

Annual Report

INLAND REVENUE AUTHORITY OF SINGAPORE

2015/16



INLAND REVENUE
AUTHORITY
OF SINGAPORE

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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 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 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 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 grew at a slower pace of 2% in 2015 and our labour market remained tight with low unemployment rate. Our tax revenues stayed healthy, funding the Government's programmes to transform the economy and promote an inclusive society.

Fostering a Competitive Tax Environment

IRAS plays an important role in fostering an internationally competitive tax environment in Singapore. With deep understanding of the issues affecting taxpayers and businesses, IRAS proactively reviews our tax policies and processes to make it easier for taxpayers to comply with their tax obligations. This helps to ensure that Singapore has a competitive tax regime and remains an attractive destination for businesses and investors. The Doing Business Report 2016 by the World Bank Group ranked Singapore as the world's easiest place to do business among the 189 economies surveyed. Singapore was ranked among the top five jurisdictions recognised for ease of paying taxes in the Paying Taxes 2016 report by PwC and the World Bank Group.

IRAS continues to ensure Singapore has a robust network of Avoidance of Double Taxation Agreements (DTAs) to enhance cross-border investment and trade. In FY2015/16, IRAS updated the terms of existing DTAs with Thailand and Russia to enhance Singapore's trade and investment flows with the two countries. As at 31 March 2016, 80 out of Singapore's 82 comprehensive DTAs are in force. This provided businesses engaging in cross-border trade with more avenues for dispute resolution and eliminates double taxation relating to cross-border transactions between Singapore and the respective jurisdictions.

Singapore has committed to commencing the OECD Automatic Exchange of Information under the Common Reporting Standard (CRS) in 2018. Such information exchanges will be carried out on a bilateral basis with jurisdictions which have signed bilateral or multilateral agreements with Singapore that specify the information to be exchanged and the administrative arrangements of the information exchange. IRAS is working with the Ministry of Finance and the Monetary Authority of Singapore on the due diligence and reporting requirements to facilitate Singapore in implementing the CRS.

Supporting Inclusive Growth

IRAS continues to support the Government's efforts in promoting inclusive growth through the administration of assistance schemes such as the Productivity and Innovation Credit Scheme and Wage Credit Scheme.

The Productivity and Innovation Credit (PIC) Scheme introduced in 2010 aims to help businesses invest in productivity and innovation activities. As at 31 March 2016, more than S\$5.8 billion in tax savings, PIC cash payouts and PIC bonuses have been granted to more than 143,000 companies and businesses.

The Wage Credit Scheme (WCS) was introduced in 2013 to help businesses cope with rising wage costs and improve productivity. In the third tranche of the WCS payouts as at 31 March 2016, 95,000 employers received about S\$1.9 billion, with SMEs receiving about 70% of the sum disbursed.

Chairman's Statement

Deepening International Engagement

IRAS continues to engage the international tax community to keep abreast of global tax issues and to raise Singapore's profile in the global tax arena. In November 2015, IRAS hosted the 45th Study Group of Asian Tax Administration and Research (SGATAR) Meeting in Singapore. The meeting provided a platform for some 150 delegates from 26 tax jurisdictions and international organisations to discuss tax administration issues and international tax developments.

In September 2015, the SMU-TA Centre for Excellence in Taxation held its inaugural conference which provided a platform for more than 150 participants from Singapore, Malaysia, Cambodia and other regional countries to discuss key international tax issues. The Centre was jointly set up by the Tax Academy of Singapore and the Singapore Management University to work with tax practitioners, academics and other stakeholders to do research on international tax issues with a particular focus on Asia.

Acknowledgements

On behalf of the Board, I express my appreciation to the management and staff of IRAS for their commitment and contributions. I would also like to thank my Board members for their unwavering support during my tenure as the IRAS Board Chairman for the past 6 years.

With my relinquishment of the position of Permanent Secretary (PS) (Finance) on 1 May, the incoming PS (Finance) Mrs Tan Ching Yee will take on the role of Chairman of the IRAS Board. I am confident that, together with the management and staff of IRAS, she will lead IRAS to greater heights.

Mr Peter Ong
Chairman



Members of the Board

(As of 31 March 2016)



Standing (from left to right)

Mr Pek Hak Bin

Board Member

Dr Philip Pillai

Board Member

Mr Pok Soy Yoong

Board Member

Dr Lee Kwok Cheong

Board Member

Seated (from left to right)

Mrs Chng Sok Hui

Board Member

Mr Tan Tee How

*Commissioner of Inland Revenue/
Chief Executive Officer*

Mr Peter Ong

Chairman

Mr Bob Tan

Board Member

Mr Niam Chiang Meng

Board Member

Members of the Board

(As of 31 March 2016)

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 serves on the Boards of the Monetary Authority of Singapore, National Research Foundation, Lee Kuan Yew School of Public Policy, Singapore Telecommunications Limited and Calvary Community Care.

Mr Tan Tee How

Commissioner of Inland Revenue/ Chief Executive Officer

Mr Tan was appointed Commissioner of Inland Revenue and Chief Executive Officer of the Inland Revenue Authority of Singapore on 1 December 2014. Prior to that, Mr Tan held several key public sector positions including Chief Executive Officer of the National Healthcare Group (2000-2003), Permanent Secretary of the Ministry of National Development (2004-2011) and Permanent Secretary of the Ministry of Home Affairs (2011-2014). He is the President of the Singapore Scout Association and also sits on the Board

of Governors for St Joseph's Institution International and St Joseph's Institution International Elementary School.

Dr Lee Kwok Cheong

Board Member

Dr Lee joined the IRAS Board in September 2010. He is the Chief Executive Officer of the SIM Global Education. Dr Lee spearheaded the establishment of the Singapore Association for Private Education (SAPE) and is its Founding President. He is also an Independent Director of Nera Telecommunications Ltd. Dr Lee has served on the Boards of several education and technology institutions.

Mr Bob Tan

Board Member

Mr Tan joined the IRAS Board in September 2013. He chairs the Boards of Jurong Engineering Ltd, Singapore LNG Corporation Pte Ltd, SINGEX Holdings Pte Ltd and the Institute of Technical Education. Mr Tan serves on the Boards of Ascott Residence Trust Management Limited, Ong Teng Cheong Labour Leadership Institute and SMRT Corporation Ltd. He is a member of the Singapore Manufacturing Federation's Board of Governors and a member of the

NTUC Club Management Council. Mr Tan is also a fellow of the Singapore Institute of Directors and the Institute of Chartered Accountants in England and Wales.

Mr Pek Hak Bin

Board Member

Mr Pek joined the IRAS Board in September 2010. He is the Chief Executive Officer of Cronus Energy Pte Ltd. He currently serves on the Boards of the Energy Market Authority of Singapore and Cronus Foundation Ltd.

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 currently serves on the Boards of Mapletree Logistics Trust Management Pte Ltd, Manulife US Real Estate Management Pte Ltd and Pavilion Foundation Limited.

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.

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 Bank (China) Limited. She is a Board member of the Singapore Exchange Limited and serves on the International Integrated Reporting Council and the Industry Advisory Board of the NUS Centre for Future-Ready Graduates.

Dr Philip Pillai

Board Member

Dr Pillai joined the IRAS Board in September 2013. He was formerly a Judge of the Supreme Court. He currently serves as a director and member of the Audit Committee and Risk Committee of CapitaLand Ltd.

Corporate Governance



The Board met three times last year to review major corporate policies, approve financial statements, annual budget and major expenditure projects.



The Audit 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.

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 Mr Tan Tee How, the Commissioner of Inland Revenue and Chief Executive Officer of the Inland Revenue Authority of Singapore, Dr Lee Kwok Cheong, Mr Bob Tan, Mr Pek Hak Bin, Mr Pok Soy Yoong, Mr Niam Chiang Meng, Mrs Chng Sok Hui and Dr Philip Pillai.

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

Dr Lee Kwok Cheong chairs the Audit Committee. Its other members are Mr Niam Chiang Meng, Mrs Chng Sok Hui and Dr Philip Pillai. 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 Mr Tan Tee How, Commissioner of Inland Revenue and Chief Executive Officer of the Inland Revenue Authority of Singapore, Mr Pek Hak Bin and Mr Pok Soy Yoong. The 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.

Corporate Governance

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 / Chief Executive Officer of the Inland Revenue Authority of Singapore. 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 failed 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.

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.

Every IRAS staff has to maintain high standards of professional integrity and personal conduct.



Commissioner's Message

IRAS collected S\$44.8 billion in tax revenue in FY2015/16, 3.2% more than the collection in FY2014/15. Our cost of tax collection remained low at 0.83 cents for every dollar collected. We kept our tax arrears low at 0.62% of net tax assessed with our continuing efforts to maximise voluntary compliance.

Facilitating Economic Growth

IRAS proactively reviews tax policies to ease businesses' compliance costs and promote enterprise, in addition to administering Government assistance schemes for businesses. In FY2015/16, we reviewed 38 tax policies. Some of the changes made include removal of the requirements for GST-registered businesses to apportion pre-registration GST claims on certain categories of goods and services.

We participated actively in the G20-OECD Base Erosion and Profit Shifting (BEPS) project. We have conducted several consultation sessions with stakeholders to update them on the expected developments in international taxation arising from the BEPS project and to gather feedback on how the developments may affect businesses in Singapore.

Providing Excellent Service

We continued with our efforts to provide excellent service to taxpayers.

We introduced new e-services to improve convenience for taxpayers. These included the *e-Property Tax Balance* for property owners to check if they owed tax on their properties, and the *Object to Assessment* e-service for taxpayers to object to their tax assessments. We also launched an interactive tool for taxpayers to check if they qualify to claim the tax reliefs available.

We also made tax filing easier for smartphone users. With the new interface, smartphone users no longer need to zoom in or scroll horizontally to view the content. Close to 96,000 individual taxpayers, or 12% of those who e-filed, filed their YA2016 tax returns using smartphones. We also simplified tax filing for some 155,000 owners of tenanted residential properties by pre-filling the rental expenses in their YA2016 online tax forms, bringing them added convenience and lowering their compliance costs.

Our efforts to simplify tax filing did not go unnoticed by taxpayers. A high 96% of individual taxpayers filed their tax returns on time during Tax Season 2016.

Raising Voluntary Compliance

We kept up our efforts to drive voluntary compliance. We extended the convenience of e-filing of Form C and Form C-S to all companies from June 2015. This helped more companies to benefit from reduced compliance costs and productivity gains while enjoying the convenience of going paperless. We will be implementing mandatory e-filing of corporate income tax returns in a phased approach from Years of Assessment 2018 to 2020.

We continued to establish a strong and effective presence to deter non-compliance. We took errant taxpayers to task and publicised prosecution cases. We audited and investigated some 11,450 taxpayers and recovered over S\$411 million in taxes and penalties in FY2015/16.

Commissioner's Message

Developing our People

We continue to develop our people to strengthen their capabilities and equip them with new skills. Besides on-the-job training and development, we also exposed our 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 FY2015/16, our staff attended international conferences such as the Gartner Symposium ITXPO 2015 in the United States, the 4th OCED Forum on Tax and Crime in Amsterdam and the 6th IMF-Japan High Level Tax Conference for Asian Countries in Tokyo, where they drew learning points from international best practices.

In recognition of our people development efforts, we received the awards for Leading HR Practices in Lifelong Learning, Leading HR Practices in Talent Management, Retention and Succession Planning and Leading HR Practices (Special Mention) in Compensation and Rewards Management at the 2015 Singapore HR Awards.

Looking Ahead

IRAS will sustain and enhance its excellence in revenue administration by embracing the opportunities brought about by changes in the technological landscape. We have embarked on a journey to further transform IRAS to better meet the rising expectations of a digitally savvy population for high quality service. We will leverage data driven insights, customer-centric service design, and deeper partnership with the community to redefine the Singapore taxpaying experience.

Acknowledgements

On behalf of IRAS, I would like to thank our outgoing Chairman, Mr Peter Ong for his stewardship and contributions to IRAS for the past 6 years, and welcome Mrs Tan Ching Yee to the IRAS Board.

I would also like to take this opportunity to thank the Board for its support and all IRAS staff for their steadfast dedication and contributions to IRAS.

