



INLAND REVENUE
AUTHORITY
OF SINGAPORE

INLAND REVENUE AUTHORITY OF SINGAPORE

ANNUAL REPORT 2013/2014



CONTENTS

- 3
- 4
- 5
- 7
- 8
- 9
- 12
- 17
- 19
- 21
- 23
- 26
- 30
- 36
- 41
- 43





ABOUT Us

OUR MISSION

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

OUR CORPORATE GOALS

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

OUR VISION

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

OUR CORE VALUES

FAIRNESS

Treat everyone in the same circumstances equally

INTEGRITY

Do what is right without fear or favour in all circumstances

PROFESSIONALISM

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

TEAMWORK

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

INNOVATION

Continuously seek new ways to do our work better



CHAIRMAN'S STATEMENT



The Singapore economy performed well in 2013 with a growth of 4.1%. Unemployment rate remained low at 1.9% and real median income grew by 4.0% on the back of a tight labour market. This enabled our tax collection to support the Government's economic and social programmes to achieve quality growth and an inclusive society.

FOSTERING A COMPETITIVE TAX ENVIRONMENT

IRAS continued to enlarge and enhance Singapore's extensive network of Avoidance of Double Taxation Agreements (DTAs) to facilitate cross-border trade and investment. In FY2013/14, IRAS concluded DTAs with Barbados, Brazil, Ecuador, Laos, Liechtenstein and San Marino, and updated the terms of existing DTAs with the Czech Republic, Kazakhstan, and Luxembourg. Singapore now has 79 comprehensive DTAs, of which 74 have been ratified. IRAS also concluded 11 Advanced Pricing Arrangements (APAs) and resolved two cases through Mutual Agreement Procedure (MAP) discussions. These provided greater tax certainty and eliminated the prospect of double taxation faced by businesses engaging in cross-border trade.

IRAS continued to represent Singapore as Vice-Chair of the Peer Review Group and member of the Steering Group at the Global Forum on Transparency and Exchange of Information for Tax Purposes (GFTEI). The GFTEI has affirmed that Singapore's exchange of information regime is in line with the internationally agreed Standard. This signifies the international community's recognition of Singapore's role as a responsible financial centre and its commitment to combat cross-border tax evasion through effective exchange of information.

ASSISTING BUSINESSES AND WORKERS

IRAS supports the Government in helping businesses restructure and raising their productivity through the implementation of various schemes. IRAS has been administering the Productivity and Innovation Credit (PIC) scheme since 2010. Several enhancements have been made to the scheme, which include raising the maximum cash payout amount to \$60,000 and allowing businesses to claim timely PIC cash payouts on a quarterly basis. IRAS also enhanced the PIC cash payout application form with validation checks to minimise completion errors and reduce

the processing time. IRAS is also working to augment this with PIC cash payout e-Services by early 2015.

IRAS now also administers the Wage Credit Scheme (WCS) introduced in Budget 2013, which provides businesses with co-funding support to encourage businesses to raise the wages of their employees and improve productivity. As at 31 March 2014, over 74,000 employers received about S\$800 million in WCS payouts.

RAISING STANDARDS

IRAS engages the international tax community to stay at the forefront of global tax issues and to raise Singapore's profile in the global arena. The Tax Academy of Singapore held the Asia-Pacific Regional Tax Conference in April 2013, its first collaboration with the Singapore branch of the International Fiscal Association. The conference provided a platform to discuss tax issues important to businesses in the Asia-Pacific region and was attended by some 220 tax professionals from the academia, government and industry from 16 countries. In May 2013, IRAS hosted the inaugural IRAS-OECD Regional GST/VAT Conference, the first GST-focused conference in the Asia-Pacific region.

ACKNOWLEDGEMENTS

On behalf of the Board and staff of IRAS, I thank Mr Giam Chin Toon, Mr Lim Joo Boon and Mr Viswanathan Shankar for their many contributions to IRAS. They retired from the Board in September 2013. I also welcome Mrs Chng Sok Hui, Dr Philip Pillai and Mr Bob Tan, who joined the Board in the same month.

The dedication and capability of its people are essential to the success of an organisation. On behalf of the Board, I express my appreciation to the management and staff of IRAS for their commitment and achievements in the past year.

MR PETER ONG
Chairman



MEMBERS OF THE BOARD



1. Mr Peter Ong (*Chairman*)
2. Dr Tan Kim Siew (*Commissioner*)
3. Mr Niam Chiang Meng
4. Adjunct Professor Lee Kwok Cheong
5. Mr Pek Hak Bin
6. Mr Pok Soy Yoong
7. Mrs Chng Sok Hui
8. Dr Philip Pillai
9. Mr Bob Tan





MEMBERS OF THE BOARD

1. MR PETER ONG

Chairman

Mr Ong was appointed the Chairman of IRAS Board on 1 October 2009. He is Head of Civil Service, and also holds the appointments of Permanent Secretary (Finance) and Permanent Secretary (Special Duties) in the Prime Minister's Office. Mr Ong also sits on the Boards of the Monetary Authority of Singapore, Directorship & Consultancy Appointments Council, National Research Foundation, Lee Kuan Yew School of Public Policy, Singapore Telecommunications Limited and Calvary Community Care.

2. DR TAN KIM SIEW

Commissioner

Dr Tan is the Commissioner of Inland Revenue from 2 November 2012. Prior to that, Dr Tan was the Permanent Secretary of Defence Development, Ministry of Defence. He joined the IRAS Board in September 2007.

3. MR NIAM CHIANG MENG

Board Member

Mr Niam is the Permanent Secretary (National Population and Talent Division) and Permanent Secretary (National Climate Change) in the Prime Minister's Office. He joined the IRAS Board in November 2012. Mr Niam is also the Chairman of the Media Development Authority.

4. ADJUNCT PROFESSOR LEE KWOK CHEONG

Board Member

Adjunct Professor Lee joined the IRAS Board in September 2010. He is both the Chief Executive Officer of the SIM Global Education and a member of SIM University's Board of Trustees. He is a member of the Working Group for Schools under the National Integration Council and the Founding President of the Singapore Association for Private Education (SAPE). He also serves on the Board of ITE Holding Pte Ltd as well as the ITE Investment Committee and is an Independent Director of Nera Telecommunications Ltd.

5. MR PEK HAK BIN

Board Member

Mr Pek joined the IRAS Board in September 2010. He is Partner and Head of Energy & Natural Resources at KPMG Singapore. He is also Head of KPMG's Global Energy Institute for the Asia Pacific region. Mr Pek serves as a member of the Singapore Institute of Technology's Board of Trustees.

6. MR POK SOY YOONG

Board Member

Mr Pok joined the IRAS Board in September 2010. He was the former Head of Tax of Ernst & Young and a former board member of the Tax Academy of Singapore. He serves on the boards of Mapletree Logistic Trust Management Pte Ltd, Perennial China Retail Trust Management Pte Ltd and Pavilion Foundation Limited.

7. MRS CHNG SOK HUI

Board Member

Mrs Chng joined the IRAS Board in September 2013. She is the Chief Financial Officer of DBS Group and Supervisor of DBS China Ltd. She is a member of the Accounting Standards Council and a Board member of the Housing and Development Board.

8. DR PHILIP PILLAI

Board Member

Dr Pillai joined the IRAS Board in September 2013. He was most recently a Judge of the Supreme Court until his retirement in December 2012.

9. MR BOB TAN

Board Member

Mr Bob Tan joined the IRAS Board in September 2013. He chairs the Boards of Jurong Engineering Limited, Singapore LNG Corporation Pte Ltd, SINGEX Holdings Pte Ltd and the Institute of Technical Education. He is the Vice President of the Singapore National Employers Federation and Council Member of the Singapore Business Federation. He also serves on the boards of Ong Teng Cheong Labour Leadership Institute, SMRT Corporation Ltd, CapitaMalls Asia Ltd and SBF Holdings Pte Ltd.



CORPORATE GOVERNANCE

IRAS BOARD

The IRAS Board oversees IRAS and ensures that it carries out its functions competently. The Chairman of the Board is Mr Peter Ong, Permanent Secretary of the Ministry of Finance. The eight other members are Dr Tan Kim Siew, the Commissioner of Inland Revenue, Mr Niam Chiang Meng, Adjunct Professor Lee Kwok Cheong, Mr Pek Hak Bin, Mr Pok Soy Yoong, Mrs Chng Sok Hui, Dr Philip Pillai and Mr Bob Tan.

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

AUDIT COMMITTEE

Adjunct Professor Lee Kwok Cheong chairs the Audit Committee. Its other members are Mrs Chng Sok Hui, Dr Philip Pillai and Mr Niam Chiang Meng. The Committee reviews whether IRAS' accounting and financial policies and internal controls are in place, adequate and adhered to. The Committee works closely with the external auditor, the Auditor-General, in reviewing the financial statements of IRAS, the scope of audit plans and the audit results. The Committee also reviews the annual audit plan of the Internal Audit Branch and the results of its work.

STAFF COMMITTEE A

Mr Bob Tan chairs the Staff Committee A. Its other members are Dr Tan Kim Siew, Commissioner of Inland Revenue, Mr Pek Hak Bin and Mr Pok Soy Yoong. Staff Committee A is the approving authority for key remuneration policies in IRAS as well as key appointments, promotion and remuneration of senior executives in IRAS.

INTERNAL AUDIT FUNCTION

The Internal Audit Branch operates independently from other divisions of IRAS to provide objective audit assurance to management to assist them in the effective discharge of their responsibilities and in the attainment of corporate objectives. It evaluates the adequacy and effectiveness of internal controls in IRAS; checks for compliance with policies, guidelines, laws and regulations; audits tax assessments to verify that tax principles have been correctly applied; and makes recommendations to improve the effectiveness of controls and processes. It also ensures that results of the audits and recommendations for improvements are promptly communicated to the management of the functional area, and that plans or actions taken to correct reported audit findings are satisfactory.

The Internal Audit Branch reports functionally to the Audit Committee and administratively to the Commissioner of Inland Revenue. The staff of the Internal Audit Branch have full and direct access to the Audit Committee.

PROFESSIONAL AND ETHICAL CONDUCT

Every IRAS staff has to maintain high standards of professional integrity and personal conduct. They are required to abide by the Inland Revenue Authority of Singapore Act, as well as the IRAS Code of Conduct which provides guidance on matters such as the acceptance of gifts in the official course of duties, avoidance of situations with conflicts of interests, and disciplinary proceedings for staff who fail to comply.

In addition, to safeguard official information, all IRAS staff are subject to secrecy provisions in relevant legislations such as the Official Secrets Act, the Statutory Bodies and Government Companies (Protection of Secrecy) Act, the Inland Revenue Authority of Singapore Act, the Income Tax Act and the Goods and Services Tax Act.



