

Improving Tax Compliance in Singapore

Inland Revenue Authority of Singapore

7 Apr 2015

The Sixth IMF-Japan High Level Tax Conference



IRAS Mission

- Acts as agent of Government in administering, assessing, collecting and enforcing payment of taxes
- Advises Government and represent Singapore internationally on matters relating to taxation



IRAS Approach to Managing Tax Compliance

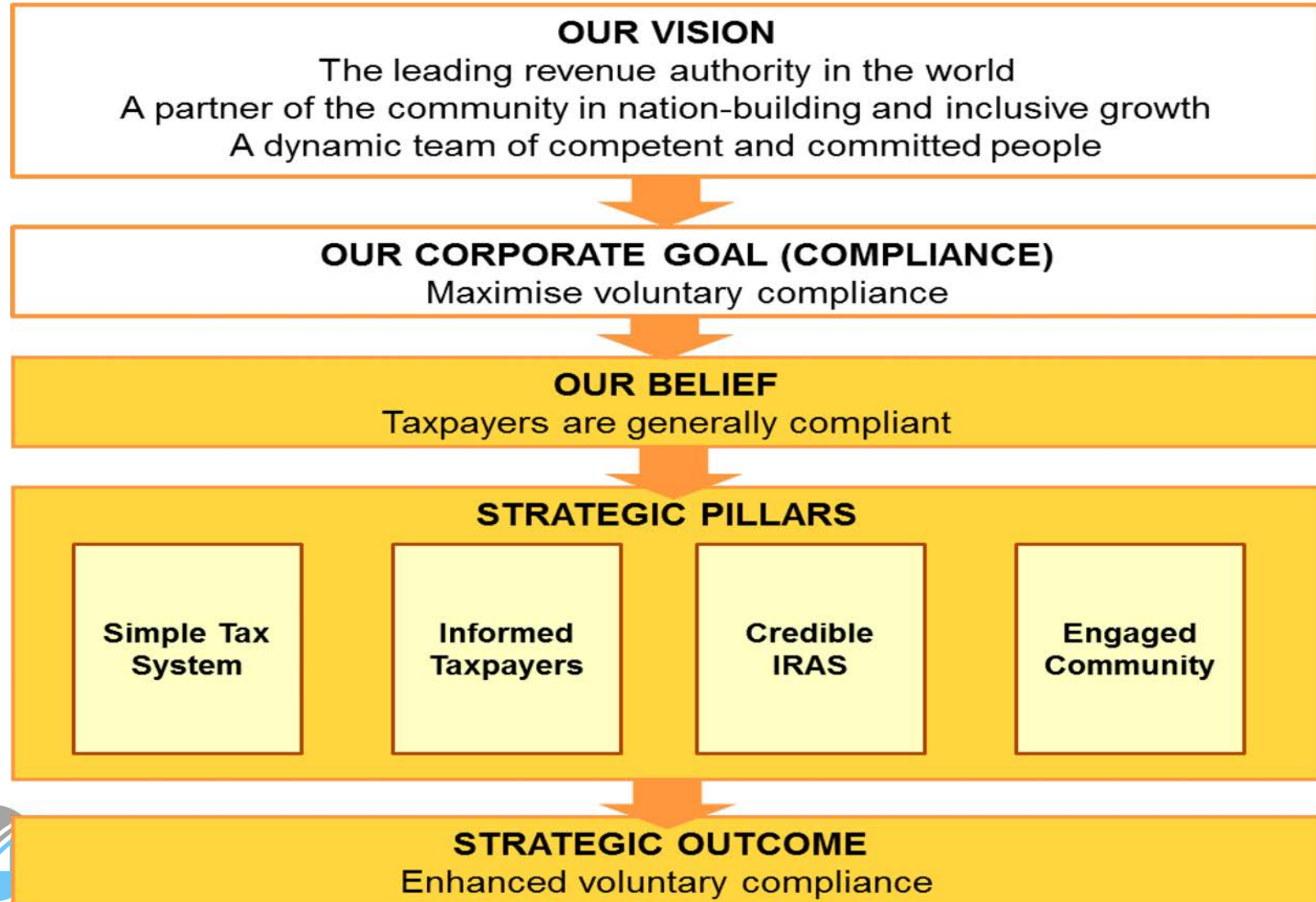
- To partner the community in nation building and inclusive growth
- Voluntary compliance is key to fair and sustainable tax system
- IRAS aims to create a conducive environment for taxpayers to comply with tax obligations
- Enforcement actions to deter non-compliant behaviour