Mr Tan Tee How

*Commissioner of Inland Revenue/
Chief Executive Officer*



Organisation Structure

(As of 31 March 2016)

IRAS STAFF

Taxpayer Services Division

Mr Dennis Lui Siew Wah

Assistant Commissioner

Individual Income Tax Division

Mr Andy Seah

Assistant Commissioner

Individual

Mr James Khor Ngap Long

Deputy Commissioner

Compliance Strategy and Risk Division

Ms Quek Su Lynn

Assistant Commissioner

Tax Policy and International Tax Division

Ms Chow Wai Yee

Assistant Commissioner

Corporate Tax Division

Ms Chiam Yah Fang

Assistant Commissioner

Business

Mrs Eng-Tay Geok Lee

*Deputy Commissioner /
Chief Compliance Officer*

Property Tax Division

Mr Wang Teck Leng

Assistant Commissioner

Goods and Services Tax Division

Mrs Sabina Cheong Hwee Bin

Assistant Commissioner

Investigation and Forensics Division

Ms Loh Lee Kim

Assistant Commissioner

International, Investigation and Indirect Taxes

Mrs Chia-Tern Huey Min

Deputy Commissioner

International Tax Affairs and Relations

Ms Wai Yean Tze, Director

Infocomm Division

Ms Tang Wai Yee

Assistant Commissioner

Law Division

Mr Alvin Koh

Chief Legal Officer

Corporate Services Division

Ms Chin Li Fen

Assistant Commissioner

Corporate Development Division

Ms Jackalin Er

Assistant Commissioner

Enforcement Division

Mrs Patricia Mak

Assistant Commissioner

Accounting and Processing Division

Ms Ang Sock Tiang

Assistant Commissioner

Corporate and Services

Mr Ong Khiaw Hong

Deputy Commissioner

Commissioner of Inland Revenue/Chief Executive Officer
Mr Tan Tee How

Internal Audit
Mrs Chia-Tan Hai Geok, *Director*
Mr Ong Khiaw Hong (*Overseeing*)

IRAS BOARD

IRAS At A Glance

OUR PERFORMANCE



We assessed **100%** of YA2015 **Individual Income Tax** returns received by March 2016.



We assessed **98.2%** of **Corporate Income Tax** returns received in 2014 by December 2015.



We collected **S\$44.8 billion** in tax revenue.



We reviewed **38 tax policies** to help make our tax system **competitive and progressive**.



9 OUT OF 10 **individuals**



9 OUT OF 10 **GST-registered businesses**



8 OUT OF 10 **companies**

filed their tax returns on time.



We audited and investigated **11,450 cases** and recovered more than **S\$411 million** in **taxes and penalties**.



We spent **0.83 cents** to collect **every dollar of tax**



Current year tax **arrears** stood at **0.62%**



We assessed the annual value of **99.4%** of **new properties** listed in 2015 and reviewed the annual value of **98.8%** of **existing properties** by 31 December 2015.



We have **82** comprehensive **Avoidance of Double Taxation Agreements (DTAs)**.

IRAS At A Glance

OUR SERVICE



We handled more than
16.5 million
payment transactions.

96.5% of respondents to our
biennial Taxpayer Survey
were **satisfied** with
IRAS' service.



We received
13,836
compliments



99.3%
of tax refunds made
within 14 days.



We extended the **No-Filing
Service** to **1.4 million**
taxpayers for the 2016
tax filing season.



100% of taxpayers
with appointments attended
to within 15 minutes¹.



82% of telephone calls
answered within 1 minute
even during peak hours.



91% of emails
replied to within
5 working days.

OUR PEOPLE



Each staff invested
an average of more
than **14 mandays**
in learning and
development.



178 IRAS officers are
Accredited Tax Specialists
who have attained a high
level of technical
competency.



Our people completed **441**
innovation projects and contributed
4,843 suggestions to enhance
IRAS' systems and processes.

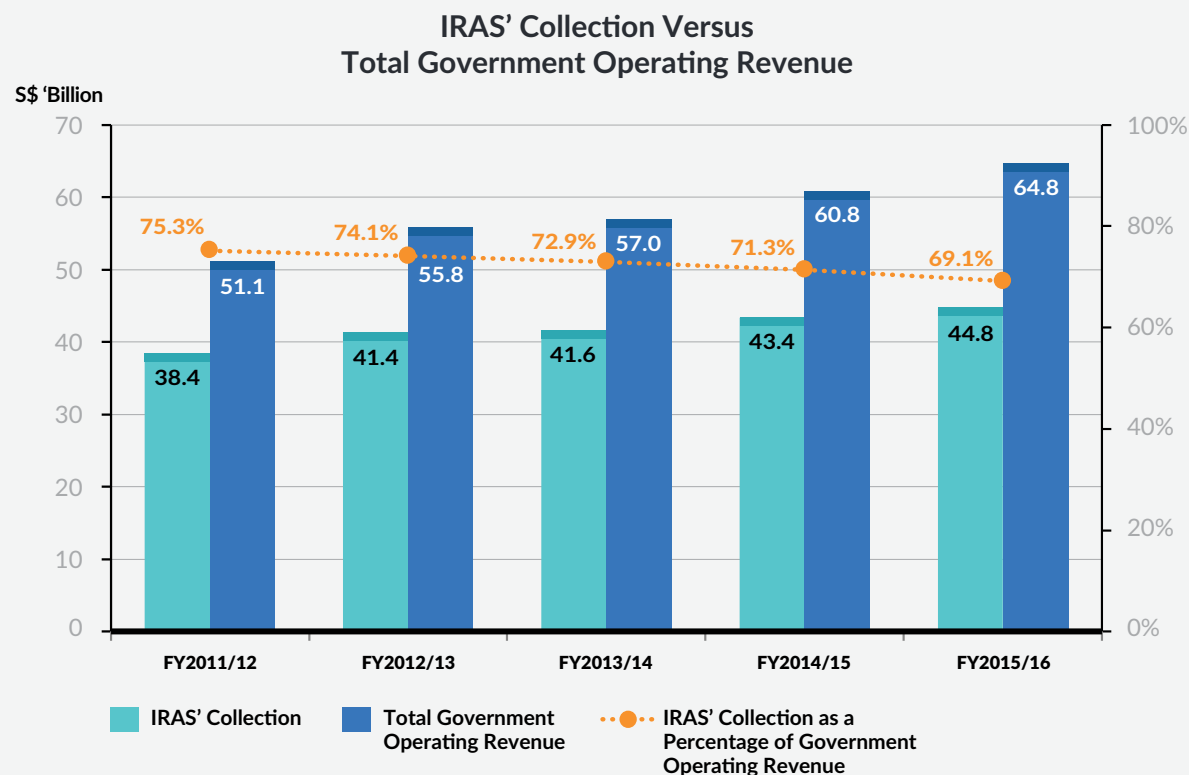


¹ From Oct 2015 to Mar 2016 as interview by appointment was introduced in Oct 2015.

Our Revenue Collection

IRAS is one of the main revenue-collecting agencies of the Singapore Government. Taxes collected are used to support the Government's economic, security and social programmes in achieving quality and inclusive growth.

In FY2015/16, IRAS collected a total of **S\$44.8 billion** from Income Tax (Corporate Income Tax, Individual Income Tax and Withholding Tax), Goods and Services Tax, Property Tax, Stamp Duty and Betting Taxes. This amount accounted for **69.1%** of the Government's Operating Revenue and **11.1%** of Singapore's Gross Domestic Product. Besides IRAS' tax collection, the Government's Operating Revenue comprises customs and excise duties, motor vehicles taxes, vehicle quota premiums, and other fees and charges. The **Singapore Budget website** provides a breakdown of the Government's expenditure in FY2015/16.



Our Revenue Collection

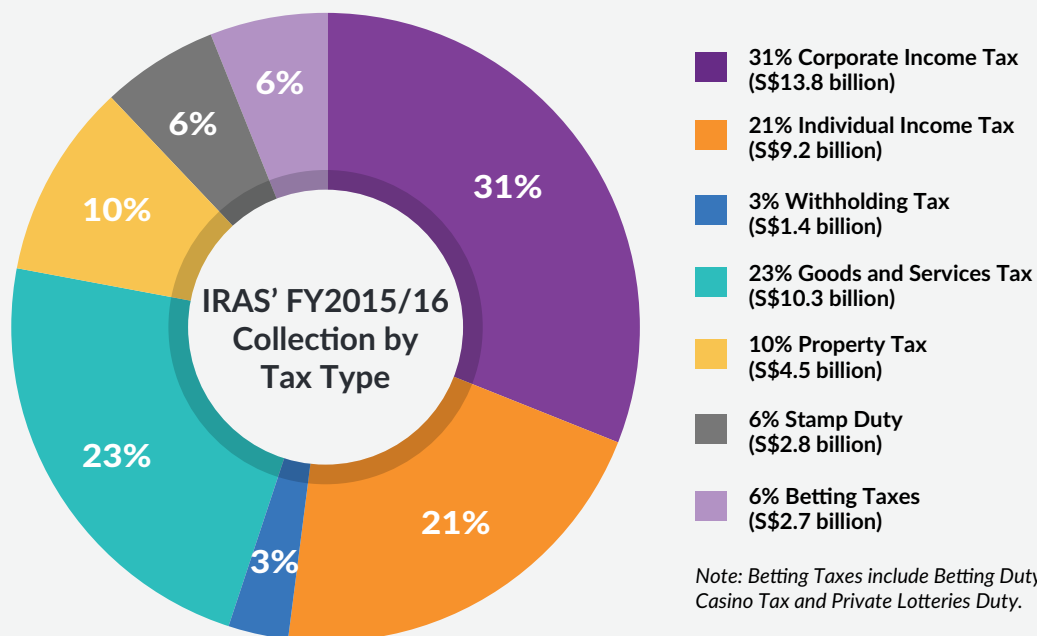
Income Tax (Corporate Income Tax, Individual Income Tax and Withholding Tax) collection registered an increase of **4.4%** over the amount in FY2014/15 and represented **55%** of IRAS' collection in FY2015/16. Corporate and Individual Income Taxes grew **3.3%** and **3.4%** respectively over the amount collected in the previous financial year.

FY2015/16 GST collection increased slightly to **S\$10.3 billion** from S\$10.2 billion in FY2014/15.

Property Tax collection increased marginally to **S\$4.5 billion** in FY2015/16, up by **2.7%** from the previous financial year.

FY2015/16 Stamp Duty collection remained flat at **S\$2.8 billion**.

Betting Taxes collected in FY2015/16 was **S\$2.7 billion**, **4.9%** higher than that for FY2014/15.



Fostering an Inclusive and Competitive Tax Environment



Tax Cooperation

We strive to strengthen Singapore's global tax competitiveness by promoting enterprise and supporting economic growth.

We strengthened tax cooperation through these partnerships forged in FY2015/16:

- Updated the terms of our Avoidance of Double Taxation Agreements (DTAs) with Thailand and Russia
- As of 31 March 2016, we have signed 82 comprehensive DTAs, of which 80 have been ratified
- Ratified the Convention Mutual Administrative Assistance in Tax Matters in January 2016 which expanded the list of jurisdictions that IRAS can render administrative assistance in Exchange of Information to 119 jurisdictions.

We are also committed to creating a pro-enterprise environment for businesses by minimising their tax risks through these engagements:

- Concluded 16 unilateral and bilateral Advance Pricing Arrangements (APAs) which set the transfer pricing rules for transactions between related entities operating in two or more jurisdictions
- Resolved six cases under the Mutual Agreement Procedure (MAP) Article in our DTAs
- As of 31 March 2016, we have 41 APAs and 20 MAP cases under review.



International Partnership

We conduct regular dialogues with our international counterparts to strengthen our partnerships and stay at the forefront of global tax developments.

45th SGATAR Meeting

We had the privilege of hosting the 45th Study Group of Asian Tax Administration and Research (SGATAR) Meeting in Singapore from 24 to 26 November 2015.

The Meeting brought together some 150 delegates from 26 tax jurisdictions and international organisations. In addition to discussing topics on managing tax compliance and improving taxpayer's experience, the 45th Meeting also saw the endorsement of a SGATAR operating framework as well as the streamlining and consolidation of existing SGATAR training platforms which will enable Members' training needs to be reviewed and met more holistically.



Delegates at the 45th SGATAR Meeting hosted by Singapore

International Partnership

SGATAR Taskforce

Singapore is a member of the SGATAR Taskforce. Established in 2014, the Taskforce serves to fulfil the secretariat role of SGATAR, providing continuity to SGATAR discussions and follow-up actions arising from the Annual Meetings. The current Taskforce members comprise Singapore, New Zealand and the Philippines.

Singapore is the current Chair of SGATAR and SGATAR Taskforce. As Chair, Singapore would drive and coordinate key areas of Taskforce's work, which include:

- Strengthening capacity building in the area of transfer pricing among SGATAR member jurisdictions
- Developing communications guidelines to profile SGATAR and relay Members' views to international forums
- Enhancing the operating framework to formalise existing practices and arrangements around SGATAR meetings and activities
- Putting in place a governance procedure for the permanent SGATAR website

Chairing of Global Forum's Peer Review Group

Singapore, represented by Mrs Chia-Tern Huey Min, Deputy Commissioner (International, Investigation and Indirect Taxes Group), succeeded France (Mr François d'Aubert) as the Chair of the Peer Review Group, Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum). The appointment period is from 2016 to 2020.

