



INLAND REVENUE  
AUTHORITY  
OF SINGAPORE

# IRAS e-Tax Guide

GST: Renewal of Assisted Compliance Assurance  
Programme (ACAP) Status  
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## **1 Aim**

- 1.1 This e-Tax guide is applicable to GST-registered businesses accorded with ACAP status. It provides details of the renewal process of ACAP status and the scope of ACAP Renewal Review. Businesses are encouraged to renew their ACAP status.
- 1.2 You should read this e-Tax guide if you are:
- (a) A GST-registered business which intends to undergo an ACAP Renewal Review to renew your ACAP status; or
  - (b) An ACAP Reviewer<sup>1</sup> appointed by a GST-registered business to conduct the ACAP Renewal Review.

## **2 At a Glance**

- 2.1 GST-registered businesses that have undertaken rigorous ACAP review through independent ACAP Reviewers are accorded with either an 'ACAP Premium' or 'ACAP Merit' status, with a validity period of 5 years and 3 years respectively. This award recognises their commitment to proactively manage their GST risks through effective GST controls established at Entity, Transaction and GST Reporting levels. As Approved ACAP Businesses, they enjoy benefits such as step-down of IRAS-GST compliance activities, faster GST refunds, faster response to ruling requests and auto-renewal of GST schemes, if applicable.
- 2.2 Businesses intending to renew their ACAP status should initiate the process at the start of the last year of their ACAP status. They have to engage an independent reviewer to conduct a review of their past GST returns filed in a 12-month period ("Review Year"). The findings are to be submitted within 3 months after the expiry date of their ACAP status.
- 2.3 On account that businesses have established a GST Control Framework to secure continual GST compliance and conducted Post ACAP Review ("PAR") during their ACAP status validity period, 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) Walk-through is required only on tax classification controls instead of the entire transaction process.

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<sup>1</sup> 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 Renewal Review. Refer to paragraph 9 of the e-Tax guide "GST: Assisted Compliance Assurance Programme (ACAP)" for more details.

- (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 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.
- 2.4 This scope of review was designed in consultation with selected businesses accorded with ACAP status and existing ACAP Reviewers.
- 2.5 The ACAP Renewal 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 Renewal.



#### 2. Commence ACAP Renewal Review and Implement Additional Controls

- Following your self-assessment of the effectiveness of your GST controls, you may participate in the ACAP Renewal Review by engaging an independent ACAP Reviewer screened by IRAS (refer to [paragraph 8](#) of this e-Tax Guide for more details) to conduct a holistic review of your GST controls using the ACAP Renewal Review methodology set out in the “GST ACAP Renewal 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 Renewal 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 renew your 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 9](#) 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 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 Renewal Applicant (“ARA”)**

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

#### **3.3 ACAP Renewal Review**

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

#### **3.4 ACAP Reviewer**

Public Accounting Entity (“PAE”)<sup>2</sup> and/or its tax affiliate<sup>3</sup> with a track record in conducting audit and/or GST return reviews of large businesses. An ARA’s internal audit team that reports directly to an independent Audit Committee may also be considered. For first-time ACAP Reviewer, IRAS will screen the audit methodology to be adopted (refer to paragraph 9 of the e-Tax Guide “GST: Assisted Compliance Assurance Programme (ACAP)” for more details).

#### **3.5 ACAP Status**

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

#### **3.6 Approved ACAP Business**

An ACAP Renewal Applicant (“ARA”) awarded with either an ‘ACAP Premium’ or ‘ACAP Merit’ status.

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

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

3.7 Post ACAP Review (“PAR”)

A review performed by an Approved ACAP Business following the renewal of ACAP status. The first review must be submitted within 18 months from IRAS' notification of the approval of the renewed ACAP status, and the second review must be submitted 6 months before the expiry date of the renewed ACAP status<sup>4</sup>.

3.8 Review Year

The 12-month period covered by the GST returns selected for ACAP Renewal Review.

3.9 Renewal Grace Period

One year from the statutory filing date of the last GST return in respect of the Review Year.

3.10 Test Period

A 3-month period from the Review Year selected by the ACAP Reviewer to perform review testing for ACAP Renewal Review.

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



## 4 Overview of ACAP Renewal Process

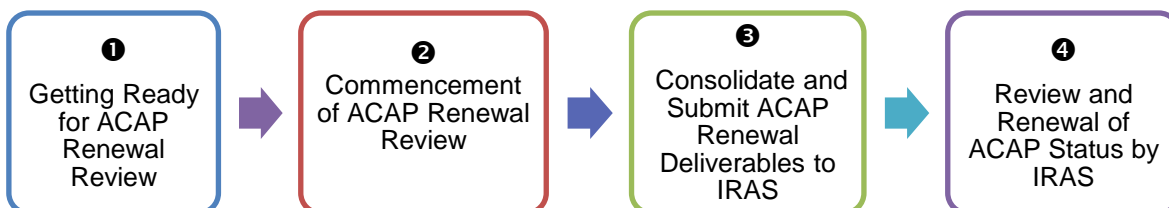
- 4.1 Businesses accorded with ACAP status will be invited to renew their ACAP status 15 months before the expiry date of their ACAP status.
- 4.2 Once they have self-assessed that they fulfil the eligibility conditions listed in [paragraph 5](#) of this e-Tax guide, they should complete and submit the form “GST F29 - Application to Renew ACAP Status” within 3 months from the invitation letter.
- 4.3 Upon IRAS’ acceptance of the ACAP Renewal Applicants’ (“ARAs”) applications, they have to submit the ACAP Renewal Declaration<sup>5</sup> and deliverables within 3 months after the expiry date of the ACAP status.
- 4.4 Upon receipt and review of the ACAP Renewal Declaration, IRAS may seek clarification on the ACAP Reviewer’s findings. IRAS may also request to sight the working papers.
- 4.5 ARAs’ ACAP status will be renewed for 6 years from the expiry date of the original ACAP status if they are accorded the ‘ACAP Premium’ status. If they are accorded the ‘ACAP Merit’ status, their ACAP status will be renewed for 4 years<sup>6</sup>. They will enjoy the benefits highlighted in [paragraph 6](#) of this e-Tax guide.

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<sup>5</sup> The “ACAP Renewal Declaration” can be found in the “ACAP Renewal Working Templates” in paragraph 13 of this e-Tax guide.

<sup>6</sup> See paragraph 10 of the e-Tax Guide “GST: Assisted Compliance Assurance Programme (ACAP)” for the general criteria of ‘ACAP Premium’ and ‘ACAP Merit’ status.

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



**Step 1.1** [[Step 1 of Appendix 1 – Section 1](#)]

Following the accord or renewal of ACAP Status, the GST-registered business should continue to maintain the key controls in the “Self-Review of GST Controls checklists” (“SRC”) and obtain a score of at least 60% for Entity, Transaction and GST Reporting levels.

The GST-registered business is to self-assess the score of its GST Control Framework at each level by completing the SRC. The business should also identify changes in its business processes that could affect the overall effectiveness of its GST controls, identify significant events and changes in business activities since the last Post ACAP Review (“PAR”) to assess if the risks are managed, decide on an ACAP Renewal arrangement (refer to [paragraph 8](#) 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 Renewal by submitting the form “GST F29 - Application to Renew ACAP status” and may proceed to commence the ACAP Renewal Review following IRAS’ approval. Thereafter, the approved participant is termed as the “ACAP Renewal Applicant” (“ARA”).

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

For the purpose of the ACAP Renewal Review, the ARA is required to:

- (i) select a 12-month period based on the latest 12 months of GST returns filed at the time of the commencement of review (i.e. Review Year); and
- (ii) identify and review anomalies in the GST declarations for the Review Year.

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

The ARA 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**

ARA and ACAP Reviewer must agree on the ACAP Renewal Review audit schedule and resource commitment to ensure that ACAP Renewal Report is submitted to IRAS by the due date. The due date is within 3 months after the expiry of ACAP status.

**Step 2.1** [[Appendix 1 – Section 2](#)]

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

**Step 2.2** [[Appendix 1 – Sections 3 to 6](#)]

ACAP Reviewer to review new processes (if any) and the GST controls established at the following 2 levels for accurate GST reporting:

- Transaction Level controls
- GST Reporting Level controls

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

ACAP Reviewer to document the ACAP Renewal Review findings.

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

ARA to follow-up on the ACAP Renewal Review findings.

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

Submission of the ACAP Renewal Deliverables to IRAS.

**Step 4.0**

IRAS will review the submitted ACAP Renewal Report and renew the ACAP status only for eligible ARAs.

## 5 Eligibility Conditions to Renew ACAP Status

- 5.1 To be eligible for participation in ACAP Renewal, ARA should meet all the following conditions:
- (a) ARA has 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.
  - (b) ARA has continued to maintain all key controls listed in the “Self-Review of GST Controls checklists” (“SRC”) for the three levels (i.e. Entity, Transaction and GST Reporting)<sup>7</sup> and obtained a total score of at least 60%<sup>8</sup>.
  - (c) The ARA’s latest financial statements have been audited and the auditor’s opinion is unqualified.
  - (d) ARA is currently not under any GST audit<sup>9</sup> conducted by IRAS.
  - (e) ARA has good compliance records for GST, Income Tax, Property Tax, Withholding Tax (including no tax outstanding<sup>10</sup> with IRAS) and with the Singapore Customs.
  - (f) ARA has committed to appoint a qualified ACAP Reviewer to conduct ACAP Renewal Review as elaborated in [paragraph 8](#) of this e-Tax Guide.

## 6 Benefits of Renewing ACAP Status

- 6.1 Upon acceptance of the application for ACAP Renewal, IRAS will waive the requirement for ARA to perform the second PAR, which is due 6 months before the expiry date of ACAP status.
- 6.2 The following benefits will be accorded to ARA with **‘ACAP Premium’ status for 6 years** or **‘ACAP Merit’ status for 4 years**:

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<sup>7</sup> A key control is met if 60% or more of the control features listed in the SRC or their equivalents are implemented.

<sup>8</sup> If the ARA wishes to retain its ‘ACAP Premium’ status or upgrade its current ‘ACAP Merit’ status, the total score achieved should be at least 80% of the GST Control Framework. Otherwise, its ACAP status may be downgraded to ‘ACAP Merit’ with its validity period extended for a period of only 4 years upon renewal.

<sup>9</sup> 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.

<sup>10</sup> This excludes tax due under instalment plan or amount due for the next GIRO deduction.

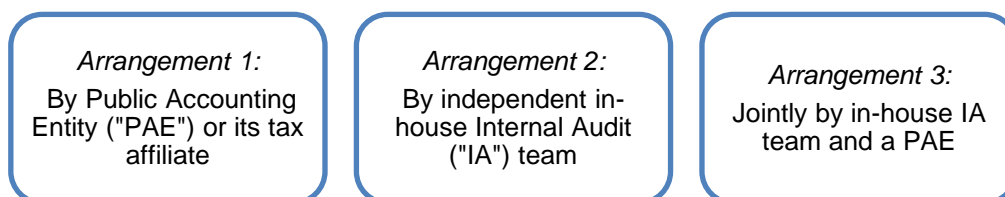
- (a) Step-down of IRAS-GST compliance activities unless significant anomalies are noted in GST return declarations and/or there are increased risks in the wrong GST treatment adopted due to major GST policy changes;
- (b) Expeditious GST refunds, if no anomalies are noted;
- (c) Dedicated team to handle GST Rulings and resolve GST issues expeditiously;
- (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; and
- (e) Zero or reduced penalties under IRAS’ Voluntary Disclosure Programme (“VDP”) for past GST errors disclosed on a timely basis to IRAS.

