



INLAND REVENUE
AUTHORITY
OF SINGAPORE

IRAS ANNUAL REPORT 2014/2015
INLAND REVENUE AUTHORITY OF SINGAPORE

Partnering Community, Advancing Growth

Contents



IRAS ANNUAL REPORT 2014/2015

Partnering Community,
Advancing Growth

01. Corporate Information and Highlights

22. Fostering a Competitive Tax Environment, Advancing Inclusive Growth

31. Achieving a High Level of Voluntary Compliance

36. Delivering Excellent Service with Integrity

41. Growing with a Team of Competent and Committed People

47. Charting Ahead

49. Financial Report

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 by 2.9% in 2014. Our labour market remained tight with low unemployment rate and healthy wage growth. Against this backdrop, tax revenues stayed robust, supporting the Government's programmes to achieve quality growth and an inclusive society.

Fostering a Competitive Tax Environment

IRAS continued to enlarge and enhance Singapore's extensive network of Avoidance of Double Taxation Agreements (DTAs) to facilitate cross-border trade and investment. In FY2014/15, IRAS concluded DTAs with Rwanda, Seychelles and Uruguay, and updated the terms of existing DTAs with France, Sri Lanka and the United Arab Emirates. Singapore now has 82 comprehensive DTAs, of which 76 have been ratified. IRAS also concluded 12 Advanced Pricing Arrangements and resolved six cases through Mutual Agreement Procedure discussions. These provided greater tax certainty and eliminated the prospect of double taxation faced by businesses engaging in cross-border trade.

IRAS is also actively participating in the G20-OECD Base Erosion and Profit Shifting (BEPS) project. The BEPS project seeks to review and address gaps and mismatches in international tax rules that inadvertently allow profit shifting. Singapore supports the BEPS project and the principle of taxing where the real economic activities driving the profits take place. At the same time, it is important that international tax rules continue to promote sustainable global growth and support free and fair economic competition. As the Singapore economy is highly integrated with the global economy, both IRAS and Singapore businesses should remain at the forefront of any changes in international taxation.

To further strengthen her framework for international cooperation to combat cross-border tax evasion, Singapore has endorsed the OECD automatic exchange of information standard for implementation by 2018. Singapore has also concluded the Model 1 Intergovernmental Agreement (IGA) with the United States. The IGA facilitates financial institutions in Singapore in complying with the United States' Foreign Account Tax Compliance Act by fulfilling their reporting obligations through IRAS instead of reporting directly to the United States Internal Revenue Service.

Promoting Inclusive Growth

IRAS supports the Government in the administration of assistance schemes for businesses.

Since 2010, IRAS has been administering the Productivity and Credit (PIC) Scheme. IRAS is now administering the PIC+ Scheme, introduced in Budget 2014 to provide support to SMEs who are making more substantive investments to transform their businesses. To enhance convenience for businesses, IRAS has launched a suite of PIC cash payout e-Services for businesses to apply for PIC cash payout online and check the status of PIC cash payout applications.

IRAS has also been administering the Wage Credit Scheme (WCS) which was introduced in 2013 to help businesses cope with rising wage costs and improve productivity. As at 31 March 2015, more than 85,000 employers received about S\$1.4 billion in WCS payouts, with SMEs receiving some three quarters of the sum disbursed.

Chairman's Statement

Raising Standards

IRAS engages the international tax community to stay ahead of global tax issues and to raise Singapore's profile in the global arena. The Tax Academy of Singapore has set up the SMU-TA Centre for Excellence in Taxation (SMU-TA CET) jointly with the Singapore Management University in August 2014. The first centre in Singapore that is dedicated to research on taxation, the SMU-TA CET will partner members of academia, industry leaders and government officials to produce multidisciplinary research on international and regional tax issues, from legal, economic and public policy perspectives.

Acknowledgements

The commitment and quality of its people are key to the success of an organisation. On behalf of the Board, I express my appreciation to the management and staff of IRAS for their dedication and support.

I would like to welcome Mr Tan Tee How, as the new Commissioner of Inland Revenue and Chief Executive Officer of IRAS.

I would also like to express my gratitude to Dr Tan Kim Siew for leading IRAS from November 2012 to November 2014. He has steered IRAS in deepening Singapore's international engagement and contributed towards Singapore's admission as a participant to the OECD Committee of Fiscal Affairs. He also enhanced the organisation's efficiency and customer service through the use of technology.

Mr Peter Ong
Chairman



Members of the Board



Mr Peter Ong
Chairman

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



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. He is a member of the Working Group for Schools under the National Integration Council and the Founding President of the Singapore Association for Private Education (SAPE). He also serves on the Boards of ITE Holding Pte Ltd and Nera Telecommunications Ltd.

Members of the Board



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. He is the Co-Chair of the Tripartite Alliance for Fair Employment Practices and Senior Advisor to the Singapore National Employers Federation. Mr Tan serves on the Boards of Ong Teng Cheong Labour Leadership Institute and SMRT Corporation Ltd. He is also a member of the Singapore Manufacturing Federation's Board of Governors.



Mr Pek Hak Bin
Board Member

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



Mr Pok Soy Yoong
Board Member

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

Members of the Board



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 China Ltd. She is a Board member of the Housing and Development Board and a member of the Accounting Standards Council, 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 on the Board of CapitaLand Ltd.

Corporate Governance

IRAS Board

The IRAS Board oversees IRAS and ensures that it carries out its functions competently. The Chairman of the Board is Mr Peter Ong, Permanent Secretary of the Ministry of Finance. The eight other members are 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.

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



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.

“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.”



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.

“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.”

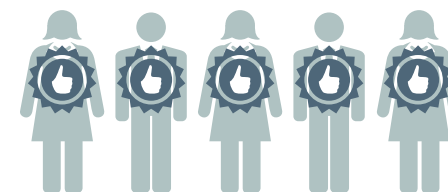


Professional and Ethical Conduct

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.

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





Commissioner's Message

IRAS collected a total of S\$43.4 billion in tax revenue in FY2014/15, 4.4% higher than the collection in FY2013/14. We kept our cost of tax collection low at 0.82 cents for every dollar of tax collected. Our tax arrears remained low at 0.81% of total net tax assessed, as a result of our continued efforts to maximise voluntary compliance.

Supporting Inclusive Growth

IRAS supports inclusive growth through the administration of assistance schemes such as the Wage Credit Scheme. We proactively review tax policies to ease businesses' compliance costs and facilitate enterprise. In FY2014/15, we reviewed 46 tax policies. This included a review of the transfer pricing guidelines to provide clarity on the application of the arm's length principle and guidance on transfer pricing documentation. We also allowed businesses to claim GST incurred on the re-import of goods belonging to their local or GST-registered overseas customers, which have been sent abroad for value-added activities.

Delivering Excellent Service

We pressed on with efforts to provide excellent service to taxpayers.

We piloted the Preview of Notice of Assessments (PNOA) to some 23,000 taxpayers in the YA2014 tax filing season. With the PNOA, a taxpayer could preview his Notice of Assessment online, shortly after he files his tax return, providing him with greater certainty on his tax bill. In the 2015 tax filing season,

we extended the PNOA to all taxpayers on the No-Filing Service, who did not make changes to their pre-filled income and reliefs.

We also expanded the No-Filing Service to 1.31 million taxpayers, including 26,000 first-time taxpayers, making tax filing a non-event for them. In addition, we improved convenience and lowered compliance costs for some 65,000 individual commission earners by pre-filling the commission income information in their YA2015 online tax forms.

Maximising Voluntary Compliance

We kept up our efforts to drive voluntary compliance.

We launched a pilot run of Form C e-filing in July 2014 to a group of public accounting firms and companies. Form C e-filing minimises compliance costs for businesses through validation checks and auto-computation of certain fields to ease completion of the form and minimise errors. It also provides businesses with greater certainty as they can receive an estimate of the tax payable immediately. Companies will be able to e-file Form C from June 2015.

We continued to deter non-compliance by establishing a strong presence and improving public perception of IRAS' effectiveness in dealing with compliance issues. We took errant taxpayers to task and publicised prosecution cases to serve as a deterrent. We audited and investigated more than 12,800 taxpayers and recovered over S\$457 million in taxes and penalties in FY2014/15.

Commissioner's Message

Deepening Skills and Expertise

We continued to develop our people to equip them with the right skill set to serve Singapore and our taxpayers. We rotated staff to different areas of work within IRAS and sent them on attachments to international organisations to widen their work experience. We also seconded staff to the Ministry of Finance to develop their skills in tax policy work. Last year, our staff attended international conferences such as the Asian Tax Authorities Symposium 2014 in Indonesia, the G20 International Tax Symposium in Japan and the 9th OECD Forum on Tax Administration Meeting in Ireland, where they drew learning points from international best practices.

