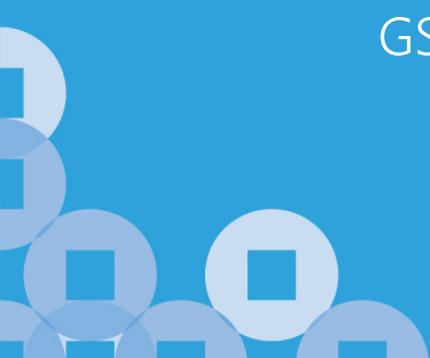




INLAND REVENUE
AUTHORITY
OF SINGAPORE

IRAS e-Tax Guide

GST: Assisted Compliance Assurance
Programme (ACAP)
(Third Edition)



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Table of Contents

	Page
1 Aim	1
2 At a Glance.....	1
3 Glossary	3
4 Overview of ACAP Process	5
5 Eligibility Conditions to Participate in ACAP.....	7
6 Penalty Waiver for Participation	8
7 Benefits of ACAP Status.....	8
8 Errors Discovered in the Course of ACAP Review.....	9
9 Various Arrangements to Conduct ACAP Review.....	10
10 General Guidance for According ACAP Status	13
11 After Award of ACAP Status.....	16
12 Renewal of Your ACAP Status	19
13 Frequently Asked Questions.....	20
14 Contact Information	20
15 Updates and Amendments	21
16 Downloadable Templates and Forms	22
Appendix 1: GST ACAP Review Guidance	23
<i>Section 1 : Getting Ready for ACAP Review</i>	<i>25</i>
<i>Section 2 : Commencement of ACAP Review by the ACAP Reviewer.....</i>	<i>39</i>
<i>Section 3 : Risk Assessment.....</i>	<i>41</i>
<i>Section 4 : Review of Entity Level Controls</i>	<i>45</i>
<i>Section 5 : Review of Transaction Level Controls.....</i>	<i>47</i>
<i>Section 6 : Review of GST Reporting Level Controls.....</i>	<i>64</i>
<i>Section 7 : Report on Factual Findings.....</i>	<i>67</i>
<i>Section 8 : Follow-up on ACAP Review.....</i>	<i>69</i>
<i>Section 9 : ACAP Deliverables.....</i>	<i>72</i>
Appendix 2: Information Leaflet on Post ACAP Review (“PAR”)	73
Appendix 3: Information Leaflet on Certified Post ACAP Review (“PAR”)	83
Appendix 4: Qualifying scenarios where ACAP status may be transferred or retained	86
Appendix 5: Common GST risks at Entity, Transaction and GST Reporting level.....	94

1 Aim

1.1 The 'Assisted Compliance Assurance Programme' ("ACAP") is a compliance initiative introduced for businesses to voluntarily undertake a holistic risk-based review on the robustness and effectiveness of their internal controls to manage their GST risk and enhance their GST compliance capability. This e-Tax Guide explains this initiative in greater detail.

1.2 You should read this e-Tax guide if you are:

- (a) A GST-registered business which intends to undergo an ACAP Review and wants to build or enhance your GST controls and improve your GST compliance capability to file correct GST returns on a continual basis; or
- (b) An ACAP Reviewer¹ appointed by a GST-registered business to conduct an ACAP Review.

2 At a Glance

2.1 The ACAP process comprises 3 key segments:

1. Self-Review of GST Controls

- Complete the "Self-Review of GST Controls checklists" ("SRC") to assess if your GST controls are established at three levels (Entity, Transaction and GST Reporting) to ensure continual GST compliance.
- Examine if the design and application of your GST controls are adequate to address GST risks of filing incorrect GST returns though your GST control framework may have met IRAS' minimum acceptable standard of an established GST control framework for ACAP.



¹ For first time ACAP Reviewers, IRAS would initiate screening of the Reviewer on a firm level basis to be assured of its capability in conducting ACAP Review. Refer to paragraph 9 of this e-Tax Guide for more details.

2. Commence ACAP Review and Implement Additional Controls

- Following your self-assessment of the effectiveness of your GST controls, you may participate in the ACAP Review by engaging an independent ACAP Reviewer screened by IRAS (refer to [paragraph 9](#) of this e-Tax Guide for more details) to conduct a holistic review of your GST controls using the ACAP Review methodology set out in the “GST ACAP Review Guidance” (refer to [Appendix 1](#) of this e-Tax Guide for more details).
- The ACAP Reviewer will conduct an independent review of the effectiveness of your GST controls using its professional auditing methodology and in accordance with the ACAP Review methodology.
- Based on the ACAP Reviewer’s findings, you will evaluate the impact of any GST gaps identified and errors made in your past and current GST returns and take active steps to improve your existing controls.



3. Proactive Review of GST Risks and Monitoring

- IRAS will accord you an ACAP status if you demonstrate that the GST controls established at all three levels (Entity, Transaction and GST Reporting) are working effectively, based on the findings of the ACAP Reviewer.
- During the validity period of your ACAP status, you will continue to review and monitor the effectiveness of your GST risk management process from internal and external changes. You will also be required to provide assurance of your oversight on GST matters to ensure continuous GST compliance by performing the Post ACAP Review (“PAR”) (refer to [paragraph 11](#) and [Appendix 2](#) of this e-Tax Guide for more details).
- You are encouraged to renew your ACAP status prior to the expiry date of your ACAP status (refer to [paragraph 12](#) of this e-Tax Guide for more details) in lieu of the second PAR. Renewing your ACAP status assures your stakeholders of the sustainability and robustness of your GST risk management process in the filing of correct GST returns on an ongoing basis.

3 Glossary

3.1 ACAP

Assisted Compliance Assurance Programme

3.2 ACAP Applicant

A GST-registered business which is approved by IRAS to participate in ACAP.

3.3 ACAP Period

ACAP Period is a 12-month period of either:

- (a) the latest 12-month period of GST returns filed; or
- (b) the 12-month period of GST returns filed for the past financial year.

3.4 ACAP Review

An independent review performed by an ACAP Reviewer covering a 12-month ACAP Period. The ACAP Reviewer conducts the review on the effectiveness of the ACAP Applicant's GST controls in mitigating risks of filing incorrect GST return and ascertains if it fulfils IRAS' GST Control framework based on the ACAP Review methodology set out in the "GST ACAP Review Guidance" at [Appendix 1](#) of this e-Tax Guide.

3.5 ACAP Reviewer

Public Accounting Entity ("PAE")² and/or its tax affiliate³ with a track record in conducting audit and/or GST return reviews of large businesses. An ACAP Applicant's internal audit team that reports directly to an independent Audit Committee may also be considered. For first-time ACAP Reviewers, IRAS will screen the audit methodology to be adopted (refer to [paragraph 9](#) of this e-Tax Guide for more details).

3.6 ACAP Status

A status awarded to an ACAP Applicant which completed the ACAP Review and meets the IRAS' ACAP standard. Depending on the scores obtained, the ACAP Applicant may be awarded either an 'ACAP Premium' or 'ACAP Merit'.

3.7 Approved ACAP Business

An ACAP Applicant awarded with either an 'ACAP Premium' or 'ACAP Merit' status.

² Refers to Public Accounting firm, Public Accounting Corporation or Accounting LLP registered with Accounting & Corporate Regulatory Authority.

³ Tax affiliate refers to the tax arm of a Singapore PAE, constituted separately and is related to the PAE by ownership or management.

3.8 Post ACAP Review ("PAR")

A review performed by an Approved ACAP Business following accord of the ACAP status. The first review must be submitted within 18 months from the date of accord of its ACAP status, and the second review must be submitted 6 months before the expiry of the ACAP status⁴.

3.9 Test Period

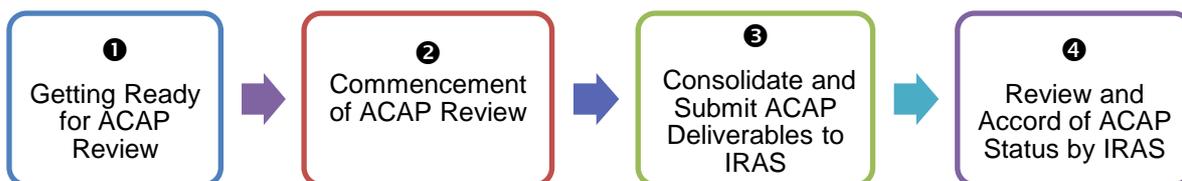
A 6-month period from the ACAP Period selected by the ACAP Reviewer to perform review testing for ACAP Review. The 6-month Test Period need not be consecutive prescribed accounting periods.

⁴ The second PAR is not required if the Approved ACAP Business renews its ACAP status.

4 Overview of ACAP Process

- 4.1 The ACAP is most suitable for GST-registered businesses that:
- (a) Have complex corporate structures and business models and/or voluminous transactions;
 - (b) Place emphasis on tax risk management as part of their corporate governance; and
 - (c) Rely on extensive in-built controls in their systems and processes to generate timely and accurate data for financial and tax reporting.
- 4.2 You have to notify IRAS of your intention to participate in the ACAP by submitting the form “GST F23 – Participation in GST Assisted Compliance Assurance Programme (ACAP)” prior to commencement of ACAP Review. IRAS will review your application and approve your participation if you fulfilled all eligibility conditions (hereafter, the approved participant is termed as the “ACAP Applicant”).
- 4.3 You and your ACAP Reviewer must follow the methodology set out in the “GST ACAP Review Guidance” at [Appendix 1](#) of this e-Tax Guide. You have a period of 15 months to submit to IRAS the ACAP findings (i.e. “ACAP Factual Report” and other deliverables, which we will hereafter term as “ACAP Report”).
- 4.4 You will be accorded an ACAP status (refer to [paragraph 10](#) of this e-Tax Guide for more details) if you attain certain benchmarks in the level of controls. Accordingly, you will enjoy a range of benefits when you are accorded an ACAP status.

4.5 In gist, the ACAP process is a 4-step process as follows:



Step 1.1 [\[Assessment of Readiness of GST Control Framework in Appendix 1 – Section 1\]](#)

The GST-registered business is to self-assess the readiness of its GST Control Framework by completing the “Self-Review of GST Controls checklists” (“SRC”), decide on an ACAP arrangement (refer to [paragraph 9](#) of this e-Tax Guide) and appoint an ACAP Reviewer, where applicable. The business is to notify IRAS of its intention to participate in ACAP by submitting the form “GST F23 - Participation in GST ACAP” and may proceed to commence the ACAP Review following IRAS’ approval. Thereafter, the approved participant is termed as the “ACAP Applicant”.

Step 1.2 [\[Steps 2 & 3 of Appendix 1 – Section 1\]](#)

For the purpose of the ACAP Review, the ACAP Applicant is required to:

- (i) select a representative 12-month period (i.e. ACAP Period);
- (ii) identify and review anomalies in the GST declarations for the ACAP Period; and
- (iii) select Representative Units.

Step 1.3 [\[Step 4 of Appendix 1- Section 1\]](#)

The ACAP Applicant must present all critical information to the ACAP Reviewer, on its business profile and processes from tax classification at source to submission of its GST returns and proactive risks review and monitoring process.

Step 1.4

The ACAP Applicant and ACAP Reviewer must agree on the ACAP Review audit schedule and resource commitment to ensure that ACAP Report is submitted to IRAS by the due date. The due date is 15-month from IRAS’ approval of the ACAP Applicant’s participation. An overview of the ACAP Review procedures is found in [\[Appendix 1 – Section 2\]](#).

Step 2.1 [\[Appendix 1 – Section 3\]](#)

ACAP Reviewer to perform risk assessment of the ACAP Applicant’s business.

Step 2.2 [\[Appendix 1 – Sections 4 to 6\]](#)

ACAP Reviewer to review the GST controls established at the following 3 levels for accurate GST reporting:

- Entity Level controls
- Transaction Level controls
- GST Reporting Level controls

Step 3.1 [\[Appendix 1 – Section 7\]](#)

ACAP Reviewer to document the ACAP Review findings.

Step 3.2 [\[Appendix 1 – Section 8\]](#)

ACAP Applicant to follow-up on the ACAP Review findings.

Step 3.3 [\[Appendix 1 – Section 9\]](#)

Submission of the ACAP Deliverables to IRAS.

Step 4.0

IRAS will review the submitted ACAP Report to accord ACAP status only to eligible ACAP Applicants.

5 Eligibility Conditions to Participate in ACAP

5.1 To be eligible for participation in ACAP, you should meet all the following conditions:

- (a) You have established proactive GST risk management by having a GST Control Framework encompassing preventive and detective GST controls at the Entity, Transaction and GST Reporting levels to ensure filing of accurate GST returns. The framework should include the following elements:
 - (i) Board of Directors and/or Senior Management⁵ sets the direction and maintains an oversight of a framework for GST risk management;
 - (ii) Ability to identify and manage GST risks; and
 - (iii) Documentation of GST control processes.
- (b) You have established all key controls listed in the “Self-Review of GST Controls checklists” (“SRC”) for the three levels (i.e. Entity, Transaction and GST Reporting). A key control is considered as implemented if 60% or more of the control features (listed in the SRC) or their equivalents are present. Please refer to the notes on the SRC for more details.
- (c) Your latest financial statements⁶ have been audited and the auditor’s opinion is unqualified.
- (d) You have an operating track record, is financially active and is registered for GST for at least 3 years. For a newly formed GST group, the proposed representative member and group members are registered for GST for at least 3 years.
- (e) You are not currently under any GST audit⁷ conducted by IRAS.
- (f) You have good compliance records for GST, Income Tax, Property Tax, Withholding Tax (including no tax outstanding⁸ with IRAS) and with the Singapore Customs.
- (g) You have committed to appoint a qualified ACAP Reviewer to conduct ACAP Review as elaborated in [paragraph 9](#) of this e-Tax Guide.

⁵ Senior management refers to persons charged with executive responsibilities for the conduct of the entity’s operations such as Chief Executive Officer, Chief Financial Officer and Chief Corporate Officer.

⁶ You should have the latest financial statements audited if you have not been subject to any statutory audits in the past.

⁷ This will be indicated by an Audit Contact Letter issued by IRAS to initiate a GST audit review. The following situations will not be considered as a GST audit review by IRAS:

- i) Survey or questionnaire sent to seek feedback on GST matters.
- ii) Clarifications sought on ruling request on technical treatment.

⁸ This excludes tax due under instalment plan or amount due for the next GIRO deduction.

6 Penalty Waiver for Participation

- 6.1 To signal support for businesses that have implemented effective GST Control Framework and sought independent verification that the controls work well, IRAS will offer one-time waiver of penalties for voluntary disclosure of the past non-fraudulent GST errors under the first ACAP conducted. This waiver of penalties benefit is subject to IRAS' periodic review. Please refer to [paragraph 8](#) of this e-Tax Guide for more details.

7 Benefits of ACAP Status

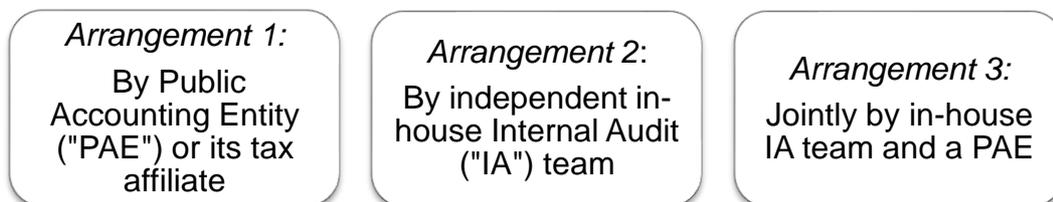
- 7.1 IRAS will accord an ACAP status i.e. 'ACAP Premium' for 5 years or 'ACAP Merit' for 3 years with benefits to you if you demonstrate sufficient preventive and detective GST controls with monitoring mechanisms at the Entity, Transaction and GST Reporting levels.
- 7.2 If you are accorded with the ACAP status, you will enjoy the following benefits for either 5 years or 3 years:
- (a) Step-down of IRAS-GST compliance activities unless significant anomalies are noted in GST return declarations and/or there are increased risks in the wrong GST treatment adopted due to major GST policy changes;
 - (b) Expeditious GST refunds, if no anomalies are noted;
 - (c) Expeditious handling of your GST rulings and GST issues; and
 - (d) Auto-renewal of the GST schemes (e.g. Major Exporter Scheme ("MES"), Import GST Deferment Scheme ("IGDS"), Approved Contract Manufacturer and Trader Scheme ("ACMT")), if applicable.

8 Errors Discovered in the Course of ACAP Review

- 8.1 If errors are discovered during ACAP Review, you should describe the nature of errors and determine the amounts associated with each category of errors for the ACAP Period of 12 months. For recurring errors involving GST amounts in prior years, you should quantify the errors for the past years affected. If you have difficulties in determining the actual amount of errors, you may propose a reasonable basis to estimate past errors.
- 8.2 IRAS will waive penalties for genuine non-wilful GST errors voluntarily disclosed during ACAP Review subject to the following conditions:
- (a) You settle the additional taxes; and
 - (b) You attain 'ACAP Premium' or 'ACAP Merit' status.
- 8.3 This is a one-time extension of the normal 1-year grace period under the IRAS' Voluntary Disclosure Programme ("VDP"), as recognition of your efforts to strengthen the effectiveness of your overall GST controls to ensure continual GST compliance. If any of the conditions in paragraph 8.2 above are not met, IRAS may impose a reduced penalty under the normal VDP rules, for non-fraudulent GST errors made.

9 Various Arrangements to Conduct ACAP Review

9.1 ACAP Review may be conducted based on any of the following 3 arrangements:



9.2 Arrangement 1: ACAP Review is conducted by a Public Accounting Entity ("PAE")⁹ or its tax affiliate¹⁰

9.2.1 A PAE or its tax affiliate is appointed by you to perform the entire ACAP Review. The designated team to conduct the ACAP Review fulfils the following conditions:

- (a) The team is led by an Accredited Tax Advisor (GST) of Singapore Chartered Tax Professionals Limited ("SCTP").
- (b) The team reports to an Audit Partner or Tax Partner/Tax Director.
- (c) The team's tests of controls follow the audit methodology based on generally accepted auditing standards¹¹.
- (d) If the PAE or its tax affiliate had been involved in other GST-specific engagements listed below, it should put in place additional safeguards (other than the usual safeguards required by the profession):

GST-specific engagement	Additional safeguards in the conduct of ACAP Review
PAE or its tax affiliate prepares or reviews GST return for the ACAP Applicant prior to e-filing of the return.	The 12-month ACAP Period ¹² should not coincide with the same period for which the GST return was prepared or reviewed.

⁹ Refers to Public Accounting Firm, Public Accounting Corporation or Accounting LLP registered with Accounting & Corporate Regulatory Authority.

¹⁰ Tax affiliate refers to the tax arm of a Singapore PAE, constituted separately and is related to the PAE by ownership or management.

¹¹ For example, the audit procedures relating to tests of controls as prescribed in the Singapore Standard on Auditing (SSA 330).

¹² ACAP Period is a 12-month period of either:
 (i) the latest 12-month period of GST returns filed; or
 (ii) the 12-month period of GST returns filed for the past financial year.

GST-specific engagement	Additional safeguards in the conduct of ACAP Review
	If the periods coincide, the firm should assign an entirely different team ¹³ to conduct the ACAP Review.
PAE or its tax affiliate designs and /or documents the GST process flows of the ACAP Applicant.	The staff involved in the design and documentation of the GST process flows must not be a member of the ACAP Review team.

9.2.2 For PAEs or tax affiliates (henceforth referred to as “firms”) which are first-time ACAP Reviewers¹⁴, IRAS would conduct screening to be assured of the firms’ capability in conducting the ACAP Review. The screening review is necessary as the ACAP Reviewer’s professional judgement and findings in the conduct of the ACAP Review is a critical aspect of the programme. Hence, prior to commencing an ACAP Review for its client, the firm is required to write in to IRAS to request for a screening review.

9.2.3 As part of the screening, the firm will be required to provide information on:

- (a) Whether the designated team performing the ACAP Review satisfies the conditions listed in paragraph 9.2.1 above of this e-Tax Guide.
- (b) Whether the designated team is sufficiently resourced to carry out the ACAP Review process from identifying tax risks, establishing key controls, performing tests of controls to completing the ACAP Report.
- (c) The designated team’s experience in performing statutory audit and internal controls review.
- (d) The firm’s audit methodology including conduct of test of controls.
- (e) The firm’s process of onboarding of ACAP applicant and how it determines whether the ACAP Applicant is suitable for ACAP (e.g. whether the ACAP Applicant has an established GST control framework, satisfies eligibility conditions to participate in ACAP and fulfils the conditions under the firm’s “Know Your Customer” checks).

9.2.4 The firm will also be assessed on their proficiency in GST knowledge and controls testing, including GST risk identification and application of the correct GST treatment for riskier transactions and approach in performing controls testing.

¹³ The team comprising the staff to the audit partner/tax partner/tax director who is accountable for the ACAP Review must not be involved in the engagement to prepare or review GST return for the ACAP Applicant.