## **7 Errors Discovered in the Course of ACAP Renewal Review**

- 7.1 IRAS will waive the 5% late payment penalty for GST errors that occurred in the Review Year if the voluntary disclosure is made within one year from the statutory filing date of the last GST return of the Review Year.
- 7.2 For GST errors that occurred prior to the Review Year, 5% late payment penalty will be waived if the disclosure is made within one year from the statutory filing date of the respective returns in which the errors occurred.
- 7.3 The above will apply provided that the GST errors do not involve wilful intent and the qualifying conditions stated in the e-Tax Guide “IRAS’ Voluntary Disclosure Programme” are met. Please refer to the e-Tax Guide “IRAS’ Voluntary Disclosure Programme” for more information.

## 8 Various Arrangements to Conduct ACAP Renewal Review

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



8.2 Arrangement 1: ACAP Renewal Review is conducted by a Public Accounting Entity ("PAE")<sup>11</sup> or its tax affiliate<sup>12</sup>

8.2.1 A PAE or its tax affiliate is appointed by the ARA to perform the entire ACAP Renewal Review. The designated team to conduct the ACAP Renewal Review fulfills 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 standards<sup>13</sup>.
- (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):

<b>GST-specific engagement</b>	<b>Additional safeguards in the conduct of ACAP Renewal Review</b>
PAE or its tax affiliate prepares or reviews GST return for the ARA prior to e-filing of the return.	The 12-month Review Year <sup>14</sup> should not coincide with the same period for which the GST return was prepared or reviewed.

<sup>11</sup> Refers to Public Accounting Firm, Public Accounting Corporation or Accounting LLP registered with Accounting & Corporate Regulatory Authority.

<sup>12</sup> Tax affiliate refers to the tax arm of a Singapore PAE, constituted separately and is related to the PAE by ownership or management.

<sup>13</sup> For example, the audit procedures relating to tests of controls as prescribed in the Singapore Standard on Auditing (SSA 330).

<sup>14</sup> Please refer to paragraphs 1.16 to 1.18 of the "GST ACAP Renewal Review Guidance" (Appendix 1 of this e-Tax Guide) for more information on the selection of Review Year.

<b>GST-specific engagement</b>	<b>Additional safeguards in the conduct of ACAP Renewal Review</b>
	If the periods coincide, the firm should assign an entirely different team <sup>15</sup> to undertake the ACAP Renewal Review.
PAE or its tax affiliate designs and/or documents the GST process flows of the ARA.	The staff involved in the design and documentation of the GST process flows must not be a member of the ACAP Renewal Review team.

8.2.2 For PAEs or tax affiliates (henceforth referred to as “firms”) which are first-time ACAP Reviewers<sup>16</sup>, IRAS would conduct screening to be assured of the firms’ capability in conducting the ACAP Renewal Review. The screening review is necessary as the ACAP Reviewer’s professional judgement and findings in the conduct of the ACAP Renewal Review is a critical aspect of the programme. Hence, prior to commencing an ACAP Renewal Review for its client, the firm is required to write in to IRAS to request for a screening review. Please refer to paragraph 9.2.3 of the e-Tax Guide “GST: Assisted Compliance Assurance Programme (ACAP)” for more information on the screening process.

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

8.3.1 ACAP Renewal Review is conducted independently by the ARA’s in-house Internal Audit (“IA”) team<sup>17</sup>. The IA team in charge of ACAP Renewal Review must fulfil the following conditions:

- (a) The team lead is a member of a professional accounting or auditing body<sup>18</sup>;
- (b) At least one member<sup>19</sup> in the team is an Accredited Tax Practitioner (GST) or Accredited Tax Advisor (GST) of SCTP;

<sup>15</sup> The team comprising the staff to the audit partner/tax partner/tax director who is accountable for the ACAP Renewal Review must not be involved in the engagement to prepare or review GST return for the ARA.

<sup>16</sup> Have not conducted before an ACAP Review for an ACAP Applicant or ACAP Renewal Review for an ARA.

<sup>17</sup> The internal audit is an in-house function of the business and is not outsourced to an external firm.

<sup>18</sup> 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”).

<sup>19</sup> If the internal auditors are not Accredited Tax Practitioner (GST) or Accredited Tax Advisor (GST) of SCTP, for the purpose of conducting ACAP Renewal Review, the IA team members may include the ARA’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.

- (c) The team reports directly to the Audit Committee (“AC”) comprising all independent non-executive directors<sup>20</sup>; 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 Renewal 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.

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

- 8.4.1 A PAE is engaged to conduct ACAP Renewal Review jointly with the ARA’s in-house IA team. The composition of the team members may vary depending on the ARA’s 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 the IA team, he/she must fulfil the conditions under Arrangement 2.

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<sup>20</sup> IRAS follows the requirements of ‘The Singapore Exchange Listing Rules’ on the composition of Audit Committee members.



## **9 After Renewal of ACAP Status**

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

### **9.2 Monitoring and review during the validity period of ACAP status**

9.3.1 During the validity period of the renewed ACAP status, Approved ACAP Businesses have to perform two Post ACAP Reviews (“PAR”) as a quality assurance of their effective oversight on GST matters and the accuracy of GST returns submitted.

9.3.2 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. The Approved ACAP Businesses are required to submit the form GST F28 to IRAS.

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

9.3.4 However, if the Approved ACAP Businesses continue to renew their ACAP status, they will be exempted from conducting the second PAR.

9.3.5 If the Approved ACAP Businesses are not renewing their ACAP status and are under any existing 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 date of the renewed 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.

9.3.6 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 the Approved ACAP Businesses’ GST

Control Framework, IRAS will impose additional requirements on the Approved ACAP Businesses to retain their ACAP status.

9.3 **Revocation of ACAP status**

9.3.1 IRAS may revoke the ACAP status awarded to an Approved ACAP Business due to certain circumstances that arise subsequently. There could also be situations where IRAS may allow the transfer or retention of an Approved ACAP Business' ACAP status due to changes in business circumstances. Please refer to paragraphs 11.3 and 11.4 as well as Appendix 4 of the e-Tax Guide "GST: Assisted Compliance Assurance Programme (ACAP)" for more information.

## **10 Frequently Asked Questions**

### **10.1 What should I consider when choosing the Review Year?**

Your choice of Review Year may affect the time period available to complete and submit the ACAP Renewal Declaration and deliverables and period for which penalties would be waived. For more information, please refer to paragraph 1.16 of Appendix 1 “GST ACAP Renewal Review Guidance” of this e-Tax Guide.

### **10.2 Can I apply for renewal after expiry of ACAP status?**

No. It will be treated as a new application where ACAP Review scope is the same as a first time ACAP applicant.

It is not advisable to delay your application for renewal of ACAP status as additional costs would be incurred. This is because you are required to submit the second PAR which is due 6 months before the expiry date of your ACAP status. If you are applying for GST scheme, you are required to obtain a certified Post ACAP Review (“PAR”).

In addition, as the scope of ACAP Renewal Review is simplified, you would expect to expend fewer resources. Since you have already embarked on your GST risk management journey, continuing to be an Approved ACAP Business provides you the assurance that robust tax risk management is in place to ensure long term compliance.

### **10.3 Do I need to perform PAR after renewal of ACAP status?**

Yes, Approved ACAP Businesses are required to perform two PARs during the ACAP status validity period after renewal. Please refer to [Appendix 2](#) “Information Leaflet on Post ACAP Review (“PAR”) after ACAP Renewal” of this e-Tax Guide for more details.

## **11 Contact information**

### **11.1 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”).**

## 12 Updates and Amendments

	Date of amendment	Amendments made
1	29 Oct 2019	<p>i) Editorial changes.</p> <p>ii) Amended paragraph 3 to include independent in-house Internal Audit team in the definition of ACAP Reviewer.</p> <p>iii) Amended section 1.15 and inserted footnote 18, 19 and 20.</p> <p>iv) Amended section 1.23 and inserted footnote 23 and 24.</p> <p>v) Amended section 2.4(b) and 2.7(c).</p> <p>vi) Inserted section 3.2(a)(vi) - (viii).</p> <p>vii) Amended section 3.3(c), 3.5 and 3.8(a).</p> <p>viii) Inserted section 4.4(d) and 4.5.</p> <p>ix) Amended section 5.1.</p> <p>x) Inserted section 5.3(d), 5.3(g), 5.3(h) and 5.3(i) and footnote 31.</p> <p>xi) Amended section 5.3(e).</p> <p>xii) Inserted section 5.4(b), (c), (e) and (f).</p> <p>xiii) Amended section 5.5, 5.7, 5.11 and inserted footnote 35.</p> <p>xiv) Amended section 7.3(b).</p> <p><u>Appendix 2 – Information Leaflet on Post ACAP Review (PAR) after ACAP Renewal</u></p> <p>i) Inserted paragraph 2.7 - 2.9 and footnote 38.</p> <p>ii) Amended paragraph 3.1 to include illustration.</p> <p>iii) Removed footnote 40.</p> <p>iv) Amended paragraph 4.1.</p> <p><u>Appendix 4 – Common GST Risks at Transaction and GST Reporting Level</u></p> <p>i) Inserted risk 2, 3(i) – 3(l), 5 and 15 at Sales Transaction Level.</p> <p>ii) Inserted risk 5, 6, 7, 18 and 19 at Purchases Transaction Level.</p> <p>iii) Inserted risk 20(d) and 22 at Purchases Transaction Level.</p> <p>iv) Amended risk 3(a).</p>
2	20 Jan 2021	<p>Updated change in name of Singapore Institute of Accredited Tax Professionals (SIATP) to Singapore Chartered Tax Professionals Limited (SCTP) in the e-Tax Guide and in Appendix 2 and Appendix 3.</p> <p><u>Appendix 2 – Information Leaflet on Post ACAP Review (PAR) after ACAP Renewal</u></p> <p>Editorial change to remove footnote numbering 32 and 40 from tables.</p>

	Date of amendment	Amendments made
3	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 Renewal Review Guidance”</p> <ul style="list-style-type: none"> <li>• Amended paragraph 1.15, 2.4(b), 2.7, 3.2(a), 3.3(c), 3.5, 3.8(b), 5.1, 5.3, 5.4, 5.6, 5.10, 7.3(b)</li> <li>• Amended footnote 29</li> <li>• Added footnote 25, 26, 32, 33, 34, 46, 47, 48</li> </ul> <p>b. Amended “Appendix 2: Information Leaflet on Post ACAP Review (“PAR”) after ACAP Renewal”</p> <ul style="list-style-type: none"> <li>• Amended paragraph 4.1</li> <li>• Amended footnote 51</li> <li>• Added footnote 55, 56, 57, 60, 61, 62</li> </ul> <p>c. Amended “Appendix 4: Common GST Risks at Transaction and GST Reporting Level”</p> <p>ii) Added footnote 35 to reflect management of risks of exposure to Missing Trader Fraud</p> <p>iii) Other editorial changes.</p>

### 13 Downloadable forms and templates

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:

#### **Templates**

- [Self-Review of GST Controls checklists \(“SRC”\)](#)
- [ACAP Renewal Working Templates](#) which comprise the following:
  - (i) ACAP Renewal Declaration
  - (ii) GST Trend Analysis
  - (iii) ACAP Renewal Report
  - (iv) Follow-Up Action on GST Gaps and Errors
  - (v) Working papers for Transaction level (for reference only)