• • •

The Global Forum is the key international body working on the implementation of the international standards on tax transparency. It is led by a Steering Group and has two subsidiary bodies – the Peer Review Group and the Automatic Exchange of Information Group.

The 30-member Peer Review Group oversees the peer review process for members of the Global Forum, as well as jurisdictions identified by the Global Forum as relevant to its work. The two-phase peer review framework include assessing member countries' legal and regulatory framework for transparency, exchange of information in tax matters and the implementation of standards in practice.

International Partnership

International Exposure for IRAS Officers

Elaine Leong was seconded to the secretariat for the Organisation for Economic Co-operation and Development (OECD) Global Forum on Transparency and Exchange of Information for Tax Purposes as Tax Policy Analyst from 2015 to 2017. Prior to the secondment, she was with the International Tax Affairs and Relations branch at IRAS representing Singapore at the Global Forum Peer Review Group as a country delegate.

At the Global Forum Secretariat, Elaine is responsible for conducting peer reviews to ensure that member countries fully implement the standard of transparency and exchange of information they have committed to implement; and also plays a role in the training series for the second round of reviews for the Exchange of Information on Request. The first seminar for the training series (4 – 8 April 2016) – hosted by IRAS in Singapore – was a huge success with 50 tax officials from 16 jurisdictions, mainly in Asia, in attendance.

Said Elaine: “I am honoured to be given the opportunity to participate in advancing tax transparency as part of the secretariat for the Global Forum. With 133 Global Forum members engaged in a single platform on equal footing, my challenge is to gather views from members and where there are differences, try to find a middle ground for consensus. I have learnt much from my bosses and mentors on using diplomacy to navigate multiple viewpoints and advancing towards a common goal.”

Besides Elaine, Evelyn Lio (Tax Director of International Tax Branch prior to her secondment) was also seconded to the OECD as Senior Advisor from 2014 to 2016.



“With 133 Global Forum members engaged in a single platform on equal footing, my challenge is to gather views from members and where there are differences, try to find a middle ground for consensus.”

Elaine Leong, Global Forum Secretariat

In FY 2015/16, we also participated in these international fora, conferences and study groups:

- 6th IMF – Japan High-level Tax Conference for Asian Countries
- Global Forum – Meetings of the Peer Review Group, Steering Group and Automatic Exchange of Information (AEOI) Group
- Global Forum on Tax Treaties
- OECD - Regional Network Meetings - Base Erosion and Profit Shifting (BEPS)
- OECD 5th Global Forum For Transfer Pricing
- OECD Meetings of Working Parties on Consumption Taxes, Taxation on Multinational Enterprises, Transfer Pricing, Tax Treaties, EOI and Tax Compliance
- 4th OECD Forum on Tax and Crime & Forum of Heads of Tax Crime
- IPTI - 10th Mass Appraisal Valuation Symposium
- Forum on Tax Administration (FTA) Offshore Compliance Programme
- National Tax Conference 2015
- 6th Annual ASEAN Tax Conference 2015
- 11th Session of the UN Committee of Experts on International Cooperation in Tax Matters
- FTA - Mutual Agreement Procedures (MAP)
- Ad Hoc Group on the Multilateral Instrument
- ASEAN Forum on Taxation

Facilitating Economic Growth

We proactively review tax policies to promote enterprise and ease businesses' compliance costs. In FY2015/16, we reviewed 38 policies. Changes made include the removal of requirements for GST-registered businesses to apportion pre-registration GST claims on certain categories of goods and services.



Highlights of Budget Changes

The following tax changes were announced by the Minister for Finance, Mr. Heng Swee Keat, in his Budget Statement for the Financial Year 2016, delivered in Parliament on 24 March 2016.

For Individuals

Introducing a cap of \$80,000 on personal income tax reliefs

To enhance the progressivity of our Personal Income Tax regime, the total amount of personal income tax reliefs that an individual can claim will be capped at \$80,000 per Year of Assessment ("YA"). This change will take effect from YA 2018.

Removing the tax concession on home leave passages for expatriate employees

The tax concession of taxing only 20% of the value of home leave passages for expatriate employees will be removed with effect from YA 2018.

For All Businesses

Enhancing the Corporate Income Tax ("CIT") Rebate for YA 2016 and YA 2017

To help companies, especially Small and Medium Enterprises ("SMEs"), the Corporate Income Tax rebate will be raised to 50% for YA 2016 and YA 2017, subject to a cap of \$20,000 rebate per YA.

Allowing the Productivity and Innovation Credit ("PIC") Scheme to lapse and lowering the cash payout rate

The cash payout rate will be lowered from 60% to 40% for qualifying expenditure incurred from 1 August 2016. All other conditions of the scheme remain unchanged. The PIC scheme, which has been extended for YA 2016 to YA 2018, will expire thereafter. It will not be available from YA 2019.

Highlights of Budget Changes

Introducing mandatory electronic-filing (“e-Filing”) for CIT returns (including Estimated Chargeable Income, Form C and Form C-S)

In line with Government’s direction for more effective delivery of public services and to be aligned with the Smart Nation vision to harness technology to enhance productivity, mandatory e-Filing of CIT returns will be implemented in stages as follows:

YA 2018

- Companies with turnover of more than \$10mil in YA 2017

YA 2019

- Companies with turnover of more than \$1mil in YA 2018

YA 2020

- All companies

Introducing mandatory e-Filing for PIC cash payout application

To streamline and expedite processing of PIC cash payout applications, mandatory e-Filing of PIC cash payout applications will be introduced. This is also aligned with the Smart Nation vision to harness technology to enhance productivity. The mandatory e-Filing of PIC cash payout applications will be effective from 1 August 2016.

100% Investment Allowance (“IA”) under the Automation Support Package

To support firms to automate, drive productivity and scale up, qualifying projects may be eligible for an IA of 100% on the amount of approved capital expenditure, net of grants under the Automation Support Package. This IA is in addition to the existing capital allowance for plant and machinery. The approved capital expenditure is capped at \$10 million per project.

The 100% IA is one of the four components in the Automation Support Package.

Enhancing the Mergers & Acquisitions (“M&A”) scheme

To support more M&As, the existing cap for qualifying M&A deals will be doubled from \$20m to \$40m, such that:

- a. Tax allowance of 25% will be granted for up to \$40m of consideration paid for qualifying M&A deals per YA; and
- b. Stamp duty relief will be granted for up to \$40m of consideration paid for qualifying M&A deals per financial year.

These changes will apply to qualifying M&A deals made from 1 April 2016 to 31 March 2020.

Extending the upfront certainty of non-taxation of companies’ gains on disposal of equity investments under Section 13Z of the Income Tax Act (“ITA”)

To provide upfront certainty to companies in their corporate restructuring, the scheme under Section 13Z will be extended till 31 May 2022 (to cover disposal of equity investments from 1 June 2017 to 31 May 2022). All conditions of the scheme remain the same.

Extending the Double Tax Deduction (“DTD”) for Internationalisation scheme

To support businesses in their internationalisation efforts, the DTD for Internationalisation scheme will be extended for another four years from 1 April 2016 to 31 March 2020. The existing automatic (no need for approval from IES or STB) DTD on expenses up to \$100,000 will also be extended to qualifying expenditure incurred during this same period (1 April 2016 to 31 March 2020). All other conditions of the scheme remain the same.

Highlights of Budget Changes

Enhancing the Land Intensification Allowance (“LIA”) scheme

- a. To encourage higher industrial land productivity, the LIA scheme will be extended to buildings used by a user or multiple users, who are related, for one or multiple qualifying trades or businesses, if certain conditions are met. This change will take effect for LIA applications if:
 - i. The application for LIA is made from 25 March 2016; and
 - ii. The application for planning permission or conservation permission for the construction or renovation is made from 25 March 2016.

The qualifying capital expenditure for which an allowance may be made excludes any expenditure incurred before 25 March 2016.

- b. A new criterion requiring LIA applicants to be related to the qualifying user or users of the building will also be introduced. This change will take effect for LIA applications if:
 - i. The application for LIA is made from 25 March 2016; and
 - ii. The application for planning permission or conservation permission for the construction or renovation is made from 25 March 2016.

Providing an election for the writing-down period for intellectual property rights (“IPRs”) under Section 19B of the ITA

To recognise the varying useful lives of IPRs, while maintaining a simple and certain tax regime, companies or partnerships may elect for their Section 19B WDA to be claimed over a writing-down period of 5, 10, or 15 years.

The election must be made at the point of submitting the tax return of the YA relating to the basis period in which the qualifying cost is first incurred. The election, once made, is irrevocable.

This change will apply to qualifying IPR acquisitions made within the basis periods for YA 2017 to YA 2020.

Introducing an anti-avoidance mechanism for IPR transfers under Section 19B of the ITA

To ensure that Section 19B writing down allowances are granted based on transacted values that are reflective of the open market value (“OMV”) of an IPR, an anti-avoidance mechanism for IPR transfers will be included under Section 19B to empower the Comptroller to make the following adjustments to the transacted price of the IPR, if the IPR is not transacted at OMV:

- a. If the acquisition price of the IPR is higher than the OMV of the IPR, the Comptroller may substitute the acquisition price with the OMV of the IPR and restrict the writing-down allowance based on the OMV of the IPR; and
- b. If the disposal price of the IPR is lower than the OMV of the IPR, the Comptroller may substitute the disposal price with the OMV of the IPR for the purpose of computing balancing charge.

This change will apply to acquisitions, sales, transfers or assignments of IPRs that are made from 25 March 2016.

Introducing the Business and IPC Partnership Scheme (“BIPS”)

To incentivise employee volunteerism through businesses, a pilot BIPS will be introduced from 1 July 2016 to 31 December 2018.

Under BIPS, businesses will enjoy an additional 150% tax deduction on wages and incidental expenses when they send their employees to volunteer and provide services to IPCs, including secondments.

This will be subject to the receiving IPCs’ agreement, with a yearly cap of \$250,000 per business and \$50,000 per IPC on the qualifying costs.

Highlights of Budget Changes

For Financial Sector

Extending and enhancing the Finance and Treasury Centre ("FTC") scheme

To enhance activities in the areas of finance and treasury, the FTC scheme will be extended till 31 March 2021 with the following enhancements:

- a. The concessionary tax rate will be lowered to 8%. The substantive requirements to qualify for the scheme will be increased;
- b. To qualify for the concessionary tax rate, the FTCs will be allowed to obtain funds indirectly from approved offices and associated companies. Safeguards will be put in place to address the round-tripping risks; and
- c. The scope of tax exemption granted under Section 13(4) will be expanded to cover interest payments on deposits placed with the FTC by its non-resident approved offices and associated companies, provided the funds are used for the conduct of qualifying activities or services.

These changes took effect from 25 March 2016.

Extending and refining the Tax Incentive Scheme for Trustee Companies

The scheme will be subsumed under the Financial Sector Incentive ("FSI") scheme from 1 April 2016.

The scope of qualifying activities will be expanded to align with trustee activities covered under the Financial Sector Incentive-Standard Tier ("FSI-ST") scheme from 1 April 2016 for new and current incentive recipients. A concessionary tax rate of 12% will apply to new awards from 1 April 2016.

The current incentive recipients will continue to enjoy existing benefits till the expiry of their awards and may apply for renewal of their awards under the FSI scheme thereafter.

This change took effect from 1 April 2016.

For Insurance Sector

Extending and refining the Tax Incentive Schemes for Insurance Companies

To streamline and simplify the tax incentives for the insurance sector, while ensuring the continued growth of high-value insurance activities in Singapore, the tax incentive schemes for Marine Hull and Liability Insurance, Specialised Insurance Business and Captive Insurance will be subsumed under the Insurance Business Development ("IBD") umbrella scheme with the following changes:

- a. **Marine Hull and Liability Insurance:** The Marine Hull and Liability Insurance scheme will be subsumed under the IBD umbrella scheme from 1 April 2016. A concessionary tax rate of 10% will apply to new and renewal awards from 1 April 2016.
- b. **Specialised Insurance Business:** The Specialised Insurance Business scheme will be subsumed under the IBD umbrella scheme as an enhanced tier award from 1 September 2016, up till 31 August 2021.

A concessionary tax rate of 8% will apply to new awards from 1 September 2019.

As a transitional measure, a concessionary tax rate of 5% will apply to new awards from 1 September 2016 to 31 August 2019. A concessionary tax rate of 10% will apply to renewal awards from 1 September 2016.

The scope of qualifying activities will be expanded to cover business of underwriting both onshore and offshore specialised risks from 1 September 2016 for new and current approved insurers

- c. **Captive Insurance:** The Captive Insurance scheme will be subsumed under the IBD umbrella scheme from 1 April 2018. A concessionary tax rate of 10% will apply to new and renewal awards from 1 April 2018.

