



Reform Issues and Challenges in Tax Administration in Singapore

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Brief Overview of Singapore



- Island-state
- Size: About 710 sq km (Tokyo: 2188 sq km)
- Location: In the heart of Southeast Asia, between Malaysia and Indonesia
- Population: About 5 million
- Per Capita GDP in 2013: About S\$69,000



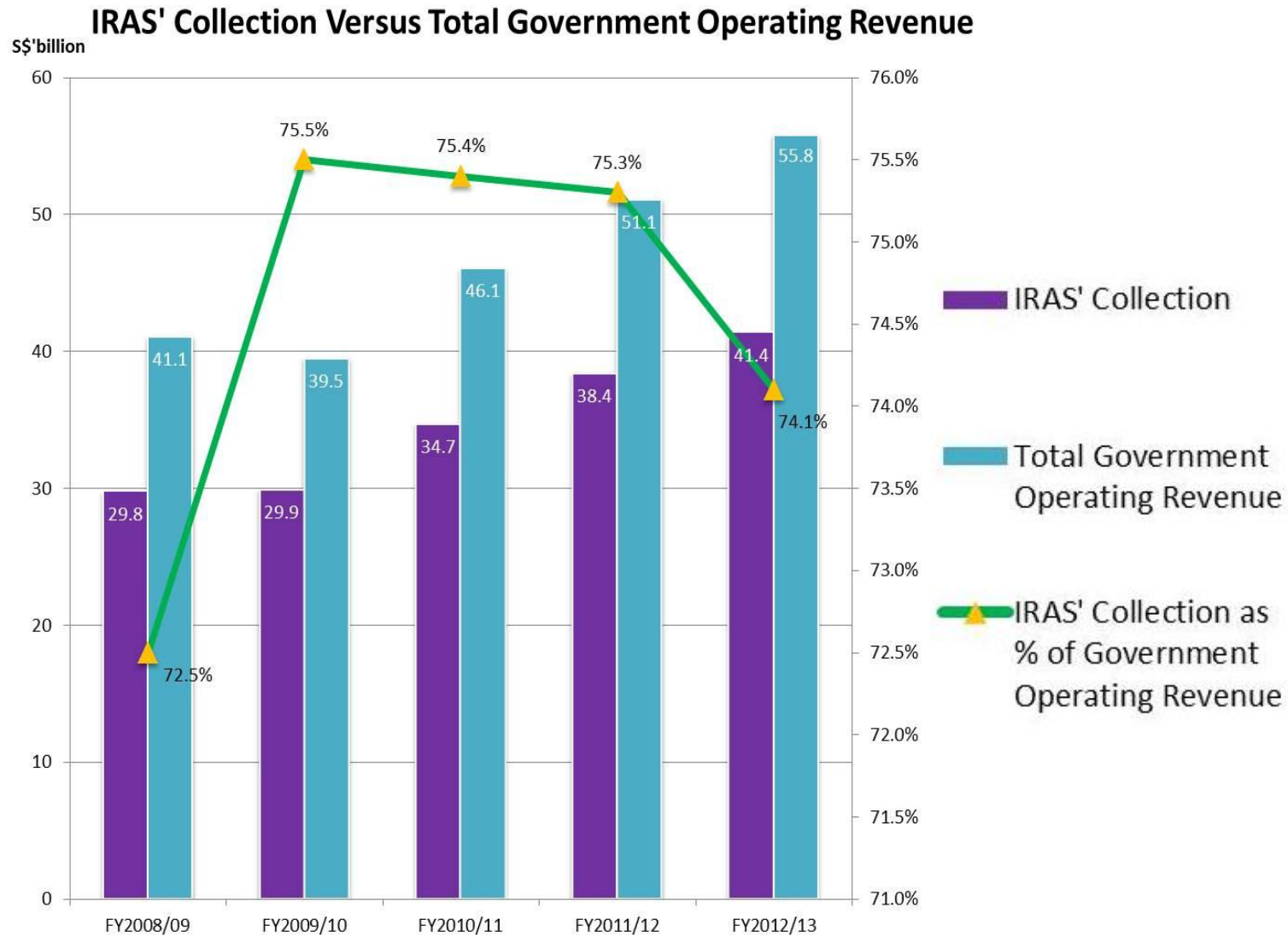
Tax Administration in Singapore

Our Mission

- The Inland Authority of Singapore (IRAS):
 - Acts as an agent of the Government and provide service in administering, assessing, collecting and enforcing payment of taxes; and
 - Advise the Government and represent Singapore internationally on matters relating to taxation.