#### **Forms**

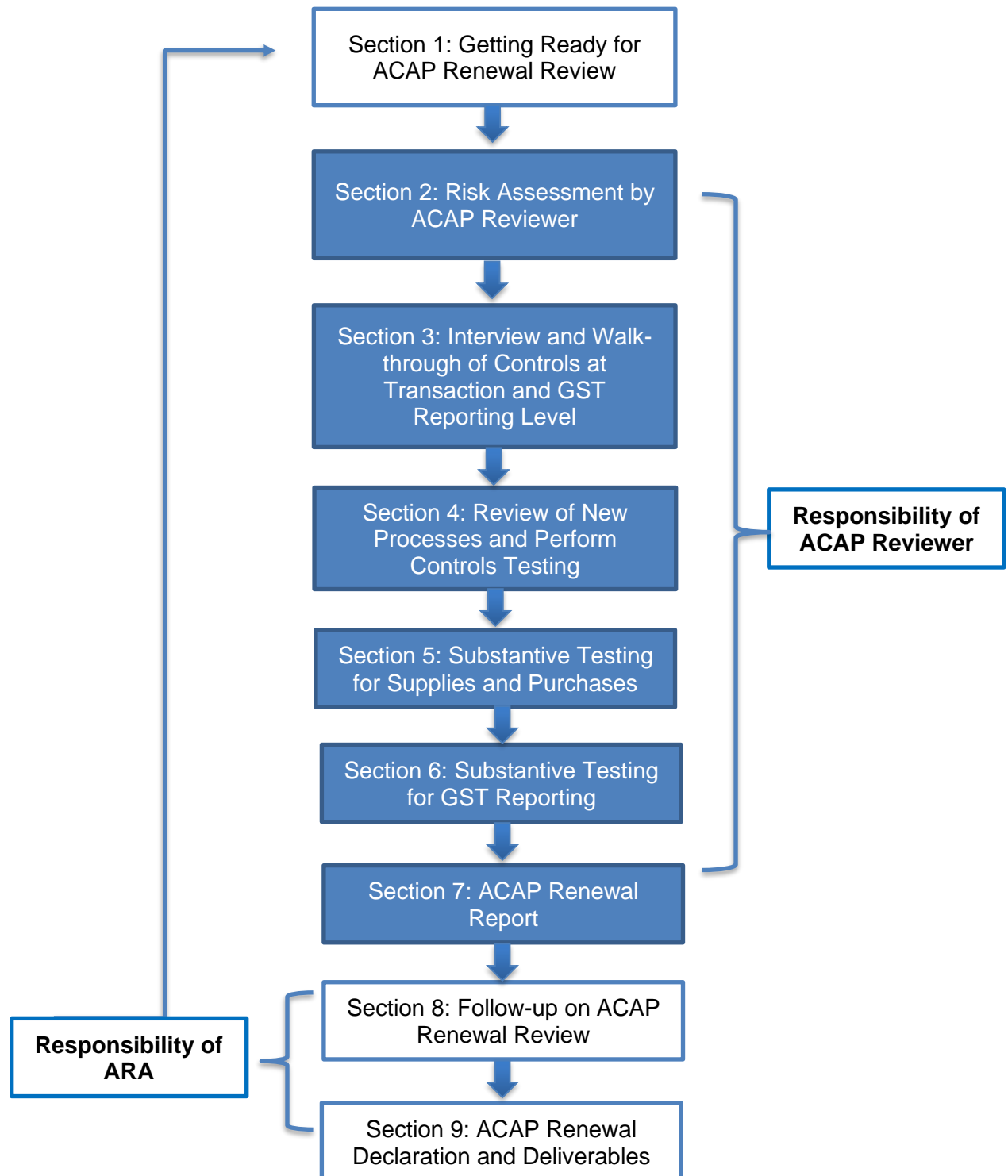
The following application forms are downloadable from <https://www.iras.gov.sg> (Under Quick Links, Forms > GST > Others) or by clicking the following hyperlinks:

GST F29	<a href="#">Application to Renew ACAP status</a>
GST F28	<a href="#">Post ACAP Review Declaration</a>
GST F28A	<a href="#">Certified Post ACAP Review Declaration</a>

## Appendix 1: GST ACAP Renewal Review Guidance

Who should read this section:  
ACAP Renewal Applicant (“ARA”) and ACAP Reviewer

1 This guidance is broadly categorised into 9 sections.



- 2 The following is an overview of the ACAP Renewal deliverables to be submitted to IRAS which will be referenced in the ensuing paragraphs:
- (i) Self-Review of GST Controls checklists (“SRC”)
  - (ii) ACAP Renewal Declaration
  - (iii) GST Trend Analysis
  - (iv) ACAP Renewal Report
  - (v) Follow-Up Action on GST Gaps and Errors
  - (vi) Organisational Chart (by function and business activities) and GST Structure (if there are changes from the last copy provided to IRAS)

Items (ii) to (v) can be found in the “ACAP Renewal Working Templates” in [paragraph 13](#) of this e-Tax Guide.



## Section 1 : Getting Ready for ACAP Renewal Review

Who should read this section: ARA

### Step 1

#### Complete “Self-Review of GST Controls checklists” (“SRC”)


- 1.1 To be eligible to renew your ACAP status, you as the ARA, must satisfy the eligibility conditions set out in [paragraph 5](#) of this e-Tax Guide. In particular, you should meet IRAS’ benchmark of an acceptable GST Control Framework. That is, you have continued to maintain the key controls in the “Self-Review of GST Controls checklists” (“SRC”)<sup>21</sup> for Entity, Transaction and GST Reporting levels and your score for each level is at least 60%.
- 1.2 You need to complete the SRC to assess the score of your GST Control Framework at each level before submitting the form “GST F29 – Application to Renew ACAP Status”.
- 1.3 If you are a single GST registrant with multiple business units, you may compile your review results on an entity basis and submit only one set of SRC<sup>22</sup>.
- 1.4 If you are under GST group registration, the representative member may complete the SRC for “Entity Level” and “GST Reporting Level” on a consolidated basis if the GST controls do not differ significantly among each member. However, each member in the GST group has to individually complete the SRC for “Transaction Level”.
- 1.5 If you are under divisional GST registration, the SRC for “Entity Level” can be completed on an entity basis. However, each division has to complete “Transaction Level” and “GST Reporting Level” of the SRC separately.
- 1.6 To apply for renewal of your ACAP status, please submit the form GST F29 together with a copy of the “Summary of ACAP Score” of the SRC. 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.

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<sup>21</sup> The Self-Review of GST Controls checklists” (“SRC”) provide information on the extent of presence of GST control features at the three levels i.e. Entity, Transaction and GST Reporting level. A key control is met if 60% or more of the control features (listed in the checklists) or their equivalents are implemented. For more details on the computation of the scores, please refer to the “Important Notes” of the SRC.

<sup>22</sup> You are considered to have established the control features as long as one business unit has established the key control. However, if there are different salient control features present in any of your business units, you should highlight them in the “Remarks” worksheet of the SRC. Alternatively, you may choose to submit the “Transaction Level” and “GST Reporting Level” of the SRC for each business unit separately.

- 1.7 The detailed SRC (preferably in softcopy) should be submitted to your ACAP Reviewer upon the commencement of the ACAP Renewal Review. You are also required to submit the SRC (together with the ACAP Renewal Declaration) upon completion of the ACAP Renewal Review.
- 1.8 Meanwhile, if the outcome of your self-review of GST controls shows that your total score resulted in a change from 'ACAP Premium' score to 'ACAP Merit' score, you should highlight the events that caused such changes, reasons for the absence of the control features when they were previously checked as present during the ACAP Review and the follow-up actions taken to mitigate the risks of filing incorrect GST returns in the "Remarks" worksheet of the SRC.
- 1.9 You are encouraged to provide any other additional information that facilitates the evaluation of your GST controls by your ACAP Reviewer and IRAS, such as:
  - (a) Other risk management strategies or other key controls established as part of good corporate governance;
  - (b) Additional control features listed in the SRC that are implemented for at least 3 months as part of the Review Year; and
  - (c) Other control features at all levels.

 You are required to complete the "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 have to complete the checklists. You are only required to submit the "Summary of ACAP Score" together with the form "GST F29 – Application to Renew ACAP Status". 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.

- 1.10 Upon IRAS' acceptance of your application for ACAP Renewal, you should proceed with the following steps before the commencement of ACAP Renewal Review by your ACAP Reviewer:
  - (a) Identify changes in business processes that affect GST controls
  - (b) Identify major income and expenditure streams and transactions with high risk of incorrect GST treatment or omission from GST returns

- (c) Select Review Year
- (d) Perform GST trend analysis and review anomalies
- (e) Provide relevant information to the ACAP Reviewer

### **Identify Changes in Business Processes That Affect GST Controls**

1.11 You should identify changes in business processes that could affect the overall effectiveness of your GST controls since the last Post ACAP Review (PAR)<sup>23</sup> by reviewing the correspondences or corporate management files (if available) and seeking feedback from the various heads of functional units. Examples include:

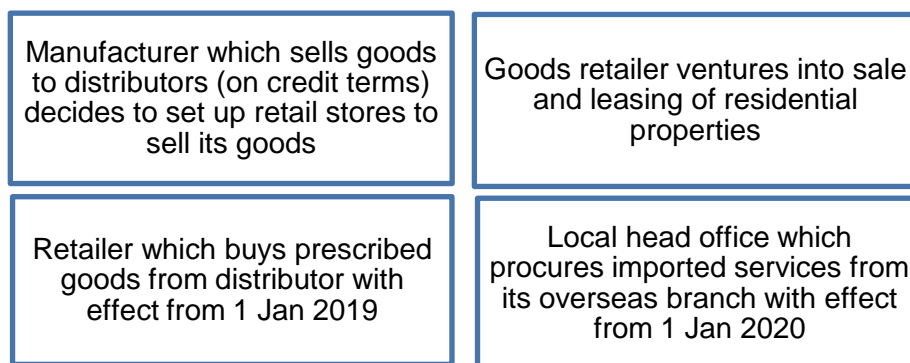
- (a) Changes in maintenance and review of GST risk management;
- (b) Changes in scope and/or extent of checks due to staff movement, restructuring, streamlining of processes and outsourcing of functions to third parties (including shared service centres) with impact on GST controls (e.g. accounting function, GST return preparation and inventory control/management);
- (c) New or changes in processes that affect tax determination point (e.g. from manual tax classification to use of tax logic to automate the tax classification);
- (d) Implementation of new business activities or processes which is managed based on the existing GST controls; and
- (e) Update or change of information/accounting systems that are used to process GST data.

1.12 You should also identify significant events, changes in business activities since the last PAR and self-assess if the GST risks are managed. Examples include:

- (a) New business processes and legislative changes (if applicable) that have impact on GST controls (for data capturing/processing) e.g.

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<sup>23</sup> The PAR should adhere to the requirements in Appendix 2 "Information Leaflet on Post ACAP Review ("PAR")" of the e-Tax Guide "GST: Assisted Compliance Assurance Programme (ACAP)" (after first accord of ACAP status) or Appendix 2: Information Leaflet on Post ACAP Review ("PAR") after ACAP Renewal of this e-Tax guide (after renewal of ACAP status).



- (b) Any updates of business models/contracts or processes that could affect the effectiveness of the GST controls.

1.13 You should update your GST process flows if the changes affect the tax logic or tax classification to facilitate ACAP Reviewers' conduct of walk-through and assessment of whether tests of controls are required.

**Identify Major Income and Expenditure Streams and Transactions with High Risk of Incorrect GST Treatment or Omission from GST Returns**

1.14 You should represent to your ACAP Reviewer the major income and expenditure streams and transactions with high risk of incorrect GST treatment or omission from GST returns. This information may be obtained after perusing management accounts, trial balance, financial statements, ACAP Report and PAR.