The current approved insurers will continue to enjoy benefits under their existing insurance awards till the expiry of their awards, and may apply for renewal under the IBD scheme thereafter.

Highlights of Budget Changes

For Maritime Sector

Enhancing the Maritime Sector Incentive ("MSI")

To further develop Singapore as an International Maritime Centre, the MSI will be enhanced as follows:

- a. The MSI-SRS and MSI-AIS award will cover income derived from operation of ships used for exploration or exploitation of offshore energy or offshore minerals, or ancillary activity relating to exploration or exploitation of offshore energy or offshore minerals.
- b. The MSI-ML(Ship) award will cover income derived from leasing of ships used for exploration or exploitation of offshore energy or offshore minerals, or ancillary activity relating to exploration or exploitation of offshore energy or offshore minerals.
- c. The restriction on the qualifying counterparty's requirement under MSI-ML(Ship) award will be removed. Therefore, tax exemption will be granted on income derived from leasing of ships used for qualifying activities to any counterparties for use outside the port limits of Singapore.

The above changes took effect from 25 March 2016.

Other Tax Changes

Enhancing the Global Trader Programme (Structured Commodity Finance) ("GTP(SCF)") scheme

To strengthen Singapore's trade finance capabilities and encourage more SCF activities to be done in Singapore, the GTP(SCF) scheme will be enhanced to include the following qualifying activities:

- a. Consolidation, management and distribution of funds for designated investments;
- b. Mergers & Acquisitions advisory services; and
- c. Streaming Financing.

This change took effect from 25 March 2016.

Providing for allocation of expenses under Section 14U of the ITA and pre-commencement expenses under Part V of the ITA

To ensure fair allocation of Section 14U and pre-commencement expenses to pre-incentive and incentive income derived by businesses enjoying tax incentives, and provide certainty on the allocation method to be used:

- a. Section 14U and pre-commencement expenses that are directly incurred to derive the pre-incentive income or incentive income will be specifically identified and set off against the relevant income; and
- b. For all remaining Section 14U and pre-commencement expenses, they will be allocated between the pre-incentive and incentive income based on income proportion (e.g. using turnover, gross profit)

This change will take effect for Section 14U and pre-commencement expenses that are incurred from 25 March 2016.

Highlights of Budget Changes

Withdrawing the Approved Investment Company scheme under Section 10A of the ITA

As the scheme is assessed to be no longer relevant, the Approved Investment Company scheme will be withdrawn from YA 2018.

Extending the Not-for-Profit Organisation ("NPO") tax incentive under Section 13U of the ITA

To continue promoting Singapore as a hub for NPOs, the NPO tax incentive will be extended till 31 March 2022.

Withdrawing the tax exemption on income derived by non-residents trading in Singapore in specified commodities via consignment arrangements

As the scheme is assessed to be no longer relevant, the tax exemption for non-residents trading in Singapore in specified commodities via consignment arrangements will be withdrawn from YA 2018.

Partnering Taxpayers for Voluntary Compliance



Facilitating Voluntary Compliance and Engaging Taxpayers

IRAS is committed to making it easier for taxpayers to file and pay their taxes to achieve high levels of voluntary compliance.

In FY2015/16, we extended the convenience of e-Filing to all companies, enabling larger companies with annual revenue above S\$1 million to e-File Form C. This helped more companies reduce compliance costs and raise productivity gains.

We also continued to engage taxpayers and provide them with accurate and timely information through various channels, including the IRAS website, workshops and seminars, as well as educational letters and mailers.

We conducted seminars for and sent out letters to trade associations such as the Hawkers' Association and Institute of Estate Agents, and their members, to share key information on tax filing and record keeping processes and the Productivity and Innovation Credit Scheme.

Detering Non-Compliance

We continued to build up a Credible IRAS through our strong investigation and audit teams and effective leveraging of analytics and forensic tools. In FY2015/16, our tax audit and investigation teams uncovered a total of 11,450 non-compliant cases and recovered more than S\$411 million in taxes and penalties. Of the 121 taxpayers investigated, about S\$19 million have been recovered.



We audited
and investigated
11,450 cases



We recovered more
than **S\$411 million**
in taxes and penalties.

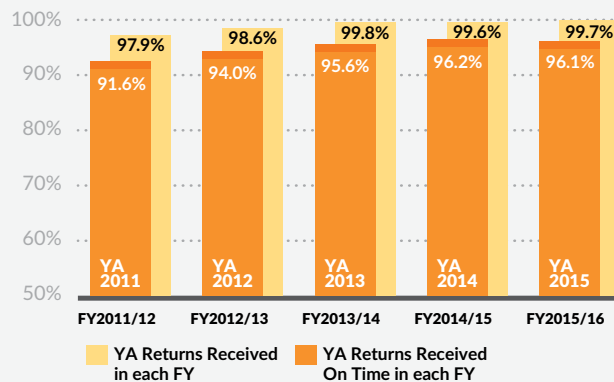
Tax Compliance Updates

We achieved high on-time filing and compliance rates with enhanced tax filing processes and relentless efforts to promote voluntary compliance.

Filing compliance results for FY2015/16

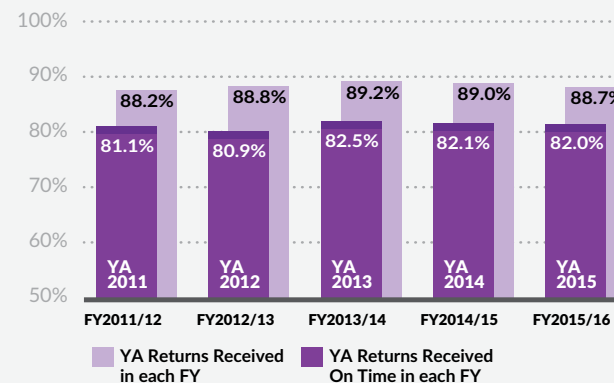
For Individual Income Tax, **96.1%** of the 2,167,410 returns issued in FY2015/16 were filed on time.

Filing Compliance Results for Individual Income Tax



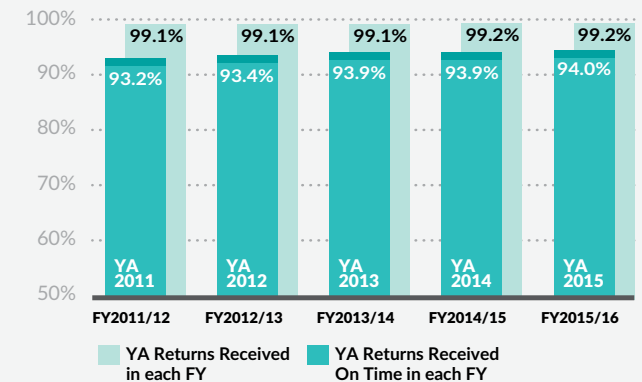
For Corporate Income Tax, **82%** of the 191,661 returns issued were filed on time.

Filing Compliance Results for Corporate Income Tax



For Goods and Services Tax, **94%** of the 370,968 returns were filed on time.

Filing Compliance Results for Goods and Services Tax



Tax Compliance Updates

ON-TIME PAYMENT



90.2%

Individual
Taxpayers



90.7%

Corporate
Taxpayers



89.7%

GST-registered
Businesses

Results of payment compliance

Our current year tax arrears amounted to **S\$239 million**. The proportion of tax arrears to total net tax assessed or collected at the end of FY2015/16 fell to 0.62% from 0.81%.



S\$75m

Individual
Income Tax



S\$74m

Corporate
Income Tax



S\$62m

Goods and
Services Tax



S\$28m

Property Tax

Scaling Greater Heights of Service Excellence



Upholding Our Service Standards

In FY2015/16, all taxpayers who made appointments at the Taxpayer Service Centre were attended to within 15 minutes¹. We continued to uphold a high level of service standard.



Replied to **91%** of the **351,369 emails** received within 5 working days



99.3% of **766,281 refund cases** processed within 14 days

100% of **766,281 refund cases** processed within 30 days



Answered **82%** of **calls** within **1 minute** during peak period



Attended to **86%** of walk-in taxpayers at the Taxpayer Service Centre within **20 minutes**²



Responded to **90%** of the **220,292 mail correspondence** within 15 working days

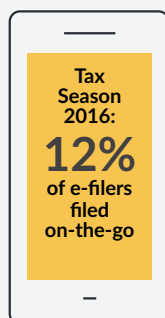
¹ From Oct 2015 to Mar 2016 as interview by appointment was introduced in Oct 2015.

² From Apr to Sep 2015

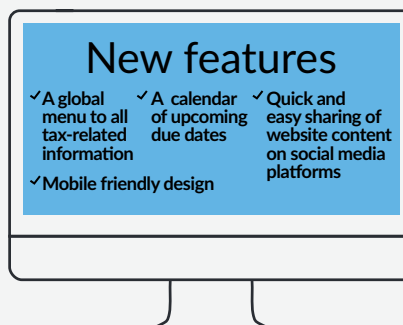
Delivering Better Services for Taxpayers

We introduced more service initiatives and enhanced our systems and processes to meet the evolving needs of taxpayers.

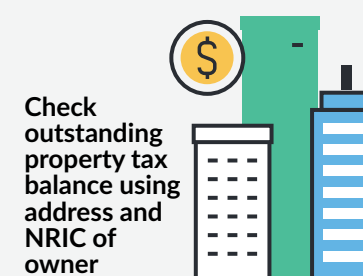
SMARTPHONE FILING



NEW LOOK FOR IRAS WEBSITE



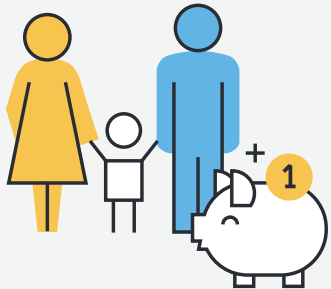
e-PROPERTY TAX BALANCE



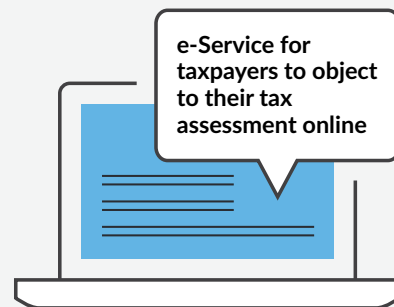
Delivering Better Services for Taxpayers

We introduced more service initiatives and enhanced our systems and processes to meet the evolving needs of taxpayers.

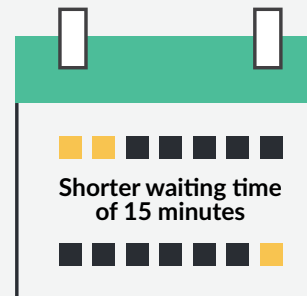
**PERSONAL RELIEFS
ELIGIBILITY TOOL**
for taxpayers to check if they qualify
to claim personal tax reliefs



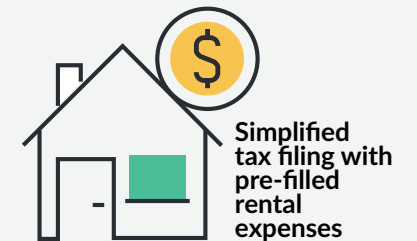
**E-OBJECTION TO
ASSESSMENT**



**E-APPOINTMENT
SYSTEM**



**PRE-FILLED
RENTAL EXPENSES**



Delivering Better Services for Taxpayers

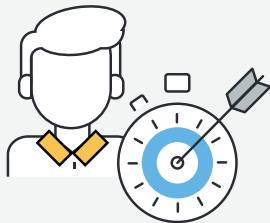
For Individual Income Tax Season 2016, we made filing simpler and taxpayers responded positively.



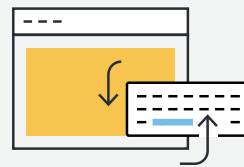
1.7 million
taxpayers on Auto-
Inclusion Scheme enjoyed the
convenience of pre-filled tax returns.



1.4 million
taxpayers on the
No-Filing Service
did not need to file.



96%
of taxpayers filed
on-time



More than
97%
of taxpayers
e-Filed



12%
filed via
smartphones

Growing Through Taxpayers' Feedback

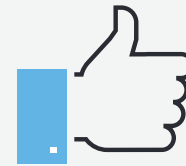


We strive to better understand the evolving needs of taxpayers, by engaging and listening to them and acting on their feedback.

The Taxpayer Feedback Panel (TFP) comprises representatives from a wide spectrum of local businesses, industries and trade associations. Through TFP, we keep our industry partners updated on new initiatives and major tax developments, while garnering their feedback. The following topics were discussed at the Taxpayer Feedback Panel (TFP) dialogue sessions held in FY2015/16:

- Cultivating GST Registration Compliance
- Productivity and Innovation Credit (PIC) Cash Payout e-Services
- Redesign of Property Tax Notices

TAXPAYER SURVEY 2015



96.5% of respondents were **satisfied** with IRAS' services.