COMMISSIONER'S MESSAGE



IRAS collected S\$41.6 billion in tax revenue in FY2013/14. We kept our cost of tax collection low at 0.86 cents per dollar of tax collected. Our efforts to achieve a high level of voluntary compliance continued to pay off as on-time filing rates continued to improve across all tax types, and tax arrears continued to decline to a low of 0.77%.

FACILITATING ECONOMIC GROWTH

IRAS sustained its efforts to proactively review tax policies to ensure they remain relevant to evolving business models and facilitate business growth. In FY2013/14, we reviewed 31 tax policies, which included the review of GST treatment for reimbursement and disbursement transactions and tax treatment for transfer pricing adjustment initiated by taxpayers.

IRAS is also committed to ensuring that Singapore's tax policies and rules are clear and easy to comply with. To this end, Singapore scored well in the 2014 Deloitte Asia Pacific Tax Complexity Survey with a high number of respondents indicating that Singapore's tax environment has good or high level of consistency and predictability.

MAXIMISING VOLUNTARY COMPLIANCE

We pressed on with efforts to achieve a high level of voluntary compliance, where taxpayers willingly pay their fair share of taxes on time – a hallmark of a leading tax administration. We introduced the Simplified Record-Keeping initiative to lower compliance costs for small businesses by eliminating the need for eligible businesses to keep physical invoices and receipts. We also jointly reviewed and streamlined the application process for accounting software grants with the Infocomm Development Authority of Singapore.

While we actively promote voluntary compliance, we continue to deter non-compliance and establish a strong presence. In FY2013/14, we uncovered a total of 15,233 non-compliant cases and recovered about S\$387 million in taxes and penalties through coordinated audit and investigation programmes. We stepped up vigilance against the abuse of the Productivity and Innovation Credit scheme and prosecuted and publicised tax evasion cases to deter taxpayers from committing tax offences.

DELIVERING EXCELLENT SERVICE

We maintained the momentum to provide excellent service to taxpayers. We launched the mobile-friendly version of myTax Portal (myTax.iras.gov.sg) to enable users of mobile devices to use selected services within myTax Portal without having to download any applications. myTax.iras.gov.sg also

reminds businesses on the non-deductible business expenses during the filing process, thereby minimising filing errors and saving them time. We also introduced the online Wage Credit Scheme calculator to help employers estimate the Wage Credit they will receive.

To provide greater convenience for taxpayers, we expanded the No-Filing Service (NFS) to 1.23 million taxpayers, including 15,000 first-time taxpayers, for the 2014 tax filing season. Since its launch in 2007 benefitting 45,000 taxpayers, the NFS has grown significantly over the years to benefit 27 times as many taxpayers this year.

BUILDING CAPABILITIES

We continued to develop our people to strengthen their capabilities. We exposed staff to different areas of work through job rotations within IRAS and attachments to international organisations. We seconded staff to the Ministry of Finance to develop their skills in tax policy work. In FY2013/14, our staff attended international conferences such as the OECD Task Force on Tax Crimes in France and the Fourth IMF High Level Tax Conference in Japan, where they drew learning points from international best practices.

We are also building up our business analytics capabilities. This will enable us to better identify emerging trends, formulate more relevant and timelier tax policies, improve our service to taxpayers and enhance our compliance efforts in ensuring everyone pays his fair share of taxes.

LOOKING AHEAD

In FY2013/14, we developed a new Corporate Plan to chart our strategic directions for the next 5 years. We are committed to prioritising our action plans to uphold integrity and build trust, deliver citizen-centric services and work as one public service to deliver seamless outcomes that are in the best interests of Singapore and Singaporeans.

ACKNOWLEDGEMENT

I would like to thank the IRAS Board for its support and all IRAS staff for their commitment and contributions to IRAS.

DR TAN KIM SIEW

Commissioner of Inland Revenue



SENIOR MANAGEMENT TEAM



MRS CHIA-TERN HUEY MIN

Deputy Commissioner
(International, Investigation &
Indirect Taxes Group)



MR ONG KHIAW HONG

Deputy Commissioner
(Corporate and Services Group)



DR TAN KIM SIEW

Commissioner of Inland Revenue



MRS ENG-TAY GEOK LEE

Deputy Commissioner
(Business Group)
Chief Compliance Officer



MR JAMES KHOR NGIAP LONG

Deputy Commissioner
(Individual Group)



SENIOR MANAGEMENT TEAM



Mr ANDY SEAH YONG LUCK

Assistant Commissioner
(Individual Income Tax Division)



Mr DENNIS LUI SIEW WAH

Assistant Commissioner
(Taxpayer Services Division)



Mrs CLAIRE CHUA

Assistant Commissioner
(Compliance Strategy and Risk Division)



Ms CHOW WAI YEE

Assistant Commissioner
(Tax Policy and International Tax Division)



Mr WILSON ONG JOON LIM

Assistant Commissioner
(Corporate Tax Division)



Mrs SABINA CHEONG HWEE BIN

Assistant Commissioner
(Goods and Services Tax Division)



Miss LOH LEE KIM

Assistant Commissioner
(Investigation and Forensics Division)



SENIOR MANAGEMENT TEAM



Mr WANG TECK LENG

Assistant Commissioner
(Property Tax Division)



Mrs PATRICIA MAK

Assistant Commissioner
(Enforcement Division)



Ms ANG SOCK TIANG

Assistant Commissioner
(Accounting and Processing Division)



Ms JACKALIN ER HWEE PHENG

Assistant Commissioner
(Corporate Development Division)



Ms CHIN LI FEN

Assistant Commissioner
(Corporate Services Division)



Mr ALVIN KOH MENG SING

Chief Legal Officer



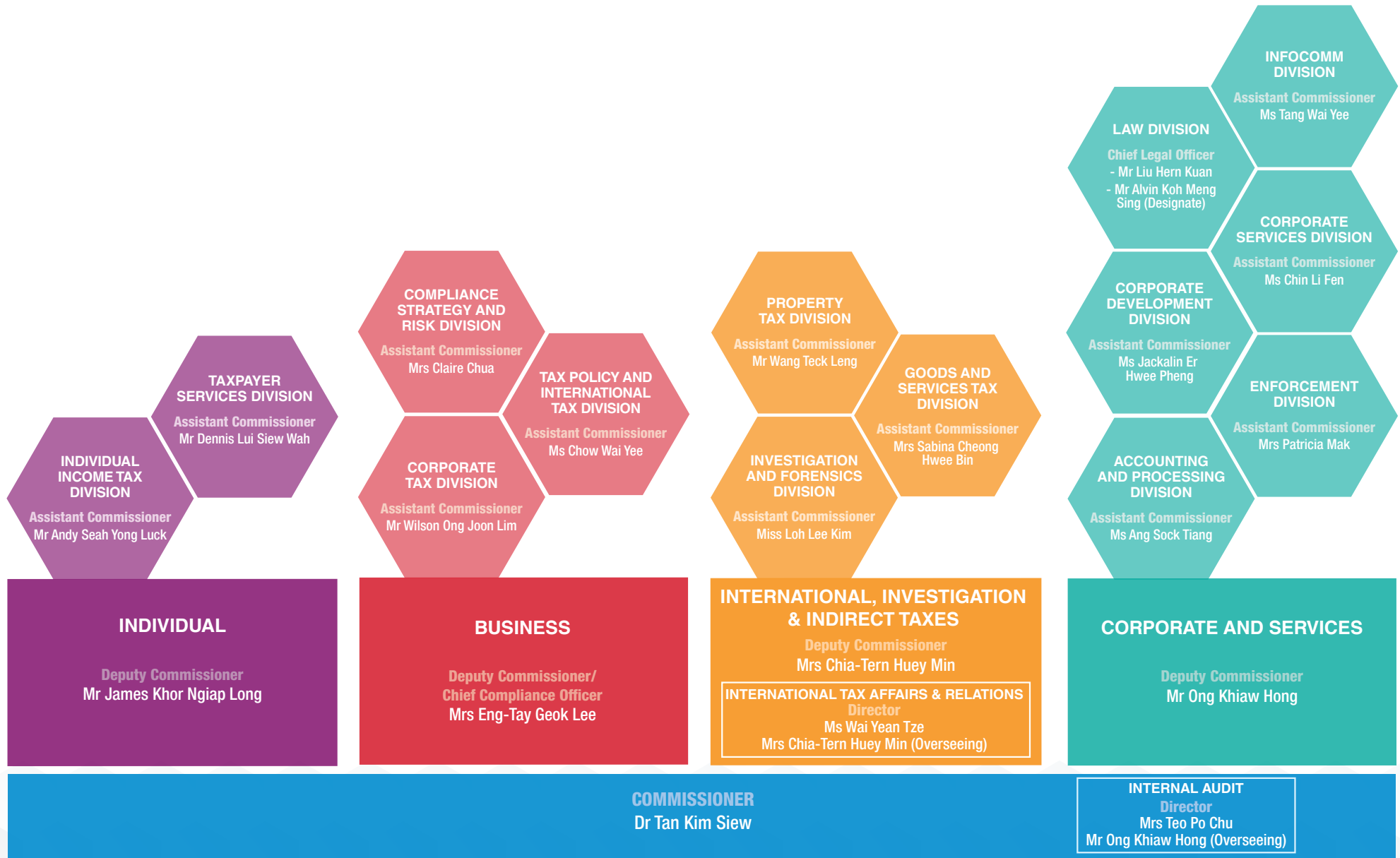
Ms TANG WAI YEE

Assistant Commissioner
(Infocomm Division)



ORGANISATION STRUCTURE (AS AT 31ST MARCH 2014)

STAFF



IRAS BOARD



ORGANISATION STRUCTURE (AS AT 31ST MARCH 2014)

INDIVIDUAL INCOME TAX DIVISION

Responsible for the end-to-end administration of Individual Income Tax. This includes serving taxpayers, assessing and collecting tax, and ensuring compliance for all employees, self-employed, unincorporated businesses and non-resident individuals. This division also handles withholding tax administration for payors who are individuals.

Management Team:

- Mr Andy Seah Yong Luck
Assistant Commissioner
- Miss Magdelene Silva
Director (Employee)
- Miss Marjorie Tan Yong Hin
Director (Foreigner & Clearance)
- Miss Loh Cheng Cheng
Director (Self-Employed)
- Mrs Low-Chua Pik Sim
Director (Ruling & Compliance)

TAXPAYER SERVICES DIVISION

Handles frontline tax enquiries and manages overall taxpayer relationship, taxpayer services infrastructure and e-services.

Management Team:

- Mr Dennis Lui Siew Wah
Assistant Commissioner
- Ms Khoo Hung Ling
Director (Contact Centre)
- Ms Shirley Ng Li Mei
Manager (Taxpayer Services Management Unit)

CORPORATE TAX DIVISION

Responsible for the end-to-end administration of the Income Tax for companies, charities, bodies of persons; Betting Duty, Private Lotteries Duty, Casino Tax and Trust. This includes serving taxpayers, assessing and collecting tax, and ensuring compliance. This division also handles withholding tax administration for payors who are companies.