¹⁴ Have not conducted an ACAP Review before for an ACAP Applicant.

9.3 Arrangement 2: ACAP Review is conducted by an Independent In-House Internal Audit (“IA”) team

9.3.1 ACAP Review is conducted independently by your in-house Internal Audit (“IA”) team¹⁵. The IA team in charge of ACAP Review must fulfil the following conditions:

- (a) The team lead is a member of a professional accounting or auditing body¹⁶;
- (b) At least one member¹⁷ in the team is an Accredited Tax Practitioner (GST) or Accredited Tax Advisor (GST) of SCTP;
- (c) The team reports directly to the Audit Committee (“AC”) comprising all independent non-executive directors¹⁸; or reports to a committee specifically tasked by the senior management to oversee the review independently and the committee reports its findings to AC; and
- (d) If the ACAP Review is performed by a global IA team, the global IA team has similar set-up in reporting to an overseas AC comprising all non-executive directors.

9.4 Arrangement 3: ACAP Review is conducted jointly by in-house IA team and a PAE

9.4.1 A PAE is engaged to conduct ACAP Review jointly with your in-house IA team. The composition of the team members may vary depending on your needs. If the lead ACAP Reviewer is from the PAE, he/she must fulfil the conditions under Arrangement 1. If the lead ACAP Reviewer is from your IA team, he/she must fulfil the conditions under Arrangement 2.

¹⁵ The internal audit is an in-house function of the business and is not outsourced to an external firm.

¹⁶ Examples of professional accounting or auditing bodies include Institute of Singapore Chartered Accountants (“ISCA”), Association of Chartered Certified Accountants (“ACCA”), Institute of Internal Auditors (“IIA”).

¹⁷ If the internal auditors are not Accredited Tax Practitioner (GST) or Accredited Tax Advisor (GST) of SCTP, for the purpose of conducting ACAP Review, the IA team members may include the ACAP Applicant’s in-house tax advisory personnel or an external tax advisory consultant who is an Accredited Tax Practitioner (GST) or Accredited Tax Advisor (GST) of SCTP.

¹⁸ IRAS follows the requirements of ‘The Singapore Exchange Listing Rules’ on the composition of Audit Committee members.

10 General Guidance for According ACAP Status

10.1 Generally, IRAS will accord you an ACAP status of either 'ACAP Premium' or 'ACAP Merit', if you demonstrate that the GST controls established at three levels (Entity, Transaction and GST Reporting) are overall working effectively, based on the findings of the ACAP Reviewer.

ACAP Premium

10.2 You could be accorded 'ACAP Premium' status if IRAS is satisfied that all the following criteria are met:

- (a) GST risk management framework is incorporated as part of your corporate governance with all key GST risks identified and managed;
- (b) All key GST controls are well integrated into your operating and financial framework;
- (c) GST controls established at all the three levels i.e. Entity, Transaction and GST Reporting levels are working effectively; and
- (d) Monitoring and review process on GST declarations and adherence to GST requirements are performed regularly by designated persons.

ACAP Merit

10.3 You may be accorded 'ACAP Merit' status if IRAS is satisfied that all the following criteria are met:

- (a) GST risk management framework is incorporated as part of your corporate governance with most of the key GST risks identified and managed;
- (b) Most of the key GST controls are integrated into your operating and financial framework;
- (c) GST controls established at Entity, Transaction and GST Reporting levels are working effectively to a large extent with measures taken to improve control gaps; and
- (d) Monitoring and review process on GST declarations and adherence to GST requirements are performed on a less regular or on an ad-hoc basis.

Rating system for according ACAP status

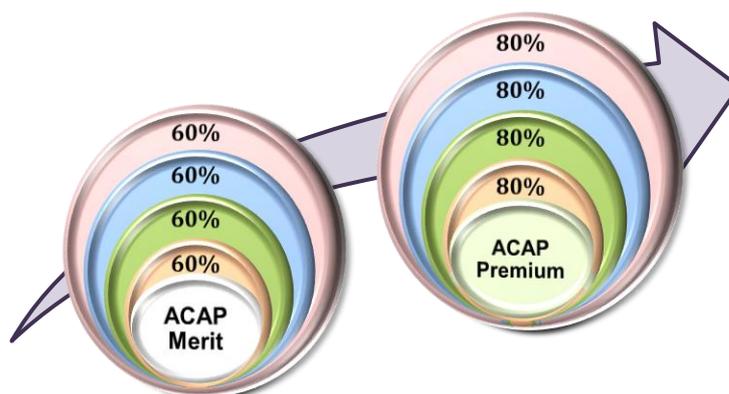
- 10.4 IRAS would assess the adequacy and effectiveness of the controls established by you at each level based on your “Self-Review of GST Controls checklists” (“SRC”), the ACAP Reviewer’s “ACAP Factual Report” and your “Follow-up on Gaps and Errors”.
- 10.5 IRAS recognises that within the GST Control Framework, control gaps and GST errors may still occur. In assessing the ACAP status, IRAS will consider the extent and impact of such gaps and GST errors and whether you have proactively taken steps to address such risks.
- 10.6 IRAS has weighed the relative importance of the controls at Entity, Transaction and GST Reporting levels. According of ACAP status will generally be guided by the scores set out in the table below:

Control features maintained at:	Maximum score points	Minimum score to attain	
		ACAP Premium	ACAP Merit
Entity Level	100%	80%	60%
Transaction Level			
• Sales	100%	80%	60%
• Purchases	100%	80%	60%
GST Reporting Level	100%	80%	60%
Overall score for all levels		80%	60%

IRAS allocation of score points for controls maintained at:



ACAP Status Accorded: Minimum Expected Score Points



- 10.7 Where IRAS assesses that you have not met the minimum score to attain an ACAP status due to control gaps and errors, IRAS may offer an option to you based on the merits of the case. This option is for you to engage the ACAP Reviewer to review that the control gaps and errors were rectified with additional or improved controls implemented for at least 3 months or a longer period.
- 10.8 IRAS will consider the additional findings of the ACAP Reviewer to evaluate the final ACAP status.

11 After Award of ACAP Status

11.1 Following the accord of ACAP status, there are certain obligations that you, as an Approved ACAP Business, are required to fulfil to provide assurance of the ongoing effectiveness of your GST controls in managing the GST risks of your business. In addition, there may be changes to your business circumstances that could impact the effectiveness of your GST controls as represented during ACAP Review. The subsequent paragraphs outline these obligations including the impact to your ACAP status arising from changes to your business.

11.2 Monitoring and review during the validity period of ACAP status

11.2.1 During the validity period of your ACAP status, you must perform two Post ACAP Reviews (“PAR”) as a quality assurance of your effective oversight on GST matters and the accuracy of GST returns submitted.

11.2.2 The PAR performed must be documented via form “GST F28 – Post Assisted Compliance Assurance Programme (ACAP) Review Declaration” and substantiated with working papers on the samples reviewed. You are required to submit the form GST F28 to IRAS.

11.2.3 The first PAR must be submitted within 18 months from the date of the accord of ACAP status and the second PAR must be submitted 6 months before the expiry of the ACAP status. Please refer to [Appendix 2](#) “Information Leaflet on Post ACAP Review (“PAR”)” of this e-Tax Guide on the review scope, sample size and review period.

11.2.4 However, if you renew your ACAP status, you will be exempted from conducting the second PAR. Please refer to [paragraph 12](#) of this e-Tax Guide for more information on renewal of ACAP status.

11.2.5 If you are not renewing your ACAP status and you are under any GST scheme (e.g. Major Exporter Scheme (“MES”), Import GST Deferment Scheme (“IGDS”), Approved Contract Manufacturer and Trader Scheme (“ACMT”)), the second PAR must be performed or certified by an Accredited Tax Practitioner or Advisor (GST) of SCTP. It must be documented via form “GST F28A – Certified Post ACAP Review Declaration” and submitted 6 months before the expiry of the ACAP status. Please refer to [Appendix 3](#) “Information Leaflet on Certified Post ACAP Review (“PAR”)” of this e-Tax Guide on the review scope, sample size and review period.

11.2.6 Any voluntary disclosure of errors under PAR may enjoy waiver of penalties or reduced penalties if the errors are disclosed within the 1-year grace period under IRAS’ VDP guidelines. Where there are serious control-related errors (e.g. system has mapped the wrong tax code to categories of transactions) that impact the effectiveness of your GST Control Framework, IRAS will impose additional requirements on you to retain your ACAP status.

11.3 **Revocation of ACAP status**

11.3.1 IRAS may revoke an ACAP status awarded to you under any of the following circumstances that arise subsequently:

- (a) Statutory auditor has given a qualified report on the ability of your business to continue as a going concern or an adverse report on the financial statements.
- (b) Public accountant has expressed a qualified conclusion on the effectiveness of the internal control systems of your business from the performance of other assurance engagement.
- (c) Your business is under receivership or liquidation or is under Scheme of Arrangement with the creditor or if it ceases or is inactive.
- (d) You failed to comply with any of the condition or requirement imposed by IRAS.
- (e) You have provided false, misleading or inaccurate information on your compliance to the GST Control Framework or submitted incorrect GST returns with negligence or wilful intent.

11.3.2 During the validity period of ACAP status, you must notify IRAS if any of the events highlighted above in paragraph 11.3.1 occur.

11.4 **Transfer or Retention of ACAP status due to change in business circumstances**

(A) Circumstances where your ACAP status will not be transferred

11.4.1 Your ACAP status is generally not transferable to another entity:

- (a) If you joined a GST group that was not accorded an ACAP status, your ACAP status will be revoked. The GST group may apply to participate in ACAP separately.
- (b) If you acquired a non-ACAP entity, your ACAP status will not be extended to the newly acquired entity as it remains a separate entity. Your ACAP status however, will not be affected but you should consider and manage the GST risk arising from the acquisition.
- (c) If you are removed from a GST group which was accorded with ACAP status, and you become a single registrant, you will not be accorded with ACAP status as a single registrant.

- (d) If you are merged into the existing business of a non- ACAP entity (acquirer) and you are no longer in existence, your ACAP status will not be transferred to the acquirer.

(B) Circumstances where your ACAP Status may be retained

11.4.2 The following are qualifying scenarios where you may retain your ACAP status or transfer it to another GST-registered person if you fulfil all the conditions, documentary requirements and additional scope of review stipulated in [Appendix 4](#) of this e-Tax Guide:

(a) Transfer of ACAP status to another GST-registered person

- (i) You, as an Approved ACAP entity (transferor), transfer your entire business as a going concern to a GST-registered person (transferee) with no ACAP status and no existing business operations. If conditions are met, the ACAP status can be transferred to the transferee.
- (ii) Several single GST registrants, each accorded with ACAP status, apply to be registered as a GST group. If conditions are met, the GST group can be granted ACAP status.

(b) Retention of ACAP status by the Approved ACAP Business

Single registrant

- (i) The Approved ACAP entity is amalgamated or merged with another non-ACAP entity and the Approved ACAP entity is the surviving entity.

GST group registrant

- (ii) The GST group with ACAP status adds a new member (that is also an Approved ACAP entity) to the GST group.
- (iii) The GST group with ACAP status adds a new member (that is not an Approved ACAP entity) to the GST group, subject to the GST group being able to manage the risks arising from the inclusion. In addition, the GST group's business following the inclusion of the new member, was substantially subjected to ACAP Review previously.

11.4.3 Please refer to [Appendix 4](#) of this e-Tax Guide for more details, and write in to IRAS with the following information within a stipulated timeline depending on your scenario:

- Entity ID
- Name of Entity
- Subject Matter: Transfer of ACAP status/Retention of ACAP status
- Specify the scenario number e.g. Paragraph 11.4.2(a)(i)
- Describe your scenario including information of the affected Entities and their Entity IDs (e.g. UEN/GST registration no.)

- Your confirmation that all the conditions listed in [Appendix 4](#) for the specified scenario are met
- Provide relevant documents and information stipulated in [Appendix 4](#)
- Details of Declarant/Contact Person i.e. Name, Designation, Contact No.

12 Renewal of Your ACAP Status

- 12.1 Prior to the expiry date of your ACAP status, you will be invited to renew the ACAP status.
- 12.2 The scope of ACAP renewal review is less intensive than the first-time ACAP review. The key differences are as follows:
- (a) The Test Period for the conduct of review testing is reduced to 3 months (from 6 months for first-time ACAP Review).
 - (b) The ACAP Reviewer needs to perform walk-through only on tax classification controls instead of the entire transaction process.
 - (c) Tests of controls are required only if there are new or major changes to business processes (e.g. outsourcing, new accounting software) since the last Post ACAP Review (“PAR”).
 - (d) A lower sample size to conduct substantive review of documents.
 - (e) The “ACAP Renewal Report” is simplified and only requires ACAP Reviewer to provide salient information on their findings. Submission of the process documentation is optional.
- 12.3 With the renewal, you can continue to enjoy the benefits highlighted in [paragraph 7](#) of this e-Tax Guide for 6 years from the original expiry date of ACAP status if you are accorded with the ‘ACAP Premium’ status or 4 years if ‘ACAP Merit’ status.
- 12.4 To renew your ACAP status, you have to engage an independent ACAP Reviewer to conduct a review of your past GST returns filed in a 12-month period. The findings are to be submitted within 3 months after the expiry date of ACAP status.
- 12.5 For more details on ACAP Renewal, please refer to the e-Tax Guide “GST: Renewal of Assisted Compliance Assurance Programme (ACAP) Status”.

13 Frequently Asked Questions

Arrangement to conduct ACAP

Q1 My firm is not a Public Accounting Entity (“PAE”) nor affiliated to a Public Accounting Entity but provides a suite of services ranging from GST advisory services to reviews e.g. internal audit and GST ASK Annual Review, and satisfies all the conditions listed under Arrangement 1 to conduct ACAP. Can my firm conduct ACAP Reviews for clients?

A1 ACAP Reviews are comprehensive reviews of the entire spectrum of activities and transactions of ACAP Applicants to identify potential GST risk areas. They also encompass reviews and testing of the effectiveness of GST controls in mitigating the risk of incorrect tax treatment and incorrect GST returns. Therefore, the ACAP Reviewer is not only required to possess a high standard of GST competency but also financial auditing knowledge and relevant experience in testing of controls in accordance with generally accepted accounting standards. Hence, only PAEs and/or its tax affiliate are eligible to conduct ACAP Reviews.

Quantification of errors

Q2 Do I have to quantify the errors made by members that were removed from the GST group at the time of submission of the ACAP Report?

A2 If the errors were made while they were GST group members, you should quantify the errors for all members including removed group members for the past 5 years as at the due date of ACAP Report, or date of submission of the ACAP report, whichever is earlier.

14 Contact Information

14.1 For enquiries on this e-Tax Guide and Appendices, please contact the Goods and Services Tax Division at <https://www.iras.gov.sg> (select “Contact Us”).

15 Updates and Amendments

	Date of amendment	Amendments made
1	1 Jan 2023	<p>i) To reflect legislative changes arising from extension of Reverse Charge (“RC”) to imported low-value goods and extension of OVR regime to imported non-digital services and imported low-value goods with effect from 1 Jan 2023,</p> <p>a. Amended “Appendix 1: GST ACAP Review Guidance”</p> <ul style="list-style-type: none"> • Amended paragraph 1.21(b), 1.23, 5.6(c), 5.7, 5.18, 5.24, 5.27, 5.30, 5.31, 5.35, 5.38, 5.39, 5.41 • Amended footnote 42 • Added footnote 33, 34, 35, 36, 37, 50, 51, 52, 53 <p>b. Amended “Appendix 2: Information Leaflet on Post ACAP Review (“PAR”)</p> <ul style="list-style-type: none"> • Amended paragraph 4.1 • Amended footnote 61 • Added footnote 65, 66, 67, 70, 71, 72 <p>c. Amended “Appendix 5: Common GST risks at Entity, Transaction and GST Reporting level”</p> <p>ii) Added footnote 21 and 43 to reflect management of risks of exposure to Missing Trader Fraud</p> <p>iii) Other editorial changes.</p>
2	12 Oct 2023	Amended paragraphs 6.1 and 8.2 to extend the timeline for the one-time penalties waiver benefit and other editorial changes.

16 Downloadable Templates and Forms

The following forms and templates are downloadable from <https://www.iras.gov.sg> (Taxes > Goods & Services Tax (GST) > Getting it right> Voluntary Compliance Initiatives > Assisted Compliance Assurance Programme (ACAP), under the section “Related Content”) or by clicking the following hyperlinks:

ACAP Report Templates

	ACAP Factual Report
Annex 1	Self-Review of GST Controls checklists (“SRC”)
Annex 2	GST Trend Analysis
Annex 3	Organisation Chart of ACAP Applicant (sample)
Annex 4	Documentation on GST Processes (sample)
Annex 5	Follow-up on Gaps and Errors
Annex 6	ACAP Declaration

Forms

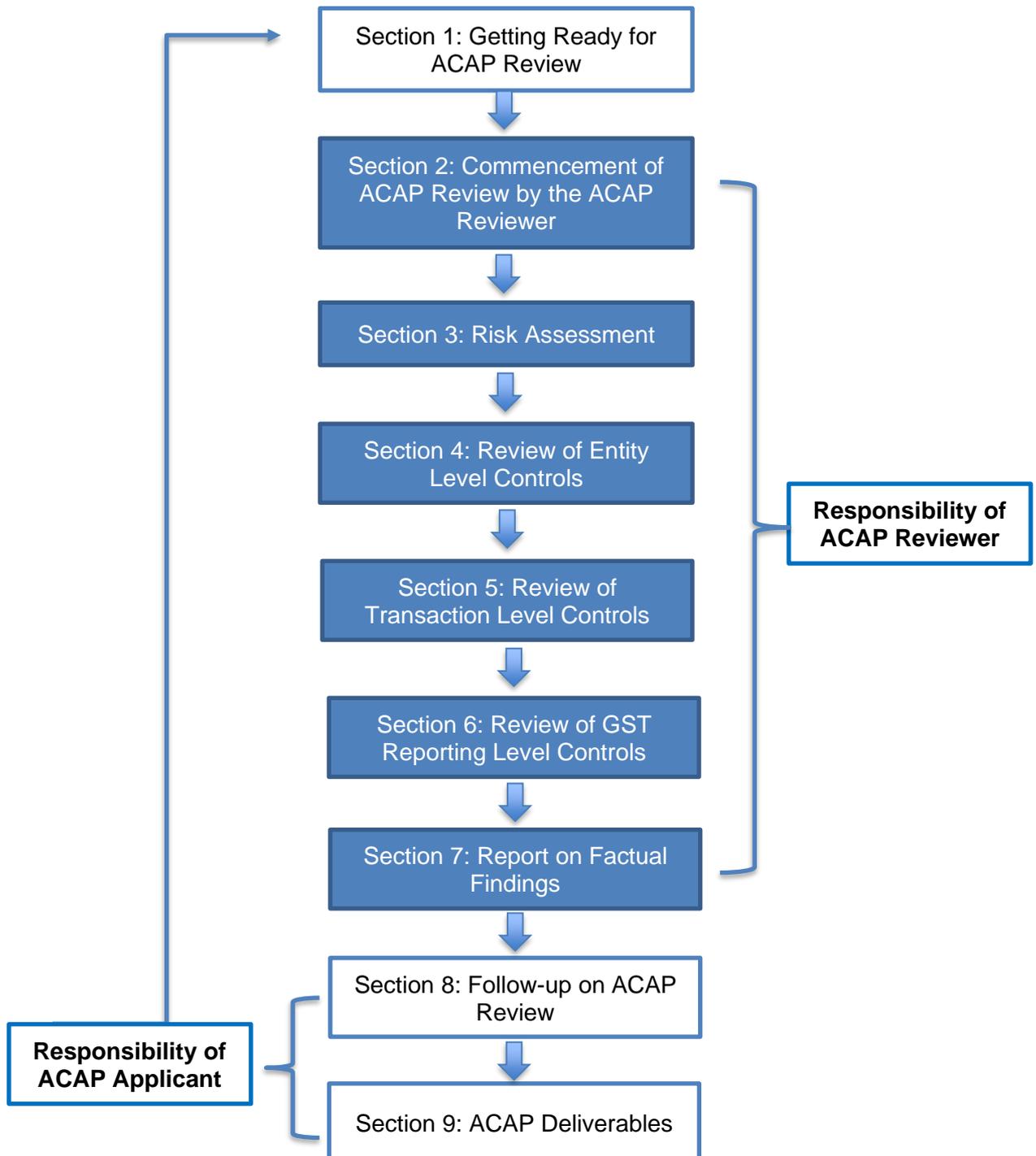
The following application forms are downloadable from <https://www.iras.gov.sg> (Under Quick Links, Forms> GST> Others) or by clicking the following hyperlinks:

GST F23	Participation in GST ACAP
GST F28	Post ACAP Review Declaration
GST F28A	Certified Post ACAP Review Declaration

Appendix 1: GST ACAP Review Guidance

Who should read this section:
ACAP Applicant and ACAP Reviewer

1 This guidance is broadly categorised into 9 sections.



- 2 The following is an overview of the ACAP deliverables required to be submitted to IRAS which will be referenced in the ensuing paragraphs:
- ACAP Factual Report
 - Annex 1 - Self-Review of GST Controls checklists (“SRC”)
 - Annex 2 - GST Trend Analysis
 - Annex 3 - Organisation Chart of ACAP Applicant
 - Annex 4 - Documentation on GST Processes
 - Annex 5 - Follow-up on Gaps and Errors
 - Annex 6 - ACAP Declaration
 - Risk Management Framework (if available)

Section 1: Getting Ready for ACAP Review

Who should read this section: ACAP Applicant

- 1.1 A GST-registered business¹⁹ applying to participate in ACAP should be able to demonstrate to IRAS and the qualified ACAP Reviewer²⁰ that it has established an effective and robust GST Control Framework to manage its GST risks²¹ and ensure filing of accurate GST returns.
- 1.2 A business is considered to have established an effective GST Control Framework to manage its GST risks if it has GST controls at all the following three levels:

Figure 1: GST Control Framework

Controls at	Objectives and Features of GST Controls
Entity Level	<p>The senior management²² incorporates GST risk management approach as part of the corporate governance framework and maintains an oversight over GST matters.</p> <p>Consequently, control features on GST are maintained in the following key areas:</p> <ol style="list-style-type: none"> i. Control Environment ii. Control Activities iii. Change Management iv. Information and Communication v. System Controls vi. Monitoring and Review
Transaction Level	<p>Controls established to ensure that GST data at source is properly tax classified and accurately captured.</p> <p>Essential preventive and detective controls are maintained at Sales and Purchases cycle to manage GST risks at data capturing. Two main GST risks are:</p>

¹⁹ Please refer to paragraph 5 of this e-Tax Guide for the eligibility conditions of an ACAP Applicant.