We thank taxpayers for the
13,836 compliments and
22 learning opportunities



2015 PS21 Star Service Award – Winner's Service Story



“I would like to compliment Abdul Naseer Haniffa. What amazed me in terms of his customer service is that he was able to resolve my problem of being unable to log on without me providing a long explanation about the situation. He was positive and willing to help. I had the most pleasant experience with IRAS/EASY in getting access. Thank you.”

Compliment for Mr Abdul Naseer S/O Haniffa

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

Mr Abdul Naseer S/O Haniffa from the Taxpayer Services Division received the PS21 Star Service Award in 2015.



2015 IRAShines! Special Award Recipients



Compliment for
Mr William New Poh Kiat

"Greatly appreciate your help and clear guidance in generating Form C when we approached you. Thanks a lot."



Compliment for
Ms Angie Soh

"Angie has made a potentially difficult situation infinitely better by listening to my long story patiently and attentively. Thereafter, she pro-actively came up with a solution. She has done both IRAS and Singapore proud! Nowhere else in the world is a tax authority so professional and customer-focused."



Standing (from left to right): Joel Ng, Parameswari Sankarapandi Chami, Liow Jia Min, Nicholas Neo, Angie Soh. **Seated (from left to right):** Susan Khoo, Teo Ching Ling, Nur Adillia Ayoub, Lim Yi Shan, William New. **Not in photo:** Vincent Loo



Everyone in IRAS plays a role in providing excellent service. The IRAShines! Award is an annual pinnacle award to reward and recognise both frontline and backroom staff for the outstanding service extended to taxpayers and internal customers.

There are 11 winners and among them, four were honoured as the Special Award recipients for their exceptional service.



Compliment for
Mr Vincent Loo

"Vincent is an awesome officer! He is efficient, polite and courteous. With his proper guidance, in less than an hour, I was able to resolve filing matters that have troubled me for many months. Thank you, Vincent!"



Compliment for
Ms Lim Yi Shan

"I would like to take this chance to specially thank Ms Lim Yi Shan. She helps me whenever she can, and whenever I have urgent re-instatement of GIRO matters. Thank you!"

Empowering Our People



Staff Strength

Our staff strength as of 31 March 2016 was 1,951.
Turnover rate fell to 3.27% from 4.31% last year.



Advancing Our People

Our people are our greatest asset. We believe in empowering our people to learn and discover their potential while keeping the bar high in professional standards.

In FY2015, we invested more than S\$5.2 million or about 2.3% of the total payroll in staff training, achieving an average of more than 14 learning mandays per staff.

Our people attended training programmes locally and also participated actively in international conferences as part of our holistic training and development programme.

During the Annual Tax Conference organised by our Accredited Tax Specialist (ATS) community, our ATS discussed a range of topics such as taxation of trust in relation to Income Tax; Goods and Services Tax treatment for imported and digital services, and the collection mechanisms involved; and Property Tax treatment for partially developed land.



Recognising Achievements

Our people went the extra mile and were recognised for their outstanding performance and devotion to duty. We are proud of these 2015 National Day Award recipients.

Public Administration Medal (Silver) Recipient

Ms Chin Li Fen
(Assistant Commissioner, Corporate Services Division)

Public Administration Medal (Bronze) Recipients

Ms Quek Puay Kiang
(Tax Director, Corporate Tax Division)

Mrs Tan-Yeo Wei Kuen
(Director, Accounting and Processing Division)

Commendation Medal Recipients

Ms Ang Soh Lan
(Manager, Infocomm Division)

Mr Aw Hock Guan
(Manager, Enforcement Division)

Ms Ng Lee Peng
(Manager, Accounting and Processing Division)

Mr Tay Ang Sim
(Group Tax Specialist, Corporate Tax Division)

Efficiency Medal Recipients

Mdm Asmah Bte Abdul Wahab
(Senior Tax Officer, Taxpayer Services Division)

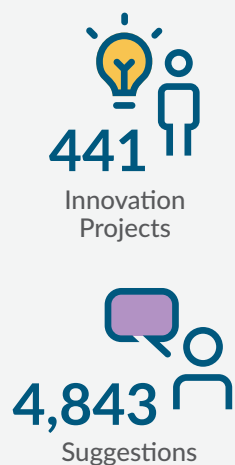
Ms Julieana Bte Elias
(Senior Tax Officer, Individual Income Tax Division)

Ms Lim Lay Ling
(Assistant Manager, Goods and Services Tax Division)

Mr Mohammad Fauzi Bin Rohman
(Senior Tax Officer, Enforcement Division)



Innovating as a Team and Growing as an Organisation



We innovate as a team – developing and deepening our capabilities as professionals – as we work towards becoming a more nimble, digital IRAS. To this end, we encourage our people to contribute ideas to optimise our organisation's systems and capabilities.

In FY2015/16, our people contributed 4,843 suggestions and completed 441 innovation projects.

IRAS was conferred the following awards:

Public Service Awards 2015

- Public Service Premier Award for IRAS' achievement of business excellence standards administered by SPRING Singapore and ISO Certification.
- Best Practice Award (Service Delivery) for the initiative "Administration of the Wage Credit Scheme".
- PS21 Most Innovative Project / Policy Award (Merit) for the initiative "Improving Productivity and Innovation Credit (PIC) Productivity through Automation and e-Services".

Ministry of Finance Awards 2015

- Most Innovative Project/Policy Award (2nd prize) for the initiative "Improving PIC Productivity through Automation and e-Services".
- Most Innovative Project/Policy Award (consolation prize) for the initiative "Express Assessment of New Residential Developments".

- Best Suggestion Award for the initiative "Preview Notice of Assessment and Request Early Assessment".
- Most Innovative Champion Award which recognises officers who exemplify innovation and creativity in their work:
 - Ms Jennifer Lin Ee Leng
 - Mr Colin Chew Koo Chung
- Finance Challenge Award (Winner) for the initiative "Enhancement to Form IR8A".
- Finance Challenge Award (Consolation) for the initiative "OneGov – A User-Centric Process Design".

Singapore HR Awards 2015

- Leading HR Practices in Lifelong Learning
- Leading HR Practices in Talent Management, Retention and Succession Planning
- Leading HR Practices (Special Mention) in Compensation and Rewards Management

2015 Pro-Enterprise Panel – Singapore Business Federation (PEP-SBF) Awards

- PEP-SBF Pro-Enterprise Agency Award for IRAS' 3rd placing in the Pro-Enterprise Ranking (PER) Survey 2015.
- PEP-SBF Most Improved Agency Award for IRAS' improvement in ranking from 17th placing in 2014 to 3rd placing in the PER Survey 2015.
- Best Suggestion (Supporting Agency) Award for the initiative "Renewal of Major Exporter Scheme (MES)".
- Public Sector Pro-Enterprise Initiative Award (Bronze) Award for the initiative "Allowing GST claim on re-import of goods belonging to local and GST registered overseas customers".

Enriching Our People's Lives

Our Inland Revenue Recreation Club (IRRC) encourages staff to live enriching, active lives through its offering of sporting, social, wellness and community activities.

Highlights of activities in FY2015/16 include:

- IRAS Active Day 2015 which offered 18 activities including Zumba, Combat Skirmish and bubble soccer, and drew 980 participants.
- In January 2016, IRRC shortlisted 177 staff to participate in Revenue Games

2016, hosted by the Inland Revenue Board of Malaysia (IRBM). Participants from both countries bonded over friendly sporting competitions at the Games.

- IRAS Family Day held on 9 January 2016 at the Universal Studios Singapore (USS), to promote interaction and encourage family bonding.
- Annual health screening exercise in collaboration with our partners, which meant 802 staff enjoyed the convenience of health screening at the workplace.



Reaching Out to the Community

IRAS aims to promote a spirit of volunteerism and a sense of environmental and social responsibility in our people.

In FY2015/16, our people engaged and interacted with beneficiaries of the Singapore Children's Society through educational and enriching activities such as a terrarium building workshop and a nature hike at Sungei Buloh Nature Reserve.

Our people also raised about S\$18,000 for the President's Challenge 2015, and supported the Red Cross Singapore's fundraising efforts for local humanitarian causes through generous donations.



Cultivating Talent and Nurturing Potential

Our people are proud to be part of IRAS. As a people-focused organisation, we believe in nurturing our people to their fullest potential so that they can adapt and excel in today's challenging landscape. Two colleagues shared their developmental paths in IRAS.

At the heart of IRAS' transformation plans, we believe that our people seek personal development and growth and want to have a part to play in charting the organisation's directions and shaping the outcomes. Mr Robin Ng, who joined IRAS in 1999, and who is currently a Director at the Infocomm Division, is testament to our commitment to include staff in organisational change.

Fundamental to IRAS' next phase of transformation is an agile and powerful IT platform. Robin oversees the Infocomm Application Development Centre (IADC) that aims to build up and strengthen the in-house Infocomm Technology (ICT) project delivery capabilities for IRAS' two mission-critical ICT systems – the Inland Revenue Interactive Network (IRIN)



“Information Technology brought about significant business value in terms of new services to taxpayers and productivity enhancements to our staff.”

and the Integrated Stamp Duty System (ISDS).

He recounted his own learning milestones and how IRAS had prepared him for his current role: “The exposure and learning I have gained from the very diverse roles throughout my career in

IRAS have been extremely valuable, and provided me a very good appreciation of both our business and IT operations while allowing me to develop my own competencies over the years.”

“I also find IRAS to be a place where opportunities abound for you to develop

your personal and professional competencies. Whether these are well-defined career paths, open-posting exercises, training, or involvement in projects and corporate activities, there is always a platform where you can further hone your skills and develop your capabilities,” added Robin.

Robin is excited to be part of the LEA:D Office that will plan and drive IRAS' digital transformation, providing full support to the LEA:D office in the delivery of IRAS' Digital Strategy and in all other ICT needs.



IRAS has embarked on a transformation movement to redefine experiences for taxpayers and staff. We have set up a Transformation Office, LEA:D, to drive and coordinate this movement which has three strategic thrusts - Analytics, Design and Digitalisation. Through this, we aim to achieve two key objectives of IRAS building a voluntarily compliant taxpaying community and becoming a nimble organisation.

Cultivating Talent and Nurturing Potential

A key member of the LEA:D office, Ms Angela Ang, was a manager of Corporate Tax Division – Services Branch prior to her posting to LEA:D. Angela managed a customer service team that handled corporate tax enquiries received over the helpline, through emails and also through over-the-counter interview. Said Angela of her customer service experience: “I am very proud whenever I hear from friends or even taxpayers that IRAS offers one of the best customer services in Singapore. My experience with the customer service team will enable me to contribute to the further transformation of IRAS by providing insights on how to better design our business processes and provide more customised tax experiences to our customers.”

Angela has been through various postings – from the Finance and Administration Branch, the Corporate Planning Branch, a secondment to the Ministry of Finance, the Corporate Tax Division and now LEA:D. While every posting required her to learn new skills and pick up new



“The opportunity to interact directly with taxpayers and tax agents had definitely been very fulfilling, as I was able to clearly see how my service and that of my team helped those who needed corporate tax advice.”

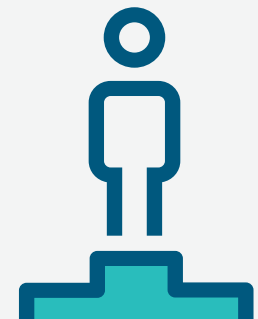
knowledge, she enjoyed and appreciated the work variety and warmth she felt from her colleagues. Apart from work, Angela liked the fact that IRAS staff also have a lot of fun through sports, games

and activities organised by the Inland Revenue Recreation Club. She said: “The opportunity to organise and participate in these recreational activities contributes to my work experience in IRAS and develops

me as a better person. I have been with IRAS for 11 years and have enjoyed every part of it!”

Driving the Whole of IRAS transformation efforts as part of the LEA:D Office has enabled Angela to step out of her comfort zone to explore the unknown and uncharted. She encouraged everyone to be part of this journey of re-defining our work experiences and the experiences of our taxpayers.

“Be a part of a nimble IRAS, and make our vision a reality.”



Transforming for Future Growth



Charting Ahead



Facilitating Enterprise and Inclusive Growth

Amidst a fast-evolving global environment, IRAS will continue to proactively review and formulate tax policies to enhance the competitiveness, robustness and progressivity of our tax regime. We will contribute to Singapore's drive for inclusive growth through the implementation of national productivity and assistance schemes, and step up our international engagement efforts to reinforce Singapore's relevance and reputation on the global stage.



Partnering Taxpayers and Stakeholders

We will deepen our partnership with taxpayers and stakeholders, collaborating with them to develop ideas and co-create customer-centric solutions. We will continue to engage them to understand their needs and customise solutions to meet those needs. We endeavour to make taxpaying as effortless and hassle-free as possible to minimise compliance costs and maximise voluntary compliance.