In recognition of our people development efforts, we received the awards for Advocate and Leading HR Practices in Learning and Human Capital Development and Leading HR Practices in Manpower Resourcing and Planning at the 2014 Singapore HR Awards.

Acknowledgement

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

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



Senior Management Team



Mr James Khor
Ngiap Long
Deputy Commissioner
(Individual Group)

Mrs Eng-Tay
Geok Lee
Deputy Commissioner
(Business Group)
Chief Compliance Officer

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

Mr Ong
Khiaw Hong
Deputy Commissioner
(Corporate and
Services Group)

Mrs Chia-Tern
Huey Min
Deputy Commissioner
(International, Investigation
and Indirect Taxes Group)

Senior Management Team



Mr Andy Seah
Assistant Commissioner
(Individual Income Tax
Division)

Mr Dennis Lui
Siew Wah
Assistant Commissioner
(Taxpayer Services Division)

Mr Wilson Ong
Joon Lim
Assistant Commissioner
(Corporate Tax Division)

Ms Chow Wai Yee
Assistant Commissioner
(Tax Policy and
International Tax Division)

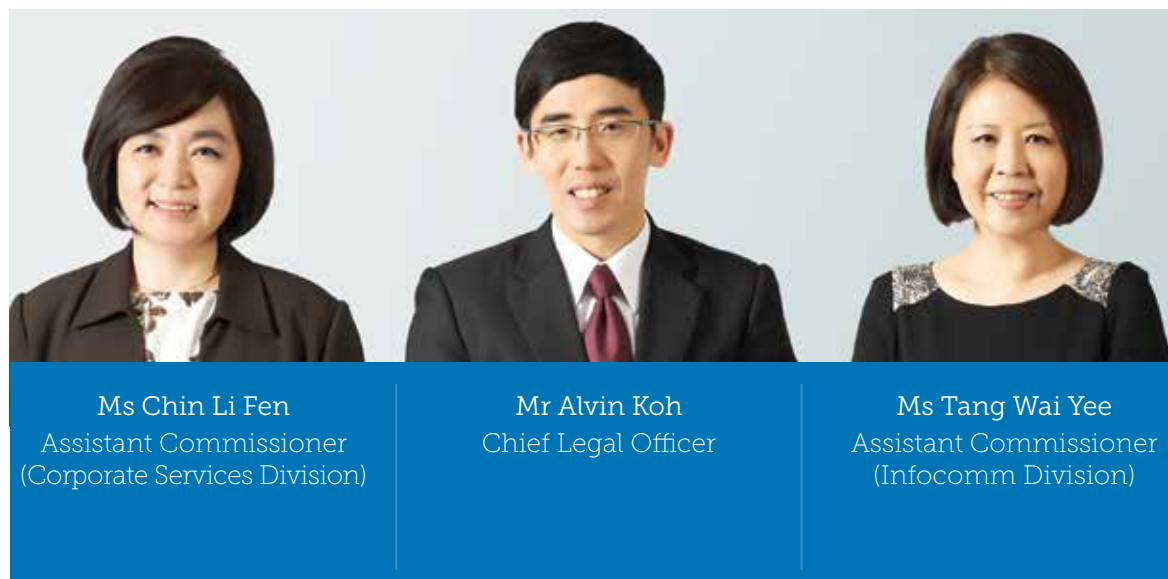
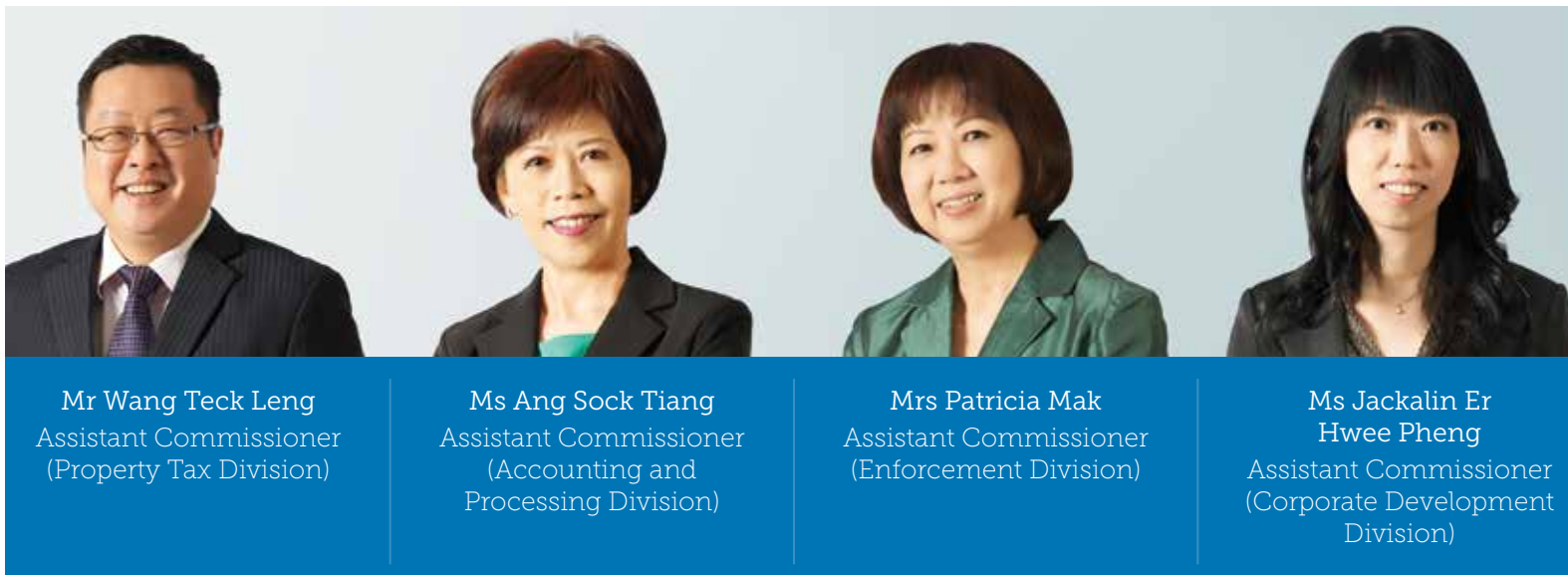


Mrs Claire Chua
Assistant Commissioner
(Compliance Strategy and
Risk Division)

Ms Loh Lee Kim
Assistant Commissioner
(Investigation and
Forensics Division)