1.15 Further, you should identify transactions that may not be recognised as revenue item in the financial statements but form a GST reporting item in the GST return. You 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")<sup>24</sup>
- imported services and imported low-value goods subject to Reverse Charge ("RC")<sup>25</sup>

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<sup>24</sup> Prescribed goods refer to mobile phones, memory cards and off-the-shelf software. For the purpose of this e-Tax guide, a local sale and/or purchase of prescribed goods subject to Customer Accounting will be referred to as "prescribed goods". For more information, refer to the e-Tax Guide "GST: Customer Accounting for Prescribed Goods".

<sup>25</sup> 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.

- remote services supplied by an electronic marketplace operator on behalf of underlying overseas suppliers<sup>26</sup>, 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

**Step 2**

**Select Review Year**

- 1.16 You may select the 12-month Review Year based on the latest 12 months of GST returns filed at the time of the commencement of review<sup>27</sup> with concurrence from the ACAP Reviewer.
- 1.17 In your selection of the 12-month Review Year, the following should be considered:
- (a) The period should cover the GST returns of any 12 months straddling the last 2 years of the ACAP status validity period and not earlier than that.
  - (b) The period selected would allow sufficient time for submission of ACAP Renewal Declaration by the:
    - (i) Due date of the ACAP Renewal Declaration, which is within 3 months after the expiry date of the ACAP status; or
    - (ii) Due date within the Renewal Grace Period (if it is earlier than the due date of ACAP Renewal Declaration) if you wish to enjoy the penalty waiver for errors made in Review Year.

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<sup>26</sup> Underlying suppliers refer to both local and overseas suppliers if the ACAP Applicant has elected to account for GST on all remote services.

<sup>27</sup> The time of commencement of review should generally take place in the last year of the ACAP status.

1.18 The following example illustrates the options for the selection of Review Year:

Company A, under quarterly GST filing, is granted 'ACAP Premium' status from 16 Feb 2017 to 15 Feb 2022. Its ACAP Renewal Declaration is due by 16 May 2022 (3 months after the expiry of ACAP status).

**Step 1: Identify the GST returns in the last 2 years of ACAP status**

ACAP status expiry date

Timeline →

16 Feb 2020 ← 2 years → 15 Feb 2022

GST returns that may be selected as Review Year can fall within the period **from 1 Jan 2020 to 31 Dec 2021**

**Step 2: Determine which Review Year to select (To be agreed by ACAP Reviewer)**

GST returns for the prescribed accounting period ended:								Due date of Renewal Grace Period to enjoy penalty waiver
2020				2021				
31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	
Option 1								31 Jan 2022
Option 2								30 Apr 2022
Option 3								31 Jul 2022
Option 4								31 Oct 2022

It can choose Option 4 as the Review Year (i.e. 1 Oct 2020 to 30 Sep 2021) provided it is able to submit the ACAP Renewal Declaration by 16 May 2022. It can enjoy penalty waiver for errors made in the Review Year.

If it chooses Option 3 as the Review Year (i.e. 1 Jul 2020 to 30 Jun 2021), it has to submit the ACAP Renewal Declaration by 16 May 2022. It can also enjoy penalty waiver for errors made in the Review Year.


If it chooses Option 2 as the Review Year (i.e. 1 Apr 2020 to 31 Mar 2021), IRAS must receive the ACAP Renewal Declaration by 30 Apr 2022 (before the due date of 16 May 2022) for it to enjoy penalty waiver for errors made in the Review Year. If it submits the ACAP Renewal Declaration by the due date of 16 May 2022, the errors made in the Review Year will be subject to 5% late payment penalty.

If it chooses Option 1 as the Review Year (i.e. 1 Jan 2020 to 31 Dec 2020), IRAS must receive the ACAP Renewal Declaration by 31 Jan 2022 (before the due date of 16 May 2022) to enjoy penalty waiver for errors made in the Review Year. Similar to Option 2, errors made in the Review Year will be subject to 5% late payment penalty if it submits the ACAP Renewal Declaration by the due date of 16 May 2022.

**Step 3**

**Perform GST Trend Analysis and Review Anomalies**

- 1.19 To identify any outlying trends of GST declarations in the Review Year, you have to perform the following analysis of GST data using the “GST Trend Analysis”<sup>28</sup>:
- (a) Compare the values reported in the GST returns of Review Year and the 12 months preceding the Review Year;
  - (b) Compare the values reported in the GST returns for each prescribed accounting period of the Review Year;
  - (c) Compare the supplies declared in GST returns for the Review Year to revenue and non-revenue items in the financial statements or management accounts; and
  - (d) Agree the values of each item declared in the GST returns for the Review Year against the GST listings of transactions and adjustments applicable to all business units or all members under the GST group registration.
- 1.20 You should review anomalies in the GST trend analysis for the Review Year such as:
- (a) Unusual fluctuations in any of the values reported in the GST returns
  - (b) Substantial discrepancies between the turnover reported in financial statements/management accounts and taxable supplies reported in GST returns
  - (c) Unusual ratio of taxable purchases over total supplies
- 1.21 If you are a GST group registrant or single GST registrant with multiple business units, you may perform the above comparisons on an aggregated basis. However, you should provide a breakdown of the contribution by each member/business unit for the Review Year for your ACAP Reviewer to plan its scope of review.

 You are required to complete the “GST Trend Analysis”. Any outlying trends or anomalies should be explained with valid reasons and highlighted in the “GST Trend Analysis”.

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<sup>28</sup> This template can be found in the “ACAP Renewal Working Templates” in paragraph 13 of this e-Tax Guide.

**Step 4**

**Provide Relevant Information to the ACAP Reviewer**

1.22 You have to provide the following information to the ACAP Reviewer for it to initiate the ACAP Renewal Review process:

- (a) SRC at Entity, Transaction and GST Reporting levels;
- (b) Information on new processes, legislative changes<sup>29</sup> or business activities that affect GST controls, if any;
- (c) Changes in tax logic setup or revision of tax code table, if any;
- (d) Major income and expenditure streams and transactions with high risk of incorrect GST treatment or omission from GST returns;
- (e) GST trend analysis for the Review Year and reasons for the fluctuations and anomalies;
- (f) Management accounts including trial balance for the Review Year;
- (g) Latest audited financial statements;
- (h) GST Structure showing the overview of the roles of the team(s) involved in overseeing, processing and reporting of GST data\*; and
- (i) Organisational chart (by function and business activities)\*.

\* If there are changes from the last copy provided to IRAS.

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

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<sup>29</sup> Including legislative changes relating to 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.



## Section 2 : Risk Assessment by ACAP Reviewer

### Who should read Sections 2 to 7: ACAP Reviewer

- 2.1 Based on the information provided by the ARA, ACAP Reviewer plans and executes the ACAP Renewal Review process.

#### Step 1


#### Confirm the Existence of a GST Control Framework

- 2.2 The ACAP Reviewer reviews the “Self-Review of GST Controls checklists” (“SRC”) completed by the ARA to ascertain whether ARA has fulfilled the following conditions:

- (a) All key controls are present; and
- (b) 80% or more of the total control features are present for each level for the ARA with ‘ACAP Premium’ status; or 60% or more of the total control features are present for each level for ‘ACAP Merit’ status.

- 2.3 If ARA’s SRC scores resulted in change from ‘ACAP Premium’ score to ‘ACAP Merit’ score, the ACAP Reviewer has to:

- (a) Assess whether ARA has correctly completed the SRC;
- (b) Determine if there are potential GST errors arising from the substantial change in scores other than those identified during ACAP Review; and
- (c) Determine the review to be performed to confirm existence of controls or whether tests of controls would be necessary for new or other mitigating GST controls that were different from previous GST process flows submitted to IRAS.


 The ACAP Reviewer is required to document its findings in Section 2.1 of the “ACAP Renewal Report”. If tests of controls were performed, ACAP Reviewer should also complete Section 4 “Review of New Processes” of the “ACAP Renewal Report”.

#### Step 2

#### Review Information Represented by ARA

- 2.4 As part of its interim GST risk assessment to identify common and industry-specific risks encountered by ARA, ACAP Reviewer has to perform the following:

- (a) Identify any anomalies that require clarifications based on the GST trend analysis performed by ARA;
- (b) Review tax code table, peruse management accounts, trial balance and financial statements<sup>30</sup>, ACAP Report and PAR to identify different income and expenditure streams and transactions involving prescribed goods subject to Customer Accounting (“CA”)<sup>31</sup>, imported services and imported low-value goods subject to Reverse Charge (“RC”)<sup>32</sup>, remote services subject to GST under the Overseas Vendor Registration (“OVR”) regime<sup>33</sup>, imported low-value goods subject to GST under the OVR regime<sup>34</sup>, GST scheme(s), GST agent for overseas principals, etc.;
- (c) Ascertain whether the missing control features in SRC have any impact on ARA’s controls to manage the GST risks present;
- (d) Review process flows/documents to determine which processes to conduct walk-through;
- (e) Determine if tests of controls are required after interviewing ARA’s key person responsible for GST compliance on:
  - (i) Any changes to the accounting software which affect the GST tax logic set up in the system or GST controls established to ensure correct tax classification at source; or
  - (ii) Any new or changes in business ventures, business models/processes and GST legislation<sup>29</sup>, changes in ARA’s supply chain, procurement, or outsourcing of accounting or logistics functions.

 The ACAP Reviewer is required to document its findings in Section 1 “Business Information” and Section 2 “Review of GST Risks” of the “ACAP Renewal Report”.

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<sup>30</sup> For ARA under GST group registration, the ACAP Reviewer should peruse the financial statements of all members. The review of Trial Balance is required only on selected group members after its analytical review of the consolidated GST listings and summary of the GST contribution of each member to the GST group return.

<sup>31</sup> 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”.

<sup>32</sup> For more information, refer to the e-Tax Guide “GST: Reverse charge”.


<sup>33</sup> For more information, refer to IRAS’ e-Tax Guide “GST: Taxing imported remote services by way of the overseas vendor registration regime”.

<sup>34</sup> For more information, refer to the e-Tax Guide “GST: Taxing imported low-value goods by way of the overseas vendor registration regime”.

**Step 3**

**Review Entity Level Controls**

- 2.5 The ACAP Reviewer interviews the person responsible for overall GST compliance and GST risk management and also sights evidence to confirm the existence of key controls at Entity Level:
- (a) Management oversight over major matters with GST impact
  - (b) Risk management framework is up-to-date
  - (c) Monitoring and review mechanism for GST reporting<sup>35</sup>
  - (d) Communication to staff on changes that affect GST compliance (e.g. changes in business activities, models, processes and/or legislation)

 The ACAP Reviewer is required to document its findings in the working papers provided in Section 5 “Review of Entity Level Controls” of the “ACAP Renewal Report” and substantiate its findings with evidence gathered.

**Step 4**

**Select a 3-Month Test Period**

- 2.6 Prior to the selection of the Test Period, ACAP Reviewer should review if ARA’s selection of the Review Year is appropriate for timely submission of the ACAP Renewal Declaration and deliverables. Thereafter, ACAP Reviewer selects a 3-month Test Period from the Review Year to conduct testing. The 3-month Test Period need not be consecutive prescribed accounting periods if the ARA is under monthly filing frequency.
- 2.7 The ACAP Reviewer should exercise its professional judgement in selecting the Test Period that is representative of ARA’s business activities and cover transactions with higher risks of incorrect tax classification. The following factors should be considered in its selection of Test Period:
- (a) Whether the period covers additional control features implemented for at least 3 months of the Review Year;
  - (b) Whether the period covers major income and expenditure streams and transactions with higher risks of errors being made;
  - (c) Whether the period covers significant events that may affect the effectiveness of GST controls such as changes in accounting system,

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<sup>35</sup> 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”.

changes in key accounting staff, changes in key functional head who influences the tax classification of transactions, changes in GST processes (e.g. outsourcing of accounts payable function to third party providers, prescribed goods subject to CA, imported services and imported low-value goods subject to RC, remote services subject to GST under the OVR regime, imported low-value goods subject to GST under the OVR regime; and

- (d) Whether the period covers transactions of higher volume and value that would be more representative of the ARA's business activities.