Enhancing Productivity

We will continue to tap on business analytics and technology in the review and design of our business processes to increase efficiency and effectiveness. We will encourage our people to continually seek new ways to enhance their personal competencies and effectiveness, which will contribute towards raising the overall productivity of our organisation. Beyond IRAS, we will continue to work closely with other government agencies, serving citizens as one government.



Growing an Engaged and Competent Team

We recognise the needs and expectations of our diverse and changing workforce. We will continue to develop and deepen the capabilities and skillsets of our people and enhance their work experience. With a team of energised, empowered and highly skilled professionals supported by a smart digital workplace, we will be a more nimble organisation, highly responsive to the rapidly changing environment.

Financial Report

INLAND REVENUE AUTHORITY OF SINGAPORE

2015/16



INLAND REVENUE
AUTHORITY
OF SINGAPORE

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FINANCIAL REPORT

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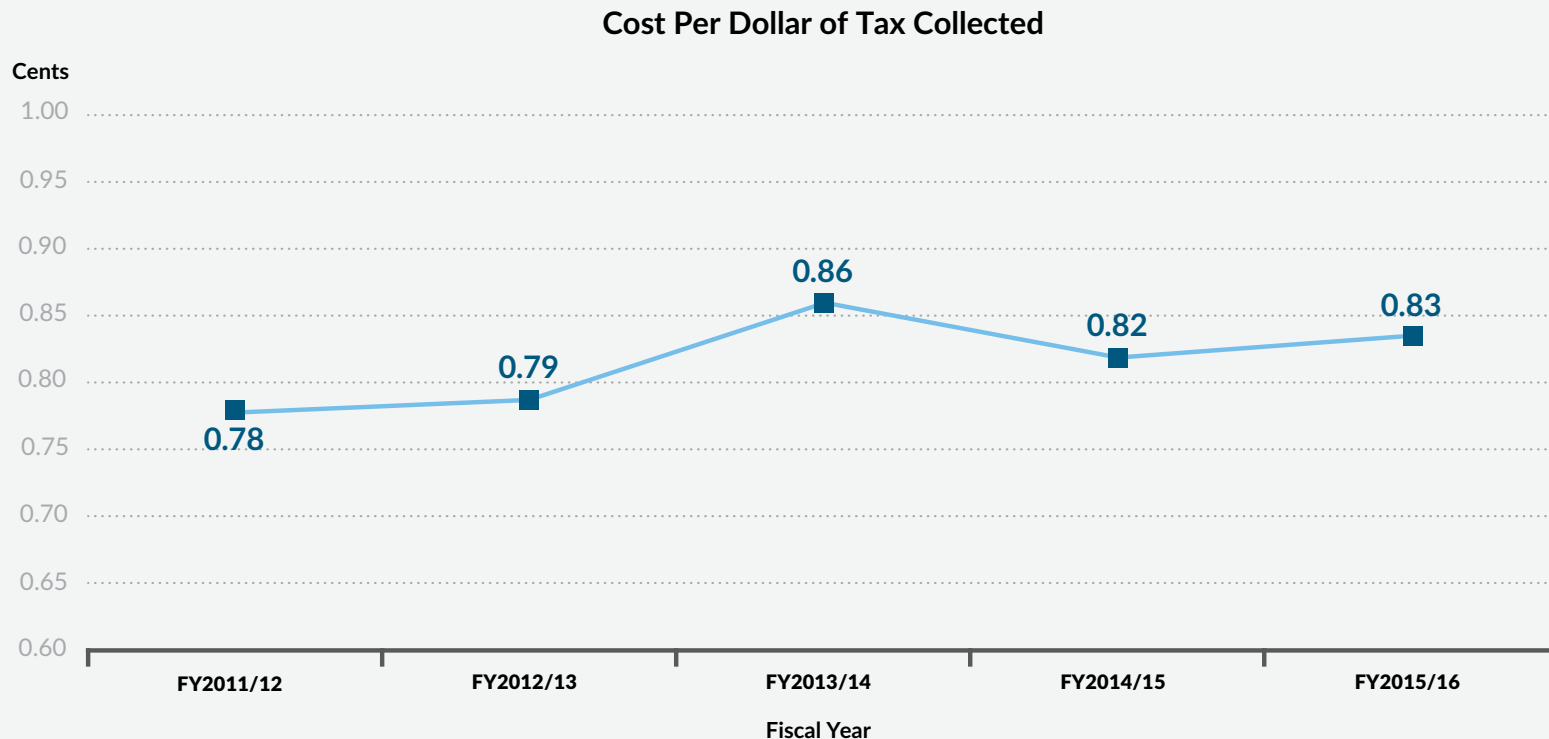
Five-Year Financial Summary

Statement of Comprehensive Income (S\$' million)	FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16
Operating Income	367.1	401.3	412.6	425.9	429.8
Operating Expenditure (includes depreciation and amortisation)	298.1	327.6	360.5	360.8	374.3
Manpower Costs	168.6	176.5	205.2	218.1	231.2
Depreciation and Amortisation	40.6	36.9	31.0	21.2	22.1
Other Operating Expenditure	88.9	114.2	124.3	121.5	121.0
Operating Surplus	69.0	73.7	52.1	65.1	55.5
Net Investment Income/(Loss)	23.0	28.5	(1.3)	19.8	1.6
Other Comprehensive Income - Actuarial Gain/(Loss)	(1.4)	(0.1)	0.7	(1.2)	(1.6)
Surplus before Contribution to Government Consolidated Fund	90.6	102.1	51.5	83.7	55.5
Capital Expenditure (S\$' million)	25.9	36.8	17.4	21.9	13.1
Tax Revenue (S\$' million)	38,440	41,361	41,568	43,388	44,771
Cost per Dollar of Tax Collected (cent)*	0.78	0.79	0.86	0.82	0.83
Number of taxpayers per employee	1,923	2,037	2,085	2,122	2,203

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

Cost Per Dollar of Tax Collected

IRAS aims to keep the cost of tax collection low. The average cost per dollar of tax collected in the last 5 financial years has been kept at below 1 cent. For FY2015/16, the cost per dollar of tax collected is 0.83 cents. This is 1% higher than last fiscal year. The increase is mainly due to a 6% increase in manpower costs.



Financial Review

Financial Results

Income

Our operating surplus for FY2015/16 is S\$55.5 million or S\$9.6 million lower than that for FY2014/15. This is due to an increase in manpower cost.

The net investment gain of S\$1.6 million (FY2014/15: S\$19.8 million) is due to higher valuation of our unit trust holdings.

Operating Expenditure

Operating expenditure for FY2015/16 is S\$374.3 million. This is S\$13.5 million more than FY2014/15.

Operating expenditure is made up of 3 main components: (i) Staff Cost, (ii) Infocomm Technology (ICT) and (iii) Maintenance and Facilities. Staff Cost accounts for 64% of total operating expenditure (FY2014/15: 63%), followed by ICT at 28% (FY2014/15: 29%) and Maintenance and Facilities at 7% (FY2014/15: 7%).

Staff Cost consists of manpower costs, staff welfare and training costs. It has increased by 6% to S\$239.7 million. The increase is mainly due to salary adjustment.

ICT, comprising IT resources, depreciation of computer hardware and amortisation of computer software, is the second highest cost component of IRAS' operating costs. Compared to the previous year, there is an increase of 1% in the expenditure on ICT to S\$105.0 million. The increase is mainly due to higher leasing charges under the Whole-of-Government (WOG) IT infrastructure.

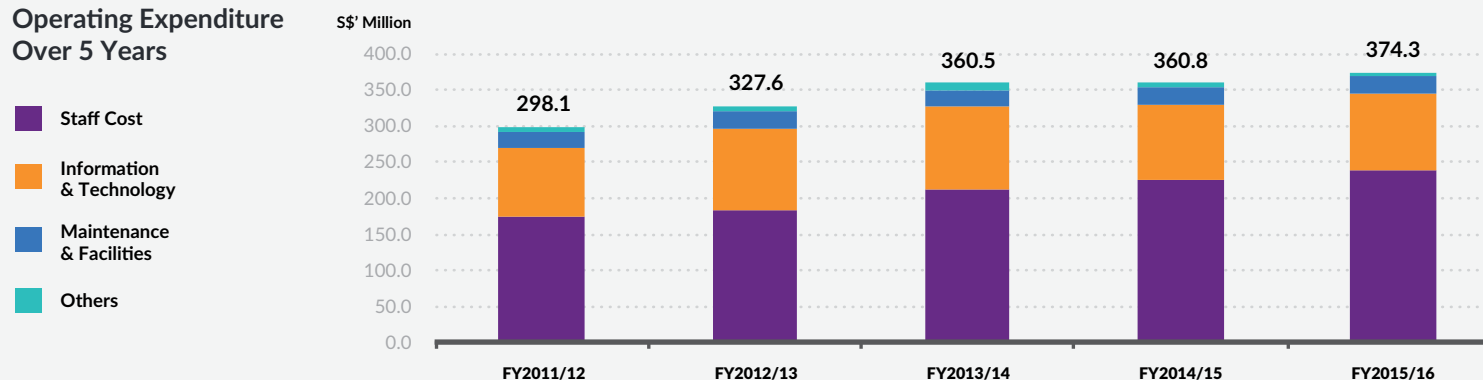
The third main cost component is Maintenance and Facilities. It has increased by S\$0.1 million to S\$24.4 million. The increase is due mainly to higher postage charges.

Capital Expenditure

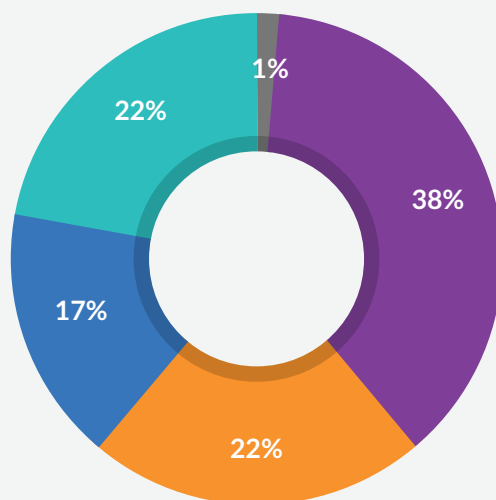
Capital expenditure incurred for the year was S\$13.1 million (FY2014/15: S\$21.9 million). S\$2.4 million was spent on purchasing computer hardware and software and upgrading building systems, while the balance S\$10.7 million was spent on development projects.

Financial Review

Operating Expenditure Over 5 Years



Expenditure Breakdown by Function FY2015/16



Corporate & Services Group

- S\$144.7 Million (38%)
- Infocomm Division (10%)
- Enforcement Division (9%)
- Accounting & Processing Division (8%)
- Corporate Services Division (8%)
- Corporate Development Division (2%)
- Law Division (1%)

Business Group

- S\$62.4 Million (17%)
- Corporate Tax Division (13%)
- Tax Policy and International Tax Division (2%)
- Compliance Strategy & Risk Division (2%)

International, Investigation & Indirect Taxes

- S\$82.0 Million (22%)
- Goods and Services Tax Division (11%)
- Property Tax Division (7%)
- Investigation & Forensics Division (3%)
- International Tax Affairs & Relations (1%)

Individual Group

- S\$83.1 Million (22%)
- Individual Income Tax Division (16%)
- Taxpayer Services Division (6%)

Wage Credit Scheme

- S\$3.7 Million (1%)

Financial Review

Financial Position

As at 31 March 2016, our total assets increased by S\$10.1 million or 1% to S\$799.5 million. Property, plant and equipment, intangible assets, development projects-in-progress, cash and investments accounted for 90% of the total assets (FY2014/15: 95%)

Our total liabilities decreased by S\$17.0 million or 13% to S\$109.8 million. As at 31 March 2016, our equity were made up of accumulated surplus amounting to S\$681.8 million (FY2014/15: S\$654.8 million) and share capital of S\$7.8 million (FY2014/15: S\$7.8 million). During the financial year, we paid dividends of S\$18.7 million to the Government.

Of the S\$681.8 million in accumulated surplus, S\$332.0 million (49%) had already been utilised and committed for capital expenditure. S\$260.4 million had been utilised for the purchase of property, plant and equipment, intangible assets, development projects-in-progress and other non-current assets while S\$71.6 million was committed for capital expenditure. The balance surplus fund of S\$349.8 million is retained to meet future capital replacement as well as contingency funds for operational needs.

The investment position as at 31 March 2016 was S\$458.9 million. S\$85.8 million is managed by Accountant-General's Department (AGD) via the Centralised Liquidity Management initiative and it is held on a short-term basis to meet our operating needs. S\$373.1 million is held in unit trusts under AGD's Demand Aggregation Scheme for Fund Management Services (2011).