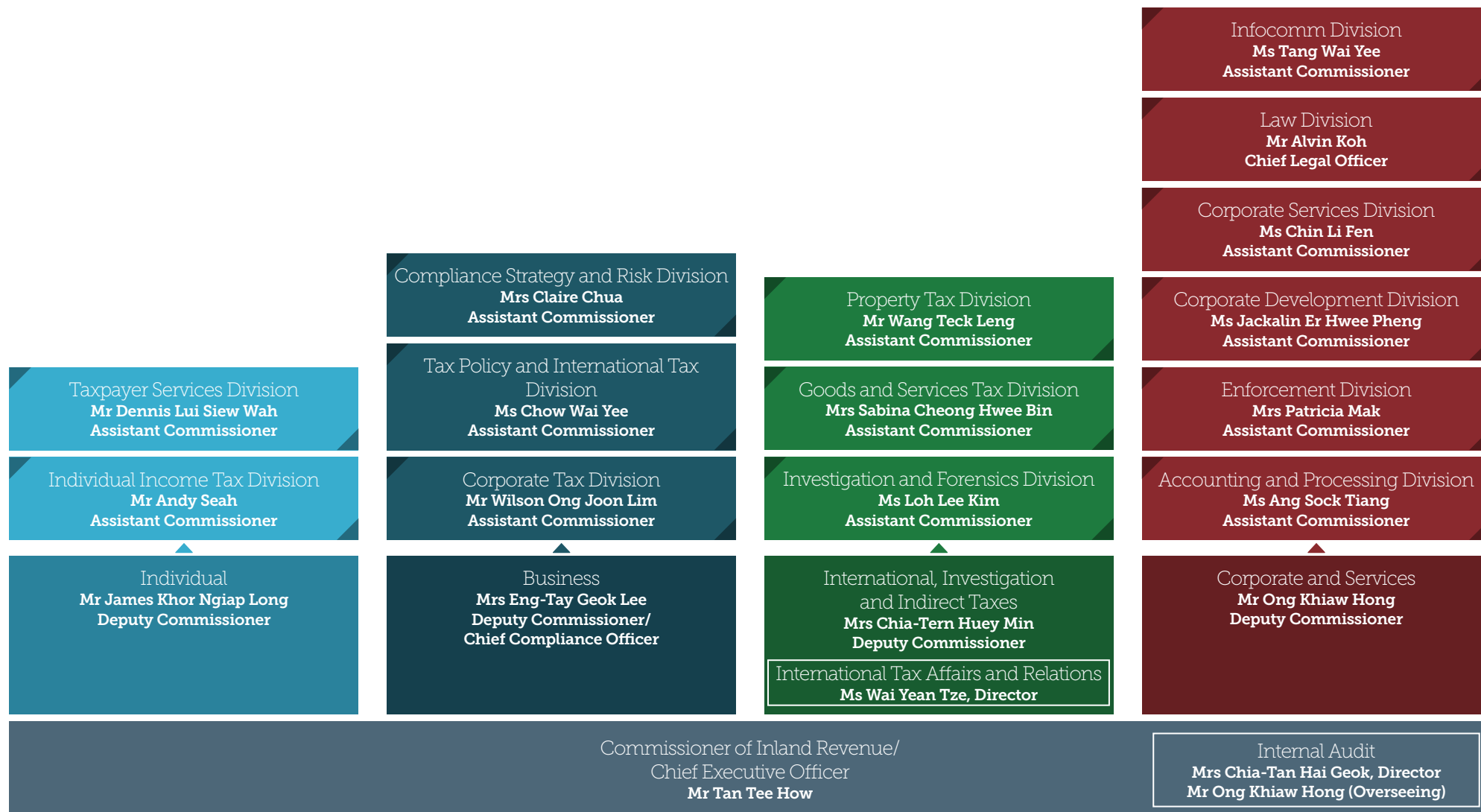
Mrs Sabina Cheong
Hwee Bin
Assistant Commissioner
(Goods and Services Tax
Division)

Senior Management Team



Organisation Structure (As At 31 March 2015)

STAFF



IRAS BOARD

Organisation Structure (As At 31 March 2015)

Individual Income Tax Division

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

Management Team
Individual Income Tax
Mr Andy Seah
Assistant Commissioner

—
Employee
Ms Magdelene Silva
Director

—
Foreigner and Clearance
Ms Marjorie Tan Yong Hin
Director

—
Self-Employed
Ms Loh Cheng Cheng
Director

—
Ruling and Compliance
Mrs Low-Chua Pik Sim
Director

Taxpayer Services Division

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

Management Team
Taxpayer Services
Mr Dennis Lui Siew Wah
Assistant Commissioner

—
Contact Centre
Ms Khoo Hung Ling
Director

—
Taxpayer Services Management Unit
Ms Wendy Tan Hui Ling
Manager

Corporate Tax Division

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

Management Team
Corporate Tax
Mr Wilson Ong Joon Lim
Assistant Commissioner

—
Services
Ms Quek Su Lynn
Tax Director

—
Medium Corporations
Ms Quek Puay Kiang
Tax Director

—
Large Corporations
Mrs Choy-Koh Kum Lin
Tax Director

—
Compliance, Clubs,
Trusts and Gaming
Ms Lee Imm
Director

Tax Policy and International Tax Division

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

Management Team
Tax Policy and
International Tax
Ms Chow Wai Yee
Assistant Commissioner

—
Tax Policy and Ruling
Mrs Lim-Leow Lay Hwa
Tax Director

—
International Tax
Mr Tang Siau Yan
Tax Director



Organisation Structure (As At 31 March 2015)

Compliance Strategy and Risk Division

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

Management Team

Compliance Strategy and Risk

Mrs Claire Chua
Assistant Commissioner

—

Compliance Strategy and Risk

Mrs Claire Chua
Director (Covering)

Investigation and Forensics Division

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

Management Team

Investigation and Forensics

Ms Loh Lee Kim
Assistant Commissioner

—

Investigation 1

Mr Low Han Hsien
Director

—

Investigation 2

Mr Ang Seng Leong
Director

Goods and Services Tax Division

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

Management Team

Goods and Services Tax

Mrs Sabina Cheong Hwee Bin
Assistant Commissioner

—

General

Ms Huang Qinxin
Director

—

Wholesale Trade

Ms Lim Siew Gim
Director

—

Large Businesses

Ms Hoe Ee Hui
Tax Director

Property Tax Division

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

Management Team

Property Tax

Mr Wang Teck Leng
Assistant Commissioner

—

Residential

Ms Jennifer Lin Ee Leng
Director

—

Commercial

Ms Tan Siew Lian
Tax Director

—

Industrial

Ms Sally Mok Chong Chin
Tax Director

—

Valuation and
Stamp Duty

Ms Alice Wong Chi Ling
Tax Director



Organisation Structure (As At 31 March 2015)

Accounting and Processing Division

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

Management Team

Accounting and Processing

Ms Ang Sock Tiang

Assistant Commissioner

—

Processing Centre

Mrs Tan-Yeo Wei Kuen

Director

—

Electronic Interface

Mrs Ang Siew Tee

Director

—

Revenue Accounting

Ms Harriet Marion Van Buerle

Director

Enforcement Division

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

Management Team

Enforcement

Mrs Patricia Mak

Assistant Commissioner

—

Compliance Service

Mr Colin Chew Koo Chung

Director

—

Individuals

and Properties

Ms Deanna Choo Lay Yen

Director

—

Businesses

Mr Danny Goh Eng Kuang

Director

Corporate Development Division

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

Management Team

Corporate Development

Ms Jackalin Er Hwee Pheng

Assistant Commissioner

—

Organisation Excellence

Mr Ernest Lee Kian Meng

Director

—

Corporate Planning

Ms Tan Jek Swan

Director

—

Corporate Communications

Ms Kelly Wee

Director

Corporate Services Division

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

Management Team

Corporate Services

Ms Chin Li Fen

Assistant Commissioner

—

Finance and Administration

Ms Ang Sor Tjing

Director

—

Human Resource

Ms Foo Wei Lin

Director

Organisation Structure (As At 31 March 2015)

Law Division

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

Management Team

Law

Mr Alvin Koh
Chief Legal Officer

—

Law 1

Mr Tang Siau Yan
Director

—

Law 2

Ms Foo Hui Min
Director

Infocomm Division

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

Management Team

Infocomm

Ms Tang Wai Yee
Assistant Commissioner

—

Infocomm Application
Mr Foo Kin Yan, Director

—

Infocomm Application Development
Centre

Mr Robin Ng Sy Horng, Director

—

Infocomm Infrastructure
and Operation

Mr Jimmy Ho Ee Lam, Director

—

Infocomm Systems Architecture and
Assurance

Mdm Chew Soh Lang, Director

—

Infocomm Technology
and Planning

Mr Yap Mia Kai, Director

—

Testing Centre of Excellence

Ms Tan Yan Noi, Manager

International Tax Affairs and Relations Branch

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

Management Team

International Tax Affairs and Relations

Mrs Chia-Tern Huey Min
Deputy Commissioner

—

Ms Wai Yean Tze
Director

Internal Audit Branch

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

Management Team

Internal Audit

Mrs Chia-Tan Hai Geok
Director

IRAS At A Glance

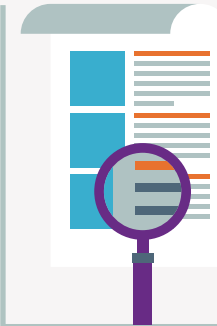
Our Performance



We collected **\$43.4 billion** in tax revenue.



9 out of 10 individuals,
9 out of 10 GST-registered businesses, and
8 out of 10 companies filed their tax returns on time.



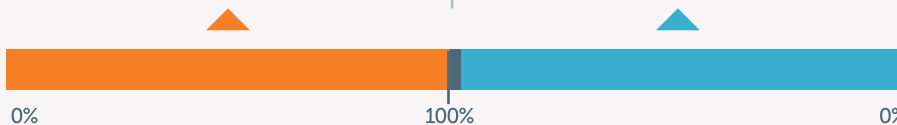
We reviewed **46 tax policies** to ensure our tax system stays competitive and progressive.

We spent **0.82 cents** to collect every dollar of tax.



We assessed **100%** of YA2014 Individual Income Tax returns received by March 2015.

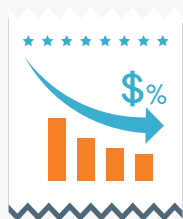
We assessed **97.7%** of Corporate Income Tax returns received in 2013 by December 2014.