2.8 For exceptional items that fall outside the Test Period but within the Review Year, the ACAP Reviewer has to devise procedures to check if correct GST treatment is applied on such transactions. It should include such information in Section 2 "Review of GST Risks" of the "ACAP Renewal Report".

**Step 5**

**Perform Analytical Review of GST Listings**

2.9 ACAP Reviewer performs the following on the supplies and purchases listings for the Test Period:


- (a) Peruse the listings to identify anomalies or potential errors, including those peculiar to the ARA's industry and take note of any anomalies that could affect its selection of transactions or process flows for testing;
- (b) Compare the categories of transactions in the GST listings to the management accounts and vice versa to identify categories of transactions that may be omitted or have higher risks of incorrect GST treatment :
  - (i) In the management accounts but not in the GST listings; or
  - (ii) In the GST listings but not in the management accounts (e.g. disbursements).

Such categories of transactions should be included for clarifications on the GST treatment applied by the ARA.

2.10 For GST group registrant, the ACAP Reviewer should also review the summary of the GST values contributed by each member to the GST return. Such information would help ACAP Reviewer to determine which group

members' management accounts would be required to conduct the analytical review in paragraph 2.9(b)<sup>36</sup>.

- 2.11 For divisional registrant, the ACAP Reviewer should obtain the GST listings of each division for the purpose of conducting the analytical review.

 The ACAP Reviewer should provide brief information on its basis in selecting business units/group members/divisions in Section 2 "Review of GST Risks" of the "ACAP Renewal Report".

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<sup>36</sup> As a guide, a reasonable coverage of the GST group's GST declarations for purpose of performing the comparison for paragraph 2.9(b) of this "GST ACAP Renewal Review Guidance" would be as follows:

- Selected group members collectively contribute *at least 50%* towards the ARA's GST declarations in terms of the total supplies and total taxable purchases; and
- 50% of total group members are selected for the review. If ARA has only two group members, both should be selected.

### **Section 3 : Interview and Walk-through of Controls at Transaction and GST Reporting Level**

Who should read this section: ACAP Reviewer

#### **Interview and Walk-through of Controls at Transaction Level**

- 3.1 ACAP Reviewer performs interview and walk-through with relevant personnel of the ARA that are involved in the tax classification of transactions.
- 3.2 The walk-through has to cover these two broad aspects:
- (a) Tax classification controls using tax logic in-built in the system and treatment applied manually based on written guidance (e.g. decision tree) (where relevant) for each of the following categories of transactions:
    - (i) Standard-rated supplies
    - (ii) Zero-rated supplies
    - (iii) Exempt supplies (specifically for regulation 34 businesses and residential property developers)
    - (iv) Out-of-scope supplies
    - (v) Input tax claims
    - (vi) Prescribed goods subject to Customer Accounting (“CA”)
    - (vii) Imported services and imported low-value goods subject to Reverse Charge (“RC”)
    - (viii) Remote services subject to GST under the Overseas Vendor Registration (“OVR”) regime
    - (ix) Imported low-value goods subject to GST under the OVR regime
  - (b) Review source documents of samples selected for the above category of transactions to the GST listings to ensure correct GST treatment and accuracy of value.
- 3.3 The walk-through and interview process should include the following:
- (a) For tax code determined by tax logic in-built in the system, sight that the system logic is working as represented for each applicable category of transactions in (i) to (ix) of paragraph 3.2(a) of this “GST ACAP Renewal Review Guidance”.

- (b) For tax codes determined manually, interview relevant personnel and agree his/her interpretation to the written guidelines and source documents (e.g. tax code decision tree, checker process); and
- (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 CA, 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, 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.

3.4 ACAP Reviewer must exercise its professional judgement to determine which income streams/expenditures and group members/business units/divisions to select for the walk-through.

Minimum Number of Transactions for the Conduct of Walk-through

3.5 For single GST registrant where the GST reporting process from data extraction to GST return submission is centrally managed by a Consolidated GST Return Preparer, the ACAP Reviewer has to perform walk-through on each category of transactions in (i) to (ix) of paragraph 3.2(a) of this “GST ACAP Renewal Review Guidance” with at least 1 transaction with tax code determined by tax logic in-built in the system AND at least 1 transaction with tax code manually determined as follows:

<b>Transactions with tax code:</b>	
<b>Determined by tax logic in-built in system</b>	<b>Determined manually</b>
1 transaction from each category: (i) Standard-rated supplies (ii) Zero-rated supplies (iii) Exempt supplies (iv) Out-of-scope supplies (v) Input tax claims (vi) Prescribed goods subject to CA (vii) Imported services and imported low-value goods subject to RC (viii) Remote services subject to GST under the OVR regime	1 transaction from each category: (i) Standard-rated supplies (ii) Zero-rated supplies (iii) Exempt supplies (iv) Out-of-scope supplies (v) Input tax claims (vi) Prescribed goods subject to CA (vii) Imported services and imported low-value goods subject to RC (viii) Remote services subject to GST under the OVR regime

<b>Transactions with tax code:</b>	
<b>Determined by tax logic in-built in system</b>	<b>Determined manually</b>
(ix) Imported low-value goods subject to GST under the OVR regime	(ix) Imported low-value goods subject to GST under the OVR regime

3.6 For single GST registrant under decentralised GST reporting<sup>37</sup> as well as GST group or divisional registrants, the minimum number of transactions for walk-through of each category in (i) to (ix) of paragraph 3.2(a) of this “GST ACAP Renewal Review Guidance” are as follows:

	<b>Transactions with tax code:</b>	
	<b>Determined by logic in-built in system</b>	<b>Determined manually</b>
(a) Single GST registrant with <u>up to 3 business units</u> or GST group with <u>up to 3 members</u> or divisional registrant with <u>up to 3 divisions</u>	1 transaction per category	1 transaction per category
(b) Single GST registrant <u>with 4 to 5 business units</u> or GST group with <u>4 to 5 members</u> or divisional registrant with 4 to 5 divisions	2 transactions per category	2 transactions per category
(c) Single GST registrant <u>with 6 or more business units</u> or GST group <u>with 6 or more members</u> or divisional registrant <u>with 6 or more divisions</u>	3 transactions per category	3 transactions per category

3.7 If the ACAP Reviewer discovers errors or misapplication of GST treatment in the course of the walk-through, the ACAP Reviewer should exercise its professional judgement to increase the sample size for walk-through to cover the other income or expenditure streams.

3.8 The following are some examples:

- (a) Company C is under centralised GST Reporting and has both system and manual tax classification controls for different income and expenditure streams.

<sup>37</sup> Under decentralised GST Reporting, the GST data is extracted, checked and reviewed by individual GST Return Preparer of each business unit before submission to the Consolidated GST Return Preparer. The number of business unit of the ARA will be based on the number of such ‘declarations’ to the GST return consolidator.



Hence, the ACAP Reviewer is required to perform walk-through with:

- 1 sample per category\* of transaction for system control; and
- 1 sample per category\* of transaction for manual control.

(b) Company D is a GST group registrant with 2 members. Each member has 5 business units. In this case, the ACAP Reviewer may perform walk-through based on the sample size in the Table under paragraph 3.6 of this “GST ACAP Renewal Review Guidance” with:

- 1 sample per category\* of transaction for system control; and
- 1 sample per category\* of transaction for manual control.

\*Category refers to standard-rated supplies, zero-rated supplies, exempt supplies (for regulation 34 businesses or residential property developers), out-of-scope supplies, input tax claims, prescribed goods subject to CA, imported services and imported low-value goods subject to RC, remote services subject to GST under the OVR regime, imported low-value goods subject to GST under the OVR regime.

### **Interview and Walk-through of Controls at GST Reporting Level**

3.9 The objective of performing walk-through of the GST reporting process with the relevant personnel of the ARA are to:

- (a) Confirm understanding of the design of controls during extraction of GST data, data compilation and submission of GST return;
- (b) Assess whether the controls documented in the GST process flows/documents are working as represented; and
- (c) Identify the applicable GST risks and potential errors.

3.10 Accordingly, the ACAP Reviewer performs the following review procedures on the GST return(s) for the Test Period:


#### **For Centralised GST Reporting:**

- (a) Request the GST Return Preparer to demonstrate how GST data are extracted from the financial accounting module up to the point of submission of GST return;
- (b) 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;
- (c) 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; and

- (d) Sight evidence of checks/reviews performed by the GST Return Preparer and Approver such as working schedule showing how manual adjustments are arrived at and reconciliation performed on turnover and total supplies.

For Decentralised GST Reporting:

- (e) Perform above steps with the individual GST Return Preparer of 50% of the members/business units/divisions, Consolidated GST Return Preparer and the Approver.

 The ACAP Reviewer is required to document its findings on the tax classification controls in Section 3 “Walk-through and Interview” of the “ACAP Renewal Report”.

## **Section 4 : Review of New Processes & Perform Controls Testing**

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

- 4.1 This procedure is required if there are new or major changes to business model and GST control processes<sup>38</sup> that were not tested during the last ACAP Review, ACAP Renewal Review or Post ACAP Review (“PAR”).
- 4.2 The ACAP Reviewer has to perform walk-through and additional controls testing (i.e. Tests of Controls and Substantive Testing) on major changes to business models or processes that resulted in implementation of new GST controls or have a substantial impact on existing GST controls.
- 4.3 The following are some exceptions<sup>39</sup> where the conduct of tests of controls are not required:
- (a) Introduction of new product lines or services with correct mapping of the tax classification and supported by existing GST controls to ensure completeness and value accuracy in data captured.
  - (b) Enhancement of accounting system (including system upgrade/update) or implementation of new accounting system where:
    - (i) Same GST controls apply before and after system enhancement or system change; and
    - (ii) The ARA has already conducted User Acceptance Test.
  - (c) Renaming or insertion of new tax codes where the GST Reporting level controls were updated to ensure completeness and accuracy in data extraction for filing of accurate GST return.

However, the ACAP Reviewer must perform other procedures such as walk-through (in Section 3 of this “GST ACAP Renewal Review Guidance”) and substantive testing (in Section 5 of this “GST ACAP Renewal Review Guidance”) to ascertain that the critical GST controls are working effectively to manage the risks associated.

- 4.4 The following are some scenarios where tests of controls and substantive testing are required:
- (a) Outsourcing of functions with impact on GST controls to local or overseas third parties, including shared services centres. Examples of functions outsourced are:

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<sup>38</sup> This includes GST controls established to manage specific provision of the GST Act (e.g. Customer Accounting (“CA”), Reverse Charge (“RC”), Overseas Vendor Registration (“OVR”) regime).

<sup>39</sup> Prior approval has to be sought from IRAS to waive the requirement to perform additional controls testing for other scenarios not listed in paragraph 4.3 of this “GST ACAP Renewal Review Guidance”.

Accounting function

GST return  
preparation

Inventory control  
and logistics  
management

- (b) New business processes that have an impact on ARA's GST controls (for data capturing/ processing) e.g.