Management Team:

- Mr Wilson Ong Joon Lim
Assistant Commissioner
- Ms Quek Su Lynn
Tax Director (Small Corporations)
- Miss Quek Puay Kiang
Tax Director (Medium Corporations)
- Mrs Choy-Koh Kum Lin
Tax Director (Large Corporations)
- Ms Quek Su Lynn
Director (Clubs & Associations, Trust & Gaming)

TAX POLICY AND INTERNATIONAL TAX DIVISION

Provides technical advice in the formulation of tax policies and fair application of tax laws, reviews tax policies, initiates tax rules changes and safeguards Singapore's economic interest through tax treaty negotiations and resolution of international tax issues.

Management Team:

- Ms Chow Wai Yee
Assistant Commissioner
- Mrs Lim-Leow Lay Hwa
Tax Director (Tax Policy & Ruling)
- Miss Evelyn Lio Ee Min
Tax Director (International Tax)



ORGANISATION STRUCTURE (AS AT 31ST MARCH 2014)

COMPLIANCE STRATEGY AND RISK DIVISION

Develops IRAS-wide compliance strategies, policies and programmes (including compliance risk assessment), and conducts strategic compliance research. This division also drives the use of business analytics in IRAS.

Management Team:

- Mrs Claire Chua
Assistant Commissioner
- Mrs Claire Chua
Director (Covering)

INVESTIGATION AND FORENSICS DIVISION

Deters tax evasion through investigation and forensics, focusing on serious non-compliant tax cases.

Management Team:

- Miss Loh Lee Kim
Assistant Commissioner
- Mr Low Han Hsien
Director (Investigation Branch 1)
- Mr Ang Seng Leong
Director (Investigation Branch 2)

GOODS AND SERVICES TAX DIVISION

Responsible for the end-to-end administration of Goods and Services Tax. This includes serving taxpayers, assessing and collecting tax, and ensuring compliance.

Management Team:

- Mrs Sabina Cheong Hwee Bin
Assistant Commissioner
- Ms Lim Siew Gim
Director (General)
- Ms Tan Jek Swan
Director (Wholesale Trade)
- Ms Hoe Ee Hui
Tax Director (Large Businesses)

PROPERTY TAX DIVISION

Responsible for the end-to-end administration of Property Tax and Stamp Duty. This includes valuation of properties, serving taxpayers, assessing and collecting tax, and ensuring compliance.

Management Team:

- Mr Wang Teck Leng
Assistant Commissioner
- Ms Jennifer Lin Ee Leng
Director (Residential)
- Ms Sally Mok Chong Chin
Tax Director (Commercial)
- Ms Sally Mok Chong Chin
Tax Director (Industrial) (Covering)
- Ms Alice Wong Chi Ling
Tax Director (Valuation and Stamp Duty)



ORGANISATION STRUCTURE (AS AT 31ST MARCH 2014)

ACCOUNTING AND PROCESSING DIVISION

Manages the collection, refund and accounting of taxes, and the bulk processing of taxpayer information and tax documents. The division also implements payout schemes as directed by the Government.

Management Team:

- Ms Ang Sock Tiang
Assistant Commissioner
- Mrs Tan-Yeo Wei Kuen
Director (Processing Centre)
- Mrs Ang Siew Tee
Director (Electronic Interface)
- Ms Harriet Marion Van Buerle
Director (Revenue Accounting)

ENFORCEMENT DIVISION

Promotes voluntary compliance in the filing and payment of taxes and takes prompt and effective actions on defaulters.

Management Team:

- Mrs Patricia Mak
Assistant Commissioner
- Mr Colin Chew Koo Chung
Director (Compliance Service)
- Ms Deanna Choo Lay Yen
Director (Individuals & Properties)
- Mrs Chia-Tan Hai Geok
Director (Businesses)

CORPORATE DEVELOPMENT DIVISION

Builds and enhances the organisation's growth, capabilities and branding through the development of strategies, systems, culture and relationships.

Management Team:

- Ms Jackalin Er Hwee Pheng
Assistant Commissioner
- Mr Ernest Lee Kian Meng
Director (Organisation Excellence)
- Ms Jackalin Er Hwee Pheng
Director (Corporate Planning)
(Covering)
- Mr Walter Lim Hun Leng
Director (Corporate Communications)

CORPORATE SERVICES DIVISION

Manages and optimises IRAS' financial, physical and human resources and drives long-term organisational effectiveness.

Management Team:

- Ms Chin Li Fen
Assistant Commissioner
- Miss Ang Sor Tjing
Director (Finance & Administration)
- Ms Foo Wei Lin
Director (Human Resource)



ORGANISATION STRUCTURE (AS AT 31ST MARCH 2014)

LAW DIVISION

Provides legal opinions on the application of tax laws, drafts legislations and other legal documents, and represents IRAS in legal proceedings.

Management Team:

- Mr Liu Hern Kuan
Chief Legal Officer
- Mr Alvin Koh Meng Sing
Chief Legal Officer (Designate)
- Mr Alvin Koh Meng Sing
Director (Law Branch 1) (Covering)
- Ms Foo Hui Min
Director (Law Branch 2)

INFOCOMM DIVISION

Responsible for Infocomm Technology (ICT) system planning, acquisitions, deployment, maintenance and operations. The division also provides ICT services and support and ensures the security and quality of IT systems and resources.

Management Team:

- Ms Tang Wai Yee
Assistant Commissioner
- Mr Robin Ng Sy Horng
Director (Infocomm Application Development Centre) (Covering)
- Mr Jimmy Ho Ee Lam
Director (Infocomm Infrastructure & Operation)
- Mdm Chew Soh Lang
Director (Infocomm Systems Architecture & Assurance)
- Mr Robin Ng Sy Horng
Director (Infocomm Technology & Planning)
- Mr Foo Kin Yan
Director (Infocomm Application)
- Ms Tan Yan Noi
Manager (Testing Centre of Excellence)

INTERNATIONAL TAX AFFAIRS AND RELATIONS BRANCH

Maintains strategic oversight of IRAS' international engagement framework and programmes. Drives IRAS' engagement efforts to advance Singapore's interest on the international tax front and advises the Government on international tax engagement. It manages the Exchange of Information function and is the liaison office for all international engagements.

Management Team:

- Ms Wai Yean Tze
Director (International Tax Affairs and Relations)

INTERNAL AUDIT BRANCH

Evaluates the adequacy and effectiveness of internal controls in IRAS and ascertains whether policies and guidelines are complied with. Provides objective audit assurance to assist IRAS management in the effective discharge of their responsibilities and in the attainment of corporate objectives.

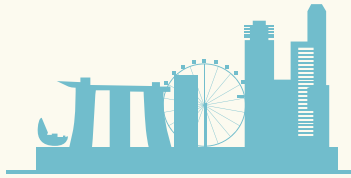
Management Team:

- Mrs Teo Po Chu
Director (Internal Audit)

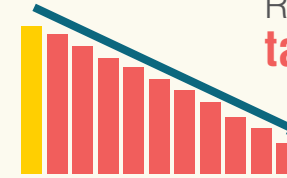


IRAS AT A GLANCE IN FY2013/14 (OUR PERFORMANCE)

Collected **\$41.6 billion** in tax revenue



Recovered **\$387 million** in taxes and penalties from **15,233** audited and investigated cases



Reduced current year tax arrears to **0.77%**

a record low!



9 out of 10 Individuals (or GST-registered businesses)



8 out of 10 Companies

filed their tax returns **on time**



Assessed **100%** of YA2013 individual income tax returns received by March 2014



Assessed **97.4%** of corporate income tax returns received in 2012 by December 2013



Spent **0.86 cents** to collect every dollar of tax



Assessed **97.6%** of new properties listed in 2013 by December 2013



Reviewed **99.4%** of existing properties by December 2013



Reviewed **31 tax policies** to ensure our tax system **stays competitive**



Signed **6** new Avoidance of Double Taxation Agreements



79 comprehensive **Avoidance of Double Taxation Agreements**



IRAS AT A GLANCE IN FY2013/14 (OUR SERVICE AND PEOPLE)

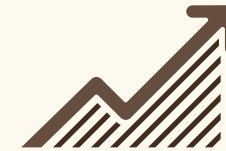


Served more than **4 million taxpayers**, comprising individuals, property owners and businesses



Handled **15.7 million** payment transactions

99.2% of tax refunds were made within **14 days**



Expanded the **No-Filing Service** to **1.23 million** individuals for the 2014 tax filing season



Replied to **92%** of emails within five working days



Attended to **92%** of taxpayers within 20 minutes



Answered **86%** of telephone calls within one minute



Received **22,503 compliments**, up from 17,133 last year



97.6% of the respondents to our biennial Taxpayer Survey were **satisfied with IRAS' service**

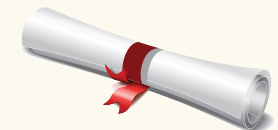
Taxpayer Survey 2013	
<input checked="" type="checkbox"/>	Needs and Expectations
<input checked="" type="checkbox"/>	Satisfaction
<input type="checkbox"/>	
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Our people completed **433** innovation **projects** and contributed **6,404 suggestions** to enhance IRAS' systems and processes



Each staff invested an average of **13.8 mandays** in **learning & development**



157 IRAS staff are **Accredited Tax Specialists** who have attained a high level of technical competency

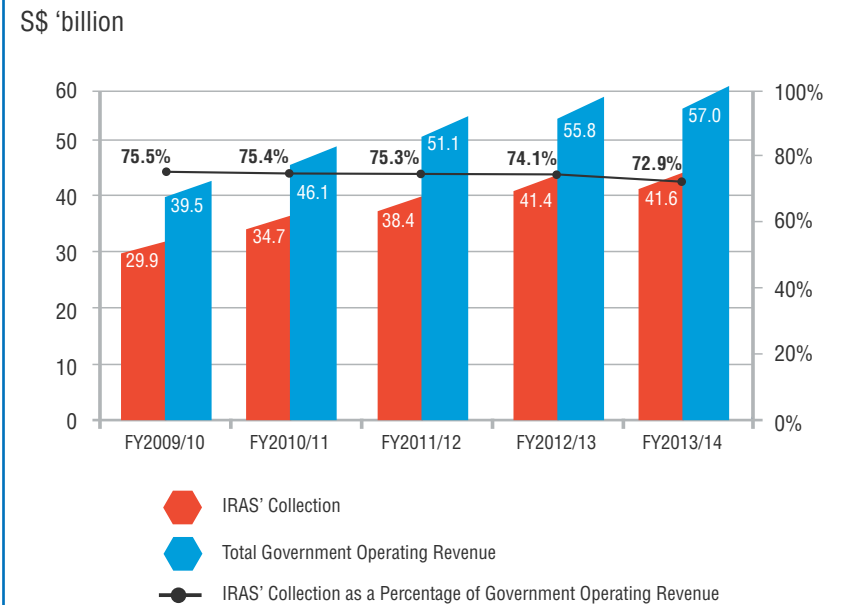


OUR REVENUE COLLECTION

IRAS is the main revenue body of the government, responsible for the collection of income tax (corporate income tax, individual income tax and withholding tax), GST, property tax, stamp duty and betting taxes. In FY2013/14, IRAS collected a total of S\$41.6 billion. These taxes accounted for 72.9% of the Government Operating Revenue and 11.0% of Singapore's Gross Domestic Product.