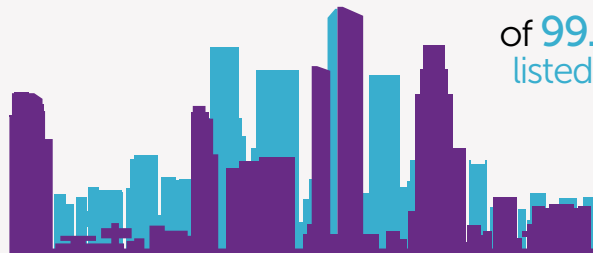
We signed **3 new Avoidance of Double Taxation Agreements (DTAs)**. We now have **82** comprehensive DTAs.



FY2014/15 tax arrears stood at **0.81%**



We assessed the annual value of **99.5%** of new properties listed in 2014 and reviewed the annual value of **98.4%** of existing properties by 31 December 2014



We audited and investigated **12,866** cases and recovered more than **\$457 million** in taxes and penalties.



IRAS At A Glance

Our Service



We replied to **91%** of emails within five working days, attended to **89%** of taxpayers who visited us within 20 minutes and answered **78%** of telephone calls within one minute.

Our People



3 out of 4 of our people are satisfied working in IRAS, according to the 2015 Organisational Climate Survey.



We handled more than **16 million** payment transactions. **99.3%** of tax refunds were made within **14 days**.



We extended the No-Filing Service to **1.31 million** individuals for the 2015 tax filing season.



We received **20,401** compliments and **21** learning opportunities.

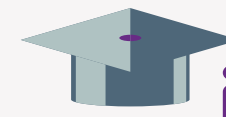
9 in 10 of our people are proud to be part of the organisation.



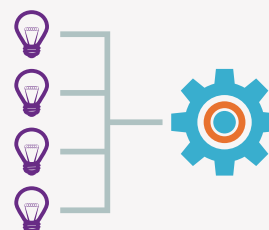
Each of us invested an average of **15** learning mandays.



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



IRAS served more than **4.1 million** taxpayers, comprising individuals, property owners and businesses.



Our people completed **508** innovation projects and contributed **6,968** suggestions to enhance IRAS' systems and processes.

Our Revenue Collection

Taxes are used to develop Singapore into a stronger community, a better environment and a more vibrant economy. IRAS administers taxes that account for over 70% of the Government's Operating Revenue (GOR). They include: Income Tax (Corporate Income Tax, Individual Income Tax and Withholding Tax), Property Tax, Goods and Services Tax, Betting Taxes and Stamp Duty.

In FY2014/15, IRAS collected a total of **S\$43.4 billion** - this amount represented **71.3%** of the GOR and **11.1%** of Singapore's Gross Domestic Product.

Income Tax (Corporate Income Tax, Individual Income Tax and Withholding Tax) collection of **S\$23.4 billion** accounted for **54%** of IRAS' collection in FY2014/15. Contributing to the increase were improved corporate profits which raised Corporate Income Tax collection by **5.4%** over the previous financial year, as well as the **16.0%** increase in Individual Income Tax collection due to higher individual earnings and the cessation of one-off Individual Income Tax rebates given in YA2013.

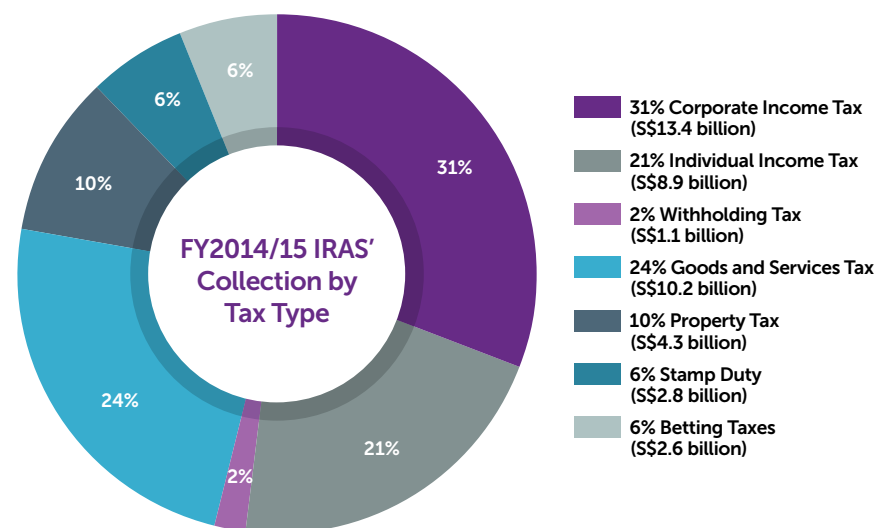
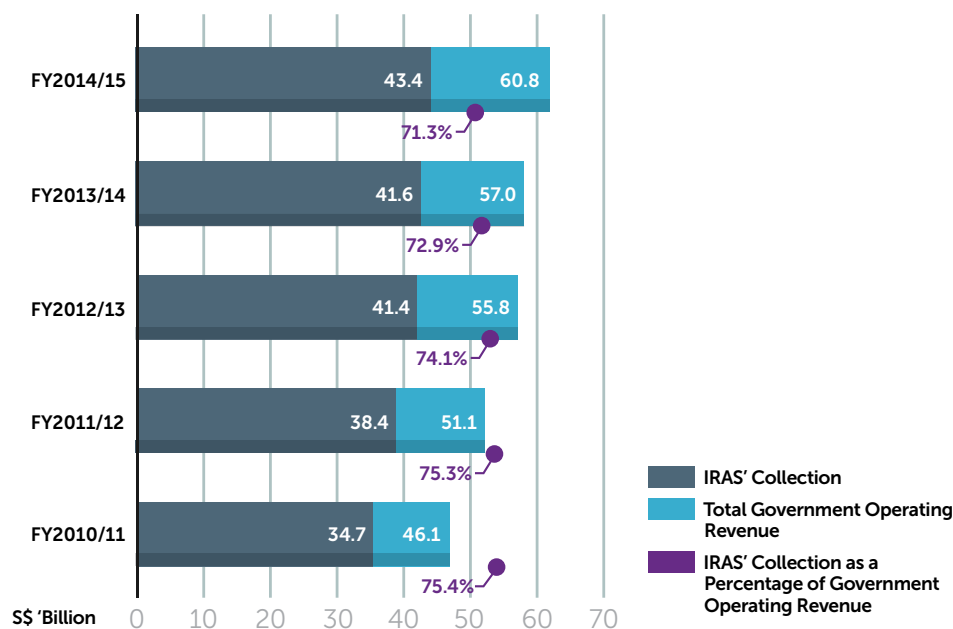
In line with the moderate growth in private consumption expenditure in 2014, GST collection for FY2014/15 grew to **S\$10.2 billion**, up **7.4%** from **S\$9.5 billion** collected in FY2013/14.

Property Tax collection increased marginally to **S\$4.3 billion** in FY2014/15, up by **3.9%** from the previous financial year.

S\$2.8 billion in Stamp Duty was collected in FY2014/15. This amount is **S\$1.1 billion** lower than that collected in FY2013/14. The decrease is due to a lower volume of property transactions in the wake of property market cooling measures.

S\$2.6 billion in Betting Taxes were collected in FY2014/15, representing an **8.9%** increase from FY2013/14. This increase is due to higher collections from Betting Duty, arising from the upward revision of Betting Duty rate that took effect from 1 July 2014.

IRAS' Collection Versus Total Government Operating Revenue



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

Fostering a Competitive Tax Environment, Advancing Inclusive Growth



Tax Cooperation

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

We continued to reinforce and strengthen tax cooperation through these partnerships forged in FY2014/15:

- Signed Avoidance of Double Taxation Agreements (DTAs) with Seychelles, Rwanda and Uruguay
- Updated the terms of our DTAs with France, Sri Lanka and the United Arab Emirates
- Revised existing DTAs to reflect the current economic climate
- As of 31 March 2015, we have signed 82 comprehensive DTAs, of which 76 have been ratified

We also committed ourselves to providing businesses with greater certainty upfront, and to minimise their tax risks through these engagements:

- Concluded 12 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 2015, we have 39 APAs and 17 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.