Manufacturer which sells goods to distributors (on credit terms) decides to set up its own retail stores to sell its goods

Goods retailer ventures into the business of sale and leasing of residential properties

- (c) New or changes in processes that affect tax determination point (e.g. from manual tax classification to use of tax logic to automate the tax classification);
- (d) New legislative changes (e.g. CA, RC, OVR regime) that have an impact on ARA's GST controls e.g.

Retailer which buys prescribed goods from distributor with effect from 1 Jan 2019

Local head office which procures imported services from its overseas branch with effect from 1 Jan 2020

- 4.5 If the ACAP Reviewer has previously performed controls testing for major changes to business models, processes and/or legislative changes during ACAP Review or PAR, it is not required to perform this procedure again during ACAP Renewal Review unless there are changes in the GST controls and/or legislative updates.

### **Test of Controls**

- 4.6 Test of controls<sup>40</sup> for new business models and/or processes should include the following assessment:
- (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 the ARA's controls are controlled by pre-set system controls; and


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<sup>40</sup> Test of controls should be performed in accordance with audit methodology based on generally accepted auditing standards. For example, the audit methodology relating to tests of controls as prescribed in the Singapore Standards of Auditing SSA 330.

- (c) Test of preventive and detective controls that ensure accuracy of tax classification, value and compliance with the GST documentary requirement.
- 4.7 ACAP Reviewer should select at least 5 samples for every new business model/process to perform test of controls.

### **Substantive Testing**

- 4.8 In addition, the ACAP Reviewer should conduct substantive tests on the same transactions selected for test of controls in paragraph 4.7 of this “GST ACAP Renewal Review Guidance”. The scope of review for substantive testing is covered in the next section.
- 4.9 If there are any exceptions or deviations from the samples selected, ACAP Reviewer should provide additional information in Section 4 “Review of New Processes” of the “ACAP Renewal Report”.

 The ACAP Reviewer is required to perform the review of new processes and document its findings in the working papers provided in Section 4 “Review of New Processes” of the “ACAP Renewal Report”. It should substantiate its findings with evidence gathered.

## Section 5 : Substantive Testing for Supplies and Purchases

Who should read this section: ACAP Reviewer

### Scope of Review

- 5.1 The ACAP Reviewer should include Material Transactions for applicable ‘Supplies Categories’ and ‘Purchases Categories’ in its selection of samples in its scope of review. 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"> <li>☞ Exceptional or outlier value transactions (e.g. sale of properties, sale of business assets, “too good to be true” deals)</li> </ul>	<ul style="list-style-type: none"> <li>☞ Exceptional or outlier value transactions (e.g. purchase of residential properties, “too good to be true” deals)</li> </ul>
<ul style="list-style-type: none"> <li>☞ New business models</li> </ul>	<ul style="list-style-type: none"> <li>☞ Purchases under self-billing arrangement</li> </ul>
<ul style="list-style-type: none"> <li>☞ Complex business arrangement</li> </ul>	<ul style="list-style-type: none"> <li>☞ Purchases of prescribed goods subject to CA</li> </ul>
<ul style="list-style-type: none"> <li>☞ Special Purpose Vehicles transactions</li> </ul>	<ul style="list-style-type: none"> <li>☞ Purchases of imported services and imported low-value goods subject to RC</li> </ul>
<ul style="list-style-type: none"> <li>☞ Disbursements and reimbursements</li> </ul>	<ul style="list-style-type: none"> <li>☞ Related party transactions</li> </ul>
<ul style="list-style-type: none"> <li>☞ Financial Leases</li> </ul>	<ul style="list-style-type: none"> <li>☞ Expenses relating to sale of shares and investments</li> </ul>
<ul style="list-style-type: none"> <li>☞ Related party transactions</li> </ul>	<ul style="list-style-type: none"> <li>☞ Common expenses for the purpose of apportionment of input tax (applicable if the ARA is a partial exempt trader)</li> </ul>
<ul style="list-style-type: none"> <li>☞ Joint venture, merger or acquisition related transactions</li> </ul>	<ul style="list-style-type: none"> <li>☞ Disallowed business expenses (e.g. certain medical expenses, motor vehicles)</li> </ul>
<ul style="list-style-type: none"> <li>☞ Exempt supplies that do not fall within regulation 33 (interest from inter-company loans, sale of securities or loan stock)</li> </ul>	
<ul style="list-style-type: none"> <li>☞ Management services</li> </ul>	
<ul style="list-style-type: none"> <li>☞ Sales under self-billing arrangement by the customer</li> </ul>	
<ul style="list-style-type: none"> <li>☞ Supplies deemed to have taken place (e.g. business assets taken for private use, gifts)</li> </ul>	
<ul style="list-style-type: none"> <li>☞ Transactions with no consideration or paid by way of net-off</li> </ul>	
<ul style="list-style-type: none"> <li>☞ Prescribed goods made or received subject to CA</li> </ul>	
<ul style="list-style-type: none"> <li>☞ Imported services and imported low-value goods subject to RC (including intra-GST group and inter-branch transactions)</li> </ul>	
<ul style="list-style-type: none"> <li>☞ Remote services supplied by an electronic marketplace operator on behalf of underlying overseas suppliers, that are subject to GST under the OVR regime</li> </ul>	

**Supplies Categories**

- ☞ 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

**Purchases Categories**

5.2 The substantive review should include verification of values, adherence to proper cut-off, correct tax classification<sup>41</sup> and application, legislative compliance on specific schemes and documentary requirements.

5.3 For 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 third country sales, transaction is substantiated with export evidence in accordance with the e-Tax Guides, such as “GST: Guide on Exports” and “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 GST under RC, the ACAP Reviewer has to ascertain the following:

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<sup>41</sup> For a start, the ACAP Reviewer should read the e-Tax Guide of the relevant industries published in IRAS website to familiarize itself with any unique or prescribed GST rules.

- (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 policy<sup>42</sup>
  - (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 supplier(s) through ARA'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 ARA's electronic marketplace or by the ARA 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 ARA;
  
- (l) If the ARA 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 ARA has complied with the legislative and documentary requirements.

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<sup>42</sup> Refer to the e-Tax guide "GST: Reverse charge".



- 5.4 For imports and 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 invoices<sup>43</sup> addressed to the ARA;
  - (b) Input tax claimed on purchase of prescribed goods from GST-registered supplier is supported by valid CA invoice;
  - (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 ARA. The shipping documents reflect the ARA 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 ARA has complied with the legislative and documentary requirements.

### **Sample Size**

- 5.5 IRAS sets a minimum sample size in paragraph 5.10 of this “GST ACAP Renewal Review Guidance” to perform substantive review. The minimum sample size would not be applicable in the following circumstances:

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<sup>43</sup> The tax invoice complied with tax invoice requirements under regulation 11 of the GST (General) Regulations.

- (a) Results from review procedures such as walk-through and test of controls suggest a high possibility of GST errors due to gaps in GST controls; or
- (b) The number of material transactions identified exceeded the minimum sample size. Accordingly, a larger sample size is required to cover the material transactions.

5.6 In circumstances highlighted in paragraph 5.5 of this “GST ACAP Renewal Review Guidance”, ACAP Reviewer should increase the sample size for each applicable **category of transactions** as shown below by at least 5 samples and highlight its findings in Section 7 “Substantive Testing” of the “ACAP Renewal Report”.

Categories of Transactions
Standard-rated supplies
Zero-rated supplies
Exempt supplies
Out-of-scope supplies
Input tax claims
GST schemes on imports <i>(e.g. Major Exporter Scheme (MES), Import GST Deferment Scheme (IGDS))</i>
Other GST schemes <i>(e.g. Approved Marine Fuel Trader (MFT) Scheme, Approved Contract Manufacturer and Trader (ACMT) scheme)</i>
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 OVR regime
Imported low-value goods subject to GST under the OVR regime

- 5.7 The broad principles in establishing sample size for substantive testing are as follows:
- (a) The sample selection must cover at least 30% of the number of transactions (round up to the nearest whole number) for each category during the Test Period;
  - (b) Where 30% of the number of transactions exceeds the stipulated sample size in the Tables 1 to 3 listed in paragraph 5.10 of this “GST ACAP Renewal Review Guidance”, the sample size in the Tables shall apply; and
  - (c) If the category of transactions is only present outside the Test Period, please select transactions from other prescribed accounting periods of the Review Year instead.

5.8 The stipulated sample size in paragraph 5.10 of this “GST ACAP Renewal Review Guidance” excludes the samples selected for substantive testing of new processes (under Section 4 of this “GST ACAP Renewal Review Guidance”).

5.9 To determine the sample size, ACAP Reviewer has to:

(a) Consider the nature of the business activities carried out by the ARA:

Table	Nature of business of ARA
1	Regulation 34 businesses excluding Banks (such as insurance company and finance company) and developers with sale or lease of residential properties
2	Banks
3	Other businesses

(b) Determine the applicable category that the ARA belongs to based on the following business structure/GST registration type:

Category of ARA	Profile of ARA
<b>A</b>	<ul style="list-style-type: none"> <li>– Single GST registrant under centralised GST reporting or decentralised GST reporting<sup>44</sup> with up to 3 business units ; or</li> <li>– Group registrant with up to 3 members; or</li> <li>– Divisional registrant with up to 3 divisions.</li> </ul>
<b>B</b>	<ul style="list-style-type: none"> <li>– Single GST registrant under decentralised GST reporting with 4 BUs and above; or</li> <li>– Group with 4 or more members; or</li> <li>– Divisional registrant with 4 or more divisions.</li> </ul>
<b>C</b>	Offshore banks, wholesale banks or merchant banks
<b>D</b>	Full bank (including foreign full bank)

5.10 The sample size to be applied for substantive testing is as follows:

<sup>44</sup> Under decentralised GST Reporting, the GST data is extracted, checked and reviewed by individual GST Return Preparer of each business unit before submission to the Consolidated GST Return Preparer. The number of business unit of the ARA will be based on the number of such ‘declarations’ to the GST return consolidator.

**Table 1: Regulation 34 businesses excluding Banks (such as insurance company and finance company) and developers with sale or lease of residential properties**

Categories of transactions	Ref <sup>45</sup>	Category	
		A	B
Standard-rated supplies	N1	10	20
Zero-rated supplies	N1	10	10
Exempt supplies	N2	20	25
Out-of-scope supplies	N3	5	5
Input tax claims	N4	25	35
GST schemes on imports (e.g. Major Exporter Scheme (MES), Import GST Deferment Scheme (IGDS))	N5	10	15
Other GST schemes (e.g. Approved Marine Fuel Trader (MFT) Scheme, Approved Contract Manufacturer and Trader (ACMT) scheme)		Not Applicable	Not Applicable
Prescribed goods subject to CA: (a) Making the relevant supply (b) Receiving the relevant supply		(a) 2 to 12^ (b) 2 to 12#^	(a) 2 to 12^ (b) 2 to 12#^

<sup>45</sup> Legend for Tables 1, 2 and 3

Ref	Matters for ACAP Reviewer to take note
N1	Include reviewing the supplies made in the capacity of section 33(2) or 33A agent, where applicable
N2	Include reviewing the nature of exempt supplies to ensure correct tax classification and reporting
N3	Include third country sales, disbursements, recovery of expenses (without GST), payroll deduction, etc.
N4	Include GST on local purchases, GST paid on imports (both for own imports as well as imports as section 33(2) or 33A agent), bad debt relief claims, repayment of input tax on unpaid purchases, etc.
N5	Include reviewing the reconciliation against permit listing from TradeExchange (TX) records to ensure completeness in GST reporting

Categories of transactions	Ref <sup>45</sup>	Category	
		A	B
Imported services and imported low-value goods subject to RC <sup>46</sup>		5 to 15 <sup>#^</sup>	5 to 15 <sup>#^</sup>
Remote services subject to GST under the OVR regime <sup>47</sup>		5	5
Imported low-value goods subject to GST under the OVR regime <sup>48</sup>		5	5

**Table 2: Banks**

Categories of transactions	Ref <sup>45</sup>	Category	
		C	D
Standard-rated supplies		10	20
Zero-rated supplies and exempt supplies		25	40
Out-of-scope supplies	N3	5	5
Input tax claims	N4	25	35
GST schemes on imports (e.g. MES, IGDS)		Not applicable	Not applicable
Other GST schemes (e.g. AMFT, ACMT)			
Prescribed goods subject to CA: (a) Making the relevant supply (b) Receiving the relevant supply		(a) 2 to 12 <sup>^</sup> (b) 2 to 12 <sup>#^</sup>	(a) 2 to 12 <sup>^</sup> (b) 2 to 12 <sup>#^</sup>
Imported services and imported low-value goods subject to RC <sup>46</sup>		5 to 15 <sup>#^</sup>	5 to 15 <sup>#^</sup>
Remote services subject to GST under the OVR regime <sup>47</sup>		5	5
Imported low-value goods subject to GST under the OVR regime <sup>48</sup>		5	5

<sup>46</sup> 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.

