LEVEL 3 S\$'000	TOTAL S\$'000
Unquoted unit trusts at fair value				
As at 31 March 2018	-	397,013	-	397,013
As at 31 March 2017	-	385,851	-	385,851

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

24 COMPARATIVE FIGURES

Certain comparative figures for Significant Related Parties in Note 22 have been adjusted to conform with the changes in the presentation in the current financial year to disclose only related parties with significant transactions or balances.

25 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of the Authority on 28 June 2018.



INLAND REVENUE
AUTHORITY
OF SINGAPORE

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