²⁰ Please refer to paragraph 9 of this e-Tax Guide for the qualifying conditions of an ACAP Reviewer.

²¹ This would include management of risks of exposure to Missing Trader Fraud. For more information, refer to the e-Tax Guide "GST: Guide on Due Diligence Checks to Avoid Being Involved in Missing Trader Fraud".

²² Senior management refers to persons charged with executive responsibilities for the conduct of the entity's operations such as Chief Executive Officer, Chief Financial Officer, Chief Compliance Officer.

Controls at	Objectives and Features of GST Controls
	<p>(i) <u>Compliance risks</u> Risks that a transaction may not be correctly tax classified and may not comply with GST documentary requirements.</p> <p>(ii) <u>Processing risks</u> Risks that the processes in capturing the transactions may not be effective in generating accurate GST data.</p>
GST Reporting Level	Controls established to ensure data extracted and compiled are complete and accurate for reporting in GST returns.

Assessment of Readiness of GST Control Framework

- 1.3 If you wish to participate in ACAP, you must first satisfy the eligibility conditions set out in [paragraph 5](#) of this e-Tax Guide and ensure that your GST Control Framework is ready for ACAP.
- 1.4 To assist businesses to self-assess whether their GST Control Framework is ready for ACAP, IRAS sets out the expected key controls and supporting control features for Entity, Transaction and GST Reporting levels in the “Annex 1 – Self-Review of GST Controls checklists” (“SRC”).
- 1.5 The SRC consists of three sections:
- (a) Section 1: Self-review of GST Controls at Entity Level
 - (b) Section 2: Self-review of GST Controls at Transaction Level
 - (i) 2A: Supplies
 - (ii) 2B: Purchases
 - (c) Section 3: Self-review of GST Controls at GST Reporting Level
- 1.6 We recognise that the degree in which the control features supporting the key controls may vary among businesses, depending on their GST risk management policy, complexity and design of their accounting system, and degree of automation of controls. Therefore, a key control is considered as implemented if at least 60% of the control features (listed in the SRC) or their equivalents²³ are present.
- 1.7 Once you have self-assessed that you have met the minimum requirement to participate in ACAP from the SRC, you can proceed to notify IRAS of your intention to participate in ACAP and the type of ACAP Review arrangement by submitting:
- (a) Form “GST F23 - Participation in GST ACAP”; and

²³ We accept other control feature equivalent to the specified one as an alternative.

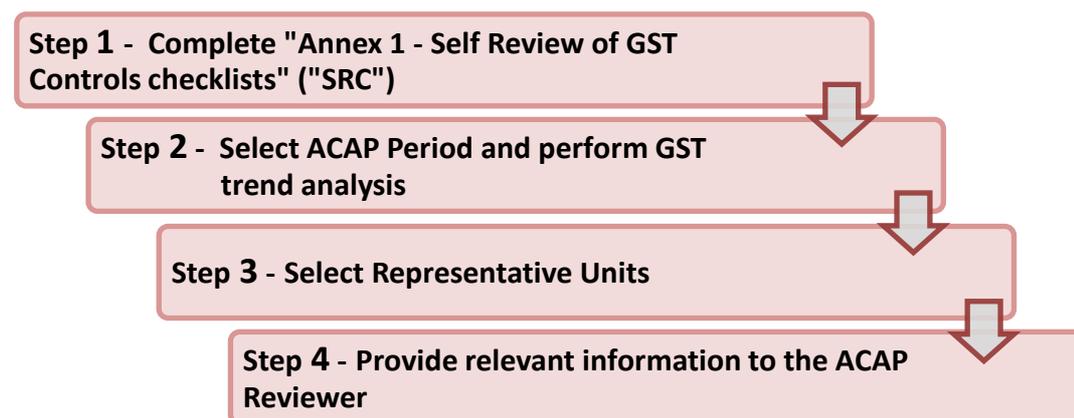
- (b) “Summary of ACAP Score” of the SRC, based on your assessment that all key controls listed in the SRC are present.
- 1.8 Businesses under GST group or divisional registration must submit a copy of the “Summary of ACAP Score” for each member/division and “Summary of ACAP Score for GST Group or Divisional Registrant” of the SRC.
- 1.9 IRAS will inform you on the status of your application usually within 1 month from the receipt of Form GST F23.
- 1.10 If you are not ready to participate in ACAP and would like to build or enhance your GST controls to improve your GST compliance capability, you may also use the indicators in the SRC to identify and strengthen your GST processes.

 You are required to complete the “Annex 1 - Self-Review of GST Controls checklists” (“SRC”) to assess if you have met the total minimum score of 60% for each level (i.e. Entity, Transaction and GST Reporting level). If you are under GST group or divisional registration, all the members in the GST group (which are separate entities) or the divisions must complete the checklists. You are only required to submit the “Summary of ACAP Score” together with the form “GST F23 - Participation in GST ACAP”. For GST group or divisional registrant, please submit a copy of the “Summary of ACAP Score” for each member/division and “Summary of ACAP Score for GST Group or Divisional Registrant” of the SRC.

Preparatory Work by ACAP Applicant Prior to Commencement of ACAP Review

- 1.11 Upon IRAS' acceptance of the ACAP Applicant's participation in ACAP, the ACAP Applicant should perform the following steps to commence the ACAP Review:

Figure 2: Process of Preparatory Work



Step 1 Complete "Self-Review of GST Controls Checklists" ("SRC")

- 1.12 The ACAP Applicant must complete the SRC to provide information on the extent of presence of GST control features at the Entity, Transaction and GST Reporting levels²⁴. In addition, it should also include essential information relating to its GST controls such as:
- (a) other risk management strategies or other key controls established as part of good corporate governance;
 - (b) control features that would be implemented after the ACAP Period; and
 - (c) other control features at all three levels.
- 1.13 The above information is necessary as it could affect the ACAP Reviewer's verification of the working of controls or affect IRAS' evaluation of ACAP status.

²⁴ The completion of this SRC is for the purpose of submission together with the ACAP Report. The ACAP Applicant may review the SRC completed previously for the purpose of submission for ACAP Participation for any changes or update.

Step 2

Select ACAP Period and Perform GST Trend Analysis

1.14 To initiate an ACAP Review, the ACAP Applicant must select a representative 12-month period and perform trend analysis of the GST declarations.

(a) **Select representative period of 12 months (“ACAP Period”)**

The ACAP Applicant can select the ACAP Period using either of these two options:

- (i) latest 12 months period of GST returns filed; or
- (ii) 12-month period of GST returns filed for the past financial year²⁵.

In addition, the ACAP Period should be extended to cover period with additional control features²⁶ implemented as part of the ACAP Applicant’s GST control framework.

(b) **Identify and review any anomaly noted in the GST trend analysis**

To identify any outlying trends of GST declarations in the ACAP Period, the ACAP Applicant has to perform the following analysis of GST data:

- (i) Compare the values reported in the GST returns of ACAP Period and the 12 months preceding the ACAP Period;
- (ii) Compare the values reported in the GST returns for each prescribed accounting period of the ACAP Period;
- (iii) Compare the supplies declared in GST returns for the ACAP Period to revenue and non-revenue items in the financial statements or management accounts; and
- (iv) Agree the values of each item declared in the GST returns for the ACAP Period against the GST listings of transactions and adjustments applicable to all business units or all members under the GST group registration.

²⁵ For example, an ACAP Applicant is accepted for ACAP participation in September 2022. It files quarterly GST returns and its financial year-end is 31 December. Its ACAP Period can be either: i) 1 July 2021 to 30 June 2022 covering the latest past 4 quarters of GST returns filed; or ii) 1 January 2021 to 31 December 2021 covering the past 4 quarters of GST returns filed for the latest financial year.

²⁶ The additional control features should be implemented for at least a 3-month period to give assurance to IRAS that they are working as designed and effectively.

The ACAP Applicant should review anomalies in the GST trend analysis for the ACAP Period such as:

- Unusual fluctuations in any of the values reported in the GST returns
- Substantial discrepancies between the turnover reported in financial statements/management accounts and taxable supplies reported in the GST returns
- Unusual ratio of taxable purchases over total supplies
- Any outlying trends or anomalies should be explained with valid reasons and highlighted in the “Annex 2 - GST Trend Analysis”.

1.15 If the ACAP Applicant is a GST group registrant or single GST registrant with multiple business units, it may perform the above comparisons on an aggregated basis. However, it should provide a breakdown of the contribution by each member/business unit for the ACAP Period for the ACAP Reviewer to plan its scope of review, in “Annex 2 - GST Trend Analysis (Additional)”.

Step 3

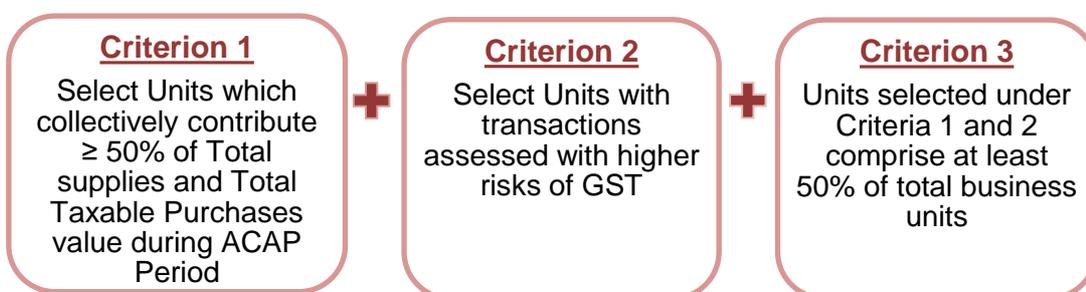
Select Representative Units

- 1.16 Where the ACAP Applicant is a single GST registrant or GST divisional registrant, the Representative Units would be the business units²⁷ and divisions respectively. Where the ACAP Applicant is a GST group registrant, the Representative Units would be the respective members of the GST group.
- 1.17 If the ACAP Applicant is a single registrant with multiple business units and wish to be regarded as a single Representative Unit, all major income streams must be covered during the ACAP Review. The ACAP Reviewer should exercise professional judgement to increase the number of substantive testing samples to ensure all scenarios with higher risks of incorrect tax classification/reporting are covered.

To ensure that the units selected for ACAP Review are appropriate and representative, IRAS has set guidelines for the selection basis depending on the GST registration structure of the ACAP Applicant.

ACAP Applicant is a single GST registrant or is under GST divisional registration

- 1.18 The ACAP Applicant ensures that the Representative Units selected for ACAP Review fulfil **all** the following criteria:



²⁷ Business unit includes economic unit, cash generating unit, operating segments under FRS 108, principal activities with independent GST extraction or cost centres that could exist on its own. An entity with many such business units can be regarded as a single business unit if the following are met:

- (a) These business units have the same accounting and operating systems with common control features.
- (b) The entity has a centralised team (e.g. finance or tax team) to determine the GST treatment upfront across the business units.
- (c) ACAP Applicant is not required to perform segmental reporting for financial reporting purposes.

Criterion 1

The selected Representative Units collectively contribute at *least 50%* towards the ACAP Applicant's GST declarations in terms of the total supplies²⁸ and total taxable purchases²⁹ for the ACAP Period.

Criterion 2

The selection of Representative Units includes units with unique or complex transactions (e.g. related party transactions, principal-agent transactions, joint ventures) assessed with higher GST risks of incorrect treatment.

Criterion 3

To ensure a broad coverage, the Representative Units identified under criteria 1 and 2 represent *at least 50%* of the total number of business units of the ACAP Applicant.

Illustration – Example 1

An ACAP Applicant has four business units, A to D, with the following contributions towards the overall supplies and purchases during the ACAP Period of 12 months.

(Amount in \$'000)	A	B	C	D	Total
Supplies value	120,000	20,000	44,000	36,000	220,000
%	55%	9%	20%	16%	100%
Purchases value	30,000	15,000	45,000	60,000	150,000
%	20%	10%	30%	40%	100%

Business unit A has contributed more than 50% of overall supplies and must be included under criterion 1. Since there are four business units, at least two business units must be selected under criterion 3.

Scenario 1 – where all business units pose equal GST risks

Accordingly, the Representative Units for ACAP Review can be A and C; or A and D, so that they collectively account for at least 50% of the overall supplies and purchases and at least 50% of the total number of business units.

Scenario 2 – where business unit D is assessed as having higher exposure to GST risks

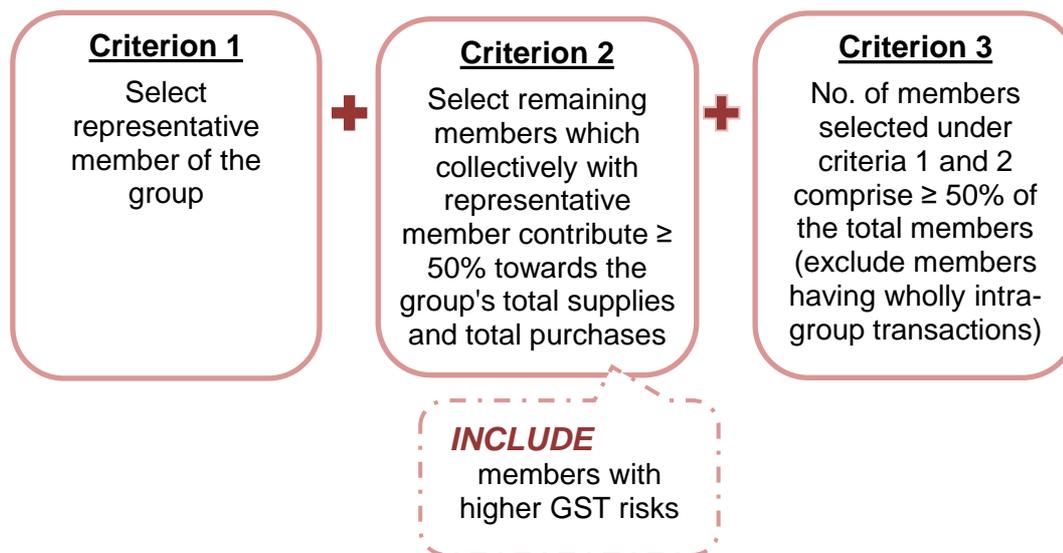
As the ACAP Applicant must satisfy all the 3 criteria, the Representative Units selected would be A and D.

²⁸ This refers to standard-rated, zero-rated and exempt supplies in the GST declarations. If the ACAP Applicant is granted administrative concession not to report certain supplies, it should consider obtaining the best estimates of these transactions from the accounting records (e.g. revenue streams in management accounts, export records).

²⁹ This refers to standard-rated and zero-rated purchases.

ACAP Applicant under GST group registration

- 1.19 For a GST group registrant with two members, both the representative member and the other member must be selected as Representative Units, unless the member is inactive or makes wholly intra-group supplies.
- 1.20 For a group with more than two members, the ACAP group applicant has to ensure that the Representative Units selected (i.e. members of the GST group) fulfil all the following criteria:



Criterion 1

Select the representative member (that is, the entity responsible for submission of the group's GST return).

Criterion 2

Select the remaining members of the group, which, collectively with representative member, contribute at *least 50%* towards the GST group's GST declarations in terms of the total supplies³⁰ and total taxable purchases³¹ for the ACAP Period. Members with transactions of higher GST risks should be included.

Criterion 3

The members selected under criteria 1 and 2 represent *at least 50%* of the total members (excluding inactive members and members with wholly intra-group transactions) in the GST group.

³⁰ This refers to standard-rated, zero-rated and exempt supplies in the GST declarations. If the ACAP Applicant is granted administrative concession not to report certain supplies, it should consider obtaining the best estimates of these transactions from the accounting records (e.g. revenue streams in management accounts, export records).

³¹ This refers to standard-rated and zero-rated purchases.

Illustration – Example 2

An ACAP Applicant has five members in the GST group, A to E, with the following contributions towards the overall supplies and purchases during the ACAP Period of 12 months.

Group member	A ®	B	C	D	E	Total
Supplies to external (\$'000)	250,000	25,000	150,000	50,000	25,000	500,000
%	50%	5%	30%	10%	5%	100%
Taxable Purchases from external (\$'000)	175,000	70,000	70,000	28,000	7,000	350,000
%	50%	20%	20%	8%	2%	100%

® Representative member of the GST Group

The Representative Units selected for ACAP Review would be:

- 1) Representative member A (Criteria 1).
- 2) To satisfy Criteria 2 and 3, the ACAP Applicant has to select any two of the non-representative members if all of them pose equal GST risks.

Considering Factors for the Purpose of Selection of Riskier Representative Units

1.21 Other than the selection guidelines set by IRAS, the ACAP Applicant should consider at least the following indicators and select the relevant business units for ACAP Review:

- (a) Business units that have complex business activities and operations such as outsourced functions, new business models, use of new IT systems, business activities conducted through Special Purpose Vehicles or conducted with related parties, etc.
- (b) Business units with unique or complex GST features such as partial exemption rules on recovery of input tax, prescribed goods subject to Customer Accounting (“CA”)³², imported services and imported low-value goods subject to Reverse Charge (“RC”)³³, remote services subject to GST under the Overseas Vendor Registration (“OVR”) regime³⁴, imported low-value goods subject to GST under the OVR regime³⁵, GST schemes, GST agent for overseas principals, etc.

³² Prescribed goods refer to mobile phones, memory cards and off-the-shelf software. For more information, refer to the e-Tax Guide “GST: Customer Accounting for Prescribed Goods”.

³³ For more information, refer to the e-Tax Guide “GST: Reverse charge”.

³⁴ For more information, refer to the e-Tax Guide “GST: Taxing imported remote services by way of the overseas vendor registration regime”.

³⁵ For more information, refer to the e-Tax Guide “GST: Taxing imported low-value goods by way of the overseas vendor registration regime”.

- (c) Business units with high turnover of senior management and/or staff in its finance or other departments performing functions which would impact the GST reporting.
- (d) Business units with higher risks of applying incorrect GST treatment.

Step 4

Provide relevant information to the ACAP Reviewer

- 1.22 The ACAP Applicant should represent its major income and expenditure streams and transactions including identifying non-revenue receipts and expenses with high risk of incorrect GST treatment or omission from GST returns to the ACAP Reviewer. This information may be obtained after perusing management accounts, trial balance, financial statements, and past GST audit reviews/health checks.
- 1.23 Further, the ACAP Applicant should identify transactions that may not be recognised as revenue item in the financial statements but is a GST reporting item in the GST return. It can ascertain such information by obtaining updates from the key personnel of the Sales, Procurement and Human Resource divisions. Some examples of such transactions are:
- gifts given to staff/customers exceeding \$200 where input tax was previously claimed
 - payroll deduction for purchases of goods by staff
 - fringe benefits to staff that may require the deeming of output tax
 - supply of prescribed goods subject to Customer Accounting (“CA”)
 - imported services and imported low-value goods subject to Reverse Charge (“RC”)³⁶
 - remote services supplied by an electronic marketplace operator on behalf of underlying overseas suppliers³⁷, that are subject to GST under the Overseas Vendor Registration (“OVR”) regime
 - imported low-value goods supplied by an electronic marketplace operator or a redeliverer on behalf of underlying suppliers, that are subject to GST under the OVR regime
 - remote services and imported low-value goods supplied by an overseas business/fixed establishment belonging to the same GST-registered entity, that are subject to GST under the OVR regime
- 1.24 Other than the above, the ACAP Applicant must provide the following information to the ACAP Reviewer for it to initiate the ACAP Review process:
- (a) “Annex 1 - Self-Review of GST Controls checklists” (“SRC”) at Entity, Transaction and GST Reporting levels. The ACAP Reviewer is required to review the ACAP Applicant’s SRC and adjust the controls which are absent or ineffective due to the GST errors noted.