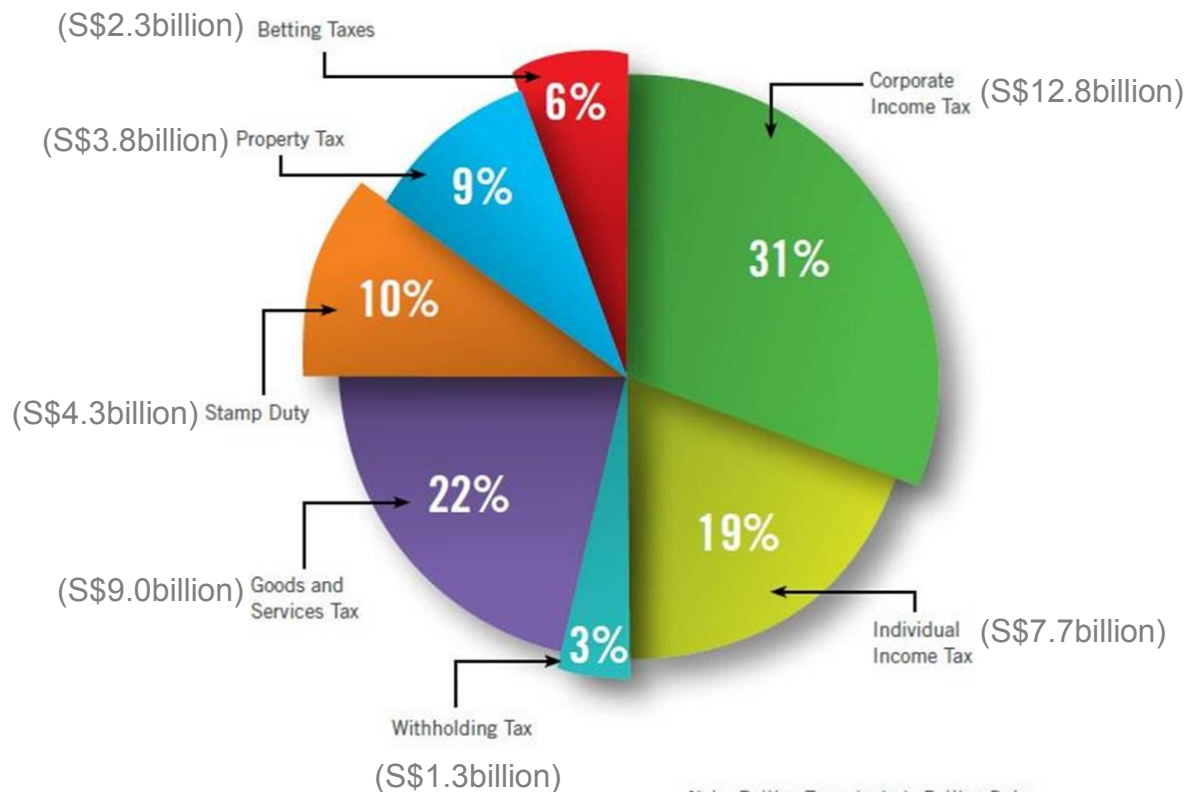
Tax Revenue Contributing 74.1% of Total Government Operating Revenue



Corporate Tax as the Largest Source of Tax Revenue

- In FY 2012/2013, Corporate Tax was the largest source of tax revenue, contributing a total of S\$12.8 billion.

FY2012/13 IRAS' Collection by Tax Type



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



Reform Issues and Challenges in Singapore



1. Ensuring Adequate Revenue Collection

- Revenue collection is fundamental to tax administration and remains as the main focus.

Efficient Processing

High degree of automation

High Degree of Compliance by Taxpayers and Tax Intermediaries

Taxpayers' Perspective

- Simplifying requirements; and
- Educating taxpayers

Tax Administration Perspective

- Identifying high risk entities; and
- Being effective and firm in enforcing the law.



2. Providing Excellent Service to Our Taxpayers



Partnering taxpayers and tax intermediaries

- Making it more convenient to self-serve.

Providing clear and timely communication

Disseminating accurate information

Introducing “simple-to-use” e-services

Thinking “outward-in”



Empathising and sensing

- Providing a set of experience for each customer segment

Maintaining operational efficiency while empathising

Building staff capability to identify exceptional cases



3. Focus on Inclusive Growth

- IRAS has been tasked by the Government to administer a variety of schemes to ensure that growth is spread across all sectors of the economy.
- Example of payout schemes administered by IRAS:



Productivity Innovation Credit (PIC)

- Provides incentives for investments in a broad range of activities to help businesses improve productivity.
- Incentives include enhanced deductions of up to 400%, conversion of enhanced deductions into cash payout and PIC bonus.



Wage Credit Scheme

- Incentivises employers to share productivity gains with their employees through the Government co-funding 40% of the wage increases given to Singaporean employees earning a gross monthly wage of \$4,000 and below.



3. Focus on Inclusive Growth

Challenges:

Staff Mind-Set

- Shifting from pure protection of revenue to:
 - Encouraging productivity growth and innovation
 - Disbursement of funds

Systems

- Putting in place computer system and processes

Legislation and Practices

- Balancing between:
 - Making the schemes easily understood by taxpayers and simplifying application process; and
 - Preventing abuse of such schemes



4. Continuous Need to Enhance the Competitiveness of Our Tax System

- IRAS enhances the competitiveness of our tax system by:

• Building trust with taxpayers and gaining credibility as a tax administration.

**Providing
Certainty**

• Engaging stakeholders in the simplification of tax laws.

**Reducing
Compliance
Burden**

• Working with the Ministry to implement competitive tax policy.

**Working
Closely with
Ministry**

**Encouraging
High
Compliance**

• If everyone pays his/her fair share of taxes, taxes can be kept to the lowest possible level.



5. Playing Our Part as a Responsible Member of the International Tax Community



Exchange of Information (EOI)

- Adjusting tax law, system and process to be aligned with international standard;
- Building up resources to handle workload increase; and
- Ensuring that our taxpayers are aware of their obligations.



Base Erosion and Profit Shifting (BEPS)

- Supporting BEPS in principle:
 - Profits should be taxed in jurisdiction where real and substantive activities are undertaken; and
 - Need to maintain level playing field and avoid protectionist measures. Competitive fiscal and tax regimes should not be penalised.



6. Our People – The Most Precious Resource

Our People

- Being the key to addressing our issues and challenges
- Contributing knowledge and skill sets to Singapore



Getting Buy-In to New Environment and Demands



Acquiring New Skill Sets



Retaining Staff



Conclusion

Continuous Need to Enhance the Competitiveness of Our Tax System

Playing Our Part as a Responsible Member of the International Tax Community

Focus on Inclusive Growth

Our People – The Most Precious Resource

Reform Issues and Challenges in Singapore

Providing Excellent Service to Our Taxpayers

Ensuring Adequate Revenue Collection





Thank You