Compliance – Whose Role?



IRAS Strategic Compliance Framework



Strategic Approach

Simple Tax System

- Make it easy for taxpayers to comply
- Continuous review of rules and procedures
- Influence policies and tax laws where possible to minimise compliance costs

Informed Taxpayers

- Educate taxpayers on how to comply with tax obligations
- Proactively provides education and timely information through various channels

4 Strategic Pillars

Credible Tax Administration

Swiftly identifies and acts against non-compliance

Engaged Community

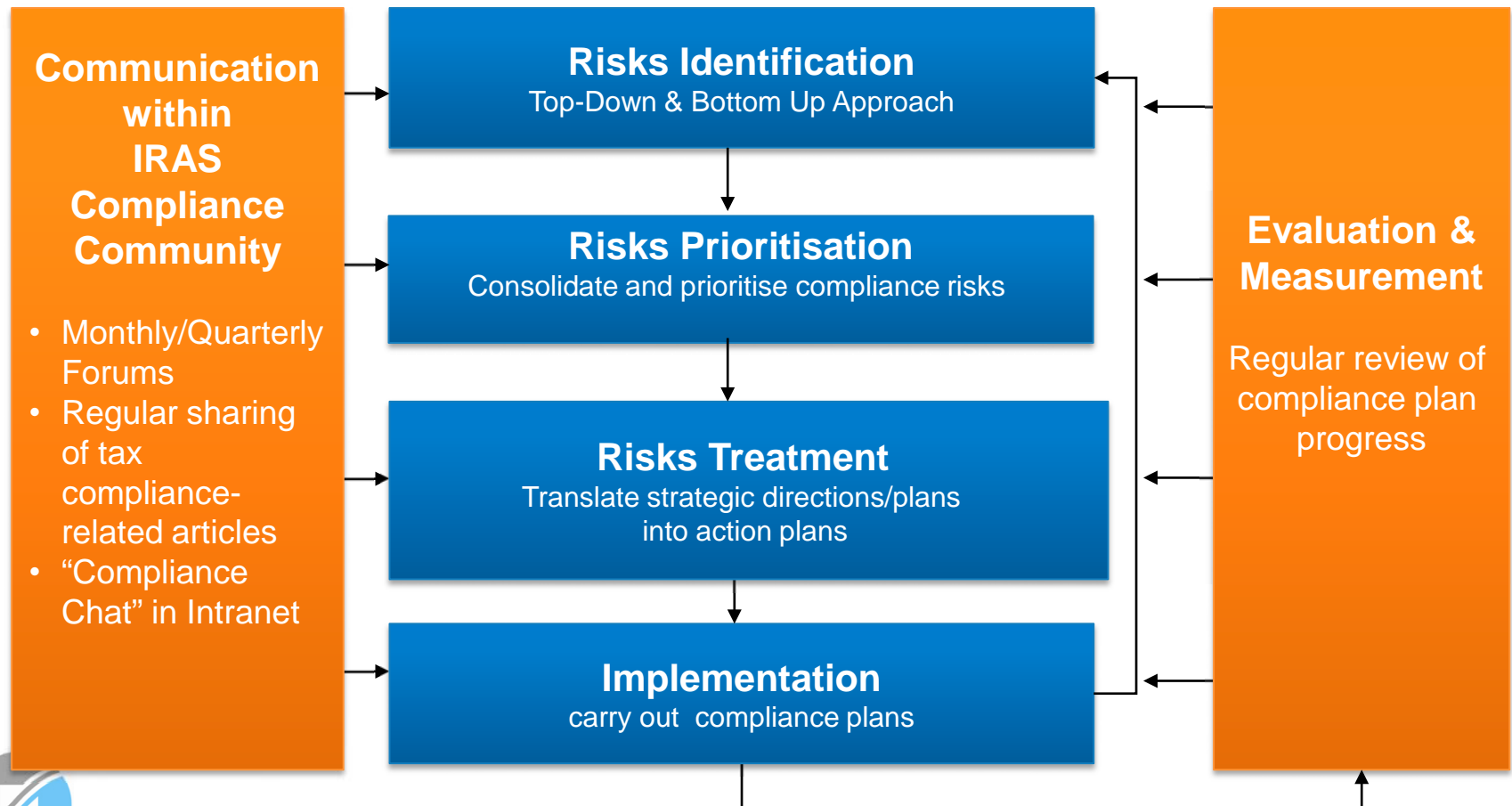
- Work with community to improve overall compliance
- IRAS is committed to building a community that shares the belief in taxpaying