Our long-term liability comprises pension provision that is set aside for future payments to pensionable staff upon their retirement and pensioners who opted for monthly pensions. As at 31 March 2016, the pension provision stood at S\$23.0 million, compared with S\$23.4 million as at 31 March 2015.

Our cash position remain healthy with S\$85.8 million in cash and cash equivalents as at 31 March 2016 with a net cash outflow of S\$17.4 million during the financial year. The net cash outflow is due to a portion of the agency fee not received within the financial year. Net cash generated from our operating activities amounted to S\$21.7 million.

Statement by the Members of the Board

For the financial year ended 31 March 2016

In our opinion, the financial statements of the Inland Revenue Authority of Singapore (the "Authority") as set out on pages 57 to 84 are drawn up in accordance with the provisions of the Inland Revenue Authority of Singapore Act (Cap. 138A, 2012 Revised Edition) and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2016, and the results, changes in equity and cash flows of the Authority for the financial year ended on that date.

On behalf of the Board



Tan Ching Yee
Chairman
Singapore



Tan Tee How
Commissioner of Inland Revenue/
Chief Executive Officer
Singapore

27 June 2016

Independent Auditor's Report on the Audit of the Financial Statements of the Inland Revenue Authority of Singapore

For the financial year ended 31 March 2016

Report on the Financial Statements

The accompanying financial statements of the Inland Revenue Authority of Singapore (the "Authority"), set out on pages 57 to 84, have been audited under my direction. These financial statements comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Inland Revenue Authority of Singapore Act (Cap. 138A, 2012 Revised Edition) (the "Act") and Statutory Board Financial Reporting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit. The audit was conducted in accordance with Singapore Standards on Auditing. Those standards require that ethical requirements be complied with, and that the audit be planned and performed to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2016 and the results, changes in equity and cash flows of the Authority for the financial year ended on that date.

Independent Auditor's Report on the Audit of the Financial Statements of the Inland Revenue Authority of Singapore

For the financial year ended 31 March 2016

Report on Other Legal and Regulatory Requirements

Management's Responsibility for Compliance with Legal and Regulatory Requirements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion:

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



Tan Yoke Meng Willie
Auditor-General
Singapore

27 June 2016

Statement of Financial Position

As at 31 March 2016

	Note	FY2015/16 S\$'000	FY2014/15 S\$'000
Share capital	3	7,823	7,823
Accumulated surplus		681,837	654,810
		689,660	662,633

Represented by:

Non-current assets

Property, plant and equipment	4	227,599	238,322
Intangible assets	5	27,017	34,746
Development projects-in-progress	6	5,794	1,503
Other non-current asset	7	22	12
		260,432	274,583

Current assets

Funds with fund managers	8	373,099	372,714
Trade and other receivables	9	72,109	31,552
Prepayments		8,020	7,353
Cash and cash equivalents	10	85,848	103,238
		539,076	514,857

Statement of Financial Position

As at 31 March 2016

	Note	FY2015/16 S\$'000	FY2014/15 S\$'000
Less:			
Current liabilities			
Trade and other payables	11	62,625	74,695
Advances and deposits		2,445	1,766
Contribution payable to Government			
Consolidated Fund	12	9,704	14,312
Provision for unutilised leave	13	10,169	9,578
Provision for pension and gratuities	14	1,951	3,062
		86,894	103,413
Net current assets		452,182	411,444
Less:			
Non-current liabilities			
Provision for pension and gratuities	14	22,954	23,394
		689,660	662,633

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

Statement of Comprehensive Income

For the financial year ended 31 March 2016

	Note	FY2015/16 S\$'000	FY2014/15 S\$'000
Operating income			
Agency fee		389,900	382,578
Other income		39,873	43,301
		429,773	425,879
Less:			
Operating expenditure			
Manpower	15	231,143	218,077
Services	16	80,853	81,504
Depreciation and amortisation	4, 5	22,132	21,216
Maintenance of building and equipment		14,789	13,820
Staff welfare and training		8,509	7,906
Utilities and communication		6,100	6,742
Property tax		4,619	4,352
Office and other supplies		2,955	2,210
Grants and subsidies		1,985	3,482
Public relations and events		454	533
General expenses		741	952
		374,280	360,794
Operating surplus		55,493	65,085

Statement of Comprehensive Income

For the financial year ended 31 March 2016

	Note	FY2015/16 S\$'000	FY2014/15 S\$'000
Net investment income	17	1,588	19,851
Other comprehensive loss			
Item that will not be reclassified to Operating surplus			
Actuarial loss	14	(1,612)	(1,219)
Surplus for the financial year before contribution to Government Consolidated Fund		55,469	83,717
Less:			
Contribution to Government Consolidated Fund	12	9,704	14,312
Net surplus for the financial year, representing total comprehensive income for the financial year		45,765	69,405

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

Statement of Changes in Equity

For the financial year ended 31 March 2016

	Note	Share Capital S\$'000	Accumulated Surplus S\$'000	Total S\$'000
Balance as at 1 April 2014		6,911	721,694	728,605
Total comprehensive income for the financial year		-	69,405	69,405
Dividends	18	-	(136,289)	(136,289)
Equity Injection	3	912	-	912
Balance as at 31 March 2015		7,823	654,810	662,633
Total comprehensive income for the financial year		-	45,765	45,765
Dividends	18	-	(18,738)	(18,738)
Balance as at 31 March 2016		7,823	681,837	689,660

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

Statement of Cash Flows

For the financial year ended 31 March 2016

	Note	FY2015/16 S\$'000	FY2014/15 S\$'000
Cash flows from operating activities			
Agency fee and other income received		389,833	424,229
Cash paid to employees and suppliers		(353,848)	(327,870)
Contribution to Government Consolidated Fund		(14,312)	(8,754)
Net cash from operating activities		21,673	87,605
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		9	49
Interest income received		1,282	1,186
Payment for purchase of property, plant and equipment and intangible assets		(9,184)	(8,621)
Expenditure on development projects		(12,432)	(9,217)
Net cash used in investing activities		(20,325)	(16,603)

Statement of Cash Flows

For the financial year ended 31 March 2016

	Note	FY2015/16 S\$'000	FY2014/15 S\$'000
Cash flows from financing activities			
Dividends paid	18	(18,738)	(136,289)
Equity injection		-	912
Net cash used in financing activities		(18,738)	(135,377)
Net decrease in cash and cash equivalents		(17,390)	(64,375)
Cash and cash equivalents as at beginning of the financial year		103,238	167,613
Cash and cash equivalents as at end of the financial year	10	85,848	103,238

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

Notes To The Financial Statements

For the financial year ended 31 March 2016

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

1 General Activities

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

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

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

As a statutory board, the Authority is subject to the directions of the Ministry of Finance and is required to comply with policies and instructions issued from time to time by the Ministry of Finance and other government agencies.

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

2 Significant Accounting Policies

2.1 Basis of Preparation

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

(a) Functional currency and presentation

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

(b) Basis of measurement

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

(c) Use of estimates and judgements

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

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

Notes To The Financial Statements

For the financial year ended 31 March 2016

(d) Changes in accounting policies

The adoption of the new or revised SB-FRS and Interpretations of SB-FRS mandatory for application from 1 April 2015 did not result in changes to the Authority's accounting policies and has no material effect on the Authority's financial statements.

2.2 Property, Plant and Equipment

(a) Measurement

Property, plant and equipment acquired by the Authority are stated at cost less accumulated depreciation and impairment losses.

(b) Depreciation

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

	Estimated Useful Lives
Leasehold Land	Over the remaining lease period of 97 years
Building	50 years
Building Systems & Improvements	5 to 20 years
Computer Hardware	3 to 4 years
Office Equipment	5 years
Furniture & Fittings	5 years
Motor Vehicles	7 years

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

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

(c) Subsequent expenditure

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

(d) Disposal

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

2.3 Intangible Assets

Intangible assets consist of computer software and software development costs for various computer applications. They are capitalised on the basis of the costs incurred to acquire or develop and bring to use the software. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as a capital

Notes To The Financial Statements

For the financial year ended 31 March 2016

improvement and added to the original cost of the software. Cost associated with maintaining computer software is recognised as an expense when incurred.

Intangible assets are stated at cost less accumulated amortisation and impairment losses. These costs are amortised using the straight-line method from the date the intangible assets are ready for use over their estimated useful lives of 3 to 8 years. Computer software and development costs costing less than S\$2,000 are charged to the Statement of Comprehensive Income in the year of purchase.

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

2.4 Development Projects-in-progress

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

2.5 Impairment of Non-financial Assets

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

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

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

2.6 Other Non-current Asset

Other non-current asset relates to club membership, which is held on a long-term basis, is stated at cost less accumulated impairment losses.

Notes To The Financial Statements

For the financial year ended 31 March 2016

2.7 Financial Assets

(a) Classification

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

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

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

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

(ii) *Loans and receivables*

Loans and receivables comprise trade and other receivables and cash and cash equivalents. They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise

when the Authority provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables that are due within 12 months after the financial year-end date are classified as current assets in the Statement of Financial Position. For those that are due more than 12 months after the financial year-end date, they are classified as non-current assets.

(b) Recognition and derecognition

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

(c) Initial measurement

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

(d) Subsequent measurement

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

Any resultant gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" are included in net investment income/

Notes To The Financial Statements

For the financial year ended 31 March 2016

(loss) in the Statement of Comprehensive Income in the period in which they arise. Interest and dividend earned on “financial assets at fair value through profit or loss” are also included in net investment income/(loss).

(e) Impairment

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

An impairment loss in respect of loans and receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount, and the present value of the estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the Statement of Comprehensive Income.

2.8 Cash and Cash Equivalents

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

2.9 Trade and Other Payables

Trade and other payables including accruals are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

2.10 Provisions

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

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

2.11 Income Recognition

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

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

Interest income is recognised using the effective interest method.

Dividend income is recognised when the shareholder's rights to receive payment is established.

Notes To The Financial Statements

For the financial year ended 31 March 2016

2.12 Employee Benefits

(a) Defined benefit plan

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

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

Provision for pension and gratuities recognised in the Statement of Financial Position represents the present value of the pension obligations as at the financial year-end and is computed by the Authority annually based on the principal assumptions described in Note 14. Discount rates used are the yields as at financial year-end on government bonds that have maturity dates approximating the tenure of the related pension obligations.

Current service costs of the pensionable employees are recognised in expenditure on manpower in the Statement of Comprehensive Income. Actuarial gains and losses arising from changes in principal assumptions are recognised in other comprehensive income.

(b) Defined contribution plan

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

(c) Employee leave entitlement

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

2.13 Operating Leases

(a) Where the Authority is the lessor

Leases where the Authority effectively retains substantially all the risks and rewards of ownership of the leased asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(b) Where the Authority is the lessee

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

Notes To The Financial Statements

For the financial year ended 31 March 2016

2.14 New Accounting Standards Not Yet Effective

At the date of authorisation of these financial statements, the Authority has not adopted the following new SB-FRS (including its consequential amendments), interpretation and amendments to SB-FRS which have been issued as of the financial year-end date but not yet effective:

- Amendments to SB-FRS 1: Disclosure Initiative
- SB-FRS 115: Revenue from Contracts with Customers
- SB-FRS 1001: Accounting and Disclosure for Non-Exchange Revenue
- SB-FRS 109: Financial Instruments
- Improvements to SB-FRSs issued in November 2014
 - o Amendments to SB-FRS 105: Non-current Assets Held for Sale and Discontinued Operations
 - o Amendments to SB-FRS 107: Financial Instruments: Disclosures
 - o Amendments to SB-FRS 19: Employee Benefits

The Authority is evaluating the initial application of the standards for the impact on the financial statements.

3 Share Capital

	FY2015/16 Number of shares (in '000)	FY2015/16 S\$'000	FY2014/15 Number of shares (in '000)	FY2014/15 S\$'000
As at 1 April	7,823	7,823	6,911	6,911
Equity injection	-	-	912	912
As at 31 March	7,823	7,823	7,823	7,823

Equity injection during FY2014/15 was made pursuant to the Capital Management Framework for Statutory Boards under Finance Circular Minute No. M26/2008.