³⁶ This includes supplies of imported services and imported low-value goods made between members of the same GST group and supplies made between head office and its branches.

³⁷ Underlying suppliers refer to both local and overseas suppliers if the ACAP Applicant has elected to account for GST on all remote services.

- (b) Business information of the ACAP Applicant, including the basis of selecting the ACAP Period and Representative Units (Sections 1 and 2 of the “ACAP Factual Report”).
- (c) “Annex 2 - GST Trend Analysis” for the ACAP Period and preceding 12-month period.
- (d) Organisation chart of the ACAP Applicant (Annex 3)³⁸ by:
 - (i) Shareholding
 - (ii) Functions & business activities of the selected units
 - (iii) GST structure including responsibilities assigned to each selected Representative Unit
- (e) Documentation on GST Processes of the selected Representative Units (Annex 4), which would cover the following:
 - (i) Accounting and operational process flows for different categories of supplies and purchases transactions
 - (ii) The control features to prevent and detect compliance and processing risks identified at Transaction and GST Reporting levels if they are not included in (e)(i); and
 - (iii) Decision Tree to determine the tax treatment for different categories of transactions (e.g. GST logic in-built in the accounting system).
- (f) Documentation on the GST Process Flow for Preparing GST Return (Annex 4) and an illustration of how the ACAP Applicant ensures that the consolidated data are correctly extracted and reported in the GST return.

Sample documentation of Annexes 3 and 4 are provided under the downloadable ACAP templates for reference.

- 1.25 At times, IRAS may request for certain information or review to be performed during the ACAP Review. You have to collate and provide such information to the ACAP Reviewer to be included in the ACAP Review.

³⁸ ACAP Applicant under GST group registration must submit the organisation chart for each of the members in the group.

 The ACAP Applicant must:

- i) conduct an overall assessment of its GST controls in managing GST risks and GST reporting;
- ii) decide on the ACAP Period and perform analytical review of GST declarations; and
- iii) select Representative Units for ACAP Review.

The ACAP Applicant has to provide information highlighted in paragraphs 1.22 to 1.25 of this “GST ACAP Review Guidance” for the ACAP Reviewer to commence the ACAP Review.

Section 2: Commencement of ACAP Review by the ACAP Reviewer

Who should read this section: ACAP Reviewer

- 2.1 It is the responsibility of the Public Accounting Entity (“PAE”) or its tax affiliate and Internal Audit (“IA”) team to ensure that it fulfils all the eligibility conditions highlighted in [paragraph 9](#) of this e-Tax Guide before accepting the appointment to conduct ACAP Review for a client.
- 2.2 If the appointed PAE or its tax affiliate is engaged in other GST-specific engagements listed below, it should put in place additional safeguards as stated in paragraph 9.2.1(d) of this e-Tax Guide as reiterated below:

GST-specific engagement	Additional safeguards in the conduct of ACAP Review
PAE or its tax affiliate prepares or reviews GST return for the ACAP Applicant prior to e-filing of the return.	The 12-month ACAP Period ³⁹ should not coincide with the same period for which the GST return was prepared or reviewed. If the periods coincide, the PAE should assign an entirely different team ⁴⁰ to conduct the ACAP review.
PAE or its tax affiliate designs and/or documents the GST process flows of the ACAP client.	The staff involved in the design and documentation of the GST process flows must not be a member of the ACAP Review team.

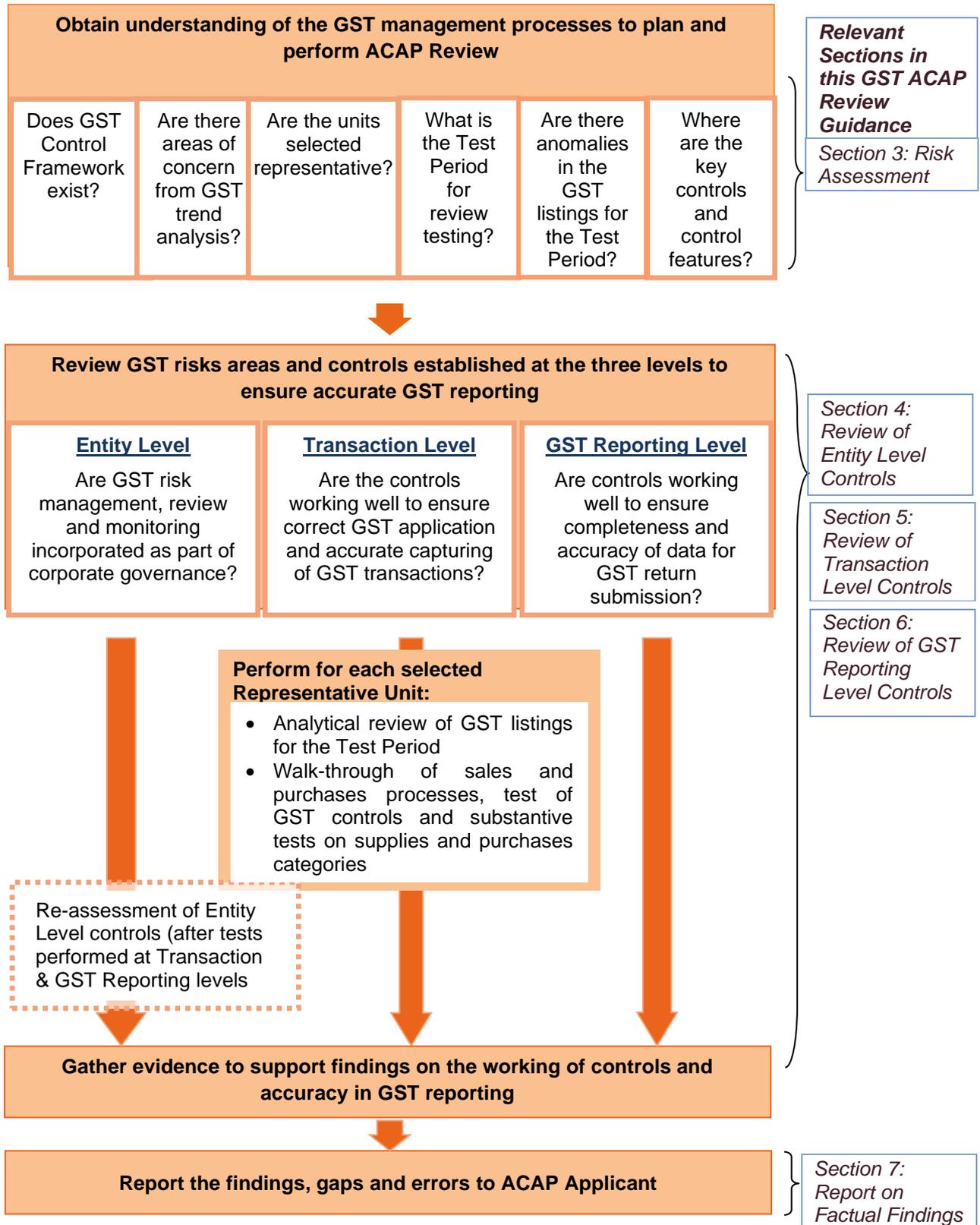
- 2.3 The role of the ACAP Reviewer is to review the effectiveness of the GST Control Framework established by the ACAP Applicant for the three levels of controls, at Entity, Transaction and GST Reporting levels.
- 2.4 The ACAP Reviewer should ensure that the methodology applied in its conduct of ACAP Review includes the ACAP Review Process detailed in [Sections 3 to 7](#) of this "GST ACAP Review Guidance".
- 2.5 An overview of the ACAP Review Procedures performed by the ACAP Reviewer is shown in Figure 3 of the next page.

³⁹ ACAP Period is a 12-month period of either:

- (i) the latest 12-month period of GST returns filed; or
- (ii) the 12-month period of GST returns filed for the past financial year.

⁴⁰ The team comprising the staff to the audit partner/tax partner/tax director who is accountable for the ACAP Review must not be involved in the engagement to prepare or review GST return for the ACAP Applicant.

Figure 3. Overview of the ACAP Review Procedures for ACAP Reviewer

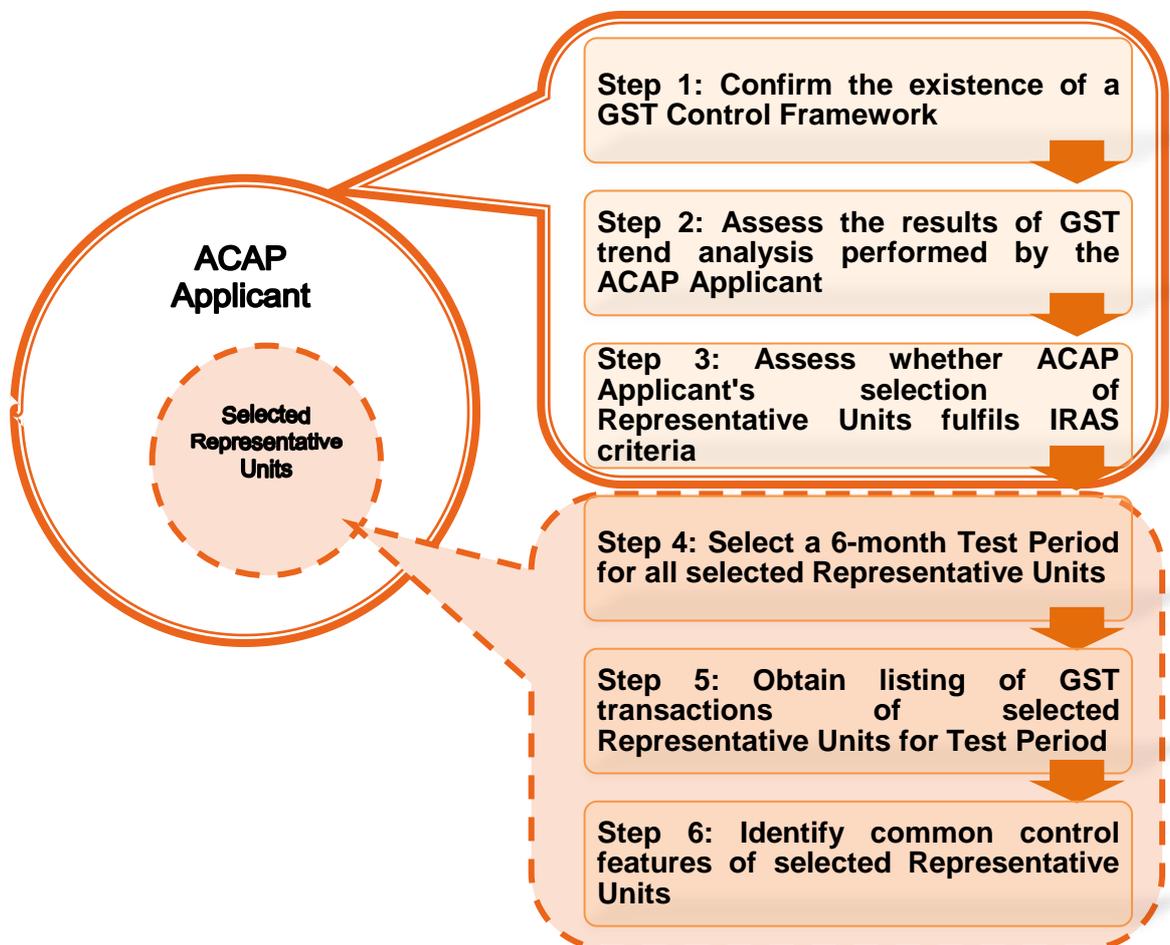


Section 3: Risk Assessment

Who should read this section: ACAP Reviewer

- 3.1 From the information provided by the ACAP Applicant (see paragraphs 1.22 to 1.25 of this “GST ACAP Review Guidance”), the ACAP Reviewer obtains an understanding of the business activities and GST controls, and GST risk management process. This will enable it to plan and execute the ACAP Review process set out in this GST ACAP Review Guidance.
- 3.2 At this risk assessment stage, the ACAP Reviewer performs the following steps.

Figure 4. Risk Assessment Steps



Step 1

Confirm the existence of a GST Control Framework

- 3.3 The ACAP Reviewer reviews the “Self-Review of GST Controls checklists” (“SRC”) completed by the ACAP Applicant. It considers whether the key controls and supporting control features are established at all three levels – Entity, Transaction and GST Reporting levels. It also assesses the impact of any missing control features on the management of the GST risks.
- 3.4 This review step serves two purposes. Firstly, it enables the ACAP Reviewer to ascertain the existence of a GST Control Framework maintained by the ACAP Applicant. Secondly, it allows the Reviewer to determine any areas that it would like to seek clarification from the ACAP Applicant and sight evidence or include them as part of the ACAP Review tests.

Step 2

Assess the results of GST trend analysis performed by the ACAP Applicant

- 3.5 The ACAP Reviewer considers any GST risks arising from the GST trend analysis performed by the ACAP Applicant. From the outlying GST trends observed, it can ascertain how such trends would affect its identification of the categories of transactions to conduct testing on the selected Representative Units. It should also identify any anomalies that require clarifications based on the GST trend analysis.
- 3.6 For example, if the ACAP Applicant highlighted that an outlying trend in zero-rated supplies is due to a new business model encountered, the ACAP Reviewer may want to review that the tax logic documented by the process owner is in accordance with the GST rules and is correctly applied by the end user.

Step 3

Assess whether selected Representative Units fulfil IRAS’ criteria

- 3.7 The ACAP Reviewer considers whether the Representative Units selected by the ACAP Applicant are appropriate and fulfil IRAS’ selection criteria⁴¹.

⁴¹ Please refer to paragraphs 1.18 to 1.21 of this “GST ACAP Review Guidance” for the criteria on the selection of Representative Units.

Step 4

Select a representative period (“Test Period”) for each selected Representative Unit to conduct testing

- 3.8 For each selected Representative Unit, the ACAP Reviewer must select a 6-month Test Period from the ACAP Period to conduct testing. The 6-month Test Period need not be consecutive prescribed accounting periods nor be the same for all selected Representative Units.
- 3.9 The Test Period of the Representative Unit should cover:
- (a) additional control features implemented for the ACAP Period;
 - (b) major income and expenditure streams; and
 - (c) transactions identified with higher GST risks.
- 3.10 In selecting the appropriate Test Period, the ACAP Reviewer should review the list of account codes, tax codes, financial statements and management accounts of the ACAP Period and consider the information gathered from the ACAP Applicant to identify:
- (a) the major sales and purchase transactions of the selected Representative Units;
 - (b) categories of transactions that pose higher risks of incorrect GST application⁴²; and
 - (c) GST transactions that are not processed through the financial accounting systems and are separately managed by designated persons.
- 3.11 If there is an exceptional significant category of transactions that falls outside the Test Period but within the ACAP Period, the ACAP Reviewer must devise procedures to confirm that the correct GST treatment is applied on the transactions. The alternative procedures may be in the form of interviewing the designated process owners or conduct of documentary review for that category of transactions. Otherwise, it would have to re-select the Test Period.

⁴² Include transactions with different treatment prescribed in Accounting Framework and GST rules (e.g. different revenue recognition, prescribed goods subject to Customer Accounting (“CA”), imported services and imported low-value goods subject to Reverse Charge (“RC”), remote services subject to GST under the Overseas Vendor Registration (“OVR”) regime, imported low-value goods subject to GST under the OVR regime, complex business models with different GST treatments and implications).

Step 5

Obtain management accounts, trial balance and listing of GST transactions of all the selected Representative Units

3.12 The ACAP Reviewer would then:

- (a) Peruse through the management accounts and trial balance to identify:
 - (i) Potential accounts that may have transactions that are subject to GST but may be tax coded incorrectly;
 - (ii) Transactions that may be subject to GST due to specific GST provisions; and
 - (iii) Transactions having higher risk of incorrect GST treatment that fall outside the Test Period but within the ACAP Period. For example, recoveries, disallowed expenses, loans, and related parties' transactions.
- (b) Review the detailed list of GST transactions for supplies and purchases for the Test Period for all the selected Representative Units and note down any anomalies that could affect its selection of transactions or controls for testing.

Step 6

Identify common control features of the selected Representative Units

3.13 The ACAP Reviewer reviews the ACAP Applicant's process flows for the selected Representative Units to identify whether there are any common control features detected in the various process flows provided by the ACAP Applicant. This would enable it to determine the number and types of controls (manual or system controls, preventive or detective controls) that it would be testing.

3.14 With the above risk assessment, the ACAP Reviewer can then proceed with its testing of the effectiveness of the controls established at the Entity, Transaction and GST Reporting levels.

Section 4: Review of Entity Level Controls

Who should read this section: ACAP Reviewer

- 4.1 The objective of reviewing the controls maintained at Entity Level is to establish whether management of the ACAP Applicant has incorporated GST risk management, review and monitoring as part of the GST Control Framework⁴³. This assures IRAS that the senior management recognises the importance of GST compliance and maintains oversight over GST matters.
- 4.2 The review of the working of Entity Level controls comprises a two-tier review, i.e. preliminary review and final review.

Preliminary Review

- 4.3 Preliminary review allows the ACAP Reviewer, at the onset of the ACAP Review, to determine the following:
- (a) extent of evidence needed to confirm the presence of the Entity Level controls; and
 - (b) degree of testing on specific GST controls at subsequent stages of the ACAP Review at Transaction and GST Reporting levels.
- 4.4 The ACAP Reviewer examines the ACAP Applicant's SRC at Entity Level to obtain a holistic assessment. The Reviewer considers the following in its review:
- (a) The effects of those controls listed in the SRC which has a critical impact on the effectiveness of the GST Controls in managing the GST risks of the ACAP Applicant, during its preliminary risk assessment (see paragraph 3.3 of this "GST ACAP Review Guidance") in the following control segments:
 - (i) Control Environment
 - (ii) Control Activities
 - (iii) System Control
 - (iv) Change Management
 - (v) Information and Communication
 - (vi) Monitoring and Review
 - (b) Any particular Entity Level GST risks listed in [Appendix 5](#) of this e-Tax Guide and determine the type of audit evidence and extent of review procedures required to substantiate the presence of Entity Level controls or the linkage to Transaction and GST Reporting controls.

⁴³ This would include management of risks of exposure to Missing Trader Fraud. For more information, refer to the e-Tax Guide "GST: Guide on Due Diligence Checks to Avoid Being Involved in Missing Trader Fraud".

- 4.5 If there are control gaps noted at Entity Level, the ACAP Reviewer may supplement with testing at the Transaction and GST Reporting levels. This will enable the Reviewer to gather sufficient audit evidence to ascertain that the existing Entity Level controls are still adequate in fulfilling the ACAP Applicant's GST obligations.

Final Review

- 4.6 A final review of the ACAP Applicant's Entity Level controls will be performed after the completion of the review of the workings of the Transaction and GST Reporting levels specified in [Section 5](#) and [Section 6](#) of this "GST ACAP Review Guidance" below.
- 4.7 The re-assessment allows the ACAP Reviewer to consider the findings and the evidence gathered during the review of Transaction and GST Reporting levels that could influence or modify its preliminary assessment of Entity Level controls.
- 4.8 For example, ACAP Reviewer may be satisfied of the existence of the controls at each control segment of the SRC through interview with the management and sighting of risk management policies. However, its interim findings may need to be adjusted, if it found that the process owners were ignorant of changes in business models or of the existence of checklist of GST errors to avoid, during the testing of controls at the Transaction and GST Reporting levels. In such situation, it should update its observation of the gap against the appropriate Entity Level controls.

 The ACAP Reviewer performs the Entity Level review through interviews with appropriate personnel and sighting of documentary evidence such as GST risk management policies. After completing its review on Transaction and GST Reporting levels, it concludes its final review of the Entity Level controls. Any gaps should be included in "Section 4 – Findings on Controls at Entity Level" of the "ACAP Factual Report" and "Annex 5 – Follow-up on Gaps and Errors".

Section 5: Review of Transaction Level Controls

Who should read this section: ACAP Reviewer

- 5.1 The objective of reviewing the controls maintained at Transaction Level is to establish whether the controls are working effectively to ensure correct GST application and accurate capturing of GST transactions during the ACAP Period.
- 5.2 For the selected Representative Units, ACAP Reviewer seeks to understand the GST risk management process and flow of GST transactions from data initiation, tax classification to data capturing and mapping to the financial and accounting, and operating systems. The Reviewer identifies the GST risks of the sales and purchase cycles. It performs an analytical review of the Representative Units' GST listings for the Test Period to identify anomalies and include them in its ACAP Review tests.