In FY2014/15, we participated in these international fora, conferences and study groups:

- Organisation for Economic Cooperation and Development (OECD) Forum on Tax Administration (FTA), FTA Compliance Subgroup Meeting and FTA Taxpayer Services Subgroup Meeting
- Global Forum on Transparency and Exchange of Information for Tax Purposes
- Global Forum - Meetings of the Peer Review Group, Steering Group and Automatic Exchange of Information Group
- Global Forum on VAT
- OECD Committee on Fiscal Affairs (CFA) Meeting and Meetings of Working Parties on tax treaty, transfer pricing, GST and EOI
- Forum of Heads of Tax Crime Investigation (FHTCI)
- Study Group on Asian Tax Administration and Research (SGATAR)
- G20 International Tax Symposium
- Asian Tax Authorities Symposium



International Partnership

At these international conferences and study groups, we shared insights and provided inputs to ongoing discussions on international tax, compliance, Base Erosion and Profit Shifting (BEPS), transparency and the Exchange of Information for tax administration. We also visited the Swiss State Secretariat for International Financial Matters (SIF) and the UK HMRC, for discussions ranging from international tax developments to risk management.

Exchanges with foreign counterparts pave the way for broader international relations. In FY2014/15, we hosted more than 340 foreign delegates from these jurisdictions - Azerbaijan, Tajikistan, China, Kazakhstan, Indonesia, Japan, Malaysia, Cambodia, Botswana, Laos, the United Kingdom and New Zealand. During these exchanges, we shared our experiences in tax administration, risk analysis and corporate governance.



Participants of IRAS-OECD Training Programme 2014

Inclusive Growth

We support inclusive growth through the administration of assistance schemes such as the Wage Credit Scheme, which helps businesses cope with rising wage costs so that they can free up resources to invest in productivity. As of 31 March 2015, over 74,000 employers have received about S\$800 million in the first tranche of Wage Credit Scheme (WCS) payouts, and over 85,000 employers have received about S\$1.4 billion in the second tranche of WCS payouts.

We also proactively review tax policies to ensure that they foster a pro-business environment. In FY2014/15, we reviewed 46 policies, which included the review of transfer pricing guidelines to provide greater clarity on the application of the arm's length principle and guidance on transfer pricing documentation.



"In FY2014/15, we reviewed 46 policies, which included the review of transfer pricing guidelines to provide greater clarity on the application of the arm's length principle and guidance on transfer pricing documentation."



Highlights of Budget Changes

Deputy Prime Minister and Minister for Finance, Mr. Tharman Shanmugaratnam, delivered his Budget Statement for the Financial Year 2015 in Parliament on Monday, 23 February 2015.

The highlights of tax changes, some arising from our policy reviews, are summarised below.

Tax Changes for Businesses

Provision of Corporate Income Tax ("CIT") Rebate (YA2016 and YA2017)

Corporate income tax rebate of 30% of the tax payable (excluding final withholding tax levied on income) will be provided for YA2016 and YA2017 at a cap of S\$20,000 per company per YA.

Expiry of Productivity and Innovation Credit ("PIC") Bonus

The PIC Bonus will expire in YA2015. Businesses will continue to benefit from the PIC scheme which has been extended till YA2018, and the PIC+ scheme introduced in Budget 2014.

Extension of the Wage Credit Scheme ("WCS")

The WCS will be extended for another two years, till 2017. The Government will co-fund 20% of wage increases given in 2016 and 2017 to Singaporean employees earning a gross monthly wage of S\$4,000 or less. In addition, employers will receive co-funding of 20% for wage increases given in 2015 which are sustained in 2016 and 2017.

Extension and Enhancement of the Mergers and Acquisitions ("M&A") Scheme

The M&A scheme will be extended till 31 March 2020 with the following refinement:

a) Revised Tax Benefits under the M&A Scheme:

- i) The M&A allowance rate will be increased to 25%;
- ii) The cap on the value of qualifying acquisitions for the M&A allowance per YA will be revised to S\$20 million; and
- iii) Stamp duty relief on the transfer of unlisted shares will correspondingly be capped at S\$20 million on the value of qualifying M&A deals, which works out to a cap of S\$40,000 of stamp duty per FY.

b) Revised Shareholding Eligibility Tiers

The acquiring company must acquire ordinary shares in a target company, whether directly or indirectly, that results in the acquiring company holding:

- i) At least 20% ordinary shareholding in the target company (if the acquiring company's original shareholding in the target company was less than 20%), subject to conditions; or
- ii) More than 50% ordinary shareholding in the target company (if the acquiring company's original shareholding in the target company was 50% or less) (status quo).

The existing 75% shareholding eligibility tier will be removed, after a one-year transitional period from 1 April 2015 to 31 March 2016. Acquisitions of ordinary shares that result in the acquiring company owning at least 75% ordinary shareholding (if the acquiring company's original shareholding was more than 50% but less than 75% at the beginning of the basis period for a YA or FY) will no longer qualify under the M&A scheme.

c) "12-Month Look-back Period" for Step Acquisitions that Straddle Across FYs

The 12-month look-back period will be removed, after a one-year transitional period from 1 April 2015 to 31 March 2016, to simplify the scheme.

The above changes will take effect for qualifying acquisitions made from 1 April 2015, subject to transition rules.

Enhancement to the Further/Double Tax Deduction ("FTD/DTD") for Internationalisation Scheme

The scope of qualifying expenses supported under the FTD/DTD for Internationalisation Scheme has been enhanced to include qualifying manpower expenses incurred by an approved Singapore firm or company for Singaporean employees posted overseas. The amount of qualifying manpower expenses to be allowed FTD/DTD under the scheme will be capped at S\$1 million per approved



Highlights of Budget Changes

firm or company per year, subject to conditions.

Firms or companies will have to apply to IE Singapore ("IE") to enjoy the FTD/ DTD for qualifying manpower expenses.

The enhancement applies to qualifying manpower expenses incurred from 1 July 2015 to 31 March 2020.

Introduction of the International Growth Scheme ("IGS")

Under the IGS, qualifying Singapore companies will enjoy a concessionary tax rate of 10% for a period not exceeding five years on incremental income derived from qualifying activities, subject to the satisfaction of conditions and targets. Approved companies will be required to meet specified internationalisation-centric commitments such as engaging in internationalisation activities and providing opportunities for Singaporeans to gain greater international exposure.

The IGS is administered by IE Singapore ("IE") and the approval window will be from 1 April 2015 to 31 March 2020.

Tax Incentives for Venture Capital Funds and Venture Capital Fund Management Companies

A 5% concessionary tax rate will be accorded to approved venture capital fund management companies managing Section 13H funds on their specified income. The approval window will be from 1 April 2015 to 31 March 2020.

With the introduction of this new incentive, the Pioneer Service incentive for venture capital fund management companies will be withdrawn from 1 April 2015 given that venture capital is no longer a pioneering activity in Singapore. Pioneer certificates already issued will not be affected by this change.

A review date of 31 March 2020 will be legislated for Section 13H to ensure that

the relevance of the scheme is periodically reviewed.

Extension of the Investment Allowance – Energy Efficiency ("IA-EE") Schemes

The IA-EE scheme and the IA-EE for Green Data Centres - will be combined into one scheme known as the "Investment Allowance – Energy Efficiency scheme" from 1 March 2015 and the window approval period for awards of IA-EE under the scheme will be extended till 31 March 2021.

Extending the Development and Expansion Incentive for International Legal Services ("DEI-Legal") Schemes

The DEI-Legal scheme will be extended till 31 March 2020. All other conditions of the scheme remain.

Introduction of a Review Date for the Approved Foreign Loan ("AFL") Incentive

A review date of 31 December 2023 will be legislated for this scheme to ensure that the relevance of the scheme is periodically reviewed.

In addition, the minimum loan quantum under the AFL incentive will be increased to S\$20 million from 24 February 2015.

The Minister for Trade and Industry may approve an AFL application on a foreign loan lower than the legislated minimum loan quantum of S\$20 million.

Introduction of a Review Date for the Approved Royalties Incentive ("ARI")

A review date of 31 December 2023 will be legislated for this scheme to ensure that the relevance of the scheme is periodically reviewed.

Introducing a Review Date for the Writing Down Allowance ("WDA") Scheme on Capital Expenditure Incurred on the Acquisition of An Indefeasible Right To Use ("IRU") of any International Telecommunications Submarine Cable System under Section 19D of the ITA

A review date of 31 December 2020 will be legislated for this scheme to ensure



Highlights of Budget Changes

relevance of the scheme.

Withdrawal of the Concessionary Tax Rate on Income Derived from Offshore Leasing of Machinery and Plant under Section 43I of the ITA

The scheme will be withdrawn from 1 January 2016. Any income derived from 1 January 2016 by a leasing company from the offshore leasing of any machinery or plant will be subject to tax at the prevailing corporate tax rate.