<sup>47</sup> 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.

<sup>48</sup> 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.

**Table 3: Other Businesses**

	Ref <sup>45</sup>	Category	
		A	B
Standard-rated supplies	N1	10	20
Zero-rated supplies	N1	25	35
<b>Exempt supplies:</b>	<b>N2</b>		
- if derives non-regulation 33 exempt supplies		5	5
- if derives only regulation 33 exempt supplies		1	1
Out-of-scope supplies	N3	5	5
Input tax claims	N4	25	35
GST schemes on imports (e.g. MES, IGDS)	N5	10	15
Other GST schemes (e.g. AMFT, ACMT)		10	10
<b>Prescribed goods subject to CA:</b>			
(a) Making the relevant supply		(a) 2 to 12 <sup>^</sup>	(a) 2 to 12 <sup>^</sup>
(b) Receiving the relevant supply		(b) 2 to 12 <sup>#^</sup>	(b) 2 to 12 <sup>#^</sup>
Imported services and imported low-value goods subject to RC <sup>46</sup>		5 to 15 <sup>#^</sup>	5 to 15 <sup>#^</sup>
Remote services subject to GST under the OVR regime <sup>47</sup>		5	5
Imported low-value goods subject to GST under the OVR regime <sup>48</sup>		5	5

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

<sup>^</sup> The higher minimum sample size shall apply if the ARA does not make other standard-rated supplies.

5.11 If the ARA falls under “Other Businesses” category and is making mostly standard-rated supplies (i.e. more than 90% of total supplies), the ACAP Reviewer should apply the following sample size instead:

	Ref <sup>45</sup>	Category	
		A	B
Standard-rated supplies	N1	25	35
Zero-rated supplies	N1	10	20

5.12 An example on how to determine the sample size:

ABC Pte Ltd (“ABC”), a single GST registrant accorded with ACAP status, makes substantially taxable supplies and has 3 business units under decentralized GST reporting. Based on ABC’s GST listings for the Test Period, it has only 9 standard-rated supplies and 200 zero-rated supplies transactions. ACAP Reviewer will refer to Table 3 (Category A) for the sample size to be selected for substantive testing.

Applying the broad principles to establish the sample size, ACAP Reviewer has to select:

- 3 samples of standard-rated supplies (30% of 9 samples, round up to the nearest whole number); and
- 25 samples of zero-rated supplies (30% of 200 samples (round up to the nearest whole number) and capped at the stipulated sample size of 25 in Table 3).


The samples selected should include supplies made in the capacity of a section 33(2) or 33A agent of the GST Act, where applicable.

5.13 If the ACAP Reviewer discovers any gaps and incorrect GST treatment, it has to document its findings in “Follow-Up Actions on GST Gaps and Errors” of the “ACAP Renewal Report”.

## **Section 6 : Substantive Testing for GST Reporting**

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

- 6.1 The ACAP Reviewer performs the following review procedures on the GST return(s) to verify the accuracy and completeness of the data extracted and compiled for the GST return(s) submission for the Test Period:
- (a) Agree ALL the values reported in the selected GST return(s) to the GST listings and working schedules/consolidation schedules prepared by the ARA. 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 agree to the listings/schedules, it seeks clarification with the ARA and highlights its observation.
  - (b) Review the accuracy of the GST return(s) submitted by checking whether the ARA had correctly made specific GST adjustments (e.g. adjustment on residual input tax apportionment for both taxable and exempt supplies, accounting for output tax on deemed supplies, adjustment for unpaid reverse charge invoices).

 The ACAP Reviewer performs the review on GST Reporting based on the guidance above. It documents its findings with evidence in its working papers.



## **Section 7 : ACAP Renewal Report**

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

- 7.1 IRAS relies substantially on information represented by ARA and ACAP Reviewer in the SRC and “ACAP Renewal Report” to renew ARA’s ACAP status.
- 7.2 The following summarises the information to be presented in the “ACAP Renewal Report”:

### **Section 1 – Business Information**

- 7.3 Provide information on:
- (a) ARA’s accounting software (including system change);
  - (b) Types of income streams and its corresponding classification in the GST returns (e.g. standard-rated supplies, zero-rated supplies, supply of 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. For GST group or divisional registrant, information given should be on a per member or division basis;
  - (c) Checks on Major Exporter Scheme (if applicable); and
  - (d) New or major changes in the sales, purchases and GST reporting processes since the last Post ACAP Review (“PAR”).

### **Section 2 – Review of GST Risks**

- 7.4 ACAP Reviewer is required to provide brief information of the following:
- (a) Where ARA’s SRC scores resulted in ARA’s change of ACAP status category, describe the review performed and its findings on whether the controls are effective to manage risk of filing incorrect GST returns (if any);
  - (b) Identify and list the potential industry-specific GST risks. ACAP Reviewer is not required to list common errors or risk areas listed in [Appendix 4](#) of this e-Tax guide;
  - (c) Basis in selecting group or divisions of ARA (if applicable); and

- (d) For exceptional items that fall outside the Test Period but within the Review Year, please state the procedures devised to ensure that correct GST treatment has been applied on such transactions.

### **Section 3 – Walk-through and Interview**

- 7.5 Highlight ACAP Reviewer’s findings of the manner of tax classification (i.e. in-built tax logic or manual selection of tax code), existence of the tax classification controls and whether all selected transactions agreed to the posting in accounting system, GST reports and GST returns.

### **Section 4 – Review of New Processes**

- 7.6 Highlight whether the controls tested on new or major changes to business processes are working as designed and effective in managing the risks and the exceptions noted from the test of controls and substantive testing.

### **Section 5 – Review of Entity Level Controls**

- 7.7 Document its findings on the existence of key controls at Entity Level.

### **Section 6 – Review of GST Schemes**

- 7.8 Highlight any deviation from the legislative and documentary requirements of the specific schemes.

### **Section 7 – Substantive Testing**

- 7.9 Indicate the relevant table to determine the sample size. The ACAP Reviewer is required to state the number of samples selected and the population size if the sample size is lower than the stipulated sample size in Tables 1 to 3 of paragraph 5.10 of this “GST ACAP Renewal Review Guidance”.
- 7.10 Highlight other findings such as deviation from the prescribed sample size due to limited number of transactions and increase in sample size due to anomalies noted during its application of audit procedures.

## **Section 8 : Follow-up on ACAP Renewal Review**

**Who should read this section: ARA & ACAP Reviewer**

### **Follow-up on ACAP Reviewer's Findings**

- 8.1 Based on the ACAP Reviewer's findings, the ARA evaluates the impact of the GST control gaps and errors made, if any, in its past and current GST returns.
- 8.2 For the GST control gaps noted, the ARA should take additional steps to prevent the errors from recurring.
- 8.3 The ARA has to review its accounts and records to quantify the errors made in the Test Period. If the error is recurring in nature and GST is involved (i.e. it affects the output tax and/or input tax), the ARA has to review its past GST returns for the past 5 years<sup>49</sup> and up to the current period, if applicable.
- 8.4 The ARA can consolidate and quantify the yearly amount of its recurring error before, during and after the Review Year. For example, if the Review Year is 1 Jan 2022 to 31 Dec 2022, the errors may be quantified on a yearly basis based on the period 1 Jan to 31 Dec. If the Review Year is 1 Apr 2021 to 31 Mar 2022, the errors may be quantified on a yearly basis based on the period 1 Apr to 31 Mar.
- 8.5 If the ARA has difficulties reviewing its past GST returns for the actual error amount, it may use a proxy<sup>50</sup> to compute an estimated error amount for the purpose of this review. It needs to state its basis or method of estimation in "Follow-Up Actions on GST Gaps and Errors" for IRAS' approval.
- 8.6 If the ARA requires ruling from IRAS on contentious GST issues, the issues should be surfaced to IRAS at least 3 months before the due date of the report. The request should contain the facts of the issue, treatment applied and the basis of the application and interpretation.

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<sup>49</sup> For accounting period ending on or after 1 Jan 2007.

<sup>50</sup> If the trend of ARA's supplies/purchases is consistent, it can consider using a fixed quantum. If the trend tends to fluctuate, a percentage or proportion may be more suitable.

### **Disclosure of GST Gaps and Errors**

- 8.7 The ARA furnishes the following information to the ACAP Reviewer for completion of “Follow-Up Action on GST Gaps and Errors”:
- (a) Whether the errors noted are recurring in nature (i.e. similar to error disclosed in ACAP Review/Post ACAP Review (“PAR”));
  - (b) Reason for the occurrence of the control gap;
  - (c) Follow-up actions taken by the ARA to ensure that errors do not recur and the effective date of implementation (if applicable);
  - (d) Amount of errors by affected periods; and
  - (e) Where amount of errors is estimated, to provide the basis of extrapolation with reasons supporting the appropriateness of the basis used.

**Section 9 : ACAP Renewal Declaration and Deliverables**

**Who should read this section: ARA**

- 9.1 At the end of the ACAP Renewal Review, the ARA is required to submit the “ACAP Renewal Declaration” to IRAS.
- 9.2 The following documents must be submitted together with the ACAP Renewal Declaration, **within 3 months** after the expiry of ACAP status:
- (a) Self-Review of GST Controls checklists (“SRC”)
  - (b) GST Trend Analysis
  - (c) ACAP Renewal Report
  - (d) Follow-Up Action on GST Gaps and Errors
  - (e) Organisational Chart (by function and business activities) and GST Structure (if there are changes from the last copy provided to IRAS)
- 9.3 Please refer to [paragraph 13](#) of this e-Tax Guide for the links to download the above templates.

## **Appendix 2: Information Leaflet on Post ACAP Review (“PAR”) after ACAP Renewal**

**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 and/or ACAP Renewal 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 4](#) 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 has to assess 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 process<sup>51</sup> 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 Renewal 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 new processes should include if staff has applied correct tax treatment at source.

**3 Review period for PAR after ACAP Renewal**

- 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
<b>First PAR via form "GST F28 - PAR Declaration"</b>	Latest 12 months of GST returns filed from <u>IRAS' notification of renewal of ACAP status</u>	18 months from IRAS' notification of your renewed ACAP status

<sup>51</sup> 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.