Walk-through of GST process flows

- 5.3 The ACAP Reviewer performs a walk-through⁴⁴ with the relevant personnel of the ACAP Applicant to confirm its understanding of the design of GST controls within the sales and purchases processes of the selected Representative Units; and assess whether the controls documented in the GST process flows are working as represented.
- 5.4 The walk-through tests need to be performed on the major GST control processes of all selected Representative Units.
- 5.5 For selected Representative Units that operate on the same financial and accounting systems and have similar GST process flows, the ACAP Reviewer may consolidate all the GST process flows for the purpose of the walk-through.
- 5.6 The walk-through and interview process should include the following;
- (a) For tax codes determined by tax logic in-built in the system, sight that the system logic is working as represented;
 - (b) For tax codes determined manually, interview relevant personnel and agree his interpretation to the written guidelines and source documents (e.g. tax code decision tree, checker process); and

⁴⁴ During the walk-through process, the ACAP Applicant demonstrates to the ACAP Reviewer how the sales and purchase transactions are initiated, tax classified and captured in the financial system, including the GST listings.

- (c) To clarify tax treatment applied on transactions identified as having higher risks of incorrect GST treatment from the review of general ledger accounts, management accounts and GST listings. For example: recovery of expenses, sale of assets, medical insurance expense, loans provided, related parties transactions, prescribed goods subject to Customer Accounting (“CA”), imported services and imported low-value goods subject to Reverse Charge (“RC”), remote services supplied by an electronic marketplace operator on behalf of underlying overseas suppliers under the Overseas Vendor Registration (“OVR”) regime, imported low-value goods supplied by an electronic marketplace operator or a redeliverer on behalf of underlying suppliers under the OVR regime, remote services and imported low-value goods supplied by an overseas business/fixed establishment belonging to the same GST-registered entity, that are subject to GST under the OVR regime.

Tests of controls

- 5.7 The ACAP Reviewer, in its professional judgement, identifies the various essential GST controls for the following categories of supplies and taxable purchases, and determines the number of transactions to conduct tests of GST controls on for the selected Representative Units.

Categories of transactions of the selected Representative Units

Supplies Categories

- **Standard-rated supplies**
- **Zero-rated supplies**
- **Exempt supplies**
- **Out-of-scope supplies**
- **Transactions under GST scheme(s)**
- **Supply of prescribed goods made or received under CA**
- **Supply of imported services and imported low-value goods subject to RC**
- **Supply of remote services subject to GST under the OVR regime**
- **Supply of imported low-value goods subject to GST under the OVR regime**

Purchases Categories

- **Standard-rated Purchases (excluding imports and transactions under GST schemes)**
- **Zero-rated Purchases (excluding imports and transactions under GST schemes)**
- **Imports with GST paid and with GST suspended**
- **Transactions under GST scheme(s)**
- **Purchase of prescribed goods subject to CA**
- **Purchase of imported services and imported low-value goods subject to RC**

- 5.8 In its scope of tests of controls, the ACAP Reviewer should also consider the effects of those controls listed in the SRC which it highlighted as having critical impact on the effectiveness of the GST controls during its preliminary risk assessment (see paragraph 3.3 of this “GST ACAP Review Guidance”).
- 5.9 Tests of controls at the Transaction Level for ACAP review should include the following tests:
- (a) Test of GST knowledge of key personnel involved in tax classification of transactions for the business;
 - (b) Test of GST logic in-built in the accounting system if majority of ACAP Applicant’s controls are controlled by pre-set system controls; and
 - (c) Test of preventive and detective controls that ensure accuracy of tax classification, value, and compliance with the GST documentary requirement.
- 5.10 Other than the above, the tests of controls should be performed in accordance with audit methodology based on generally accepted auditing standards⁴⁵.
- 5.11 There could be instances where the ACAP Reviewer, based on its professional judgement, wishes to reduce its scope of tests of controls by relying on similar work performed on tests of controls. IRAS accepts this only if the similar work on tests of controls was performed in respect of the period which coincides with the ACAP Period.

⁴⁵ For example, the audit methodology relating to tests of controls as prescribed in the Singapore Standards of Auditing SSA 330.

- 5.12 In addition, the ACAP Reviewer should take into account the following:
- (a) whether the work performed by other professionals or in its previous engagement is aligned with the objective of the ACAP tests, which include tests specified in paragraph 5.9 of this “GST ACAP Review Guidance” above; and
 - (b) whether the period in which tests were performed would still be relevant and applicable to the Representative Units.
- 5.13 If the answer to either paragraph 5.12(a) or (b) above is No, it should include tests on GST specific controls in its ACAP review.
- 5.14 If the ACAP Reviewer has reduced its scope of the test of controls, it needs to document its reasons and state its basis in the “ACAP Factual Report”.
- 5.15 Testing of controls is part of the ACAP evidence gathering process. If the results show that controls tested at the Transaction Level of the Representative Units are working, the Reviewer can apply the minimum sample size required for substantive review set by IRAS in [Table 1](#) in paragraph 5.30 and [Table 2](#) in paragraph 5.39 of this “GST ACAP Review Guidance”.

Substantive Tests

- 5.16 The purpose of this procedure is to obtain sufficient evidence that the supplies and purchases transactions are correctly reported in the GST listings for the Test Period for all selected Representative Units.
- 5.17 The ACAP Reviewer conducts substantive tests on Material Transactions for applicable ‘Supplies Categories’ and ‘Purchases Categories’ of each selected Representative Unit.
- 5.18 As a guide, Material Transactions for ‘Supplies Categories’ and ‘Purchases Categories’ would include usual supplies and purchases transactions of exceptional value, and transactions with higher risks of GST misapplication. Examples are:

Supplies Categories	Purchases Categories
<ul style="list-style-type: none"> ☞ Exceptional or outlier value transactions (e.g. sale of properties, sale of business assets, “too good to be true” deals) ☞ New business models ☞ Complex business arrangement ☞ Special Purpose Vehicles transactions ☞ Disbursements and reimbursements 	<ul style="list-style-type: none"> ☞ Exceptional or outlier value transactions (e.g. purchase of residential properties, “too good to be true” deals) ☞ Purchases under self-billing arrangement ☞ Purchases of prescribed goods subject to CA

Supplies Categories	Purchases Categories
<ul style="list-style-type: none"> ☞ Financial Leases ☞ Related party transactions ☞ Joint venture, merger or acquisition related transactions ☞ Exempt supplies that do not fall within regulation 33 (interest from inter-company loans, sale of securities or loan stock) ☞ Management services ☞ Sales under self-billing arrangement by the customer ☞ Supplies deemed to have taken place (e.g. business assets taken for private use, gifts) ☞ Transactions with no consideration or paid by way of net-off ☞ Prescribed goods made or received subject to CA ☞ Imported services and imported low-value goods subject to RC (including intra-GST group and inter-branch transactions) ☞ Remote services supplied by an electronic marketplace operator on behalf of underlying overseas suppliers, that are subject to GST under the OVR regime ☞ Imported low-value goods supplied by an electronic marketplace operator or a redeliverer on behalf of underlying suppliers, that are subject to GST under the OVR regime ☞ Remote services and imported low-value goods supplied by an overseas business/fixed establishment belonging to the same GST-registered entity, that are subject to GST under the OVR regime 	<ul style="list-style-type: none"> ☞ Purchases of imported services and imported low-value goods subject to RC ☞ Related party transactions ☞ Expenses relating to sale of shares and investments ☞ Common expenses for the purpose of apportionment of input tax (applicable if the ACAP Applicant is a partial exempt trader) ☞ Disallowed business expenses (e.g. certain medical expenses, motor vehicles)

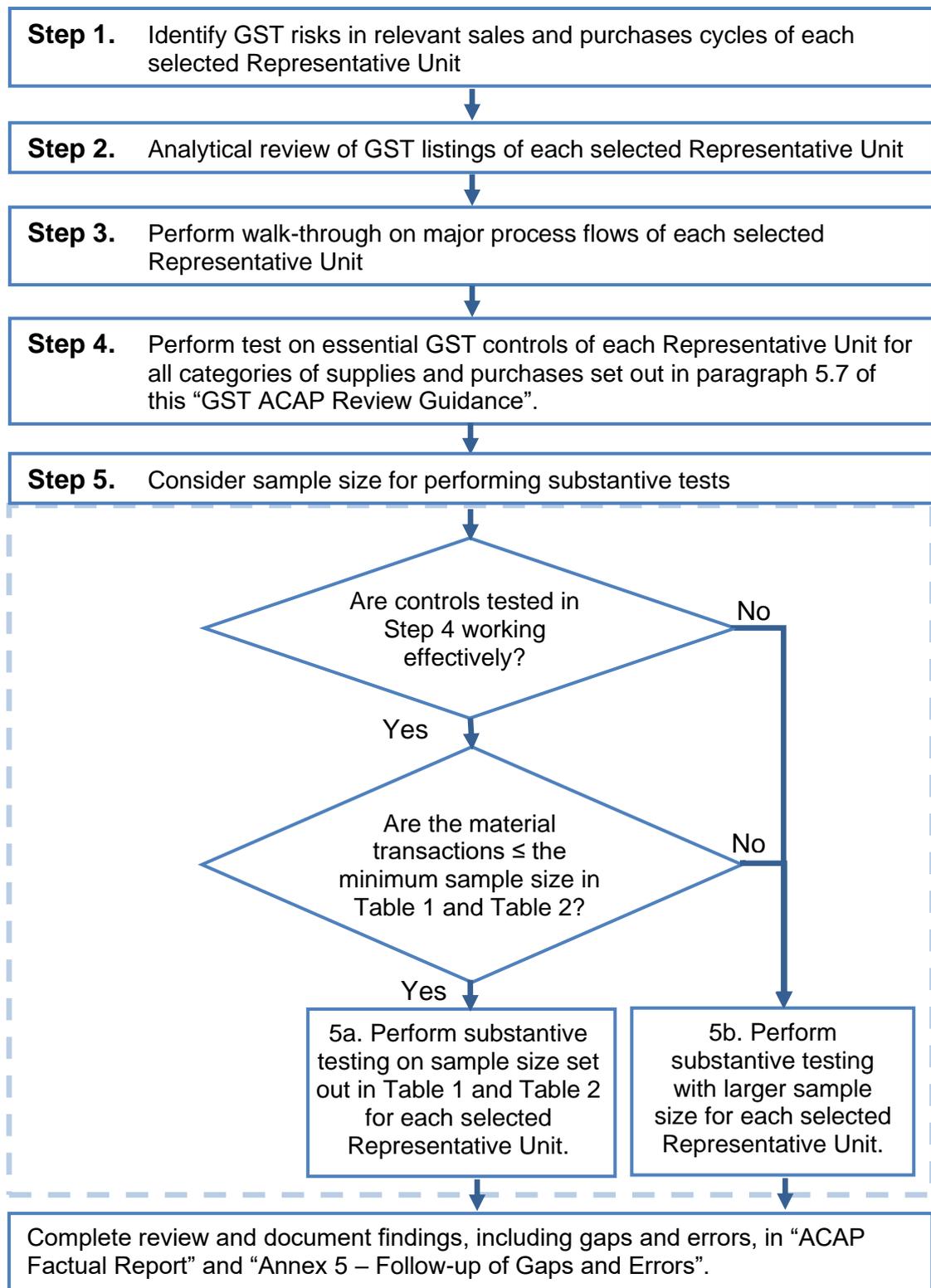
5.19 The substantive review should include verification of values, adherence to proper cut-off for GST reporting, correct tax classification⁴⁶ and application, legislative compliance on specific schemes and documentary requirements.

5.20 IRAS sets a minimum sample size to perform substantive reviews for 'Supplies Categories' (Table 1) and 'Purchases Categories' (Table 2) for each selected Representative Unit. The minimum sample size number would not be applicable in the following circumstances:

⁴⁶ For a start, the ACAP Reviewer should read the e-Tax Guide of the relevant industries published in IRAS website to familiarise itself with any unique or prescribed GST rules.

- (a) Results from test of controls conducted suggest a high possibility of GST errors due to gaps in GST controls. Hence, the ACAP Reviewer should increase the sample size for substantive testing to a level that it is comfortable to make a factual finding.
 - (b) The number of material transactions identified exceeded the minimum sample size. Accordingly, a larger sample size is required to cover the material transactions.
- 5.21 [Figure 5](#) shows an overview of the procedures that the ACAP Reviewer needs to perform in its review of the working of controls for both sales and purchases cycle of the selected Representative Units. More details are provided in the ensuing paragraphs.

Figure 5. Overview of Transaction Level Control Review Procedures for Selected Representative Units



Sales Cycle of Selected Representative Units

- 5.22 The ACAP Reviewer performs the following steps during its review of the sales cycle of the selected Representative Units.

Step 1

Identify GST risks in the Sales Cycle

- 5.23 The ACAP Reviewer considers any particular GST risks that could be unique to the ACAP Applicant's business and include them in its review tests. The Reviewer's test procedures include the review of the presence of the controls designed to manage these GST risks areas. Refer to [Appendix 5](#) of this e-Tax Guide for the list of GST risks areas at Sales Transaction Level.

Step 2

Analytical Review of GST Supplies Listings

- 5.24 Bearing the identified risk areas in mind, the ACAP Reviewer peruses the GST supplies listings of the Test Period to identify indicators of gaps in the internal control or potential GST errors. Examples of such indicators include:
- (a) Invoices not in running sequences
 - (b) Unexplained missing transactions
 - (c) Transactions with GST amount different from the GST amount computed based on the supplies value
 - (d) Transactions that are tax coded as zero-rated, exempt or out-of-scope but reflect GST amount
 - (e) Transactions relating to supply of prescribed goods received under CA with no GST accounted for on the supply
 - (f) Transactions relating to imported services and imported low-value goods subject to Reverse Charge ("RC") (including intra-GST group and inter-branch transactions) but no GST is accounted for on the supply
 - (g) Transactions relating to remote services supplied by an electronic marketplace operator on behalf of underlying overseas suppliers, that are subject to GST under the Overseas Vendor Registration ("OVR") regime but tax coded as out-of-scope
 - (h) Transactions relating to supply of imported low value-goods subject to GST under the OVR regime (i.e. direct sales, and supplies made by an electronic marketplace operator or a redeliverer on behalf of

underlying suppliers), that are subject to GST under the OVR regime but tax coded as out-of-scope

- (i) Transactions relating to remote services and imported low-value goods supplied by an overseas business/fixed establishment belonging to the same GST-registered entity, that are subject to GST under the OVR regime but no GST is accounted for on the supply

Step 3

Walk-through Tests

- 5.25 The ACAP Reviewer exercises its professional judgement to determine the number of transactions for walk-through. It ensures that there is a proportionate selection of standard-rated, zero-rated, exempt and out-of-scope supplies to conduct the walk-through.

Step 4

Test of Controls

- 5.26 Tests of controls are conducted on all applicable 'Supplies Categories' (refer to paragraph 5.7 of this "GST ACAP Review Guidance") to ensure that the essential controls are operating well.
- 5.27 The following are some examples of transactions to select for controls review:
- (a) Different category of international services
 - (b) Different scenarios for exports of goods (i.e. direct and indirect exports), involving different documentary requirements
 - (c) Specific transactions having an impact on time of supply rule (e.g. receipt of advance payments/deposits, buyer-created invoices, goods sold under consignment terms/vendor managed inventory system)
 - (d) Transactions with specified GST treatment (e.g. business assets put to non-business/private use and sharing of premise with no rental charged)
 - (e) Transactions that require accounting of output tax on behalf of the suppliers arising from specific provision of the GST Act (e.g. under Customer Accounting ("CA"), Reverse Charge ("RC"), Overseas Vendor Registration ("OVR") regime)
 - (f) Transactions that may not be recognised as revenue item in financial statements but formed a GST reporting item in the GST return (e.g. sale of assets, equities and debt, supply of goods in the capacity of an agent to an overseas principal)

- (g) Anomalies noted from GST listings review
- (h) Bank/cash receipts not recorded as supplies

Step 5 Substantive testing

- 5.28 For each selected Representative Unit, the ACAP Reviewer performs substantive testing of material transactions⁴⁷ for all applicable ‘Supplies Categories’.
- 5.29 For the selection of the samples, the ACAP Reviewer should consider transactions from the various categories of revenue streams and extend coverage to receipts outside the standard invoicing module such as staff collections, manual billings, journal posting entries etc. Similarly, the selection of samples for review of transactions subject to CA and RC should not be confined to transactions listed in the supplies and purchases listings.
- 5.30 If the results of the walk-through and tests of controls show that the controls tested are working well; and the material transactions identified do not exceed the threshold of the sample size set, the ACAP Reviewer can follow the table below to determine the sample size for substantive testing.

Table 1 – Sample Size for Substantive Testing of Supplies Transactions

Minimum sample size for each category of supplies for each selected Representative Unit	Where the ACAP Applicant is NOT carrying on the business of, or any business similar to that of a regulation 34 business, makes:		Regulation 34 businesses (including Banks ⁴⁸), and developers with sale or lease of residential properties
	Only regulation 33 exempt supplies	Both regulation 33 and other exempt supplies	
(i) Standard-rated supplies	10 @	10 @	10
(ii) Zero-rated supplies	20 @	20 @	20
(iii) Exempt supplies (non-regulation 33)	Not Applicable	5	20

⁴⁷ Refer to paragraph 5.18 of this “GST ACAP Review Guidance” for guidelines on Material Transactions.

⁴⁸ The sample size for zero-rated, exempt and out-of-scope supplies may be aggregated for Banks.

Minimum sample size for each category of supplies for each selected Representative Unit	Where the ACAP Applicant is NOT carrying on the business of, or any business similar to that of a regulation 34 business, makes:		Regulation 34 businesses (including Banks ⁴⁸), and developers with sale or lease of residential properties
	Only regulation 33 exempt supplies	Both regulation 33 and other exempt supplies	
(iv) Out-of-scope supplies ⁴⁹	5	5	5
(v) GST Schemes	10	10	10
(vi) Prescribed goods subject to CA:			
(a) Making the relevant supply	2 to 12 [^]	2 to 12 [^]	2 to 12 [^]
(b) Receiving the relevant supply	2 to 12 ^{#^}	2 to 12 ^{#^}	2 to 12 ^{#^}
(vii) Imported services and imported low-value goods subject to RC ⁵⁰	5 to 15 ^{#^}	5 to 15 ^{#^}	5 to 15 ^{#^}
(viii) Remote services subject to GST under the Overseas Vendor Registration (“OVR”) regime ⁵¹	5	5	5
(ix) Imported low-value goods subject to GST under the OVR regime ⁵²	5	5	5

⁴⁹ This category includes third country sales, disbursements, recovery of expenses (without GST), payroll deduction, etc.

⁵⁰ Refer to the e-Tax Guide “GST: Reverse charge” to determine whether the ACAP Applicant is required to account for GST on the imported services and imported low-value goods.

⁵¹ This category includes remote services supplied by an overseas business/ fixed establishment belonging to the same GST-registered entity, and remote services supplied by an electronic marketplace operator on behalf of underlying overseas suppliers.

⁵² This category includes direct sales of imported low-value goods, and supplies of imported low-value goods made by an electronic marketplace operator or a redeliverer on behalf of underlying suppliers.

- Ⓢ If the ACAP Applicant is making mostly standard-rated supplies (i.e. more than 90% of total supplies), the sample size for the standard-rated supplies and zero-rated supplies should be 20 and 10 respectively.
- # The samples selected for review should cover substantive testing for correctness of input tax claimed and whether output tax has been accounted for.
- ^ The higher minimum sample size shall apply if the ACAP Applicant does not make other standard-rated supplies.

5.31 In the case of supplies, the following review should be included as part of the substantive review:

- (a) Transaction in source document agreed to GST listing and accounting system;
- (b) GST treatment is applied correctly;
- (c) Value of supply and GST are computed correctly (i.e. apply correct tax rate on the correct supply value);
- (d) Time of supply is adhered to;
- (e) Format of tax invoice (including CA invoice and/or RC invoice) complied with GST legislation;
- (f) For exports of goods and/or third country sales, transactions are substantiated with export evidence in accordance with the e-Tax Guides, such as “GST: Guide on Exports”, “GST: Guide on Hand-Carried Exports Scheme”. For third country sales, the ACAP Reviewer has to ascertain that they were not located in Singapore at the time of supply;
- (g) For local sale of prescribed goods, the ACAP Reviewer has to ascertain that CA was not applied on such supplies to non-GST registered customers;
- (h) For imported services subject to RC, the ACAP Reviewer has to ascertain the following:
 - (i) The value of imported services procured from a connected person (including an overseas member within the same GST group or an overseas branch/head office) is the open market value of the supply if the consideration paid for the imported services is less than the open market value of the supply. If there is a cost allocation from the overseas member within the same GST group or its overseas branch/head office, the value of the imported services may be reduced by the salaries, wages and interest cost components of the imported services,

- including their proportionate mark-up in accordance with transfer pricing policy⁵³
- (ii) Include intra-GST group and inter-branch transactions
 - (iii) Whether transactions are substantiated with the relevant documentary evidence and record keeping requirements;
- (i) For remote services subject to GST under the OVR regime, the ACAP Reviewer has to ascertain whether GST is accounted for on the supply of remote services made by underlying overseas supplier(s) through ACAP Applicant's electronic marketplace;
 - (j) For imported low-value goods subject to GST under the OVR regime, the ACAP Reviewer has to ascertain whether GST is accounted for on the supply of imported low-value goods made by the underlying supplier(s) through ACAP Applicant's electronic marketplace or by the ACAP Applicant as a redeliverer. The value of a supply of imported low-value goods includes amounts paid by the customer for related services such as transportation and insurance;
 - (k) For direct sales of imported low-value goods subject to GST under the OVR regime, the ACAP Reviewer has to ascertain whether GST is accounted for on such sales made by the ACAP Applicant;
 - (l) If the ACAP Applicant has both local and overseas business/fixed establishment belonging to the same GST-registered entity (e.g. head office in Singapore with branches overseas) that make supplies of remote services and imported low-value goods that are subject to GST under the OVR regime, the ACAP Reviewer should ascertain that there is a process to identify such transactions to apply the correct GST treatment and account for the GST;
 - (m) For GST schemes and transactions subject to CA, RC and OVR regime (where applicable), the ACAP Reviewer should review whether the ACAP Applicant has complied with the legislative and documentary requirements.