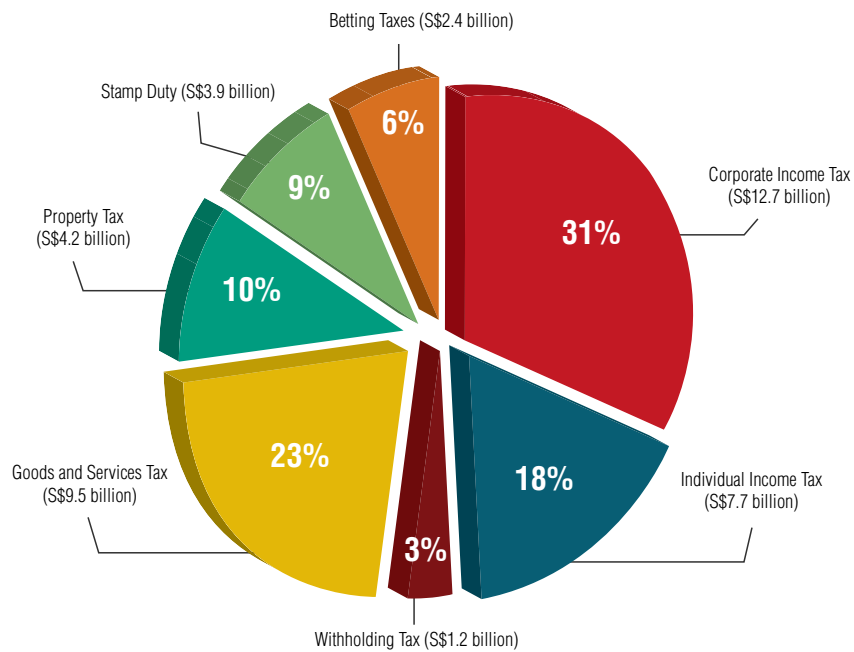
IRAS' Collection Versus Total Government Operating Revenue





OUR REVENUE COLLECTION

FY2013/14 IRAS' Collection by Tax Type



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

Income tax (corporate income tax, individual income tax and withholding tax) collection made up 52% of IRAS' collection in FY2013/14. The collection of S\$21.6 billion was 1.6% lower than that for FY2012/13. The decrease was due to corporate income tax rebates given for Years of Assessment (YA) 2013 and 2014, one-off individual income tax rebate given in YA2013, and lower collections from withholding tax.

FY2013/14 GST collection of S\$9.5 billion was 5.3% higher over the previous year, due to moderate private consumption expenditure growth in 2013.

Property tax collection was S\$4.2 billion, 10.6% higher than S\$3.8 billion in FY2012/13 due to higher Annual Values and an increase in the number of properties.

Compared to the collection in FY2012/13, stamp duty collection decreased by S\$0.4 billion or 8.8% to S\$3.9 billion in FY2013/14. The reduction was due to lower volume of property transactions, following the last round of property market cooling measures introduced in January 2013.

Betting taxes rose to S\$2.4 billion in FY2013/14, up by 3.2% from the previous year.

PARTNERING TAXPAYERS





PARTNERING TAXPAYERS

Assisting Businesses through the Wage Credit Scheme (WCS)

WCS is part of the 3-Year Transition Package introduced in Budget 2013. Businesses are restructuring in a tight labour market and wages will have to rise.

Through the WCS, the Government provides businesses with co-funding support for wage increases for their employees during this period of transition.

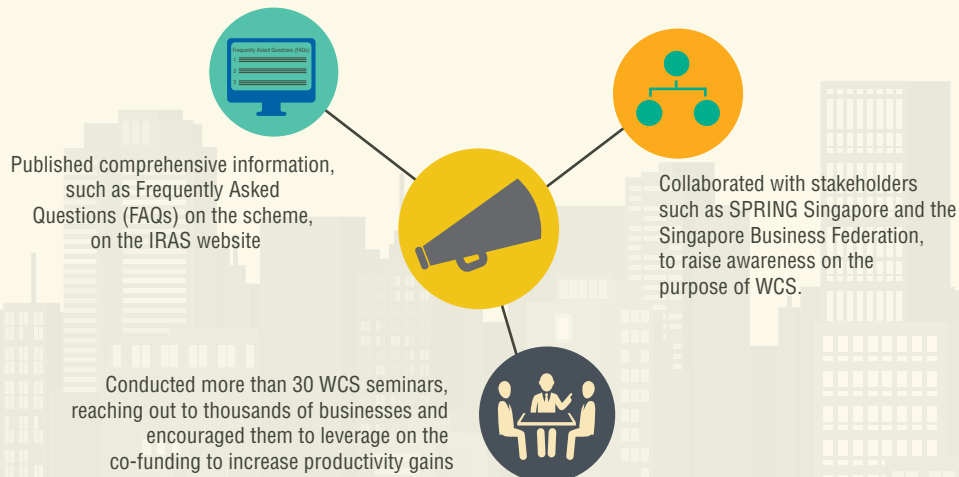
This allows businesses to free up resources to invest in productivity, and to share productivity gains with their employees.

Under the scheme, the government will co-fund 40% of wage increases given to Singaporean employees earning a gross monthly wage of up to S\$4,000 over the period of 2013 to 2015.



Promotion and Outreach for WCS

IRAS plays an important role in the administration of WCS.



WCS Overview

Over **74,000** of employers in Singapore benefited from the first tranche of WCS payouts in **March 2014**.

About **S\$800 million** payouts were disbursed.



COMPETITIVE TAX ENVIRONMENT, THRIVING ECONOMY





COMPETITIVE TAX ENVIRONMENT, THRIVING ECONOMY

“ We strive to foster a competitive tax environment that promotes enterprise and supports economic growth. ”

STRENGTHENING TAX COOPERATION

We continued to expand Singapore's network of tax treaties and improve the terms of existing ones to facilitate cross-border trade and investments. In FY2013/14, we signed new Avoidance of Double Taxation Agreements (DTAs) with Barbados, Brazil, Ecuador, Laos, Liechtenstein and San Marino, and updated the terms of our DTAs with the Czech Republic, Kazakhstan and Luxembourg. As at 31 March 2014, Singapore has 79 comprehensive DTAs, of which 74 have been ratified.

In FY2013/14, we concluded 11 unilateral and bilateral Advance Pricing Arrangements (APAs), which set the transfer pricing rules for transactions between related entities operating in two or more jurisdictions, providing these businesses with greater upfront certainty and minimising their tax risks from these transactions. We also resolved two cases through competent authority discussions under the Mutual Agreement Procedure (MAP) Article in our DTAs with other jurisdictions, which helped businesses resolve instances of double taxation. As at 31 March 2014, we have 33 ongoing unilateral, bilateral and multilateral APAs and 17 MAPs at different stages of review.



IRAS represented Singapore at the Global Forum on Transparency and Exchange of Information for Tax Purposes

ENHANCING INTERNATIONAL RELATIONS

We continued to participate actively in international conferences and study groups. In FY2013/14, IRAS participated in the 8th Meeting of the Organisation for Economic Cooperation and Development (OECD) Forum on Tax Administration,



Singapore has **79**
comprehensive DTAs, of
which **74** have been ratified.



COMPETITIVE TAX ENVIRONMENT, THRIVING ECONOMY

the 43rd Study Group on Asian Tax Administration and Research (SGATAR) and the inaugural Global Tax Policy Conference. We exchanged views and gained insights on developments in the areas of compliance, debt management and demand management. We also conducted study visits to the Swiss Federal Tax Administration, the Irish Tax and Customs and the UK HMRC. During these visits, we discussed international tax developments and shared experiences in the areas of tax administration and compliance strategy.



IRAS hosted officials from New Zealand in November 2013

IRAS hosted more than 150 foreign visitors from countries such as Australia, Azerbaijan, Cambodia, Finland, Indonesia, Japan, Mexico, Myanmar, New Zealand, Rwanda, Sri Lanka, Thailand and the United States in FY2013/14. Through these foreign visits, we shared our experiences in tax administration, risk management, technological advances and work processes.

We also set up a new International Tax Affairs and Relations Branch to provide strategic oversight of IRAS' international engagement framework and programmes.

REVIEWING TAX POLICIES

We proactively reviewed our tax policies to ensure that they are business friendly and promote business and economic growth. In FY2013/14, we reviewed 31 policies. Some of the policies reviewed include the GST treatment for reimbursement and disbursement transactions and tax treatment for transfer pricing adjustment initiated by taxpayers.



IRAS hosted more than
150 foreign visitors
in FY2013/14.





**LOW COST OF COMPLIANCE,
HIGH LEVEL OF VOLUNTARY COMPLIANCE**



LOW COST OF COMPLIANCE, HIGH LEVEL OF VOLUNTARY COMPLIANCE

“ We strive to maximise voluntary compliance as it is the most sustainable outcome to ensure a cost-effective and efficient tax administration.

”



PIC Seminar

LOWERING COMPLIANCE COSTS

We continued to simplify rules and introduce new initiatives to lower taxpayers' compliance costs and make it easier for them to fulfil their tax obligations.

We introduced the new Simplified Record-Keeping (SRK) programme to help small businesses lower their compliance costs. From Year of Assessment 2015, small businesses that qualify for SRK will only need to keep business records such as listings and registers, instead of the physical invoices and receipts. Together with the Infocomm Development Authority of Singapore, we reviewed and streamlined the application process for accounting software grants in our continued efforts to encourage businesses to improve their record keeping standards with the adoption of accounting software.

We extended the coverage of the Auto-Inclusion Scheme (AIS) for Employment Income to over 41,000 employers in YA2014, up from 36,000 in YA2013, in our ongoing efforts to simplify the tax filing process for individual taxpayers. With the increased number of employers on board the AIS, more than 1.5 million employees enjoyed greater convenience during the YA2014 tax filing exercise as their employment income information was submitted electronically to IRAS by their employers.

EDUCATING TAXPAYERS

We provide timely and accurate tax information through various channels such as the IRAS website, workshops and seminars, educational letters and mailers.



The AIS for Employment Income was extended to over **41,000** employers in YA2014.