Compliance Risk Management Process

- Move away from identifying risks based on gut-feel and experience
- Evidence-based and systematic risk identification approach
- Coordinate initiatives/programmes based on taxpayer compliance behaviour /profile
- Monitor and measure outcome and effectiveness of programs



Compliance Risk Management Process



Compliance Risk Management

- Involves the identification of non-compliance risks at different stages of the lifecycle
- Implementation of policies to address such risks



Compliance Risk Management initiatives/programs

Tax filing : Late or non-filing

- ✓ Seminars/introductory package to new companies
- ✓ Simplified corporate tax return for small companies (3 page return vs 7 page return for other companies)
- ✓ Differentiated penalty rates for persistent non-filers
IRAS

Informed taxpayers

Simple Tax System

Credible IRAS



Compliance Risk Management initiatives/programs

Tax Reporting : Inaccuracy or omission

Encourage disclosure and transparency

✓ Voluntary Disclosure Program

■ Timely disclosure in exchange for reduced penalties

- Complete and self-initiated
- Cooperate fully with IRAS to correct error

✓ Assisted Self Help Kit for GST

■ Self-help tool for SMEs to

- Self-review their GST submissions
- Discover and disclose their GST errors early

Engaged
Community



Compliance Risk Management initiatives/programs

Tax Reporting : Inaccuracy or omission

- Best practices in 4 dimensions to improve GST compliance



- Co-designed with taxpayers and tax intermediaries
 - Ensure that ASK is useful and tailored to their needs



Compliance Risk Management initiatives/programs

Tax Filing: Inaccuracy or omission or aggressive tax planning

Engaged
Community

Towards cooperative compliance

- ✓ Enhanced Taxpayer Relationship Programme for Large Taxpayers
- Establish **open and transparent relationships** with our largest corporate taxpayers
- **Regular discussions** and **real-time consultations**
- Resolve **tax issues early**
 - ✓ Provide greater clarity and certainty to taxpayers
 - ✓ Prevent downstream difficulties in tax assessments