5.32 If the ACAP Reviewer discovers any gaps and incorrect GST treatment, it has to document its findings.

 The ACAP Reviewer performs the review on Sales cycle based on the guidance above. It documents its findings with evidence gathered in "Section 5. Findings on Controls at Transaction Level – Supplies" of the "ACAP Factual Report". Any gaps and errors noted are to be included in "Annex 5 – Follow-up on Gaps and Errors".

⁵³ Refer to the e-Tax Guide "GST: Reverse charge".

Purchases Cycle of Selected Representative Units

- 5.33 The ACAP Reviewer performs the following steps during its review of purchases cycle of the selected Representative Units.

Step 1

Understanding GST risks in the purchases cycle

- 5.34 The ACAP Reviewer considers any particular GST risks that could be unique to the ACAP Applicant's business and includes them in its review tests. The Reviewer's test procedures include the review of presence of controls designed to manage the GST risks areas. Refer to [Appendix 5](#) of this e-Tax Guide for the list of GST risks areas at Purchases Transaction Level.

Step 2

Analytical Review of GST listings

- 5.35 Bearing the identified risk areas in mind, the ACAP Reviewer proceeds to conduct an analytical review of the GST purchases listings for the Test Period to identify indicators of gaps in the internal control or potential GST errors. Examples of such indicators include:
- (a) Processing the same invoice more than once
 - (b) Claiming input tax specifically disallowed under the GST Act or not incurred for business purposes
 - (c) Transactions with GST amount different from computed GST amount based on purchases value⁵⁴
 - (d) Transactions that are tax coded as zero-rated but reflects GST amount
 - (e) Claiming input tax on local purchases of prescribed goods subject to CA with no corresponding output tax accounted
 - (f) Claiming input tax on imported services and imported low-value goods subject to RC with no corresponding output tax accounted
 - (g) Claiming GST wrongly charged by OVR vendors on remote services and imported low-value goods

⁵⁴ Input tax claimed is not reflective of the corresponding value of the purchase captured (e.g. not equivalent to the value of purchase charged at the prevailing rate), other than rounding differences.

Step 3

Walk-through tests

- 5.36 The ACAP Reviewer uses its professional judgement to determine the number of transactions for walk-through. It ensures that there is a proportionate selection of taxable purchases (including expenses) and imports to conduct the walk-through.

Step 4

Test of controls

- 5.37 Tests of controls are conducted on all applicable 'Purchases Categories'⁵⁵ to ensure that the essential controls are working well.
- 5.38 The following are some examples of transactions selected for tests of control:
- (a) Purchases with purchase order (selection spanning across each category such as Cost of Goods Sold ("COGS"), distribution expenses, administrative expenses depending on the materiality level)
 - (b) Purchases without purchase order (selection spanning across each category such as COGS, distribution expenses, administrative expenses depending on the materiality level)
 - (c) Expenses including reimbursement to staff
 - (d) Purchases without GST (e.g. from non-GST registered suppliers, GST-registered overseas vendor under OVR regime)
 - (e) Zero-rated purchases
 - (f) Self-created (Buyer-generated) tax invoices endorsed by suppliers
 - (g) Imports:
 - (i) With GST paid to Singapore Customs (e.g. IG, DP permits)
 - (ii) With GST suspended at the point of importation under GST schemes (e.g. ME, MC permits)
 - (iii) On behalf of overseas principals in the capacity of agent under section 33(2) and section 33A of the GST Act
 - (h) Input tax relating to exempt supplies
 - (i) Input tax specifically disallowed under regulation 26 and 27 of the GST General Regulations⁵⁶

⁵⁵ This refers to Standard-rated Purchases, Zero-rated Purchases, Imports (with GST paid and with GST suspended) and transactions under GST scheme(s).

⁵⁶ For example, club subscription fee, certain medical expenses, costs and running costs of motor cars, family benefits and transactions involving betting, sweepstakes.

- (j) Local purchase of prescribed goods subject to CA
- (k) Input tax relating to imported services and imported low-value goods subject to RC

Step 5 Substantive Testing

5.39 If the results of the walk-through and tests of controls show that the controls tested are working well; and the material transactions identified do not exceed the threshold of the sample size set, the ACAP Reviewer can follow the table below to determine the sample size for substantive testing.

Table 2 – Sample Size for Substantive Testing of Purchases

Minimum sample size for each category of transactions for each selected Representative Unit	
(i) Standard-rated purchases	20
(ii) Zero-rated purchases	5
(iii) Imports with GST suspended (under Import Suspension schemes)	10
(iv) Imports with GST paid	10
(v) GST Schemes	10
(vi) Prescribed goods received subject to CA	2 #
(vii) Imported services and imported low-value goods subject to RC	5 #

The samples selected for review should cover substantive testing for correctness of input tax claimed and whether output tax has been accounted for.

- 5.40 If the ACAP Applicant is unable to claim GST in full, the ACAP Reviewer must review whether potential RC transactions may be residing in purchases that are classified as out-of-scope or non-taxable such as foreign loan or interest payable, inter-company charges, foreign entity accounts payable for the ACAP Period.
- 5.41 In the case of purchases, the following review should be included as part of the substantive review:
 - (a) Input tax claimed on purchase from GST-registered supplier is supported by valid tax invoice⁵⁷ addressed to the ACAP Applicant;
 - (b) Input tax claimed on purchase of prescribed goods from GST-registered supplier is supported by valid CA invoice;

⁵⁷ The tax invoice complied with tax invoice requirements under regulation 11 of the GST (General) Regulations.

- (c) Input tax claimed on imported services and imported low-value goods subject to RC is supported by valid RC invoice;
- (d) Input tax claimed on imports is supported by payment permits or subsidiary import certificate addressed to the ACAP Applicant. The shipping documents reflect the ACAP Applicant as the consignee;
- (e) Corresponding output tax is accounted for on the purchase of prescribed goods by way of CA, imported services and imported low-value goods by way of RC, where input tax was claimed;
- (f) Input tax is not claimed on GST wrongly charged by OVR vendors on remote services and imported low-value goods;
- (g) Input tax claim is for business purposes and attributable to the making of taxable supplies;
- (h) The GST amount (in Singapore dollars) shown in the tax invoice/ payment permit agreed to GST listing and accounts;
- (i) Taxable purchases/imports and input tax, where applicable, are captured in the correct accounting period; and
- (j) For GST schemes and transactions subject to CA, RC and OVR regime (where applicable), the ACAP Reviewer should review whether the ACAP Applicant has complied with the legislative and documentary requirements.

5.42 If the ACAP Reviewer discovers any gaps and incorrect GST treatment, it has to document such findings.

 The ACAP Reviewer is required to perform the review on Purchases cycle based on the guidance above. It should document its findings in “Section 6. Findings on Controls at Transaction Level – Purchases” of the “ACAP Factual Report” and substantiate its findings with evidence gathered. Any gaps and errors noted should be included in “Annex 5 – Follow-up on Gaps and Errors”.

Section 6: Review of GST Reporting Level Controls

Who should read this section: ACAP Reviewer

- 6.1 The objective of reviewing the controls maintained at GST Reporting Level is to ensure that the data extracted and compiled are complete and accurate for GST returns submission.
- 6.2 The GST controls at GST Reporting Level can be grouped as follows:



- 6.3 The ACAP Reviewer must apply the checks and verification as guided in paragraph 6.4 below of this “GST ACAP Review Guidance”, depending on whether the ACAP Applicant’s GST reporting is:
- Centrally managed by a GST Return Preparer (Centralised GST Reporting) – checks on a consolidated level would suffice; or
 - Delegated to individual GST Return Preparer of each Representative unit (Decentralised GST Reporting) – checks must be applied on each Representative unit.
- 6.4 Accordingly, the ACAP Reviewer performs the following review procedures:

Walk-through test and test of controls

- (a) Peruse through the SRC at GST Reporting Level and GST Process Flow for Preparing GST Return to confirm the existence of the controls as represented by the ACAP Applicant and identify any GST control gaps.
- (b) Select one GST return period from the Test Period to perform the following:

Centralised GST Reporting

- (i) Request the GST Return Preparer to demonstrate how GST data is extracted from the financial accounting module up to the point of submission of GST return.
- (ii) Request the GST Return Preparer to demonstrate the workings of automated checks built into the financial accounting system to generate accurate GST data for analysis and GST reporting.

- (iii) Interview the GST Return Preparer and Approver on the types of checks performed to ensure that the GST data extracted are complete and reported accurately in the GST return.
- (iv) Sight evidence of checks/reviews performed by the GST Return Preparer and Approver such as working schedule showing how manual adjustments are arrived at, reconciliation performed on turnover and total supplies; and checks performed by the Approver in accepting the value casted by the Preparer.
- (v) Review whether the controls established to manage GST risks of submitting incorrect returns are working effectively. Refer to [Appendix 5](#) of this e-Tax Guide for the list of GST risks areas at GST Reporting Level.

Decentralised GST Reporting⁵⁸

- (vi) Perform steps in paragraph 6.4(b)(i) to (v) above of this “GST ACAP Review Guidance” with individual GST Return Preparer of each selected Representative Unit and the Consolidated GST Return Preparer and Approver.

Substantive testing

- (c) Agree ALL the values reported in the selected GST return(s) to the GST listings and working schedules/consolidation schedules prepared by the ACAP Applicant, including Representative Units not selected for ACAP Review. The ACAP Reviewer also re-computes the values in the listings/schedules, where applicable, to detect incorrect computation of the values in the GST returns. If the GST return figures do not tally with listings/schedules, it seeks clarification with the ACAP Applicant and highlights its observation.
- (d) Review the accuracy of the GST return(s) submitted by checking whether the ACAP Applicant had correctly made specific GST adjustments (e.g. adjustment on residual input tax apportionment for both taxable and exempt supplies, accounting GST on deemed supplies, adjustment for unpaid reverse charge invoices).

⁵⁸ Under Decentralised GST Reporting, the GST data is extracted, checked and reviewed by individual GST Return Preparer of each Representative Unit before submission to the Consolidated GST Return Preparer.

 The ACAP Reviewer performs the review on GST Reporting Level controls based on the guidance above. It documents its findings with evidence in “Section 7. Findings on Controls at GST Reporting Level” of the “ACAP Factual Report”. Any gaps and errors noted are to be included in “Annex 5 – Follow-up on Gaps and Errors”.

Section 7: Report on Factual Findings

Who should read this section: ACAP Reviewer

- 7.1 During the ACAP Review process, the ACAP Reviewer documents its findings, including all GST control gaps and errors noted and supports them with audit evidence. The following information is presented to the ACAP Applicant for review and follow-up on the gaps and errors noted:
- (a) “ACAP Factual Report”
 - (b) “Annex 5 – Follow-up on Gaps and Errors”
- 7.2 The “ACAP Factual Report” is for the ACAP Reviewer to highlight to IRAS the following:
- (a) Summary of the ACAP Reviewer’s findings based on the scope of review detailed in this “GST ACAP Review Guidance”;
 - (b) Brief description of the scope of tests of controls performed for Transaction Level where professional judgement is exercised; and
 - (c) Highlight any deviations from the scope of review or test of controls and samples for substantive testing due to specific circumstances such as those specified in paragraphs 5.11 and 5.20 of this “GST ACAP Review Guidance”.
- 7.3 The “Annex 5 – Follow-up on GST Gaps and Errors” is for the ACAP Reviewer to highlight controls that are missing (i.e. they were represented as present in the checklists but not present during the tests) or are not working as designed⁵⁹. The ACAP Reviewer will also use it to report any errors noted.
- 7.4 The “ACAP Factual Report” is to be signed by the authorised person as shown below:

⁵⁹ A control feature that is not working well is considered to be material based on the ACAP Reviewer’s professional judgment if it observed repeated errors occurred during its tests of controls or substantive review.

Choice of ACAP Arrangement	Authorised Person
Arrangement 1	
Public Accounting Entity (“PAE”) or its tax affiliate	<ul style="list-style-type: none"> • Audit Partner; or • Tax Partner or Tax Director
Arrangement 2	
Independent in-house Internal Audit (“IA”) team	<ul style="list-style-type: none"> • Head of IA team; or • Senior IA Personnel authorised by senior management to oversee the ACAP Review
Arrangement 3	
Jointly by in-house IA team and a PAE or its tax affiliate	<u>If IA is the team lead</u> <ul style="list-style-type: none"> • Head of IA team; or • Senior IA Personnel authorised by senior management to oversee the ACAP Review
	<u>If PAE or its tax affiliate is the team lead</u> <ul style="list-style-type: none"> • Audit Partner of PAE; or • Tax Partner or Tax Director

- 7.5 If the ACAP Reviewer discovers technical issues where the GST application is unclear, it should seek IRAS’ concurrence preferably at least 3 months before the due date of the “ACAP Factual Report” by furnishing “Section 3. Technical clarification/Areas for concurrence to highlight to Comptroller for clarification” of “Annex 5 - Follow-up on Gaps and Errors”. Correspondingly, ACAP Applicant should quantify the total value involved for each year, or ACAP Period with proposed extrapolation method in the “ACAP Factual Report” pending IRAS’ ruling position.

 The ACAP Reviewer has to furnish its findings in the “ACAP Factual Report” and the “Annex 5 - Follow-up on Gaps and Errors” to the ACAP Applicant for follow-up.

Section 8: Follow-up on ACAP Review

**Who should read this section:
ACAP Applicant and ACAP Reviewer**

Follow-up on ACAP Reviewer's findings

- 8.1 Based on the ACAP Reviewer's findings, the ACAP Applicant evaluates the impact of the GST gaps and errors made, if any, in its past and current GST returns.
- 8.2 For the GST control gaps noted, the ACAP Applicant considers the following:
 - (a) Whether the control gaps have a ripple effect on all GST transactions or are contained within certain category of transactions or within the Representative Units;
 - (b) Whether the control gaps can be mitigated by other controls observed at the Transaction or GST Reporting levels; and
 - (c) Whether the control gaps can be managed with minor tweaking to the existing control activities that prevent and detect errors or require a substantial change to the operating and accounting systems.
- 8.3 Following the above consideration, the ACAP Applicant then takes active steps to improve the existing control activities.
- 8.4 For the errors noted by the ACAP Reviewer, the ACAP Applicant reviews the extent of the errors made (include Representative Units not selected for ACAP Review) during the ACAP Period. The ACAP Applicant determines the error amount (those with tax impact and those without tax impact) for the different categories of errors made during the ACAP Period. If ACAP Applicant has difficulty in quantifying the actual error amount for the whole ACAP Period, it has to review its records for at least 3 months of the ACAP Period to determine the error amount and propose to IRAS a reasonable basis⁶⁰ of extrapolating the errors for the other periods of the ACAP Period.
- 8.5 If the GST errors occur beyond the ACAP Period, the ACAP Applicant must quantify the errors made for past affected years, using actual amounts or estimated amounts based on extrapolation.
- 8.6 For GST errors estimated, the ACAP Applicant must quantify the amount for all errors and disclose to IRAS the basis of extrapolation with reasons supporting the appropriateness of the basis used together in the submission of the ACAP Report instead of waiting for IRAS' agreement on the use of

⁶⁰ If the trend of your supplies/purchases is consistent, the ACAP Applicant can consider using a fixed quantum. If the trend tends to fluctuate, a percentage or proportion may be more suitable.

proxies or position. IRAS will review the reasonableness of the proposed extrapolation method and error amount and will request for revisions, if any. No proxy is allowed for additional claims or tax over-accounted on which refunds are sought.

- 8.7 The ACAP Applicant must quantify all GST errors and should not request for waiver to quantify errors with GST impact unless the errors satisfy the conditions under the ASK Administrative Concession. If the disclosure and quantification of the errors are incomplete, IRAS may reject the ACAP Report and may raise protective assessments for the purpose of protection of revenue.

 The ACAP Applicant reviews the “ACAP Factual Report” and “Annex 5 - Follow-up on Gaps and Errors” obtained from the ACAP Reviewer and indicates its follow-up action and quantification of errors, if any, in the Annex 5.

Extended ACAP Review Prior To The Submission of ACAP Report (Optional)

The ACAP Applicant

- 8.8 The ACAP Applicant may opt to extend the ACAP Period beyond the 12-month ACAP Period to prove to IRAS its effort in improving the highlighted control gaps. This extended ACAP Review process will provide additional evidence for IRAS to accord the relevant ACAP status based on the improved GST controls.
- 8.9 Arising from the findings made by the ACAP Reviewer in the “Annex 5 - Follow-up on Gaps and Errors”, the ACAP Applicant assesses the overall effect on the effectiveness of its GST Control Framework by reflecting its follow-up actions in the Annex 5.
- 8.10 To qualify for this optional extended ACAP Review, the ACAP Applicant must implement the additional or improved the GST controls for a period of at least 3 months before the ACAP Reviewer can commence its review.
- 8.11 For this purpose, the ACAP Applicant needs to furnish relevant information and audit evidence to the ACAP Reviewer such as:
- (a) Revised GST Process Flows for Transaction and GST reporting (if applicable); and
 - (b) Other documentary evidence as proof of implementation of the additional or improved GST controls.

- 8.12 If the date of the submission of ACAP Report to IRAS is due (i.e. 15 months from the date of IRAS' acceptance of notification of ACAP participation), the ACAP Applicant should obtain IRAS' prior agreement to extend the submission of the ACAP Report, at least one month before the due date.

The ACAP Reviewer

- 8.13 The ACAP Reviewer reviews the information to determine the scope of review for the 3-month period for which the ACAP Applicant has implemented the additional or improved GST controls.
- 8.14 The scope of extended ACAP Review covers the new or improved GST controls highlighted by the ACAP Applicant in the "Annex 5 - Follow-up on Gaps and Errors". The review procedures should include tests of controls and substantive review to obtain the necessary evidence that the additional or improved GST controls implemented are working effectively.
- 8.15 The ACAP Reviewer should document its additional findings and submit the following to the ACAP Applicant:
- (a) An addendum "ACAP Factual Report" for the extended ACAP Period/Review. The ACAP Reviewer should include the scope of test of controls and samples selected for substantive review for the additional or improved GST controls implemented.
 - (b) "Annex 5 - Follow-up on Gaps and Errors" for the extended ACAP Review.

Section 9: ACAP Deliverables

Who should read this section: ACAP Reviewer

- 9.1 At the end of the ACAP Review, the ACAP Applicant is required to submit the ACAP deliverables to IRAS.
- 9.2 The following ACAP documents must be submitted within **15 months** from IRAS' acceptance of the ACAP Applicant's participation.
- (a) ACAP Factual Report
 - (b) Annex 1 – Self-Review of GST Controls checklists (“SRC”)
 - (c) Annex 2 - GST Trend Analysis
 - (d) Organisation Chart of ACAP Applicant (An example is provided in Annex 3)
 - (e) Documentation on GST Processes (An example is provided in Annex 4)
 - (f) Annex 5 - Follow-up on Gaps and Errors
 - (g) Annex 6 - ACAP Declaration
 - (h) Risk Management Framework (if available)
- 9.3 Please refer to [paragraph 16](#) of this e-Tax Guide for the links to download the above templates.

Appendix 2: Information Leaflet on Post ACAP Review (“PAR”)

**Who should read this section:
Approved ACAP Business and ACAP Reviewer**

1 Competent team to conduct the PAR

- 1.1 Approved ACAP Businesses may choose to use their in-house team or engage an external consultant (e.g. Public Accounting Entity, GST advisory firm) to conduct the review of their past GST declarations. The senior management should ensure that the team is sufficiently resourced and competent in conducting the review. The results of the review are to be highlighted to the Audit Committee/Board of Directors.