LOW COST OF COMPLIANCE, HIGH LEVEL OF VOLUNTARY COMPLIANCE

In FY2013/14, we published information on the GST and income tax treatment of the purchase and sale of virtual currencies as well as the transactions using virtual currencies. We conducted workshops and seminars for tax agents and businesses on Form C-S, corporate income tax filing, the Productivity and Innovation Credit (PIC) scheme and tax changes announced in Budget 2013. We also sent educational letters to tax agents on correct expense claims and record-keeping practices and used comic illustrations in educational mailers to raise awareness on GST registration matters.

DETECTING NON-COMPLIANCE

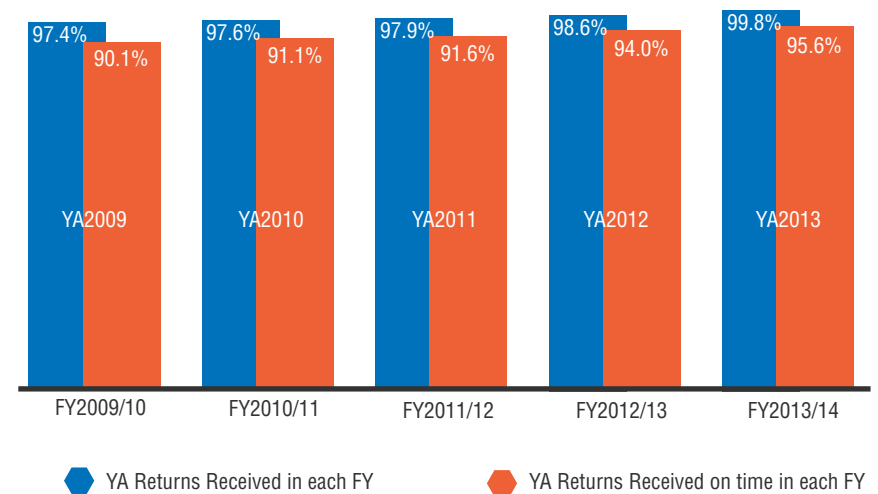
We continued to maintain a strong presence among taxpayers to enhance community confidence in our tax system. In FY2013/14, our tax audit and investigation teams uncovered a total of 15,233 non-compliant cases and recovered about S\$387 million in taxes and penalties through coordinated audit and investigation programmes. We took errant taxpayers to task and publicised prosecution cases as well as our compliance programmes to deter taxpayers from committing tax offences. We stepped up vigilance against the abuse of the PIC scheme and continued to invest in business analytics to gain insights into taxpayers' behaviour and enhance our compliance capabilities.

TAX COMPLIANCE RESULTS

Our ongoing efforts to raise compliance levels have resulted in steady improvements in filing and payment compliance rates.

For Individual Income Tax, 95.6% of the 2,010,695 returns issued in YA2013 were filed by the due date.

Filing Compliance Results for Individual Income Tax



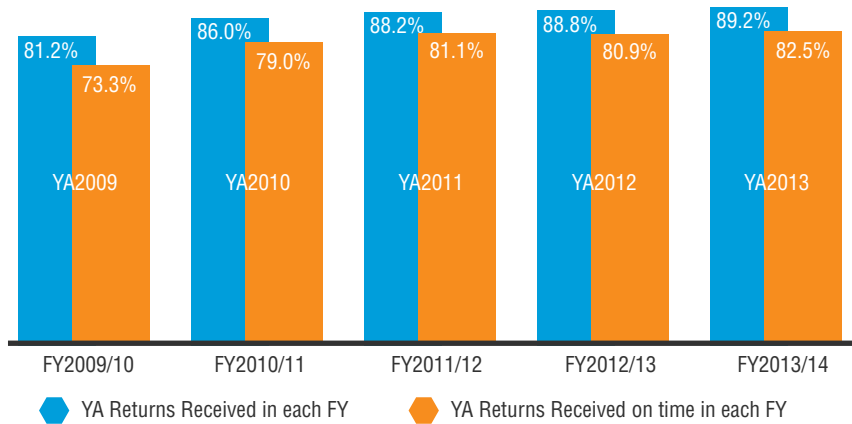
15,233 non-compliant cases were uncovered in FY2013/2014, with about **S\$387 million** recovered in taxes.



LOW COST OF COMPLIANCE, HIGH LEVEL OF VOLUNTARY COMPLIANCE

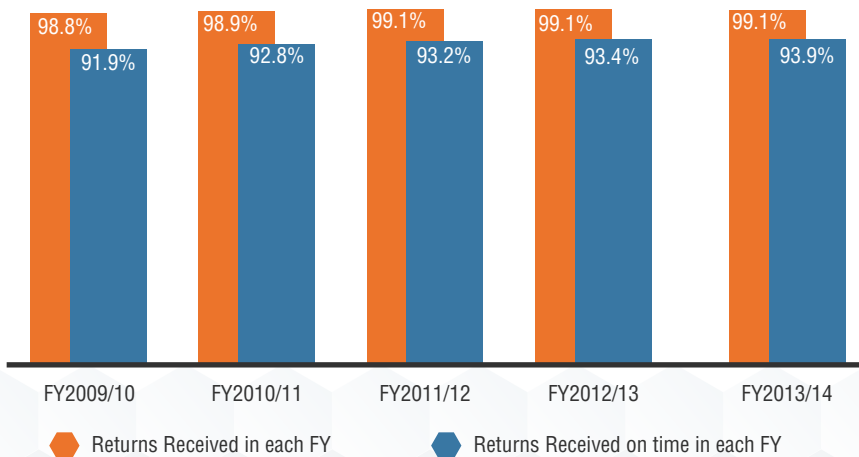
For Corporate Income Tax, 82.5% of the 162,981 returns issued in YA2013 were filed on time.

Filing Compliance Results for Corporate Income Tax



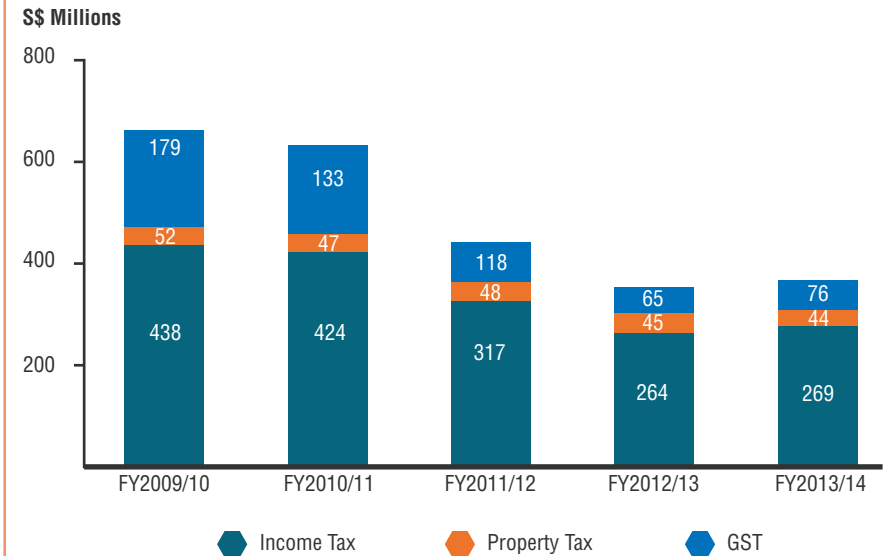
For Goods and Services Tax, 93.9% of the 347,328 returns issued were filed on time.

Filing Compliance Results for Goods and Services Tax



Our total cumulative tax arrears as at 31 March 2014 was S\$389 million. The proportion of arrears to total net tax assessed or collected at the end of FY2013/14 fell to 0.77% from 0.79%.

**Total Tax Arrears
(as at 31 March of each FY)**





**DEDICATED INDIVIDUALS,
PROFESSIONAL SERVICE**



DEDICATED INDIVIDUALS, PROFESSIONAL SERVICE



We adopt a service-oriented mindset in everything we do to make taxpaying a pleasant experience for taxpayers.



MEETING SERVICE STANDARDS

In FY2013/14, we answered a total of 991,422 telephone calls from taxpayers. We answered 86% of telephone calls within one minute during peak period, exceeding

our service target of 70%. We responded to 93% of the 248,479 correspondence received within 15 working days and 92% of the 249,518 emails received within five working days, topping our service targets of 80%. We also attended to 92% of the 99,899 taxpayers who visited our Taxpayer Service Centre within 20 minutes, surpassing our target of 80%.

We continued to process tax refunds expeditiously. We processed 99.2% of the 699,905 refund cases within 14 days. We also met our service standard of processing 100% of the refunds within 30 days.

PROVIDING BETTER TAXPAYER SERVICE

We continued to expand our service offerings and improve our systems and processes to meet the needs of taxpayers.

We expanded the No-Filing Service (NFS) to 1.23 million taxpayers in YA2014, up from 1.13 million in YA2013, providing these taxpayers with a hassle-free tax filing experience as their employment incomes are electronically transmitted by their employers under AIS. Their claims for personal reliefs are also pre-filled by IRAS based on the previous year's claims. Taxpayers on the NFS do not have to file their tax returns unless they have additional income to declare or changes to their claims for relief.



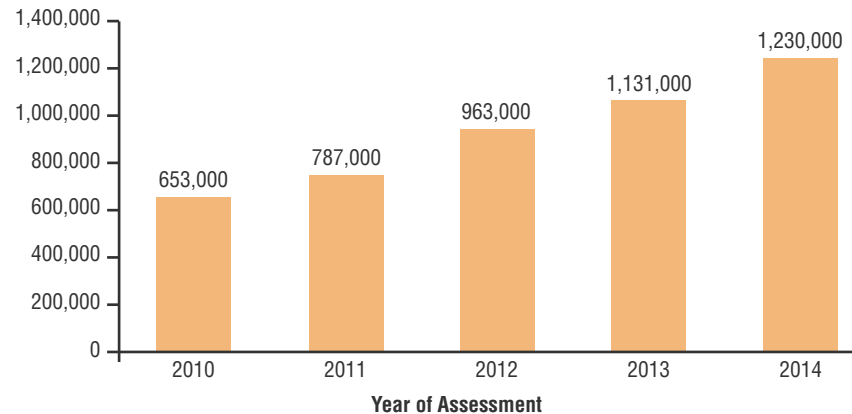
IRAS expanded the No-Filing Service (NFS) to **1.23 million** taxpayers in YA2014.





DEDICATED INDIVIDUALS, PROFESSIONAL SERVICE

Number of Taxpayers on No-Filing Service



For the YA2014 Tax Season, some 75% of taxpayers filed their tax returns by 1 April 2014. This is 4 percentage points higher than that on 1 April 2013. We also achieved an overall filing rate of 95%.