Withdrawal of the Approved Headquarters Incentive under Section 43E of the ITA

The Approved Headquarters incentive will be withdrawn from 1 October 2015.

Companies performing qualifying headquarters activities or services in Singapore to network companies may qualify for the Development and Expansion Incentive, subject to meeting of conditions.

Extending and Enhancing the Angel Investors Tax Deduction ("AITD") Scheme

The scheme will be extended till 31 March 2020. New qualifying investments made on or after 24 February 2015 that are co-funded by the Government under the SPRING Start-up Enterprise Development Scheme (SEEDS) and Business Angel Scheme (BAS) will be allowed to qualify for AITD.

Extension of the Tax Concessions for Listed Real Estate Investment Trusts ("REITs")

The package of income tax concessions for REITs will be extended till 31 March 2020. With the extension, the tax exemption on qualifying foreign-sourced income will apply so long as the overseas property is acquired by the REIT or its wholly-owned Singapore tax resident subsidiary company on or before 31 March 2020. The stamp duty concessions were intended to enable the industry to acquire a critical mass of local assets, as a base from which the REITs can expand abroad. As this has been achieved, the concessions will be allowed to lapse after 31 March 2015.

All other conditions remain the same.

Tax Changes for the Financial Sector

Extension of the Tax Deductions for Collective Impairment Provisions Made under the Monetary Authority of Singapore ("MAS") Notices

The tax concessions will be extended till YA2019 or YA2020, as the case may be.

All conditions of the scheme remain the same.

Improvement of the Enhanced-Tier Fund Tax Incentive Scheme

To accommodate master-feeder fund structures that hold their investments through Special Purpose Vehicles ("SPVs"), the existing concession for master-feeder fund structures will be enhanced to apply to SPVs held by the master fund, subject to conditions.

With this enhancement, master and feeder funds and SPVs within a master-feeder fund structure may apply for the scheme and meet the economic conditions on a collective basis.

This change will take effect for applications made from 1 April 2015.

Extension and Refinement of the Tax Incentive Scheme for Insurance Businesses

The scheme will be extended till 31 March 2020 but rebranded as the "Insurance Business Development Incentive" ("IBD") with effect from 1 April 2015. The concessionary tax rate under the IBD remains at 10%.

In addition, a renewal framework will be introduced with effect from 1 April 2015 to encourage existing recipients of the incentive to continue expanding their operations in Singapore.



Highlights of Budget Changes

Tax Changes for the Maritime Sector

Extending and Enhancing the Maritime Sector Incentive ("MSI")

The MSI will be enhanced as follows:

- a) The scope of the automatic WHT exemption regime will cover finance leases that are treated as sales for tax purposes, hire-purchase arrangements, and loans used to finance equity injection into wholly-owned SPVs or intercompany loans to wholly-owned SPVs for the SPVs' purchase/construction of qualifying vessels, containers and intermodal equipment;
- b) The definition of qualifying ship management activities for the purpose of the MSI-SRS, MSI-AIS award and MSI-SSS award will be updated to keep pace with industry changes;
- c) The MSI-SRS and MSI-AIS award will cover mobilisation fees, demobilisation fees, holding fees, and incidental container rental income that are derived in the course of qualifying shipping operations;
- d) Qualifying profits remitted from approved foreign branches by MSI-AIS entities will enjoy exemption;
- e) Existing MSI-SSS award recipients can renew their award tenure for another five years, subject to qualifying conditions and higher economic commitments; and
- f) The MSI-ML award will cover income derived from finance leases treated as sale.

The enhancements to the MSI will take effect for existing and new award recipients from 24 February 2015.

The approval window to award MSI-AIS for qualifying entry players, MSI-ML(Ship), MSI-ML(Container) and MSI-SSS will be extended till 31 May 2021. In addition, the automatic withholding tax exemption regime will be extended to qualifying payments made on qualifying loans taken on or before 31 May 2021.

Tax Changes for Individuals

Changes to Personal Income Tax Rate Structure

The new personal income tax rate structure for tax resident individual taxpayers is shown in the table below. This new personal income tax rate structure will take effect from YA2017.

Tax Structure with effect from YA2017

	CHARGEABLE INCOME (\$)	TAX RATE (%)	GROSS TAX PAYABLE (\$)
●	20,000	0	0
●	10,000	2	200
●	30,000	—	200
●	10,000	3.5	350
●	40,000	—	550
●	40,000	7	2,800
●	80,000	—	3,350
●	40,000	11.5	4,600
●	120,000	—	7,950
●	40,000	15	6,000
●	160,000	—	13,950
●	40,000	18	7,200
●	200,000	—	21,150
●	40,000	19	7,600
●	240,000	—	28,750
●	40,000	19.5	7,800
●	280,000	—	36,550
●	40,000	20	8,000
●	320,000	—	44,550
●	320,000	22	

● On the first ● On the next ● In excess of

Personal Income Tax Rebate for Tax Resident Individual Taxpayers

A personal income tax rebate of 50%, capped at S\$1,000 per taxpayer, will be granted to all tax resident individual taxpayers for YA2015.



Highlights of Budget Changes

Simplified Claim for Rental Expenses

Individuals may claim against their qualifying rental income, rental expenses based on 15% of the gross rental income in lieu of the actual amount of deductible expenses incurred (excluding interest expense). This takes effect from YA2016.

Tax Exemption for Non-Resident Mediators

Income derived by a non-resident mediator for mediation work carried out in Singapore from 1 April 2015 to 31 March 2020 will be exempt from tax. To qualify for the exemption, the relevant mediation case has to be undertaken in Singapore or was originally planned to be undertaken in Singapore but was settled before the mediation session took place.

Tax Exemption for Non-Resident Arbitrators

To ensure that the relevance and efficacy of the tax exemption is periodically reviewed, a review date of 31 March 2020 will be legislated for the tax exemption for non-resident arbitrators.

Raising of CPF Salary Ceiling

From 1 January 2016, the CPF monthly salary ceiling will be raised from S\$5,000 to S\$6,000. In addition, certain compulsory CPF contribution rates will be raised in respect of older employees aged above 50 to 65. Employers and employees can continue to claim tax deduction or tax relief, as the case may be, in respect of their higher compulsory CPF contributions. The compulsory CPF contributions made by an employer in respect of his employee remain not taxable in the hands of the employee.

The self-employed tax relief cap will be raised to S\$37,740 from YA2017 in view of the higher CPF monthly salary ceiling.

Increase in SRS Contribution Cap

From 1 January 2016, the annual SRS contribution cap will be increased to:

- (i) S\$15,300 (15% x S\$102,000) for an SRS member who is a citizen of Singapore or a Singapore permanent resident; and
- (ii) S\$35,700 (35% x S\$102,000) for an SRS member who is not a citizen of Singapore or a Singapore permanent resident.

Tax Change for Businesses and Individuals

Tax Deduction for Donations

Tax deduction rate for qualifying donations made from 1 January to 31 December 2015 to Institutions of a Public Character (IPC) and other approved recipients will be increased from 2.5 times to 3 times.

Qualifying donations made from 1 January 2016 to 31 December 2018 will be given tax deduction at 2.5 times.

Withdrawal of the Tax Concession on Royalties and Other Payments from Approved Intellectual Property or Innovation under Section 10(16) of the ITA

The Section 10(16) concession will be withdrawn from YA2017.

GST

Simplifying Pre-registration GST Claim Rules for GST-Registered Businesses

To ease compliance, the claiming of pre-registration GST will be simplified to allow a newly GST-registered business to claim pre-registration GST in full on the following goods and services that are acquired within six months before the GST registration date of the business:

- a) Goods held by the business at the point of GST registration; and
- b) Property rental, utilities and services, which are not directly attributable to any supply made by the business before GST registration.

Highlights of Budget Changes

Thus, businesses no longer have to apportion the pre-registration GST on the above goods and services even if these goods and services have been used to make supplies straddling GST registration or these goods have been partially consumed before GST registration. This is provided the use of these goods and services after GST registration is for the making of taxable supplies and not exempt supplies.

For other purchases of goods and services prior to GST registration, including those acquired more than six months before the GST registration date of the business, existing pre-registration GST claim rules will apply.

This change will take effect for businesses that are GST-registered from 1 July 2015.

Extending and Enhancing the GST Remission for Listed REITs, and Listed Registered Business Trusts ("RBTs") in the Infrastructure Business, Ship Leasing and Aircraft Leasing Sectors

The existing GST remission will be extended till 31 March 2020 to continue facilitating the listing of REITs, and RBTs in the infrastructure business, ship leasing and aircraft leasing sectors.