In-house team

- 1.2 The team leader must have in-depth GST knowledge of GST rules for both general and industry issues and is preferably an Accredited Tax Practitioner (GST) [hereafter termed as ATP (GST)] or Accredited Tax Advisor (GST) [hereafter termed as ATA (GST)] of Singapore Chartered Tax Professionals Limited (“SCTP”). He/she should have good overall knowledge of the financial and accounting system and processes as well as GST tax classification and control processes. The tax team/internal audit team (whichever is applicable) should be involved in the review.
- 1.3 The team should report to the key person tasked with overall responsibility for GST compliance (such as Chief Financial Officer, Chief Executive Officer, Finance Director and Head of Finance).

External Consultant

- 1.4 The team leader must be an ATA (GST) or ATP (GST) of SCTP. The firm should have prior experience in conducting GST compliance reviews for businesses of similar size and in the same industry.

2 Scope of review

- 2.1 The following aspects should be covered in the PAR:
- (a) Review anomalies in the past one year’s GST return declarations and compare against the financial statements or management accounts to detect errors.
 - (b) Select a 3-month period of GST declarations, assessed to pose higher risks of errors (e.g. period where there is a change of key finance staff, major change of business processes and accounting systems and other events that impact GST reporting) or have higher values of transactions.
 - (c) Review the GST listings of transactions for the selected period to identify potential errors. Some examples of potential errors include:

- (i) Recurrence of errors or control gaps surfaced during the conduct of ACAP Review
 - (ii) Omitted sales (e.g. missing sales invoices) and not adhering to time of supply rules
 - (iii) Wrong interpretation of disbursement and reimbursement
 - (iv) Omission to deem output tax on gifts of goods
 - (v) Duplicate input tax claims
 - (vi) Claiming of disallowed input tax
 - (vii) Failure to repay input tax on purchases that remain unpaid after 12 months from the payment due date
 - (viii) Data extraction error
 - (ix) Other GST risks as highlighted in [Appendix 5](#) of this e-Tax Guide
- (d) Perform substantive review of transactions for the selected period. The samples selected (*see paragraph 4 below on the sample size*) should cover major income and expenditure streams and exceptional transactions to check for value accuracy, correctness of GST treatment and whether the transaction is supported with required documentary evidence.
- 2.2 Approved ACAP Businesses with no prior experience in performing in-house tax reviews or require further guidance on the review scope can adopt the review methodology covered in the step-by-step guidance in the e-Tax Guide “GST: Assisted Self-Help Kit (ASK) Annual Review Guide”.
- Business updates and assessment of the impact on GST controls
- 2.3 The team should review the correspondence or corporate management files (if applicable) to identify events or business activities that could pose a risk to the business’ GST compliance.
- 2.4 The team should seek feedback from the various heads of functional units on any updates of business models/contracts or processes that could affect the effectiveness of the GST controls.
- 2.5 Such updates would enable the team to assess whether the GST process flows need to be updated, including the database containing important information of business’ stance towards proactive GST risk management.
- 2.6 For new risk areas, the business may reassess the need to re-complete the “Self-Review of GST Controls checklists” (“SRC”) and seek a ruling from IRAS for contentious tax issues to secure tax certainty.

Review of new processes

- 2.7 This procedure is required if there are new or major changes to business model and GST control process⁶¹ since the last ACAP Review or PAR submitted to IRAS.
- 2.8 The team should assess the adequacy and effectiveness of the controls established based on the GST Control Practices compiled in the “Self-Review of GST Controls checklists” (“SRC”) as part of the “GST ACAP Review Guidance” ([Appendix 1](#) of this e-Tax Guide). Alternatively, if the team has identified additional controls that enable it to better manage its GST risks, it may evaluate if they are working effectively.
- 2.9 The review of controls on the new processes should include if staff has applied correct tax treatment at source.

3 Review period for PAR

- 3.1 The Approved ACAP Business must determine a 12-month review period and select a 3-month period of GST declarations to conduct the PAR. The 12-month review period for each PAR and the respective submission due dates are as follows:

PAR	12-month review period	Due date to submit PAR via GST F28 “PAR Declaration”
First PAR	Latest 12 months of GST returns filed as at the <u>end of the 1st year</u> of the ACAP status validity period	18 months from the date of accord of ACAP status
Second PAR*	Latest 12 months of GST returns filed as at the <u>end of the 4th year (for ‘ACAP Premium’ status) or 2nd year (for ‘ACAP Merit’ status) of the ACAP status validity period</u>	6 months before the expiry of the ACAP status

* Note: An Approved ACAP Business that continues to renew its ACAP status will be exempted from the second PAR

⁶¹ Including new processes relating to supply of prescribed goods under Customer Accounting (“CA”), imported services and imported low-value goods subject to Reverse Charge (“RC”), remote services subject to GST under the Overseas Vendor Registration (“OVR”) regime, imported low-value goods subject to GST under the OVR regime.

Illustration:

The Approved ACAP Business is accorded with ‘ACAP Premium’ status from 1 Feb 2022 to 31 Jan 2027. At the end of the 1st year of its ACAP status validity period (i.e. 31 Jan 2023), the Approved ACAP Business should commence its first PAR and submit the GST F28 latest by 1 Aug 2023. It should select the latest 12 months of GST returns filed (i.e. 1 Jan 2022 to 31 Dec 2022) for review.

At the end of the 4th year of its ACAP status validity period (i.e. 31 Jan 2026), the Approved ACAP Business should commence its second PAR if it decides not to apply for renewal of ACAP. Likewise, it should select the latest 12 months of GST returns filed (i.e. 1 Jan 2025 to 31 Dec 2025). The Approved ACAP Business is required to submit the GST F28 latest by 1 Aug 2026 (i.e. 6 months before the expiry of ACAP status).

- 3.2 The Approved ACAP Business can choose to submit the form “GST F28 - Post ACAP Review Declaration” earlier than the stipulated due dates (see table in paragraph 3.1 above) to enjoy the waiver of penalties under IRAS’ Voluntary Disclosure Programme (“VDP”) for errors that occurred within the 12-month review period.

4 Sample size for substantive review

- 4.1 As Approved ACAP Businesses have put in place a sustainable GST Control Framework to ensure continual GST compliance, they can apply a lower sample size from that of ASK Annual Review⁶² as shown in the table below:

Single GST Registrant

Categories	Businesses making substantially taxable supplies	Regulation 34 businesses (including Banks ⁶³), and developers with sale or lease of residential properties
Standard-rated supplies & Output tax	20 ^(a) - 25	20 ^(a) - 25
Zero-rated supplies	30 ^(a) – 45	20 ^(a) – 30
Exempt supplies	1 <i>(if making only regulation 33 exempt supplies)</i>	30 ^(a) – 45

⁶² For ASK Annual Review, the sample size for each box of GST return figures is as follows:

- All transactions if total number of transactions is 30 or less.
- Otherwise, at least 30 samples covering 30% of the values or up to a maximum of 60 samples except for standard-rated supplies. For standard-rated supplies, select up to a maximum of 40 samples.

⁶³ The sample size for zero-rated, exempt and out-of-scope supplies may be aggregated for Banks.

Categories	Businesses making substantially taxable supplies	Regulation 34 businesses (including Banks⁶³), and developers with sale or lease of residential properties
Exempt supplies	5 to 10 ^(c) <i>(if making both regulation 33 & non-regulation 33 exempt supplies)</i>	
Out-of-scope supplies ⁶⁴	5	
Input tax claims ^(d) <i>(GST on local purchases, GST paid on imports, bad debt relief claims, repayment of input tax on unpaid purchases, etc.)</i>	30 ^(a) – 45	
GST schemes on imports <i>(e.g. MES, IGDS, AISS)</i>	20 – 30 ^(b)	
Other GST schemes <i>(e.g. AMFT, ACMT)</i>	10	
Prescribed goods subject to Customer Accounting (“CA”): (i) Making the relevant supply (ii) Receiving the relevant supply	(i) 2 (ii) 2 ^(e)	
Imported services and imported low-value goods subject to Reverse Charge (“RC”) ⁶⁵	5 ^(e)	
Remote services subject to GST under the Overseas Vendor Registration (“OVR”) regime ⁶⁶	5	
Imported low-value goods subject to GST under the OVR regime ⁶⁷	5	

⁶⁴ This category includes third country sales, disbursements, recovery of expenses (without GST), payroll deduction, etc.

⁶⁵ Refer to the e-Tax Guide “GST: Reverse charge” to determine whether the ACAP Applicant is required to account for GST on the imported services and imported low-value goods.

⁶⁶ This category includes remote services supplied by an overseas business/fixed establishment belonging to the same GST-registered entity, and remote services supplied by an electronic marketplace operator on behalf of underlying overseas suppliers.

⁶⁷ This category includes direct sales of imported low-value goods, and supplies of imported low-value goods made by an electronic marketplace operator or a redeliverer on behalf of underlying suppliers.

GST Group Registrant/Divisional Registrant⁶⁸

Categories	Businesses making substantially taxable supplies	Regulation 34 businesses (including Banks⁶³), and developers with sale or lease of residential properties
Standard-rated supplies & Output tax	20 ^(a) – 30	20 ^(a) – 30
Zero-rated supplies	30 ^(a) – 60	20 ^(a) – 45
Exempt supplies	1 <i>(if making only regulation 33 exempt supplies)</i> 5 to 10 ^(c) <i>(if making both regulation 33 & non-regulation 33 exempt supplies)</i>	30 ^(a) – 60
Out-of-scope supplies ⁶⁹	5	
Input tax claims ^(d) <i>(GST on local purchases, GST paid on imports, bad debt relief claims, repayment of input tax on unpaid purchases, etc.)</i>	30 ^(a) – 60	
GST schemes on imports <i>(e.g. MES, IGDS, AISS)</i>	20 – 45 ^(b)	
Other GST schemes <i>(e.g. AMFT, ACMT)</i>	10	
Prescribed goods subject to Customer Accounting (“CA”): (i) Making the relevant supply (ii) Receiving the relevant supply	(i) 2 (ii) 2 ^(e)	
Imported services and imported low-value goods subject to Reverse Charge (“RC”) ⁷⁰	5 ^(e)	

⁶⁸ For GST group registrant, the sample size indicated in the table is for the entire GST group and not per member. For example, for a 2-member GST group, the minimum sample size for standard-rated supplies is 20 instead of 40 (2 members * 20).

For divisional registrant, the sample size indicated in the table is for the entity and not per division. For example, for an Approved ACAP Business with 3 divisions, the minimum sample size for input tax claims is 30 instead of 90 (3 divisions * 30).

⁶⁹ This category includes third country sales, disbursements, recovery of expenses (without GST), payroll deduction, etc.

⁷⁰ Refer to the e-Tax Guide “GST: Reverse charge” to determine whether the ACAP Applicant is required to account for GST on the imported services and imported low-value goods.

Categories	Businesses making substantially taxable supplies	Regulation 34 businesses (including Banks⁶³), and developers with sale or lease of residential properties
Remote services subject to GST under the Overseas Vendor Registration (“OVR”) regime ⁷¹	5	
Imported low-value goods subject to GST under the OVR regime ⁷²	5	

Notes to Table:

- (a) If the total number of transactions is less than the minimum sample size shown in the table, all transactions are to be covered. If the minimum sample size does not cover at least 30% of the total value declared, the sample size is to be extended to the maximum number. However, if the GST team has conducted a second level of check on all transactions or has referred to the “ASK Pre-Filing Checklist” before filing the returns, the business is not bound by the 30% value rule and can apply the minimum sample size on the selection of transactions.

The sample size includes all standard-rated supplies transactions reported in the GST returns including supplies made in the capacity of section 33(2) or 33(A) agent as well as imported services and imported low-value goods subject to RC. In selection of the samples, the business should consider transactions from the various categories of standard-rated supplies.

For an Approved ACAP Business that is unable to claim input tax in full and imports services and/or low-value goods subject to RC, it must review at least 5 additional RC transactions per the table above (see note (e)). This is regardless of whether the RC transactions have been included within its selection of standard-rated supplies samples for substantive review.

- (b) The minimum sample size is 20 for an Approved ACAP Business that is not acting as a section 33(2) and/or 33(A) agent for overseas principals. If the Approved ACAP Business imports goods as agent on behalf of its overseas principals, the sample size is to be extended to 30 (for single GST registrant) and 45 (for GST group registrant/divisional registrant). A reconciliation should be performed from its internal list of “ME” permits to the list of ME permits taken up with the Singapore Customs if it is not done as part of its control process.

⁷¹ This category includes remote services supplied by an overseas business/fixed establishment belonging to the same GST-registered entity, and remote services supplied by an electronic marketplace operator on behalf of underlying overseas suppliers.

⁷² This category includes direct sales of imported low-value goods, and supplies of imported low-value goods made by an electronic marketplace operator or a redeliverer on behalf of underlying suppliers.

- (c) If the Approved ACAP Business made non-regulation 33 exempt supplies and the value of non-regulation 33 exempt supplies constitute 10% or more of total supplies (i.e. Box 4 of the GST return), the higher sample size of 10 for non-regulation 33 exempt supplies will apply. Otherwise, the sample size for non-regulation 33 exempt supplies will be 5.
- (d) The review should include determining whether residual input tax is correctly identified and correctness in the apportionment of input tax if the value of exempt supplies made exceeds De-Minimis limit. If the Approved ACAP Business is applying the standard input tax recovery formula, the following supplies should be excluded from both the numerator and denominator of the input tax recovery formula: relevant supplies received from suppliers that are subject to CA, supply of imported services and imported low-value goods subject to RC, remote services supplied by an electronic marketplace operator on behalf of underlying overseas suppliers under the OVR regime, and imported low-value goods supplied by an electronic marketplace operator or a redeliverer on behalf of underlying suppliers under the OVR regime.
- (e) The review should include determining the correctness of input tax claimed and whether output tax has been accounted for.

** Exception: Where the Approved ACAP Business' standard-rated supplies comprise wholly imported services and/or imported low-value goods subject to RC and no other standard-rated supplies, it must select 20 samples (or all the transactions if the total number is less than 20) from its imported services and/ or imported low-value goods subject to RC as part of its review of standard-rated supplies. It is then not required to select additional samples for RC transactions as per the table.*

- 4.2 IRAS may on a case-by-case basis grant approval for reduction in sample size if the Approved ACAP Business has used analytical tools to perform data analysis of its GST listings such that major streams of income and transactions with higher risk of incorrect tax treatment are identified for substantive review.
- 4.3 The Approved ACAP Business should record all its results in the working templates of the form GST F28.
- 4.4 IRAS reserves the right to verify and extend the scope of audit checks beyond the samples selected by businesses which have performed the checks according to the e-Tax Guide "GST: ASK Annual Review Guide". **If additional errors are detected during IRAS' audit, they would not qualify for waiver or reduced penalty under IRAS' Voluntary Disclosure Programme ("VDP").**

5 Submission of first and second PAR

5.1 The Approved ACAP Business is required to submit the form GST F28 and the following documents:

PAR	Documents to be submitted together with the form GST F28
First PAR via form “GST F28 - PAR Declaration”	<ul style="list-style-type: none"> • Appendix 1 - Trend Analysis • Appendix 2 - Disclosure of Errors in GST Returns and Follow-Up Actions (if applicable)
Second PAR via form “GST F28 - PAR Declaration”*	<ul style="list-style-type: none"> • Appendix 1 - Trend Analysis • Appendix 2 - Disclosure of Errors in GST Returns and Follow-Up Actions (if applicable) • Appendix 3 - Working Template for Standard-Rated Supplies and Output Tax • Appendix 4 - Working Template for Zero-Rated Supplies • Appendix 5.1 - Working Template for Exempt Supplies (if the business is actively making exempt supplies⁷³) or Appendix A5.2 - Working Template for Exempt Supplies (for other business) • Appendix 6 - Working Template for Input Tax and Refund Claimed (on Local Purchases, Imports with GST Paid, Tourist Refund Scheme and Bad Debt Relief) • Appendix 7.1 - Working Template for Imports with GST Suspended (e.g. under MES) or with GST Deferred (under IGDS) (for own imports) • Appendix 7.2 - Working Template for Imports with GST Suspended (e.g. under MES) or with GST Deferred (under IGDS) (for goods imported on behalf of overseas principals)

5.2 Please refer to [paragraph 16](#) of this e-Tax Guide for the links to download the above templates.

⁷³ A business is regarded as ACTIVELY making exempt supplies if its core business relates to:

- (i) Developing or investing in residential properties (i.e. sale and/or lease of residential properties);
- (ii) Providing financial services (e.g. as a financial institution);
- (iii) Importing and supplying investment precious metals (“IPM”) locally; or
- (iv) Supplying digital payment tokens with effect from 1 Jan 2020.

6 Regular review of the GST returns

- 6.1 Although the PAR is not required to be performed annually, we strongly encourage Approved ACAP Businesses to perform regular reviews of their GST declarations to qualify for waiver of penalties for errors disclosed within the 1-year grace period under IRAS' VDP. Any delay in disclosing or rectifying the errors would result in late payment penalties being imposed if the errors are disclosed or the GST F7 return is filed beyond the 1-year grace period.

Appendix 3: Information Leaflet on Certified Post ACAP Review (“PAR”) (For GST Scheme Renewal – if you do not renew your ACAP status)

Who should read this section:
Approved ACAP Business not renewing its ACAP status and ACAP Reviewer

1 Competent team to conduct the PAR

1.1 The Second Certified PAR must either be:

- (a) Performed by external Accredited Tax Advisor (GST) [hereafter termed as ATA (GST)] or Accredited Tax Practitioner (GST) [hereafter termed as ATP (GST)] accredited with Singapore Chartered Tax Professionals Limited⁷⁴ (“SCTP”); or
- (b) Performed by in-house ATA (GST) or ATP (GST) accredited with SCTP; or
- (c) Performed in-house and certified by external ATA (GST) or ATP (GST) accredited with SCTP, adhering to the certification procedures set out in the e-Tax Guide “GST: Assisted Self-Help Kit (ASK) Annual Review Guide”.

2 Scope of review of Certified PAR and sample size

2.1 The review must be conducted based on the ASK methodology and adhere to the sample size requirements specified in the e-Tax Guide “GST: ASK Annual Review Guide”.

2.2 Further, the team should ensure that the following additional aspects are covered in the PAR:

- (a) Review of past GST errors and control gaps surfaced during the conduct of ACAP Review and past PAR.
- (b) Review potential GST risk areas highlighted in IRAS’ letter upon the accord of ACAP status.
- (c) Identify events or business activities that could pose new GST risks to the Approved ACAP Business’ GST compliance.
- (d) Seek feedback from the various heads of functional units on any updates of business models/contracts or processes that could affect the effectiveness of the GST controls. The team should assess whether the GST process flows need to be updated, including the

⁷⁴ For more information on accreditation with Singapore Chartered Tax Professionals Limited (SCTP), please visit <https://sctp.org.sg/>

database containing important information of business' stance towards proactive GST risk management.

- (e) Describe the changes made to the GST controls established to ensure correct tax classification applied and accuracy in value.
 - (f) Describe the follow-up action taken to ensure that GST risks are managed.
- 2.3 The team is required to record the results of its checks in the working templates of the form GST F28A "Certified Post ACAP Review Declaration".

3 Period of review

- 3.1 The Certified PAR should be performed based on the latest 12 months of GST returns filed as at the end of the 4th year (for 'ACAP Premium' status) or 2nd year (for 'ACAP Merit' status) of the ACAP status validity period.

4 Submission of PAR findings

- 4.1 The following must be submitted together with the form GST F28A six months before the expiry of the ACAP status:

For Certified PAR performed by SCTP ATA (GST) / ATP (GST)

- (a) Appendix 1 - Trend Analysis
- (b) Appendix 2 - Disclosure of Errors in GST Returns and Follow-Up Actions (if applicable)
- (c) Appendix 3 - Working Template for Standard-Rated Supplies and Output Tax
- (d) Appendix 4 - Working Template for Zero-Rated Supplies
- (e) Appendix 5.1 - Working Template for Exempt Supplies (if the business is actively making exempt supplies⁷⁵) or Appendix A5.2 - Working Template for Exempt Supplies (for other business)

⁷⁵ A business is regarded as ACTIVELY making exempt supplies if its core business relates to

- (i) Developing or investing in residential properties (i.e. sale and/or lease of residential properties);
- (ii) Providing financial services (e.g. as a financial institution);
- (iii) Importing and supplying investment precious metals ("IPM") locally; or
- (iv) Supplying digital payment tokens with effect from 1 Jan 2020.

- (f) Appendix 6 - Working Template for Input Tax and Refund Claimed (on Local Purchases, Imports with GST Paid, Tourist Refund Scheme and Bad Debt Relief)
- (g) Appendix 7.1 - Working Template for Imports with GST Suspended (e.g. under MES) or with GST Deferred (under IGDS) (for own imports)
- (h) Appendix 7.2 - Working Template for Imports with GST Suspended (e.g. under MES) or with GST Deferred (under IGDS) (for goods imported on behalf of overseas principals)

Please refer to [paragraph 16](#) of this e-Tax Guide for the links to download the above templates.