PAR	12-month review period	Due date to submit PAR
<b>Second PAR via form “GST F28 - PAR Declaration”*</b>	Latest 12 months of GST returns filed as at the <u>end of the 5<sup>th</sup> year (for ‘ACAP Premium’ status) or 3<sup>rd</sup> year (for ‘ACAP Merit’ status) of the renewed ACAP status validity period</u>	6 months before the expiry of the renewed ACAP status

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

**Illustration:**

*The Approved ACAP Business is notified by IRAS (i.e. IRAS’ notification letter) of its ‘ACAP Premium’ status on 20 Jul 2018, which will be renewed for 6 years from the expiry date of the original ACAP status i.e. 28 Feb 2018 to 27 Feb 2024.*

*At the end of the 1<sup>st</sup> year from the date of notification letter (i.e. 19 Jul 2019), the Approved ACAP Business should commence its first PAR and submit the GST F28 latest by 20 Jan 2020 (i.e. 18 months from IRAS’ notification of its renewed ACAP status). It should select the latest 12 months of GST returns filed from date of notification letter (i.e. 1 Apr 2018 to 31 Mar 2019) for review. The Approved ACAP Business may select a later review period (e.g. 1 Jul 2018 to 30 Jun 2019 or 1 Oct 2018 to 30 Sep 2019) taking into consideration the submission due date of the PAR (i.e. by 20 Jan 2020) and IRAS’ Voluntary Disclosure Programme.*

*At the end of the 5<sup>th</sup> year of its ACAP status validity period (i.e. 27 Feb 2023), the Approved ACAP Business should commence its second PAR if it decides not to apply for renewal of ACAP. It should select the latest 12 months of GST returns filed (i.e. 1 Jan 2022 to 31 Dec 2022) and submit the GST F28 latest by 28 Aug 2023 (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 Review<sup>52</sup> as shown in the table below:

##### Single GST Registrant

Categories	Businesses making substantially taxable supplies	Regulation 34 businesses (including Banks <sup>53</sup> ), and developers with sale or lease of residential properties
Standard-rated supplies & Output tax	20 <sup>(a)</sup> - 25	20 <sup>(a)</sup> - 25
Zero-rated supplies	30 <sup>(a)</sup> – 45	20 <sup>(a)</sup> – 30
Exempt supplies	1 <i>(if making only regulation 33 exempt supplies)</i> 5 to 10 <sup>(c)</sup> <i>(if making both regulation 33 &amp; non-regulation 33 exempt supplies)</i>	30 <sup>(a)</sup> – 45
Out-of-scope supplies <sup>54</sup>	5	
Input tax claims <sup>(d)</sup> <i>(GST on local purchases, GST paid on imports, bad debt relief claims, repayment of input tax on unpaid purchases, etc.)</i>	30 <sup>(a)</sup> – 45	
GST schemes on imports <i>(e.g. MES, IGDS, AISS)</i>	20 – 30 <sup>(b)</sup>	
Other GST schemes <i>(e.g. AMFT, ACMT)</i>	10	

<sup>52</sup> For ASK Annual Review, the sample size for each box of GST return figures is as follows:

- All transactions if total number of transaction 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.

<sup>53</sup> The sample size for zero-rated, exempt and out-of-scope supplies may be aggregated for Banks.

<sup>54</sup> This category includes third country sales, disbursements, recovery of expenses (without GST), payroll deduction, etc.

<b>Categories</b>	<b>Businesses making substantially taxable supplies</b>	<b>Regulation 34 businesses (including Banks<sup>53</sup>), and developers with sale or lease of residential properties</b>
Prescribed goods subject to Customer Accounting (“CA”): (i) Making the relevant supply (ii) Receiving the relevant supply		(i) 2 (ii) 2 <sup>(e)</sup>
Imported services and imported low-value goods subject to Reverse Charge (“RC”) <sup>55</sup>		5 <sup>(e)</sup>
Remote services subject to GST under the Overseas Vendor Registration (“OVR”) regime <sup>56</sup>		5
Imported low-value goods subject to GST under the OVR regime <sup>57</sup>		5

<sup>55</sup> Refer to the e-Tax Guide “GST: Reverse charge” to determine whether the ACAP Applicant is required to account for GST on imported services and imported low-value goods.

<sup>56</sup> 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.

<sup>57</sup> 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 Registrant<sup>58</sup>

<b>Categories</b>	<b>Businesses making substantially taxable supplies</b>	<b>Regulation 34 businesses (including Banks<sup>53</sup>), and developers with sale or lease of residential properties</b>
Standard-rated supplies & Output tax	20 <sup>(a)</sup> – 30	20 <sup>(a)</sup> – 30
Zero-rated supplies	30 <sup>(a)</sup> – 60	20 <sup>(a)</sup> – 45
Exempt supplies	1 <i>(if making only regulation 33 exempt supplies)</i> 5 to 10 <sup>(c)</sup> <i>(if making both regulation 33 &amp; non-regulation 33 exempt supplies)</i>	30 <sup>(a)</sup> – 60
Out-of-scope supplies <sup>59</sup>	5	
Input tax claims <sup>(d)</sup> <i>(GST on local purchases, GST paid on imports, bad debt relief claims, repayment of input tax on unpaid purchases, etc.)</i>	30 <sup>(a)</sup> – 60	
GST schemes on imports <i>(e.g. MES, IGDS, AISS)</i>	20 – 45 <sup>(b)</sup>	
Other GST schemes <i>(e.g. AMFT, ACMT)</i>	10	
Prescribed goods subject to Customer Accounting (“CA”):		
(i) Making the relevant supply		(i) 2
(ii) Receiving the relevant supply		(ii) 2 <sup>(e)</sup>

<sup>58</sup> 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).

<sup>59</sup> This category includes third country sales, disbursements, recovery of expenses (without GST), payroll deduction, etc.

Categories	Businesses making substantially taxable supplies	Regulation 34 businesses (including Banks <sup>53</sup> ), and developers with sale or lease of residential properties
Imported services and imported low-value goods subject to Reverse Charge (“RC”) <sup>60</sup>	5 <sup>(e)</sup>	
Remote services subject to GST under the Overseas Vendor Registration (“OVR”) regime <sup>61</sup>	5	
Imported low-value goods subject to GST under the OVR regime <sup>62</sup>	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

<sup>60</sup> 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.

<sup>61</sup> 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.

<sup>62</sup> 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.

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 section 33(2) and 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/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.
- (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 GST 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 the course of 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"><li>• Appendix 1 - Trend Analysis</li><li>• Appendix 2 - Disclosure of Errors in GST Returns and Follow-Up Actions (if applicable)</li></ul>

PAR	Documents to be submitted together with the form GST F28
<p><b>Second PAR via form “GST F28 - PAR Declaration”</b></p>	<ul style="list-style-type: none"> <li>• Appendix 1 - Trend Analysis</li> <li>• Appendix 2 - Disclosure of Errors in GST Returns and Follow-Up Actions (if applicable)</li> <li>• Appendix 3 - Working Template for Standard-Rated Supplies and Output Tax</li> <li>• Appendix 4 - Working Template for Zero-Rated Supplies</li> <li>• Appendix 5.1 - Working Template for Exempt Supplies (if the business is actively making exempt supplies<sup>63</sup>) or Appendix A5.2 - Working Template for Exempt Supplies (for other business)</li> <li>• Appendix 6 - Working Template for Input Tax and Refund Claimed (on Local Purchases, Imports with GST Paid, Tourist Refund Scheme and Bad Debt Relief)</li> <li>• Appendix 7.1 - Working Template for Imports with GST Suspended (e.g. under MES) or with GST Deferred (under IGDS) (for own imports)</li> <li>• 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)</li> </ul>

5.2 Please refer to [paragraph 13](#) of this e-Tax Guide for the links to download the above templates.

<sup>63</sup> 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 continue to 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)] of Singapore Chartered Tax Professionals Limited<sup>64</sup> (“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, ACAP Renewal 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 risk to the Approved ACAP Business’ GST compliance.

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<sup>64</sup> For more information on accreditation with Singapore Chartered Tax Professionals Limited (SCTP), please visit [www.sctp.org.sg](http://www.sctp.org.sg)

- (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 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 5<sup>th</sup> year (for 'ACAP Premium' status) or 3<sup>rd</sup> year (for 'ACAP Merit' status) of the renewed 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 renewed 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 supplies<sup>65</sup>) or Appendix A5.2 - Working Template for Exempt Supplies (for other business)
- (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 13](#) 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 the course of IRAS’ audit, they would not qualify for waiver or reduced penalty under IRAS Voluntary Disclosure Programme (“VDP”).**

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<sup>65</sup> 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.

## Appendix 4: Common GST Risks at Transaction and GST Reporting Level

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

The ARA/ 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.

<b>GST Risks at Sales Transaction Level</b>	
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.	Risk of omission of supplies, which could arise from: <ul style="list-style-type: none"> <li>a. Incorrect cut-off date of month-end closing</li> <li>b. Invoices generated but not captured in the financial system for non-trade supplies (e.g. sales of scrap metals/fixed assets)</li> <li>c. Not capturing supply to related parties/companies</li> <li>d. Not recognising management fees income</li> <li>e. Not capturing buyer-generated invoices</li> <li>f. Not capturing goods sold under consignment terms</li> <li>g. Not capturing goods sold under vendor-managed inventory system</li> <li>h. Not capturing supply of goods in the capacity of an agent to the overseas principal</li> <li>i. Not capturing advance payment received</li> <li>j. Not capturing supply of imported services and imported low-value goods subject to Reverse Charge (“RC”)</li> <li>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”)</li> <li>l. Not capturing supply of remote services subject to GST under the Overseas Vendor Registration (“OVR”) regime</li> <li>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)</li> <li>n. Not recognising business assets put to non-business/private use (e.g. sharing of premise with no rental charged)</li> <li>o. Not deeming output tax for gifts more than \$200 where GST was claimed on those gifts</li> </ul>

<b>GST Risks at Sales Transaction Level</b>	
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
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)

<b>GST Risks at Purchases Transaction Level</b>	
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

<b>GST Risks at Purchases Transaction Level</b>
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"><li>a. Purchases and corresponding input tax that remain unpaid after 12 months from payment due date</li><li>b. GST is not equivalent to prevailing GST rate of the value of purchases</li><li>c. Input tax not claimable</li><li>d. Lack of documentary evidence to support claims on bad debt relief and/or tourist refund claims</li></ul>
21. Risks relating to Major Exporter Scheme (“MES”) status accorded, for example: <ul style="list-style-type: none"><li>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)</li><li>b. Not maintaining sufficient documentary evidence to support ownership of goods imported under MES</li><li>c. Misuse of MES status by the business’ declaring agents</li></ul>
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)



<b>GST Risks at GST Reporting Level</b>	
1.	Risk of incorrect extraction of data due to: <ul style="list-style-type: none"><li>a. Incorrect definition of period, parameters, formulae or code due to oversight, incorrect assumptions or inadequate knowledge</li><li>b. System limitation to extract data for GST reporting (e.g. system constraint resulting in omission of certain data)</li><li>c. Extraction of incomplete data (e.g. data extraction before posting of entries)</li></ul>
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"><li>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)</li><li>b. Performing longer period adjustment in respect of the input tax claimed for the tax year</li><li>c. Repayment of tax for purchases that remain unpaid after 12 months from payment due date where input tax was claimed</li><li>d. Deeming of output tax on supplies of goods given free</li><li>e. Disallowed input tax if it was not excluded at Transaction (Purchases) Level</li></ul>
4.	Risk of not identifying all data to be extracted for GST reporting, for example: <ul style="list-style-type: none"><li>a. Fringe benefits that require deeming of output tax</li><li>b. Transactions made in the capacity of a section 33(2) and 33A agent for overseas principal</li><li>c. Supplies made under self-billing arrangement</li><li>d. Credit notes</li><li>e. Sale of assets</li><li>f. Exempt supplies</li></ul>

**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