Compliance Risk Management initiatives/programs

Tax Filing: Inaccuracy / omission / aggressive tax planning

Ensure accuracy of taxpayers' declaration

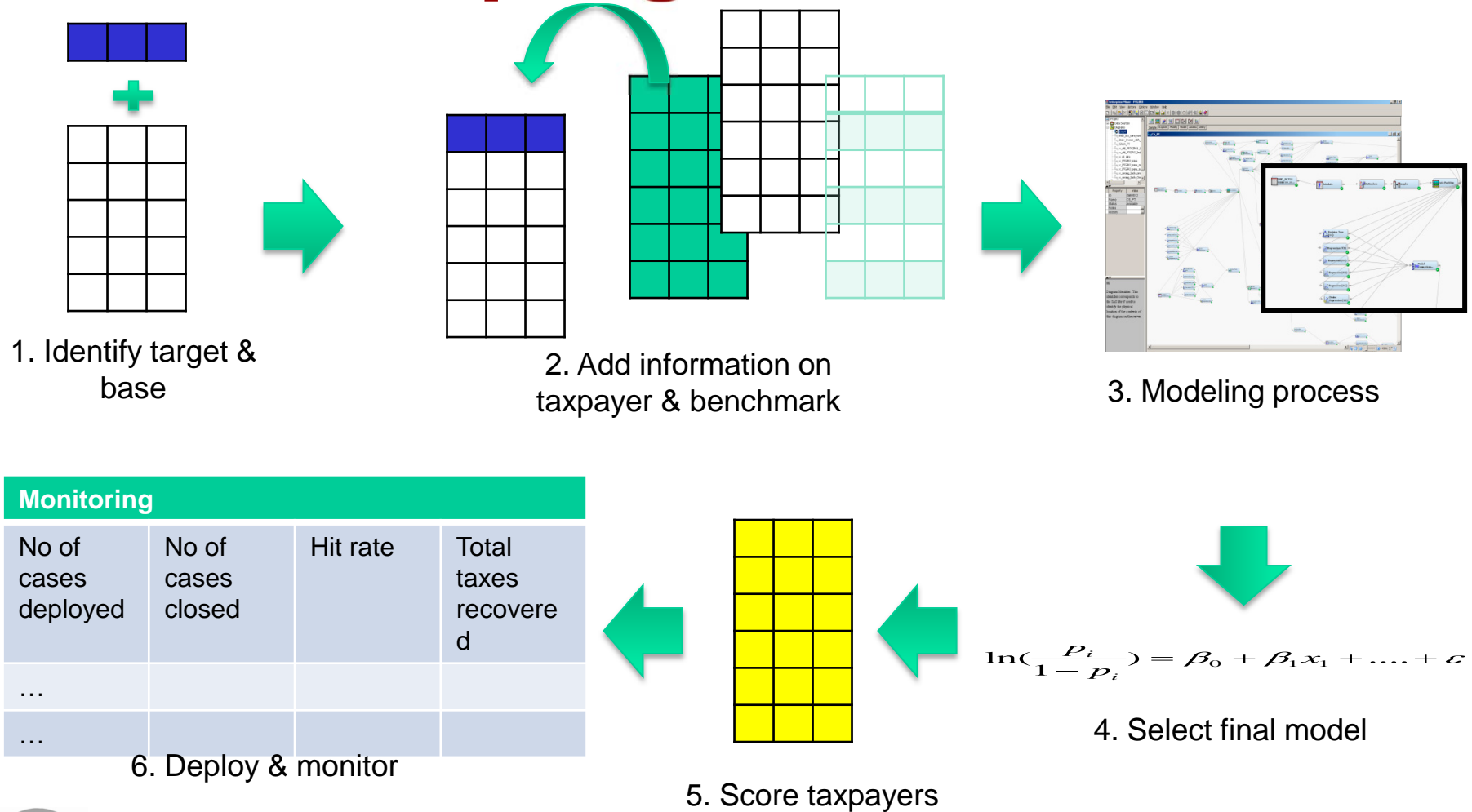
- ✓ Strategic audit based on risk profiling
- uses a **risk-based approach** to **select** corporate returns for review annually
- Move from **rule based selection** to **analytics predictive model** to select high risk cases
- Lower number of returns reviewed with about the same amount of tax recovery



Credible
IRAS



Compliance Risk Management initiatives/programs



Conclusion

- Competitive tax environment
- Continued focus on taxpayer services
- Pre-empt non-compliance
- Build up new capabilities



Thank You