In addition, to facilitate fundraising by these REITs and RBTs through SPVs, REITs and RBTs qualifying under the current GST remission will be allowed to claim GST on business expenses incurred to set up SPVs that are used solely to raise funds for the REITs or RBTs, and which do not hold qualifying assets of the REITs or RBTs, directly or indirectly. These REITs and RBTs will also be allowed to claim GST on the business expenses of such SPVs. The enhancement to the GST remission will take effect for GST incurred from 1 April 2015 to 31 March 2020.



“Thus, businesses no longer have to apportion the pre-registration GST on the above goods and services even if these goods and services have been used to make supplies straddling GST registration or these goods have been partially consumed before GST registration.”

Achieving a High Level of Voluntary Compliance



Highlights of FY2014/15 Tax Compliance

IRAS is committed to maintaining a fair and sustainable tax system where every taxpayer contributes his fair share towards nation-building. We adopt a proactive approach to help every taxpayer comply through our educational campaigns and compliance programmes.

The vast majority of taxpayers file and pay their taxes on time.

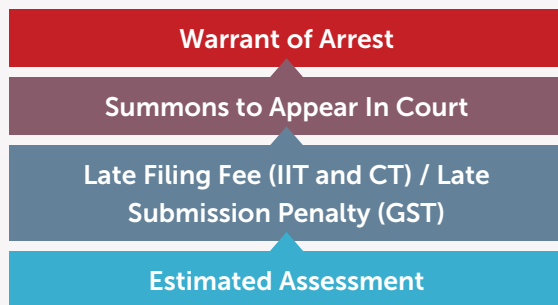
On-Time Filing



Individual Taxpayers
96.2%



The small minority who fail to file on time could face a series of escalating non-filer actions:



As a result, most of the outstanding returns issued were received within the financial year.



Corporate Taxpayers
82.1%



GST- registered Businesses
93.9%

filed their tax returns on time in FY2014/15

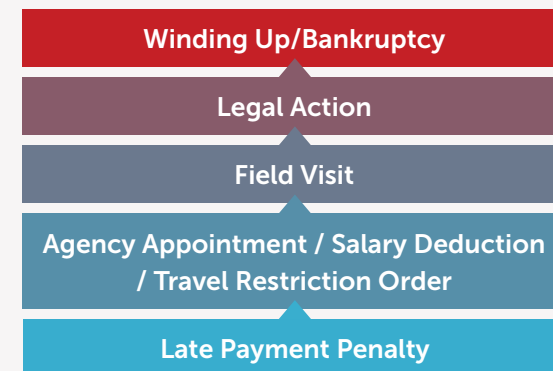
On-Time Payment



Individual Taxpayers
90.5%



The small minority who fail to pay on time could face a series of escalating tax recovery actions:



Corporate Taxpayers
88.1%



GST- registered Businesses
88.9%

paid their taxes on time in FY2014/15

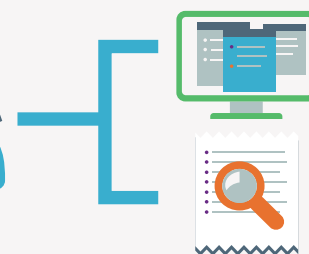
As a result, the current year arrears rate was <1%

Accurate Reporting

The vast majority of taxpayers declare their taxes accurately. For the small group of non-compliant taxpayers who impose an unfair burden on the honest majority, strong actions are taken to ensure that they are dealt appropriately in accordance with the law.

IRAS adopts a risk-based approach and regularly conducts audits to detect non-compliance.

in FY2014



12,605 cases were audited and total amount of S\$434 million was recovered.

261 cases were investigated and total amount of S\$24 million was recovered.

Highlights of FY2014/15 Tax Compliance

Special Feature: Productivity and Innovation Credit (PIC)



Real Estate Agents

A group of real estate agents purchased mobile applications from a single promoter who created the applications to exploit the PIC payouts. IRAS conducted an audit on the group and rejected their claims. The cash and bonus payouts involved for this group amounted to almost **S\$2.5 million.**



Group Companies

A group of nine companies submitted applications for nearly **S\$266,000** in PIC cash and bonus payouts for expenditure incurred on mobile applications and software. IRAS officers conducted field visits to these companies and interviewed the director of these companies. Subsequent to the visits and interviews, the cash payout applications were either withdrawn by the companies or rejected by IRAS. Composition amounts were also imposed on the companies for the wrongful PIC claims.

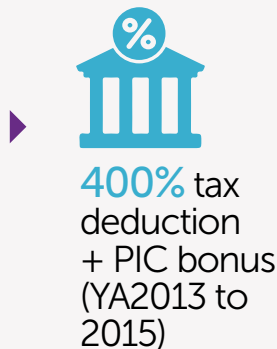


Key Audit Findings

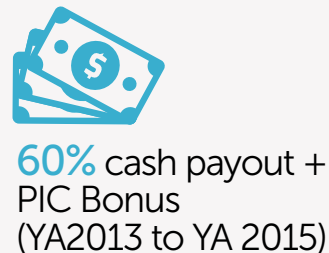
No evidence that the mobile applications / equipment were applied for business use.

Made minimum / low CPF contributions for persons who were not employees, such as relatives, friends, part-timers, when in fact no work was done or that the works which were purportedly done were not for bona fide commercial reasons.

The director in the case involving group companies was unable to provide concrete evidence of the carrying on of genuine business and the expenditure incurred was disproportionate to the revenue generated by the companies.



Or

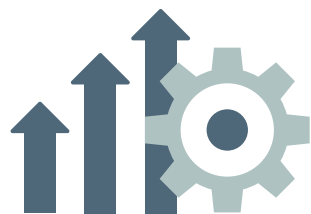


It is a serious offence for any claimant, vendor or consultant to artificially inflate the value of PIC expenditure. IRAS regularly undertakes audits to verify claims made by taxpayers and will not hesitate to take enforcement actions, including prosecution in court for fraudulent claims.



Facilitating Voluntary Compliance

IRAS is committed to maintaining a fair and robust tax system to achieve high levels of voluntary compliance. To facilitate corporate tax reporting by companies, from 2015, we will be extending e-Filing to all companies regardless of annual revenue. Larger companies will be able to e-File Form C (Corporate Income Tax Form), and smaller companies will be able to e-File Form C-S. This will help companies to reduce compliance costs and raise productivity and efficiency.



Engaging Taxpayers via New and Updated Channels

We provide taxpayers with accurate and timely tax information, as well as updates to our tax services through various channels. These include the IRAS website, workshops and seminars, as well as educational letters and mailers.

We also organised workshops and seminars to help familiarise tax agents and businesses with our new initiatives and updated tax-filing processes. During these sessions, we shared key information and details on topics such as the e-Filing of Withholding Tax, Productivity and Innovation Credit (PIC) scheme and tax changes announced in Budget 2015.

Deterring Non-compliance

We strive to build a credible IRAS through our strong investigation and audit teams. In FY2014/15, our tax audit and investigation teams uncovered a total of 12,866 non-compliant cases and recovered more than S\$457 million in taxes and penalties. Of the 261 taxpayers investigated, approximately S\$24 million in taxes have been recovered.

We have successfully identified and prosecuted fraudulent cases through analytics. In February 2015, a Singapore Customs officer and four tourists were sentenced to jail for fraudulent GST tourist refund claims under the electronic Tourist Refund System (eTRS).

To ensure our tax system remains well-positioned to support our drive for inclusive growth in Singapore, we will continue to upgrade our capabilities. Our investments in business analytics continue to offer us insights into taxpayers' behaviours and have enhanced our capabilities to detect and deter non-compliance.

"To ensure our tax system remains well-positioned to support our drive for inclusive growth in Singapore, we will continue to upgrade our capabilities."



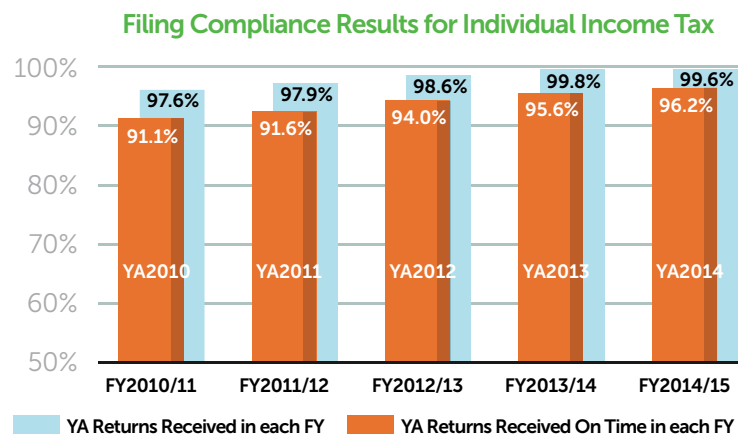
"We also organised workshops and seminars to help familiarise tax agents and businesses with our new initiatives and updated tax-filing processes."

