

For Corporate Income Tax Only

This checklist serves as a guide to help family-owned/ managed companies avoid making common mistakes on their claims for tax deductible expenses.

Part A: Common mistakes on claims for tax deductible expenses and omission of taxable income		
	<u>Yes</u>	<u>No</u>
(A) <u>Remuneration paid to family members</u>		
1. Did the company pay remuneration to the shareholders' / directors' family members?	☐	☐
Note: Under Section 14(2) of the Income Tax Act 1947, for the remuneration paid to the shareholders' / directors' family members to be deductible for tax purposes, it should be made having regard to the services performed and be comparable to an independent employee with the same qualifications and experience performing the same services.		
(B) <u>Expenses of a private nature</u>		
2. Did the company charge any of the following private expenditure to the Profit & Loss Account?		
Note: You may refer to Section 15 of the Income Tax Act 1947 for deductions that are not allowable.		
a. Meals, parties, festive celebrations, social gatherings, etc.	☐	☐
b. Travelling expenses on holidays with family, etc.	☐	☐
c. Gifts to self, friends & relatives, etc	☐	☐
d. Personal membership / entrance fee and monthly club subscription fees to gym / fitness center / sports club / country club / yacht club, etc.	☐	☐
e. Personal / family's credit card expenses	☐	☐
f. Domestic / residence's utilities bills, phone bills, internet chargers, family members' mobile phone bills, etc	☐	☐
g. Domestic helper's salary and levy	☐	☐
h. Domestic / Household purchases such as furniture & fittings, electrical appliances, groceries, etc.	☐	☐
i. Domestic / Residence's renovation costs, repair & maintenance, monthly / quarterly contributions to sinking fund, property tax, mortgage loan interest etc.	☐	☐
j. Personal / Family's life assurance, education, home fire insurance, and non-qualifying keyman insurance	☐	☐
k. Children's education expenses such as tuition / school fees, hostel chargers, purchases of textbooks, uniforms, etc.	☐	☐
3. Did the company charge to the Profit and Loss Account any private car expenses such as petrol, insurance, repair and maintenance, road tax, COE, parking and ERP chargers regardless of whether the car was used for business purposes?	☐	☐

(C) <u>Other expenses</u> 4. Did the company charge to the Profit and Loss Account any of the following: • Expenses incurred to issue shares or dividend distribution, purchase of fixed assets and depreciation • Expenses (e.g. consultancy fees, management fees, royalties etc). to related companies that do not carry out substantive business activities to earn the income • Voluntary CPF contributions • Medical expenses (i.e. no capping within 1% or 2% of the total remuneration incurred in the basis period) • Interest expenses that are relating to non-income producing assets • Omission of declaring certain payments (e.g. commission) paid to directors in the directors' Form IR8A 5. Did the company continue to carry on its business activities during the year? If no, did the company claim any expenses after the cessation of business activities? (D) <u>Income</u> 6. Did the company claim property trading gains as capital gains for property sold within short holding period?	<table border="0"> <tr> <th><u>Yes</u></th> <th><u>No</u></th> </tr> <tr> <td>☐</td> <td>☐</td> </tr> <tr> <td>☐</td> <td>☐</td> </tr> <tr> <td>☐</td> <td>☐</td> </tr> <tr> <td>☐</td> <td>☐</td> </tr> <tr> <td>☐</td> <td>☐</td> </tr> <tr> <td>☐</td> <td>☐</td> </tr> <tr> <td>☐</td> <td>☐</td> </tr> <tr> <td>☐</td> <td>☐</td> </tr> </table>	<u>Yes</u>	<u>No</u>	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
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Part B: Review

If your answer is yes to any of the above, please review and ensure that non-tax deductible expenses charged to the Profit and Loss Account are added back in the tax computation for the relevant year.

Please note that the above checklist is not an exhaustive list of expenses where tax adjustments may have to be made on the non-tax deductible items included therein. It is provided to help you in your preparation of tax returns and is solely for your reference. It is the company's responsibility to ensure the accuracy of its tax returns, including ensuring that all taxable income are brought to tax accordingly.

You may wish to note that under the Income Tax Act 1947, penalties may apply for incorrect returns filed.