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

Notes To The Financial Statements

For the financial year ended 31 March 2016

4 Property, Plant and Equipment

4.1 Property, Plant and Equipment for FY2015/16

	Leasehold Land	Building	Building Systems & Improvements	Computer Hardware	Office Equipment	Furniture & Fittings	Motor Vehicles	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost								
As at 1 April 2015	155,344	136,795	57,480	43,033	4,043	1,362	216	398,273
Additions	-	-	220	1,903	150	10	-	2,283
Transfer from Development projects-in-progress (Note 6)	-	-	-	199	-	-	-	199
Disposals	-	-	-	(4,070)	(403)	(16)	-	(4,489)
As at 31 March 2016	155,344	136,795	57,700	41,065	3,790	1,356	216	396,266
Accumulated Depreciation								
As at 1 April 2015	33,490	52,319	43,431	25,423	3,828	1,312	148	159,951
Depreciation for the financial year	1,594	2,736	2,938	5,745	114	21	31	13,179
Disposals	-	-	-	(4,045)	(402)	(16)	-	(4,463)
As at 31 March 2016	35,084	55,055	46,369	27,123	3,540	1,317	179	168,667
Net Book Value								
As at 31 March 2016	120,260	81,740	11,331	13,942	250	39	37	227,599

Notes To The Financial Statements

For the financial year ended 31 March 2016

4.2 Property, Plant and Equipment for FY2014/15

	Leasehold Land	Building	Building Systems & Improvements	Computer Hardware	Office Equipment	Furniture & Fittings	Motor Vehicles	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost								
As at 1 April 2014	155,344	136,795	60,904	31,741	3,996	1,408	216	390,404
Additions	-	-	311	14,773	52	-	-	15,136
Transfer from Development projects-in-progress (Note 6)	-	-	-	234	-	-	-	234
Disposals	-	-	(3,735)	(3,715)	(5)	(46)	-	(7,501)
As at 31 March 2015	155,344	136,795	57,480	43,033	4,043	1,362	216	398,273
Accumulated Depreciation								
As at 1 April 2014	31,896	49,583	44,218	26,321	3,731	1,338	117	157,204
Depreciation for the financial year	1,594	2,736	2,900	2,817	102	20	31	10,200
Disposals	-	-	(3,687)	(3,715)	(5)	(46)	-	(7,453)
As at 31 March 2015	33,490	52,319	43,431	25,423	3,828	1,312	148	159,951
Net Book Value								
As at 31 March 2015	121,854	84,476	14,049	17,610	215	50	68	238,322

Notes To The Financial Statements

For the financial year ended 31 March 2016

5 Intangible Assets

	FY2015/16 S\$'000	FY2014/15 S\$'000
Cost		
As at 1 April	252,990	258,548
Additions	264	323
Transfer from Development projects-in-progress (Note 6)	961	941
Disposals	(636)	(6,822)
As at 31 March	253,579	252,990
Accumulated Amortisation		
As at 1 April	218,244	214,050
Amortisation for the financial year	8,953	11,016
Disposals	(635)	(6,822)
As at 31 March	226,562	218,244
Net Book Value		
As at 31 March	27,017	34,746

Included in the Additions and Transfer from Development projects-in-progress to the Intangible assets are internally-developed computer applications relating to the operations of the Authority with a cost of S\$814,000 (FY2014/15: S\$751,000).

6 Development Projects-In-Progress

	FY2015/16 S\$'000	FY2014/15 S\$'000
Cost		
As at 1 April	1,503	101
Additions	5,451	2,577
Transfer to Property, plant and equipment (Note 4)	(199)	(234)
Transfer to Intangible assets (Note 5)	(961)	(941)
As at 31 March	5,794	1,503

7 Other Non-Current Asset

	FY2015/16 S\$'000	FY2014/15 S\$'000
Cost	114	114
Less: Accumulated impairment losses	(92)	(102)
Net carrying amount	22	12

During the financial year, a reversal of impairment loss of S\$10,500 (FY2014/15: impairment loss of S\$1,000) was recognised in the Statement of Comprehensive Income to revalue the carrying amount of the non-current asset to its recoverable amount.

Notes To The Financial Statements

For the financial year ended 31 March 2016

8 Funds With Fund Managers

	FY2015/16 S\$'000	FY2014/15 S\$'000
Unquoted unit trusts at fair value	373,099	372,714

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

The unquoted unit trusts are denominated in Singapore dollar.

9 Trade And Other Receivables

	FY2015/16 S\$'000	FY2014/15 S\$'000
Trade receivables	70,881	30,359
Other receivables	1,228	1,193
	72,109	31,552

Credit risk with respect to Trade and other receivables is limited as the receivables are mostly due from governmental entities and government-linked companies. These balances are unsecured, non-interest bearing and usually settled within 6 months from the invoice date and within credit terms granted to them. Due to these factors, the Authority believes that no impairment allowance is necessary as at 31 March.

10 Cash and Cash Equivalents

	FY2015/16 S\$'000	FY2014/15 S\$'000
Deposits with Accountant-General's Department	85,848	103,238

Deposits are placed with Accountant-General's Department under the "Whole-of-Government Centralised Liquidity Management" for more cost efficient and better credit risk management. The effective interest rate of Cash and cash equivalents is 1.40% (FY2014/15: 0.81%) per annum.

11 Trade And Other Payables

	FY2015/16 S\$'000	FY2014/15 S\$'000
Payables for employee benefits	39,991	41,336
Trade payables	12,931	21,796
Other accrual for operating expenses	9,703	11,563
	62,625	74,695

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

Notes To The Financial Statements

For the financial year ended 31 March 2016

12 Contribution To Government Consolidated Fund

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

The contribution is based on 17% (FY2014/15: 17%) of the surplus, excluding Other comprehensive income, for the financial year.

13 Provision For Unutilised Leave

	FY2015/16 S\$'000	FY2014/15 S\$'000
As at 1 April	9,578	9,156
Net provision made during the financial year	591	422
As at 31 March	10,169	9,578

14 Provision For Pension And Gratuities

	FY2015/16 S\$'000	FY2014/15 S\$'000
As at 1 April	26,456	26,635
Current service costs charged to expenditure on Manpower	603	1,481
Actuarial loss charged to Other comprehensive income	1,612	1,219
	28,671	29,335
Amount paid during the financial year	(3,766)	(2,879)
As at 31 March	24,905	26,456
Amount payable within 1 year	1,951	3,062
Amount payable after 1 year	22,954	23,394

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

- pensionable employees will retire at the age of 62 and opt for pension to be paid as a lump sum upon retirement;
- the discount rates for determining present value of lump sum due to pensionable employees ranges from 0.81% to 1.84% (FY2014/15: 1.31% to 2.27%) per annum, depending on the tenure of the related pension obligations, and 2.33% (FY2014/15: 2.75%) per annum for pensions due to pensioners who opted for monthly pensions;

Notes To The Financial Statements

For the financial year ended 31 March 2016

(c) the estimated future salary increases range from 0% to 17.90% (FY2014/15: 0% to 17.90%); and

(d) the life expectancy for male and female pensioners range from 80.5 to 84.0 years (FY2014/15: 80.2 to 83.8 years) and 84.9 to 87.2 years (FY2014/15: 84.6 to 87.0 years) respectively.

The discount rate used for sensitivity analysis has been changed from 5% of the discount rate used in FY2014/15 to 50 basis points to the discount rate in FY2015/16. This is to better reflect the movement of discount rates within the year.

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

	FY2015/16 S\$'000	FY2014/15 S\$'000
+50 basis points	(948)	(966)
-50 basis points	1,009	1,028

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

	FY2015/16 S\$'000	FY2014/15 S\$'000
+0.3 year	229	209

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

	FY2015/16 S\$'000	FY2014/15 S\$'000
Key management personnel	1,222	1,118

15 Manpower

Included in the expenditure on Manpower is the following:

	FY2015/16 S\$'000	FY2014/15 S\$'000
CPF contributions for staff	23,893	22,193

Notes To The Financial Statements

For the financial year ended 31 March 2016

16 Services

Included in the expenditure on Services are the following:

	FY2015/16 S\$'000	FY2014/15 S\$'000
Data centre operation charges	30,773	29,974
Infocomm technology outsourcing charges	21,979	21,282
Rental expense of data centre	6,888	6,601
Audit fees:		
Audit of agency accounts	673	623
Audit of corporate accounts	354	341
Board members' allowances	191	191

17 Net Investment Income

	FY2015/16 S\$'000	FY2014/15 S\$'000
Income from Funds with fund managers:		
Interest income	-	1
Fair value gain	385	18,349
	385	18,350
Interest income:		
Deposits with Accountant-General's Department	1,203	1,501
Net investment income	1,588	19,851

Included in the Fair value gain are gains arising from market price and foreign currencies movements of financial instruments classified as "financial assets at fair value through profit or loss".

Notes To The Financial Statements

For the financial year ended 31 March 2016

18 Dividends

	FY2015/16 S\$'000	FY2014/15 S\$'000
Dividends paid in respect of the previous financial year	18,738	136,289

The payment of S\$18,738,000 (FY2014/15: S\$11,289,000) is made in accordance with the Capital Management Framework for Statutory Boards outlined in Finance Circular Minute No. M26/2008. There is no special payout in this financial year (FY2014/15: S\$125,000,000).

19 Commitments

19.1 Capital Commitments

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

	FY2015/16 S\$'000	FY2014/15 S\$'000
Development Projects		
- Approved and contracted for	4,373	6,622
- Approved but not contracted for	54,741	61,433
Property, Plant and Equipment		
- Approved and contracted for	363	-
- Approved but not contracted for	11,676	10,960
Intangible Assets		
- Approved but not contracted for	459	651
	71,612	79,666

Notes To The Financial Statements

For the financial year ended 31 March 2016

19.2 Operating Lease Commitments – where the Authority is the lessor

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

	FY2015/16 S\$'000	FY2014/15 S\$'000
Related parties		
- Not later than 1 year	9,483	19,073
- Later than 1 year but not later than 5 years	74	7,965
Non-related parties		
- Not later than 1 year	572	519
- Later than 1 year but not later than 5 years	296	42
	10,425	27,599

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

19.3 Operating Lease Commitments – where the Authority is the lessee

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

	FY2015/16 S\$'000	FY2014/15 S\$'000
Not later than 1 year	9,768	7,829
Later than 1 year but not later than 5 years	10,250	1,223
	20,018	9,052

Majority of the operating lease commitment above relates to lease of data centre facilities. The Authority leases data centre facilities under a non-cancellable operating lease agreement. The lease is for a period of 2 years.

Notes To The Financial Statements

For the financial year ended 31 March 2016

20 Tax Academy of Singapore

The Authority incorporated the Tax Academy of Singapore (the Academy) on 2 August 2006 as a company limited by guarantee to an amount not exceeding S\$1.00. The principal activity of the Academy is to provide education and related training in taxation.

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

	FY2015/16 S\$'000	FY2014/15 S\$'000
Assets	2,388	2,394
Liabilities	467	857
Revenue	2,310	1,724
Total comprehensive income	384	203

21 Related Party Transactions

21.1 Significant Related Party Transactions

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

	FY2015/16 S\$'000	FY2014/15 S\$'000
Ministry of Finance		
- Agency fee income	389,900	382,578
- Reimbursement of service costs incurred	3,181	6,911
- Other income	997	344
Other Ministries and Statutory Boards		
- Rental income	20,321	20,026
- Other income	6,052	6,798
- Purchases of assets and services	(14,885)	(17,555)

Notes To The Financial Statements

For the financial year ended 31 March 2016

21.2 Significant Related Party Account Balances

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

	FY2015/16 S\$'000	FY2014/15 S\$'000
Ministry of Finance		
- Trade receivables	69,167	28,557
Other Ministries and Statutory Boards		
- Trade receivables	645	1,344
- Advances and deposits	(1,821)	(1,061)
- Trade payables	(511)	(410)

21.3 Key Management Personnel Compensation

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

	FY2015/16 S\$'000	FY2014/15 S\$'000
Salaries and other short-term employee benefits	10,197	9,145
CPF contribution	644	614
Post-employment benefits	64	67
Other long-term benefits	6	4
	10,911	9,830

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

Notes To The Financial Statements

For the financial year ended 31 March 2016

22 Financial Risk Management

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

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

22.1 Interest Rate Risk

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

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

22.2 Currency Risk

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

22.3 Price Risk

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

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

	FY2015/16 S\$'000	FY2014/15 S\$'000
+5%	18,655	18,636
-5%	(18,655)	(18,636)

22.4 Credit Risk

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

Notes To The Financial Statements

For the financial year ended 31 March 2016

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

22.5 Liquidity Risk

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

22.6 Capital Risk

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

22.7 Fair Value Measurements

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

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

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (b) Level 2: valuation techniques based on observable inputs, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Unquoted unit trusts at fair value				
As at 31 March 2016	-	373,099	-	373,099
As at 31 March 2015	-	372,714	-	372,714

Notes To The Financial Statements

For the financial year ended 31 March 2016

23 Comparative Figures

Certain comparative figures in the financial statements have been adjusted to conform with the changes in the presentation in the current financial year. The presentation changes pertain mainly to the separate disclosure of provision for unutilised leave and provision for pension and gratuities (payable within 1 year) from the trade and other payables.

24 Authorisation Of Financial Statements

The financial statements were authorised for issue by the Board of the Authority on 27 June 2016.



INLAND REVENUE
AUTHORITY
OF SINGAPORE

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