We launched the mobile-friendly version of myTax Portal (myTax.iras.gov.sg), which enables users of mobile devices to use selected services within myTax Portal without having to download any applications. We introduced the online Wage Credit Scheme calculator, which helps employers to estimate the Wage Credit they will receive based on the wages given to their employees.

We also launched the new Tax Statistics webpage on the IRAS website to provide members of the public with one-stop access to official tax statistics such as the taxes collected by IRAS, taxpayer compliance rates and IRAS' service standards to facilitate easy retrieval and analyses of the data.

LISTENING AND LEARNING THROUGH TAXPAYERS' FEEDBACK

We continued to actively engage taxpayers and gather their feedback to help us improve the quality of our services and processes.

We held consultation sessions with our Taxpayer Feedback Panels (TFPs), which comprised business leaders, representatives from key trade associations and experienced tax professionals in Singapore. The TFP sessions helped us better understand the changing needs of taxpayers and tailor our initiatives to meet their needs. They also provided us with a platform to clarify taxpayers' concerns about our tax policies and rules. Issues discussed at the TFP sessions in FY2013/14 included the Tax Treatment of Group Insurance Premiums, e-Filing of Corporate Tax Returns, and the Parent Relief Consultation Exercise.



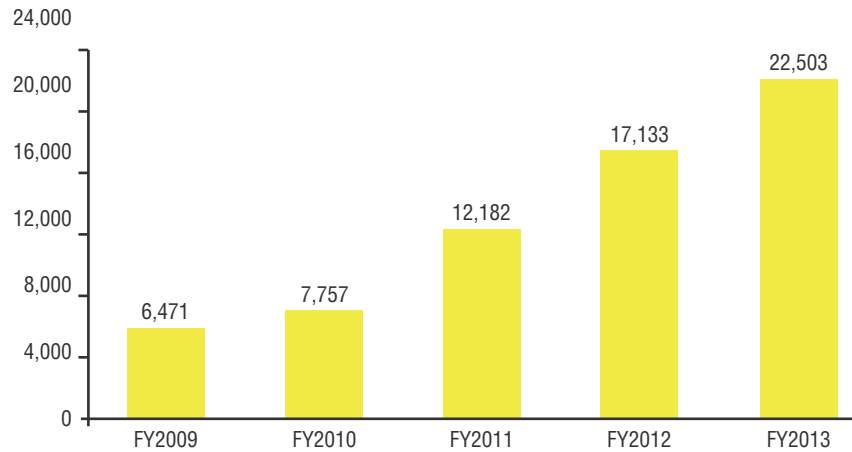
Engaging our TFP members on tax-related issues



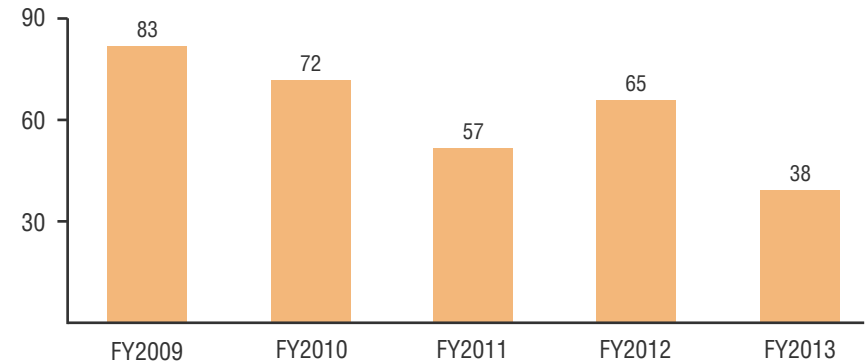
DEDICATED INDIVIDUALS, PROFESSIONAL SERVICE

In FY2013/14, we received a record high of 22,503 compliments, and 38 learning opportunities.

Number of Compliments from Taxpayers



Number of Learning Opportunities



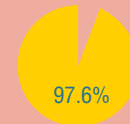
TAXPAYER SURVEY 2013

Taxpayer Survey 2013

- Needs and Expectations
- Satisfaction
-
-

We conducted the biennial Taxpayer Survey in 2013 to gain insights on taxpayers' needs and expectations, and their satisfaction with our services.

We achieved an overall satisfaction rate of **97.6%**, higher than the 94.7% achieved in 2011.





DEDICATED INDIVIDUALS, PROFESSIONAL SERVICE

2013 PS21 STAR SERVICE AWARD WINNERS' SERVICE STORIES

The PS21 Star Service Awards recognise public officers for their dedication to service excellence. By identifying role models who display exemplary performance in service delivery, this award encourages quality customer service and aims to improve the standards of Public Service delivery.

This year, three IRAS officers – Ms Ang Siok Peing (Corporate Tax Division), Mr Choo Rong Jin (Taxpayer Services Division) and Ms Wong Li Lin Mabeline (Taxpayer Services Division) received the PS21 Star Service Award.



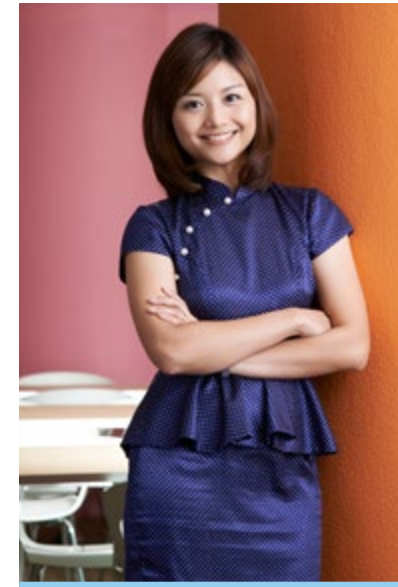
MS ANG SIOK PEING

Ms Ang is very professional, polite and very patient and has helped us in many ways. The best officer I have ever met.



MR CHOO RONG JIN

Mr Rong Jin's extra mile service given to a Singaporean like me was indeed an unforgettable experience and should be highly commended.



MS WONG LI LIN MABELINE

Mabeline Wong Li Lin's service is excellent. She is knowledgeable and demonstrated a high level of patience as she listened to my problems. All civil servants should learn from her to promote such good service attitude!



DEDICATED INDIVIDUALS, PROFESSIONAL SERVICE

2013 IRASHINES! AWARD RECIPIENTS

Everyone in IRAS plays a role in delivering excellent service. The IRASHines! Award is an annual pinnacle service award to reward and recognise both frontline and backroom staff for their outstanding service delivery to taxpayers and internal customers.

There are 12 winners and among them, 4 were honoured as Special Award recipients for their exemplary contributions to service excellence.



IRASHines! Recipients

From left to right: Lew Ching Sun, Neo Soen Hwa, Lee Yun, Huang Changtai (*standing*), Lim Li Keen Ivy, Annie Su, Chen Peiwen, Teo Ching Ling Joanne

Not in Photo: Lin Chengkun Stanley, Wong Hui Min

MR HUANG CHANGTAI

Changtai has been a great help. He has helped to resolve my issues. He is clear in his explanation and polite. I am very grateful to him.

MR LIN CHENGKUN STANLEY

You have been extremely helpful, and you have been able to at least bring me through the authorization process. Thank you very much.

MS TEO CHING LING JOANNE

Joanne is very caring and helpful. I am thankful to her for spending the time to ensure my problem was resolved promptly.

MS LIM LI KEEN IVY

Through my interactions with Ivy, I find her to be a friendly and approachable colleague. She is always ready to help on issues pertaining to IRIN. She is also meticulous and thorough in her analysis of IRIN related enhancements/changes.



**COMPETENT TEAM OF PEOPLE,
VIBRANT IRAS COMMUNITY**



COMPETENT TEAM OF PEOPLE, VIBRANT IRAS COMMUNITY

“ We endeavour to develop a team of competent and dedicated people who will go the extra mile to help achieve our Vision. ”



Celebrating National Day

STAFF STRENGTH

We have a staff strength of 1,933 as at 31 March 2014. Our staff turnover rate was about 5% in FY2013/14.

DEVELOPING OUR PEOPLE

We continued to invest in our people to raise their technical competency and professional standards. In FY2013/14, more than S\$4.3 million or about 2.1% of the total payroll was spent on staff training and each employee achieved an average of 13.8 mandays in learning and development.

In FY2013/14, our people attended several international conferences. These included the Fourth IMF High Level Tax Conference in Japan, which discussed tax issues facing the Asian region; the OECD Task Force on Tax Crimes in France, which discussed cooperation between tax and law enforcement agencies in combating tax crimes such as money laundering and bribery; and the IFA-IBFD 75th Jubilee

Asia Pacific Tax Conference in Malaysia, which discussed the latest trends in anti-avoidance and tax planning as well as developments in tax litigation and transfer pricing.

We organised in-house sharing sessions to keep our staff updated on industry trends and tax developments. Topics covered in FY2013/14 included the Overview of the Permanent Establishment Concept, IRAS Approved Tax Agent/Book-keeper Scheme and the Wage Credit Scheme. The Annual Tax Conference, organised by our Accredited Tax Specialist (ATS) community in September 2013, provided our ATSs with the opportunity to discuss issues such as Tax Treaty Application of Permanent Establishment Article and GST Rules for Voluntary Welfare Organisations. We also continued to expose staff to different areas of work through job rotations and secondments to the Ministry of Finance to develop their skills in tax policy work.

In recognition of our human capital best practices, we were conferred the Leading HR Practices in Learning and Human Capital Development Award at the Singapore HR Award 2013.

RECOGNISING STAFF

Nine IRAS staff were honoured with medals at the Singapore National Day Awards in 2013. In recognition of their outstanding efficiency, competence and industry, Ms Ang Sock Tiang (Assistant Commissioner, Accounting and Processing Division) was bestowed the Public Administration Medal (Silver) and Miss Magdelene Silva (Director, Individual Income Tax Division) and Miss Lio Ee Min Evelyn (Tax Director, Tax Policy and International Tax Division) were bestowed the Public Administration Medal (Bronze).

Miss Chua Li Tiam Sally (Manager, Accounting and Processing Division), Mr Tan Lee Kwang Anthony (Manager, Corporate Tax Division) and Ms Yap Mei Mei (Group Tax Specialist, Goods & Services Tax Division) were conferred the Commendation Medal for their commendable performance and conduct.



COMPETENT TEAM OF PEOPLE, VIBRANT IRAS COMMUNITY

Mrs Leu-Goh Poh Nai (Human Resource Officer, Corporate Services Division), Mrs Lau-Ling Kin Siew (Assistant Manager, Enforcement Division) and Ms Lau Meow Siam (Senior Tax Auditor, Individual Income Tax Division) were awarded the Efficiency Medal for their exceptional efficiency or devotion to duty.