Additional documents to be submitted for Certified PAR that is performed in-house and certified by SCTP ATA (GST) or ATP (GST)

- (i) “Summary of Certification Procedures” of the e-Tax Guide “GST: ASK Annual Review Guide”

4.2 IRAS reserves the right to verify and extend the scope of audit checks beyond the samples selected by businesses which have performed the checks according to the e-Tax Guide “GST: ASK Annual Review Guide”. **If additional errors are detected during IRAS’ audit, they would not qualify for waiver or reduced penalty under IRAS’ Voluntary Disclosure Programme (“VDP”).**

Appendix 4: Qualifying scenarios where ACAP status may be transferred or retained

Who should read this section:
Approved ACAP Business and ACAP Reviewer

IRAS is prepared to allow the transfer or retention of your ACAP status if your scenario falls under one of the below approved scenarios. This is on the basis that you have assessed that you fulfil all the conditions for the listed scenario and is able to meet the stipulated requirements. You are required to write in to IRAS and submit the following to IRAS by the stipulated timeline.

1 *Transfer of ACAP status*

1.1 Transfer of going concern of an ACAP entity to a GST-registered person with no existing business operations		
<p>You, as an Approved ACAP entity (transferor), transfer your entire business as a going concern to a GST-registered person (transferee) with no ACAP status and no existing business operations. The transferee would like to retain the transferor's ACAP status.</p> <p><i>Note: This scenario does not apply to an ACAP business with a partial transfer of business.</i></p>		
Qualifying conditions	Action/Documentation required:	Timeline
<ul style="list-style-type: none"> • The business activities, GST processes and GST controls remain the same as represented in the ACAP Review of the transferor and will similarly be adopted by the transferee. • The senior management of the transferee commits to uphold the same GST Control Framework with effective monitoring established. • Aside from existing accounting records, all GST ACAP records including GST controls documentation and "ACAP Factual Report" will be handed over to the transferee. 	<p>The transferee is required to furnish the following:</p> <ol style="list-style-type: none"> i. Obtain consent from the transferor for the transfer of ACAP status before the transferor's cancellation of GST registration. ii. Confirmation by the transferee that the GST controls remain the same as represented in transferor's ACAP Review. iii. Complete and submit the "Self-Review of GST Controls checklists" ("SRC") to reaffirm that the transferee has established similar GST control framework. iv. Documentation of additional controls implemented, if any. v. Sign-off by declarant. 	<p>The transferee must submit the required documents at least <u>1 month prior to the date of transfer of business.</u></p>

1.2 Transfer of ACAP status of entities each with ACAP status to a newly formed GST group		
Qualifying conditions	Action/Documentation required:	Timeline
<ul style="list-style-type: none"> • All the proposed group members of the new GST group have been accorded ACAP status individually. • All the proposed group members will update their GST process flows to ensure that (i) intra-group transactions are correctly tax coded at Transaction Level and GST Reporting Level; and (ii) controls are in place for filing of accurate GST returns on group basis. • All the proposed group members will be using the same existing IT system with the same GST team personnel executing the controls. • The senior management of each proposed group member will continue to adhere to the GST Control Framework with effective monitoring. • You are committed to and will perform additional scope of review during PAR or stipulated timeline. 	<p>You are required to furnish the following:</p> <ol style="list-style-type: none"> Form “GST F23 - Participation in GST Assisted Compliance Assurance Programme (ACAP)” for the GST group. “Self-Review of GST Controls checklists” (“SRC”) of <u>each member</u> to reaffirm adherence to the same GST control framework. Updated GST process flows of the GST group members including any additional GST controls implemented, if any. Perform the following additional review and to include them as part of the disclosure according to the stipulated timeline: <ol style="list-style-type: none"> Walk-through the GST controls at GST Reporting Level after the GST group registration. Walk-through the intra-group transactions to ensure such transactions are correctly tax coded as out-of-scope for exclusion in the GST returns after GST group registration is granted. Test of controls on new/updated key processes, where applicable. 	<p>You must submit the form GST F23, SRC and provide your commitment to perform additional review <u>1 month before the effective date of GST group registration.</u></p> <p>Depending on the stage of the ACAP status, the newly formed GST group must furnish the outcome of the additional review and process flow(s) within the timeline stipulated:</p> <ol style="list-style-type: none"> For GST group registration after ACAP Review and before PAR due date: To submit during PAR For GST group registration after PAR and before ACAP Renewal Review: To submit 6 months after effective date of GST group registration

2 Retention of ACAP status

2.1 Acquisition of a non-ACAP entity by an entity with ACAP status		
You are amalgamated or merged with a non-ACAP entity and you are the surviving entity. The activities of the non-ACAP business are assimilated into your business ⁷⁶ .		
Qualifying conditions	Action/Documentation required:	Timeline
<ul style="list-style-type: none"> • The newly acquired business' GST risks are identified and effectively managed with existing controls and GST processes by the same GST team. • Where additional GST controls are implemented, your existing controls and processes are updated, all staff involved in tax coding were trained to ensure correct tax classification is accorded. 	<p>You are required to furnish the following:</p> <ol style="list-style-type: none"> i. Submit the documentation of the additional controls implemented/to be implemented, if any, after assimilation of the newly acquired business. ii. Your confirmation that the GST controls are effective in mitigating the GST risks of the newly acquired business. iii. Perform the following additional review and to include them as part of the disclosure according to the stipulated timeline: <ol style="list-style-type: none"> a. Walk-through the controls at GST Reporting Level after assimilation of the newly acquired business. b. Test of controls on new/updated key processes, where applicable to ascertain that GST controls are effective in ensuring correct tax classification and completeness in reporting of all GST transactions. iv. Sign-off by declarant. 	<p>Depending on the stage of the ACAP status, the acquiring entity must furnish the required documents and outcome of the additional review within the timeline stipulated:</p> <ol style="list-style-type: none"> i. For acquisition after ACAP Review and before PAR due date: To submit during PAR ii. For acquisition after PAR and before ACAP Renewal Review: To include review on newly acquired business during ACAP Renewal Review

⁷⁶ If the acquired business remains a separate GST-registered entity, the ACAP status will not be extended to the newly acquired entity.

2.2 Inclusion of new member(s) (for GST group with ACAP status)		
The GST group is an Approved ACAP Business and is including new group member(s) to the GST group ⁷⁷ .		
2.2.1 The incoming member is an Approved ACAP Business		
Qualifying conditions	Action/Documentation required:	Timeline
<ul style="list-style-type: none"> • You and the incoming member will continue the same business activities after the inclusion of new member to the GST group. • You and the incoming member maintain the same GST controls as represented during your ACAP Review. • You and the incoming member will make the necessary updates to the GST controls to ensure correct and accurate GST reporting (e.g. in relation to intra-GST group transactions). • You are committed to and will perform additional review during PAR or stipulated timeline. 	<p>You are required to furnish the following:</p> <ul style="list-style-type: none"> i. Confirmation that the GST group controls remain the same as represented during ACAP Review of the GST group and necessary updates to the GST controls will be made in relation to the supplies and purchases of the new group member, including intra-group supplies. ii. A breakdown of the GST reporting values of each member (including the new member) for the past 12 months before the inclusion of the new group member to the GST group. You may refer to Section 2 and 3 of “Business Activities among Proposed Members” of form “GST G2 - Application for inclusion/removal of member to/from the GST group”. iii. Submit the documentation of the additional controls implemented/to be implemented, if any, after inclusion of the new member. iv. Perform the following additional review and to include them as part of the disclosure according to the stipulated timeline: 	<p>Depending on the stage of the ACAP status, the representative member of the GST group must furnish the required documents and outcome of additional review within the timeline stipulated:</p> <ul style="list-style-type: none"> i. For inclusion of new member after ACAP Review and before PAR due date: To submit during PAR ii. For inclusion of new member after PAR and before ACAP Renewal Review: To include review on included member during ACAP Renewal Review

⁷⁷ Subject to IRAS’ approval of the form “GST G2 - Application for inclusion/removal of member to/from the GST Group”.

2.2 Inclusion of new member(s) (for GST group with ACAP status)		
The GST group is an Approved ACAP Business and is including new group member(s) to the GST group ⁷⁷ .		
2.2.1 The incoming member is an Approved ACAP Business		
Qualifying conditions	Action/Documentation required:	Timeline
	<ul style="list-style-type: none"> a. Walk-through the intra-group transactions to ensure such transactions are correctly tax coded as out-of-scope for exclusion in the GST returns after GST group registration is granted. b. Walk-through the controls at GST Reporting Level after the GST group registration. c. Test of controls on new/updated key processes, where applicable. v. Sign-off by declarant. 	

2.2.2 The incoming member(s) does not have any ACAP status		
Qualifying conditions	Action/Documentation required:	Timeline
<ul style="list-style-type: none"> The incoming member's total value of supplies⁷⁸ for the projected 12-month period does not constitute more than 10% of the aggregated GST group reporting values (after the inclusion of the member) for the same period. The values exclude supplies made between the incoming member and the proposed GST group. The value of the supplies made by the members and GST group for the past 12 months may be used to arrive at this projection. The incoming member's total value of taxable purchases⁷⁸ for the projected 12-month period does not constitute more than 10% of the aggregated GST group reporting values (after inclusion of the member) for the same period. The values exclude purchases made between the incoming member and the proposed GST group. The value of the purchases made by the members and GST group for the past 12 months may be used to arrive at this projection. 	<p>You are required to furnish the following:</p> <ol style="list-style-type: none"> Your confirmation that the GST group controls remain the same as represented and necessary updates to the GST controls will be made in relation to intra-group supplies and purchases of the new group member. Results of the ASK performed on GST returns of incoming group member prior to joining the GST group. A breakdown of the GST reporting value of each member (including the new member) for the past 12 months before the inclusion of the new group member to the GST group. Updated GST group process flows and/or the additional controls implemented/to be implemented, if any, after inclusion of the new member. Perform the following additional review and to include them as part of the disclosure according to the stipulated timeline: <ol style="list-style-type: none"> Walk-through of the GST controls of new member and GST group return 	<p>Depending on the stage of the ACAP status, representative member of the GST group must furnish the required documents and outcome of additional review within the timeline stipulated:</p> <ol style="list-style-type: none"> For inclusion of member after ACAP Review and before PAR due date: To submit during PAR For inclusion of member after PAR and before ACAP Renewal Review: To submit 6 months after effective date of inclusion of member

⁷⁸ For clarity, for the purpose of computing the contributing value of the new members is per inclusion of member basis.

2.2.2 The incoming member(s) does not have any ACAP status		
<ul style="list-style-type: none"> • The incoming member has established all key controls listed in the “Self-Review of GST Controls checklists” (“SRC”) for the three levels (i.e. Entity, Transaction and GST Reporting). A key control is considered as implemented if 60% or more of the control features (listed in the checklists) or their equivalents are present. • The incoming member’s latest financial statement is unqualified. • The incoming member will conduct a GST review (using ASK methodology) of its GST returns submitted prior to joining the GST group and submit its findings within 6 months after its inclusion into the GST group. • You and the incoming group member(s) will make the necessary updates to the GST controls to ensure correct and complete GST reporting (e.g. in relation to intra-GST group transactions). • You are committed to and will perform additional review during PAR or stipulated timeline. <p>If you do not meet the above conditions, you should seek IRAS’ prior approval with details of the scenario, how GST risks would be mitigated and any proposed</p>	<ul style="list-style-type: none"> at GST Reporting Level after the inclusion to the GST group. b. Walk-through the intra-group transactions to ensure such transactions are correct tax coded as out-of-scope for exclusion in the GST returns after GST group registration is granted. c. Test of controls on new/updated key processes, where applicable. <p>vi. Sign-off by declarant.</p>	

2.2.2 The incoming member(s) does not have any ACAP status

additional work that you will perform to address the risks.		
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Appendix 5: Common GST risks at Entity, Transaction and GST Reporting level

**Who should read this section:
ACAP Applicant, Approved ACAP Business and ACAP Reviewer**

The ACAP Applicant/ Approved ACAP Business and ACAP Reviewer should consider any GST risks including those listed below that could be applicable to the business and include them in its review tests. The ACAP Reviewer's test procedures should include the review of the existence of the controls designed to manage these GST risks areas. The list below is not exhaustive.

GST risks at Entity Level	
1.	Risk of inadequate emphasis on importance of tax compliance across the organisation
2.	Risk of important GST matters not escalated to senior management
3.	<u>Outsourced accounting/tax/logistics functions</u> Risk of higher exposure to non-compliance and lack of oversight on tax aspects when critical functions and processes impacting GST (e.g. data capturing of transactions) are outsourced to third party providers
4.	Risk of failure to consider GST aspects for major events e.g.: a. system overhaul or enhancements b. new processes c. new business models d. fundamental changes to business activities and processes
5.	Risk of failure to change the processes to cater to changes in GST law and practice
6.	Risks associated with new GST law and changes to GST practice
7.	Risk of inadequate attention to transactional and GST reporting risks
8.	Risk of knowledge gap for staff whose work involves some aspects of GST
9.	Risk of incorrect tax coding of transactions by system and manual selection
10.	Risk of system producing inaccurate data for GST reporting
11.	Risk of repeated errors made in subsequent GST returns
12.	Risk of inadequate monitoring and review of GST processes from capturing of source data to filing of GST returns
13.	Risk of not managing exposure to Missing Trader Fraud

GST Risks at Sales Transaction Level	
1.	Risk of wrong tax classification applied on the transaction (e.g. standard-rated supplies wrongly classified as zero-rated supplies, out-of-scope supplies wrongly classified as zero-rated supplies)
2.	Risk of incorrect GST logic in-built in the system
3.	<p>Risk of omission of supplies, which could arise from:</p> <ul style="list-style-type: none"> a. Incorrect cut-off date of month-end closing b. Invoices generated but not captured in the financial system for non-trade supplies (e.g. sales of scrap metals/fixed assets) c. Not capturing supply to related parties/companies d. Not recognising management fees income e. Not capturing buyer-generated invoices f. Not capturing goods sold under consignment terms g. Not capturing goods sold under vendor-managed inventory system h. Not capturing supply of goods in the capacity of an agent to the overseas principal i. Not capturing advance payment received j. Not capturing supply of imported services and imported low-value goods subject to Reverse Charge (“RC”) k. Not capturing local purchase of prescribed goods (e.g. mobile phones, memory cards and off-the-shelf software) that are subject to Customer Accounting (“CA”) l. Not capturing supply of remote services subject to GST under the Overseas Vendor Registration (“OVR”) regime m. Not capturing supply of imported low-value goods subject to GST under the OVR regime (i.e. direct sales, and supplies made by an electronic marketplace operator or a redeliverer on behalf of underlying suppliers) n. Not recognising business assets put to non-business/private use (e.g. sharing of premise with no rental charged) o. Not deeming output tax for gifts more than \$200 where GST was claimed on those gifts p. Not charging output tax on the recovery of expenses that do not qualify as disbursements
4.	Risk of data entry errors arising from manual capturing of data
5.	Risk of incorrect adjustment made to the value of supplies and output tax due to the credit note(s) issued
6.	Risk of accounting for output tax on the net instead of gross value in the situation where the value of supply is offset against counter supply by the customer or related company

GST Risks at Sales Transaction Level	
7.	Risk of not accounting for output tax based on the time of supply rule i.e. the earlier of receipt of payment or invoice date
8.	Risk of issuing tax invoices that do not reflect all the particulars required under the GST Act
9.	Risk of issuing credit notes that do not reflect all the particulars required under the GST Act
10.	Risk of not capturing the Singapore dollars equivalent for invoices denominated in foreign currency
11.	Risk of insufficient documentary evidence maintained for direct and indirect export arrangements to support zero-rating of exports of goods
12.	Risk of zero-rating the supply of goods that are not covered under the e-Tax Guide "GST: Guide on Exports" and no prior approval has been obtained from IRAS
13.	Risk of zero-rating the supply of services that do not qualify as international services under section 21(3) of the GST Act
14.	Risk of omission of exempt supplies in the GST returns and/or not classifying exempt supplies as regulation 33 and non-regulation 33 categories for the apportionment of input tax
15.	Risk of not adhering to the conditions of the GST schemes (e.g. Approved Contract Manufacturer and Trader ("ACMT") Scheme and Approved Marine Fuel Trader ("MFT") Scheme)

GST Risks at Purchases Transaction Level
1. Risk of wrong tax classification applied on the transaction (e.g. incorrectly classified zero-rated purchases as standard-rated purchases)
2. Risk of claiming input tax on purchases from GST-registered suppliers without valid tax invoices (e.g. tax invoice not addressed to the business, tax invoice does not contain all the required particulars)
3. Risk of claiming input tax on imports without supporting payment permits or with payment permits not showing the business as the importer
4. Risk of claiming input tax based on payments without supporting tax invoices/payment permits
5. Risk of claiming input tax on purchases not incurred in the course or furtherance of business
6. Risk of claiming input tax on local purchases incurred by an overseas principal
7. Risk of claiming GST wrongly charged on remote services and imported low-value goods procured from OVR vendors
8. Risk of not claiming input tax based on the Singapore dollars equivalent stated on suppliers' tax invoices denominated in foreign currency
9. Risk of claiming input tax more than once on the same transaction
10. Risk of making early claims where the date of tax invoice or import permit fall within a later prescribed accounting period
11. Risk of not adjusting the value of purchases and input tax on credit notes received
12. Risk of data entry errors arising from manual capturing of data
13. Risk of claiming GST on purchases from non-GST registered suppliers
14. Risk of claiming GST on zero-rated purchases from GST-registered suppliers, especially where the tax invoice contains both standard-rated and zero-rated purchases
15. Risk of claiming input tax on disallowed expenses under regulations 26 and 27 of the GST (General) Regulations
16. Risk of claiming input tax directly attributable to exempt supplies (e.g. GST on brokerage fees for purchase and sale of shares, GST on property agent services for sale of residential property)
17. Risk of applying the incorrect input tax apportionment formula
18. Risk of claiming input tax on local purchase of prescribed goods that are subject to Customer Accounting ("CA") with no corresponding output tax accounted

GST Risks at Purchases Transaction Level
19. Risk of claiming input tax on imported services and imported low-value goods that are subject to Reverse Charge (“RC”) with no corresponding output tax accounted for
20. Risk of not reviewing captured transactions for exceptions, for example: <ul style="list-style-type: none">a. Purchases and corresponding input tax that remain unpaid after 12 months from payment due dateb. GST is not equivalent to prevailing GST rate of the value of purchasesc. Input tax not claimabled. Lack of documentary evidence to support claims on bad debt relief and/or tourist refund claims
21. Risks relating to Major Exporter Scheme (“MES”) status accorded, for example: <ul style="list-style-type: none">a. Misuse of MES status to import goods that do not belong to the business or its overseas principals (e.g. transferred business, other businesses with similar names)b. Not maintaining sufficient documentary evidence to support ownership of goods imported under MESc. Misuse of MES status by the business’ declaring agents
22. Risk of not adhering to the conditions of the GST schemes (e.g. Approved Contract Manufacturer and Trader (“ACMT”) Scheme and Approved Marine Fuel Trader (“MFT”) Scheme)

GST Risks at GST Reporting Level	
1.	Risk of incorrect extraction of data due to: <ul style="list-style-type: none">a. Incorrect definition of period, parameters, formulae or code due to oversight, incorrect assumptions or inadequate knowledgeb. System limitation to extract data for GST reporting (e.g. system constraint resulting in omission of certain data)c. Extraction of incomplete data (e.g. data extraction before posting of entries)
2.	Risk of intended/unintended overwriting of extracted data (e.g. incorrect adjustments, formula errors)
3.	Risk of failure to perform reviews and make manual adjustments that are necessary to ensure correct GST reporting such as: <ul style="list-style-type: none">a. Identifying and apportionment of residual input tax (e.g. for Reverse Charge (“RC”) businesses, to exclude value of imported services and imported low-value goods in both the numerator and denominator of the standard input tax recovery formula)b. Performing longer period adjustment in respect of the input tax claimed for the tax yearc. Repayment of tax for purchases that remain unpaid after 12 months from payment due date where input tax was claimedd. Deeming of output tax on supplies of goods given freee. Disallowed input tax if it was not excluded at Transaction (Purchases) Level
4.	Risk of not identifying all data to be extracted for GST reporting, for example: <ul style="list-style-type: none">a. Fringe benefits that require deeming of output taxb. Transactions made in the capacity of a section 33(2) and 33A agent for overseas principalc. Supplies made under self-billing arrangementd. Credit notese. Sale of assetsf. Exempt supplies

GST Risks at GST Reporting Level

5. Risk of not reviewing the extracted data/reports for exceptions, for example:
 - a. Variances in computed input tax against declared input tax in GST F5 returns
 - b. Unusual fluctuation in the categories of transactions as compared to last prescribed accounting period or other suitable basis for comparison
 - c. Zero-rated supplies of goods which are delivered locally
 - d. Input tax claims on taxable purchases from non-GST registered suppliers (i.e. without GST-registration number)
 - e. Input tax claims on purchases from suppliers providing goods/services which are disallowed under regulations 26 and 27 of the GST (General) Regulations
 - f. Value of taxable purchases exceeding total supplies without valid reasons