PROMOTING INNOVATION

Innovation is one of our core values. We encouraged our people to continuously seek innovative ways to improve our systems and processes and raise the organisation's productivity. In FY2013/14, our people contributed 6,404 suggestions and completed 433 innovation projects that yielded savings of about S\$4.4 million. Mrs Chia-Tan Hai Geok (Director, Enforcement Division) was awarded the PS21 Innovation Champion (Bronze) Award, which recognises officers who inject innovation and creativity into their work. IRAS also won the MOF Best Project Award for the Simplified Tax Returns for Small Companies (Form C-S), which simplifies the tax filing process for smaller businesses, and the MOF Innovator Award for the Automated Valuation Model, which facilitates speedier assessment and greater responsiveness to market changes for high-rise private residential properties.



IRAS won the MOF Best Project Award

IRAS was conferred two Public Sector Pro-Enterprise Initiative awards in FY2013/14 for our efforts in reducing the tax compliance costs of businesses. One award was for the waiver of the need for small companies with turnover of less than S\$1 million to file their Estimated Chargeable Income (ECI) if they have nil ECI, as well as the introduction of Form C-S. The other award was for easing GST compliance for businesses by removing the need for them to track the number and value of gifts given to the same person and simplifying the accounting for output tax on gift of goods.

SUPPORTING WORK-LIFE BALANCE

Our Inland Revenue Recreation Club organised a range of recreational and sporting activities throughout the year to promote staff well-being and healthy lifestyle. Our biennial IRAS Family Day was held at the Singapore Zoological Gardens in January 2014 and was attended by more than 2,000 staff and family members.



Staff and family members at IRAS Family Day 2014

In FY2013/14...



our people contributed
6,404 suggestions and



completed **433**
innovation projects

that yielded savings of about **S\$4.4 million.**



COMPETENT TEAM OF PEOPLE, VIBRANT IRAS COMMUNITY



Staff partnered with SMU Habitat for Humanity to help the community

Other recreational activities include enrichment classes such as baking workshops and coffee appreciation sessions. In the sporting arena, IRAS hosted the Revenue Games 2014 in February 2014. This biennial game between the Inland Revenue Board of Malaysia (IRBM) and IRAS saw participation from some 160 IRAS staff and 180 IRBM participants in 15 competitive games.



IRBM and IRAS staff at the Revenue Games 2014

In recognition of our commitment to help our people achieve effective quality work-life, we were awarded the Leading HR Practices in Quality Work-Life, Physical and Mental Well-Being Award at the Singapore HR Awards 2013.

CONTRIBUTING TO THE COMMUNITY

We continued to promote volunteerism and inculcate a strong sense of public responsibility amongst staff. In FY2013/14, our people teamed up with staff from VITAL on a humanitarian trip to Phnom Penh, Cambodia to build water filters and latrines. They collaborated with SMU Habitat for Humanity to help home-owners of one- and two-room apartments clean their homes. They also took part in the Singapore chapter of the International Coastal Cleanup to remove marine trash along the beaches of Pulau Ubin and collected information to facilitate policy design and educate the public. In recognition of our efforts of contributing to the community, we were awarded the Leading HR Practices in Corporate Social Responsibility Award at the Singapore HR Awards 2013.

VOLUNTEER E-FILING SERVICE (VES)

We continued with our Volunteer e-Filing Service (VES), an annual community programme where we engaged and trained volunteers so they could assist less IT-savvy taxpayers with their income tax filing. 333 students and adults signed up as volunteers and provided e-Filing assistance at 21 CitizenConnect Centres island-wide over four weekends from 22 March to 13 April 2014.



e-Filing Service volunteers



COMPETENT TEAM OF PEOPLE, VIBRANT IRAS COMMUNITY

ENGAGING AND EMPOWERING STAFF

Everyone Matters in IRAS and everyone has a role to play in achieving our Vision. The Corporate Plan 2014 to 2018 was developed following extensive consultations with stakeholders, including engaging IRAS staff at all levels. Two staff, who participated in the planning exercise, recounted their learning journey.



Zander Pek

Mr Zander Pek Zhiyu is a Manager in the Compliance Strategy and Risk Division, which was established in 2009 to strengthen IRAS' overall capabilities in managing tax compliance, and to drive the use of business analytics in the organisation. He leads a team in the development of coordinated compliance strategy, policies and programmes, such as the Voluntary Disclosure Programme and Record Keeping Programme, to encourage a high level of voluntary compliance among taxpayers in Singapore. He also oversees a research team that actively scans the environment for emerging trends in the tax compliance landscape, as well as analyse emerging compliance risks so that IRAS can better anticipate them and take preventive actions.

Zander, recalling his recent experience with the Scenario Planning team for the Corporate Planning Exercise, "The team looked at plausible futures that may confront Singapore and IRAS in the next 10 to 15 years. The divergent scenarios that the team came up with sharpened the corporate planning process in making sure we will be future ready. The exposure offered many young officers like me an opportunity to work hand-in-hand with the senior management in developing the longer term strategies and action plans."

On the other learning and developmental opportunities he has been given, Zander said, "Besides classroom training, I have had many hands-on opportunities to work

on assignments outside of my immediate area of work. These assignments range from cross-divisional, inter-agency projects to supporting roles as secretariat at Technical Forums. These experiences have trained me to see from the perspectives of our key stakeholders and I am now able to take a whole-of-governmental approach when designing compliance policies and initiatives."

Ms Yvonne Lay, Manager, Corporate Planning Branch, develops and reviews corporate-wide policies and strategies for organisational growth. Her work involves monitoring, assessing and reporting on organisational performance and risks, and scanning the environment on tax administration trends and best practices. As one of the leads in driving the Public Service Transformation changes in IRAS, Yvonne learns from the best. "Some of the changes that we are reviewing include how IRAS can step up our engagement with our stakeholders and the public to harness their ideas for improving service delivery and how we will continue to live out our Core Values and uphold the highest standards of integrity and professionalism. As part of the change team, I learn about other agencies' best practices and gain a better understanding of what it means to be part of a Public Service that works cohesively to serve our nation and people."



Yvonne Lay

IRAS takes pride in having built a team of highly competent people like Zander and Yvonne by putting in place robust people systems to grow and engage them in IRAS strategies and action plans. Our people will continue to play an important role in ensuring that IRAS remains agile and responsive to a complex and changing operating environment.



**LOOKING
BEYOND THE
HORIZON**



LOOKING BEYOND THE HORIZON

ENCOURAGING ENTERPRISE AND PROMOTING INCLUSIVE GROWTH

Against the backdrop of a complex and volatile global environment, IRAS will continue to play a proactive role in tax policy formulation and review to enhance the competitiveness, robustness and progressivity of our tax regime. We will contribute to Singapore's drive for inclusive growth by administering national productivity and assistance schemes. We will also step up our international engagement efforts to raise Singapore's international credibility and standing.



Jurong Lake District will be the largest commercial and regional centre outside the city centre. © Urban Redevelopment Authority. All rights reserved

PARTNERING THE COMMUNITY

We will partner and engage taxpayers and other stakeholders to build an inclusive society and achieve quality growth. We will adopt a customer centric approach to formulation and review of policies as well as design and delivery of services. We will proactively manage and reduce demand for service, continue to maximise voluntary compliance and keep taxpayers' costs of compliance low by simplifying our tax rules and procedures.

ENHANCING PRODUCTIVITY

We will review our business processes to optimise the use of our resources and maximise value for IRAS and the community. We will make effective use of business analytics, technology and innovation to achieve greater efficiency. We will also enhance our capabilities in managing compliance through appropriate use of business analytics. We will imbue in our people the mindset to proactively look out for innovative ways to enhance their effectiveness. Beyond IRAS, we will enhance inter-agency collaboration to drive Whole-of-Government outcomes.

DEVELOPING OUR PEOPLE

We will continue to train and develop our people to be highly competent and adaptable, able to anticipate and respond readily to challenges in an increasingly demanding environment. We will strengthen our learning and development systems to support the acquisition of new skill sets and competencies, and provide challenging and meaningful jobs for our people to help them realise their fullest potential. We will seek to address the needs and expectations of our diverse and multi generational workforce, keep them engaged and motivated so that we can achieve our Vision with a dynamic team of competent and committed people.



HIGHLIGHTS OF BUDGET CHANGES

1. TAX CHANGES FOR BUSINESSES

EXTENDING THE PRODUCTIVITY AND INNOVATION CREDIT (“PIC”) SCHEME

To give businesses more time to put in place productivity improvements, the PIC scheme will be extended for three years till YA2018.

For enhanced tax deductions, the expenditure cap of S\$400,000 of qualifying expenditure per activity will be combined across YA2016 to YA2018 (i.e. S\$1.2 million per qualifying activity). The expenditure cap of S\$100,000 for PIC cash payout cannot be combined across the three YAs.

INTRODUCING PIC+ FOR SMES

A new PIC+ scheme will be introduced to provide support to SMEs making more substantial investments to transform their businesses. Under the PIC+ scheme, the expenditure cap for qualifying SMEs will be increased from S\$400,000 to S\$600,000 per qualifying activity per YA. This means that SMEs that invest beyond the current combined expenditure cap of S\$1.2 million for each qualifying activity can claim 400% enhanced tax deduction on an additional S\$200,000 of qualifying expenditure.

PIC+ will take effect for expenditure incurred in YA2015 to YA2018. The combined expenditure cap will be as follows: up to S\$1.4 million for YA2013 to YA2015, with the additional expenditure cap of S\$200,000 only applicable to expenditure incurred during the basis period relating to YA2015; and up to S\$1.8 million for YA2016 to YA2018.

The expenditure cap for PIC cash payout will remain at S\$100,000 of qualifying expenditure per YA.

EXTENDING PIC BENEFITS TO TRAINING OF INDIVIDUALS UNDER CENTRALISED HIRING ARRANGEMENTS

In response to industry feedback and recognising that training of such individuals can improve the productivity of the businesses where they are deployed, the PIC scheme will be enhanced to allow businesses to claim PIC benefits on training expenses incurred in respect of individuals hired under centralised hiring arrangements.

This change will take effect from YA2014.

REFINING THE THREE-LOCAL-EMPLOYEES CONDITION FOR PIC CASH PAYOUT

To reinforce the condition that the payouts are made to businesses with active business operations, businesses will have to meet the three-local-employees condition for each of the last 3 months of the relevant period in respect of which the cash payout election is made.

This requirement will take effect for PIC cash payout applications from YA2016.

ALLOWING THE TAX DEFERRAL OPTION UNDER THE PIC SCHEME TO LAPSE

As the PIC cash payout serves a similar purpose to help businesses relieve cash-flow concerns, the tax deferral option will lapse with effect from YA2015.

EXTENDING THE RESEARCH AND DEVELOPMENT (“R&D”) TAX MEASURES

To continue encouraging private R&D and to give certainty to businesses, the additional 50% tax deduction accorded under section 14DA(1) will be extended for ten years till YA2025.

To attract businesses to conduct large R&D projects in Singapore, the further tax deduction accorded under section 14E will be extended for five years till 31 March 2020.

In line with the above extensions, businesses can continue to claim tax deductions/allowance on R&D expenditure incurred for R&D in areas unrelated to their existing trade or business as long as the R&D is conducted in Singapore.

Businesses can also continue to claim a further deduction of up to 300%, on qualifying R&D expenditure up to S\$400,000 under the PIC scheme, which has been extended till YA2018.

EXTENDING AND REFINING THE SECTION 19B WRITING DOWN ALLOWANCE (“WDA”) SCHEME

To build Singapore as an IP hub, the section 19B WDA will be extended for five years till YA2020. The accelerated WDA for approved MDE companies will be extended for three years till YA2018.

All other existing conditions of the section 19B WDA remain unchanged.

Businesses can also continue to claim a further 300% allowance on up to S\$400,000 of such qualifying costs under the PIC scheme, which has been extended till YA2018.



HIGHLIGHTS OF BUDGET CHANGES

EXTENDING THE SECTION 14A TAX DEDUCTION SCHEME FOR REGISTRATION COSTS OF INTELLECTUAL PROPERTY

To encourage businesses to protect their intellectual property, the 100% tax deduction will be extended for five years till YA2020.

Businesses can also continue to claim a further 300% deduction on up to S\$400,000 of such qualifying costs under the PIC scheme, which has been extended till YA2018.

EXTENDING AND ENHANCING THE LAND INTENSIFICATION ALLOWANCE (“LIA”) SCHEME

To continue encouraging businesses to optimise land use, the LIA scheme will be extended for five years till 30 June 2020.

The LIA will be extended to the logistics sector in recognition of the close nexus between this sector and qualifying activities supported by LIA.

The LIA scheme will also be extended to businesses carrying out qualifying activities on airport and port land.

A new condition requiring existing buildings that have already met or exceeded the GPR benchmark to meet a minimum incremental GPR criterion of 10% after renovation or extension works will be introduced. This is to encourage businesses, especially those already in the top quartile of the relevant GPR benchmark, to continue intensifying their land use.

All other existing conditions of the LIA scheme remain unchanged.

The enhancements are effective for LIA approvals granted, and capital expenditure incurred on or after 22 February 2014. However, transitional rules will be made in respect of the new condition on meeting the minimum incremental GPR criterion.

WAIVING THE WITHHOLDING TAX REQUIREMENT FOR PAYMENTS MADE TO BRANCHES IN SINGAPORE

To reduce compliance costs for businesses, payers will no longer need to withhold tax on sections 12(6) and 12(7) payments made to non-resident Singapore branches of foreign companies.

These non-resident Singapore branches will continue to be assessed for income tax on such payments that they receive and will be required to declare such payments in their annual tax returns.

This change will take effect for all payment obligations that arise on or after 21 February 2014.

INTRODUCING A REVIEW DATE FOR THE APPROVED BUILDING PROJECT (“ABP”) SCHEME

A review date of 31 March 2017 will be legislated to ensure that the relevance of the scheme is periodically reviewed.

ALLOWING THE INVESTMENT ALLOWANCE (“IA”) SCHEME FOR AIRCRAFT ROTABLES TO LAPSE

As the scheme is assessed to be no longer relevant, the IA scheme for aircraft rotables will be allowed to lapse after 31 March 2015.

TREATING BASEL III ADDITIONAL TIER 1 INSTRUMENTS AS DEBT FOR TAX PURPOSES

To provide tax certainty and maintain a level-playing field for Singapore-incorporated banks which issue Basel III Additional Tier 1 instruments, such instruments other than shares, will be treated as debt for tax purposes. Hence, distributions on such instruments will be deductible for issuers and taxable in the hands of investors, subject to existing rules.

The tax treatment will apply to distributions accrued in the basis period for YA2015 and thereafter, in respect of such instruments issued by Singapore-incorporated banks (excluding their foreign branches) that are subject to MAS Notice 637.

EXTENDING AND REFINING TAX INCENTIVE SCHEMES FOR QUALIFYING FUNDS

To anchor and continue to grow Singapore’s asset management industry, the section 13CA, 13R and 13X schemes will be extended for five years till 31 March 2019. The section 13C scheme will be allowed to lapse after 31 March 2014.

The section 13CA, 13R and 13X schemes will be refined as follows:

- a) The section 13CA scheme will be expanded to include trust funds with resident trustees, which are presently covered under the section 13C scheme, with effect from 1 April 2014;
- b) The investor ownership levels for the section 13CA and 13R schemes will be computed based on the prevailing market value of the issued securities instead of historical value. This change will be applied on any qualifying fund whose last day of the basis period for an assessment year falls on or after 1 April 2014. ; and



HIGHLIGHTS OF BUDGET CHANGES

- c) The list of designated investments will be expanded to include loans to qualifying offshore trusts, interest in certain limited liability companies and bankers acceptance. This will apply to income derived on or after 21 February 2014 from such investments.

Other existing conditions of the schemes remain unchanged.

RECOVERY OF GST FOR QUALIFYING FUNDS

To further grow Singapore as a centre for fund management and administration, the concession will be extended for five years till 31 March 2019.

ENHANCING THE FOREIGN-SOURCED INCOME EXEMPTION SCHEME FOR LISTED INFRASTRUCTURE REGISTERED BUSINESS TRUSTS (“RBTS”)

To accord listed infrastructure RBTs in Singapore greater tax certainty, thereby facilitating the listing of more infrastructure assets in Singapore, the foreign-sourced income exemption for listed infrastructure RBTs will be enhanced as follows:

- The specified scenarios under section 13(12) will be expanded to cover dividend income originating from foreign-sourced interest income so long as it relates to the qualifying offshore infrastructure project/ asset.
- Interest income derived from a qualifying offshore infrastructure project/asset will automatically qualify for section 13(12) exemption provided certain conditions are met.

REFINING THE DESIGNATED UNIT TRUST (“DUT”) SCHEME

The DUT scheme will be streamlined and rationalised through the following changes:

- The scheme will be limited to unit trusts offered to retail investors with effect from 21 February 2014. Non-retail unit trusts may consider other fund schemes;
- Existing non-retail unit trusts that were approved under the scheme prior to 21 February 2014 may continue to retain their DUT status provided that they meet all the qualifying criteria throughout the DUT period; and
- From 1 September 2014, subject to the fulfilment of conditions, unit trusts do not have to apply for the DUT scheme to enjoy the benefits of the scheme.

Other existing conditions of the DUT scheme remain unchanged.

A review date of 31 March 2019 will be legislated to ensure that the relevance of the scheme is periodically reviewed.

2. TAX CHANGES FOR INDIVIDUALS

ENHANCING THE PARENT AND HANDICAPPED PARENT RELIEFS

To provide greater encouragement and recognition to individuals supporting their or their spouse's parents, the quantum of parent / handicapped parent relief will be increased, with individuals who are staying with these dependants enjoying a higher relief quantum, as follows:

Type of Relief	Relief Quantum With Effect From YA2015
Parent Relief (Individual staying with dependant)	S\$9,000
Parent Relief (Individual not staying with dependant)	S\$5,500
Handicapped Parent Relief (Individual staying with dependant)	S\$14,000
Handicapped Parent Relief (Individual not staying with dependant)	S\$10,000

Recognising that care for parents is a shared responsibility among family members, claimants of parent / handicapped parent relief will be able to share the relief according to the claimants' agreed proportion.

If more than one claimant is making the claim and the claimants cannot come to an agreement on the apportionment ratio among themselves, the Comptroller of Income Tax will apportion the relief equally among all claimants.

The above changes will take effect from YA2015.

ENHANCING THE HANDICAPPED SPOUSE, HANDICAPPED SIBLING AND HANDICAPPED CHILD RELIEFS

To provide greater recognition to individuals who are supporting their handicapped dependants, the amount of handicapped spouse, handicapped sibling and handicapped child reliefs will be increased with effect from YA2015 as follows:



HIGHLIGHTS OF BUDGET CHANGES

Type of Relief	Relief Quantum With Effect From YA2015
Handicapped spouse relief	S\$5,500
Handicapped sibling relief	S\$5,500
Handicapped child relief	S\$7,500

REMOVING TRANSFERS OF QUALIFYING DEDUCTIONS, AND DEFICITS BETWEEN SPOUSES

To simplify the individual income tax system, married couples can no longer transfer qualifying deductions and deficits between each other (including under the loss carry-back scheme) with effect from YA2016.

As a transitional concession, qualifying deductions and deficits incurred by a married couple in and before YA2015 will still be allowed for inter-spousal transfers up till YA2017, subject to existing rules.

Any unabsorbed trade losses or capital allowances may still be carried forward to future years to be set-off against the future income of the taxpayer, until the amount is fully utilised, subject to existing rules. Similarly, any unutilised donations may be carried forward to future years to be set-off against the future income of the taxpayer, up to a maximum of five years.

REMOVING THE SECTION 40 RELIEF

To simplify the individual income tax system, the section 40 relief will be removed with effect from YA2016.

3. OTHER TAX CHANGES

STREAMLINING THE STAMP DUTY RATE STRUCTURE

To ensure consistency in stamp duty treatment across leases of varying tenures, the basis for charging stamp duty on leases executed on or after 22 February 2014 will be as follows:

Lease Period	Stamp Duty Rates
Up to four years	0.4% of the total rent for the entire period of the lease
Exceeding four years or for any indefinite term	0.4% of four times of the average annual rent for the entire period of the lease

a) To further streamline the stamp duty regime, the stamp duty rates for other instruments (land premiums and purchase of property, share transfers and mortgages) executed on or after 22 February 2014 will be as follows:

i) Land Premiums and Purchase of Property

Purchase Price or Market Value (whichever is higher)	Buyer's Stamp Duty Rates
First S\$180,000	1%
Next S\$180,000	2%
Remainder	3%

ii) Share Transfers and Mortgages

Types of Instruments	Stamp Duty Rates
Transfer of stock or shares	0.2% of the purchase price or market value of the stock or shares transferred, whichever is higher
Mortgage instruments	0.2% or 0.4% of the relevant amount (depending on the type of mortgage instrument) subject to maximum duty of \$500

RAISING THE DUTY RATE ON TOTALISATOR OR PARI-MUTUEL BETTING (EXCLUDING HORSE RACING) AND ANY OTHER SYSTEM OR METHOD OF CASH OR CREDIT BETTING

The duty on Totalisators, Pari-mutuel Betting (excluding Horse Racing) and any other system or method of Cash or Credit Betting will be raised from 25% of gross bets (net of GST) to 30% of gross bets (net of GST).

Revised Duty Rate: 30% x (Amount of bets received – GST)

The change will take effect from 1 July 2014.

Betting duties on Horse Racing, Sports Betting and Sweepstakes will remain unchanged.