Tax Compliance Updates

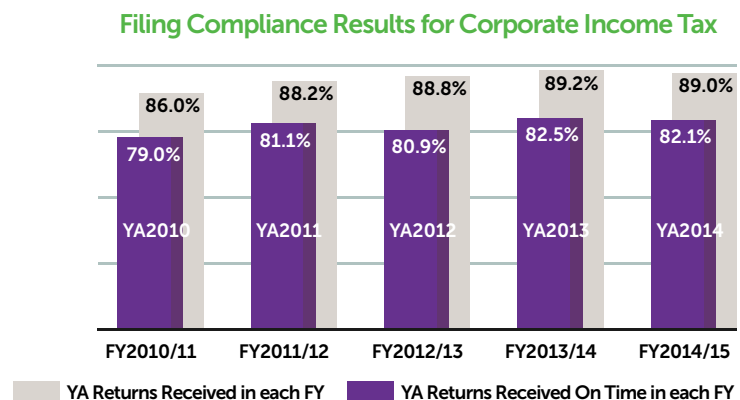
We continue to maintain high on-time filing and payment compliance rates through improved tax filing processes and relentless efforts to promote voluntary compliance.

Here are the filing compliance results for FY2014/15:

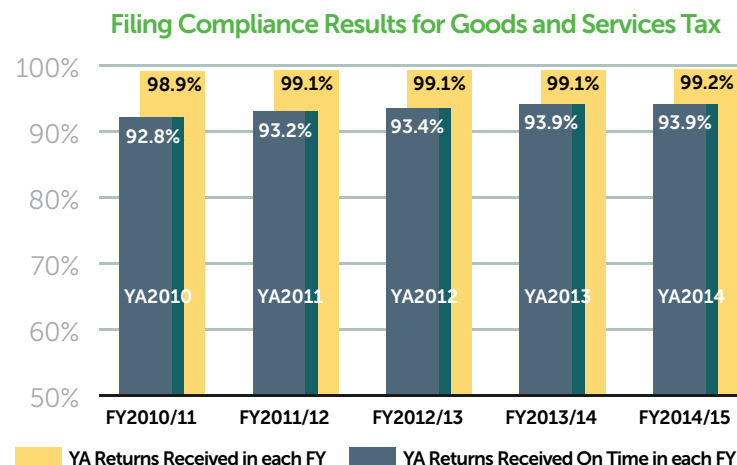
For Individual Income Tax, 96.2% of the 2,078,996 returns issued in YA2014 were filed by the due date.



For Corporate Income tax, 82.1% of the 175,951 returns issued were filed on time.

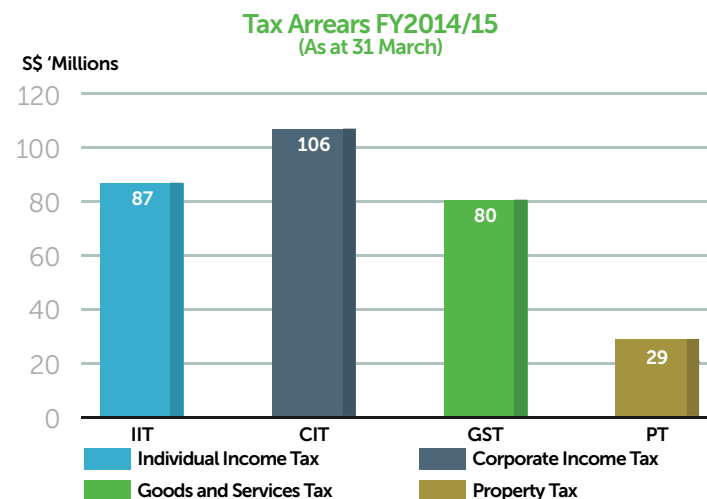


For Goods and Services Tax, 93.9% of the 358,795 returns were filed on time.



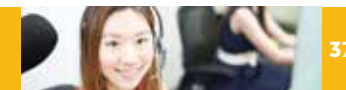
Results of payment compliance:

Our current year tax arrears amounted to S\$301 million. The proportion of tax arrears to total net tax assessed or collected at the end of the FY2014/2015 was 0.81%.



Delivering Excellent Service with Integrity





Upholding Our Service Standards

In FY2014/15, we answered a total of 1,158,724 telephone calls from taxpayers and continued to uphold high standards of service.



Replied to **91%** of the **328,031 emails** received within **5 working days.**



Answered **78%** of calls within **1 minute** during peak period.

Improved the refund processing speed:

99.3% of **683,913** refund cases processed within 14 days.



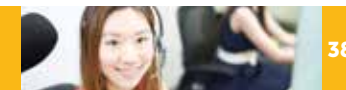
100% of refunds processed within 30 days.



Responded to **93%** of the **236,222 mail correspondence** within **15 working days.**



Attended to **89%** of the **140,810 taxpayers** who visited our Taxpayer Service Centre within **20 minutes.**



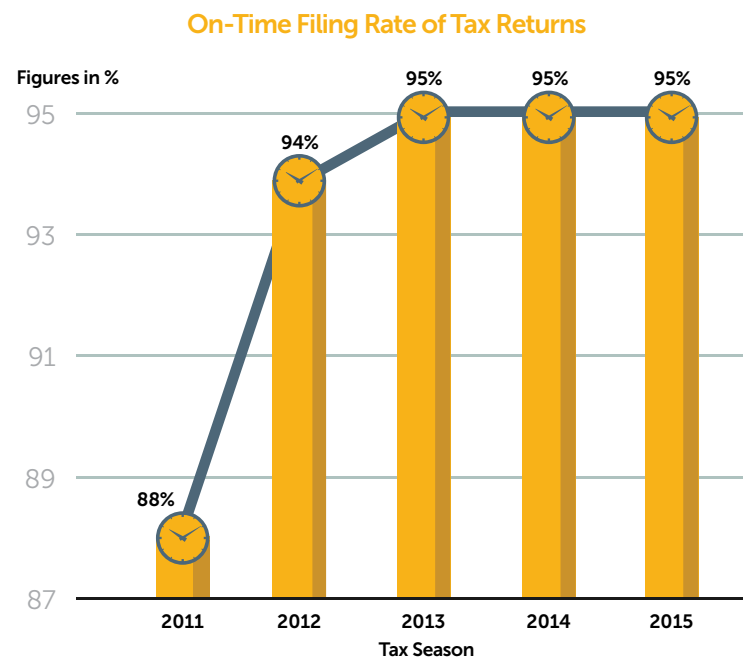
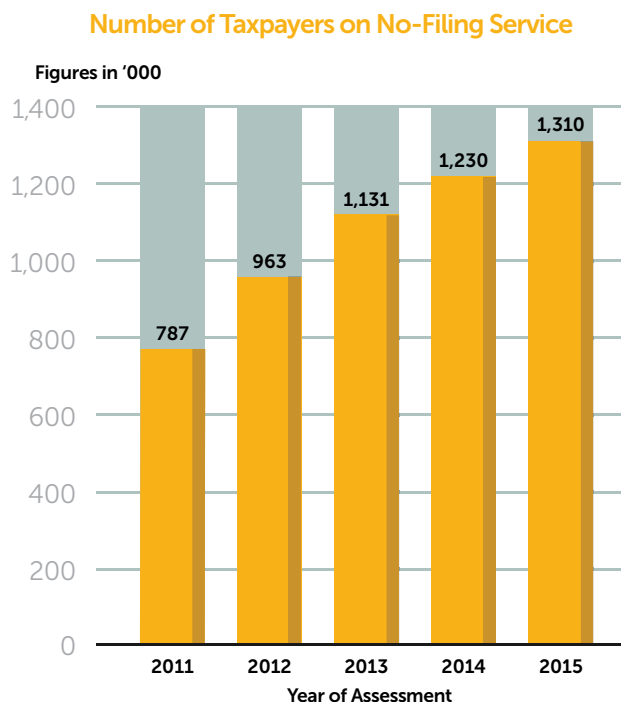
Growing through Taxpayers' Feedback

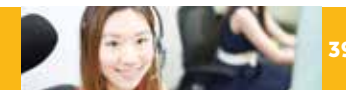
As part of our continual focus on delivering an efficient and seamless tax filing experience, we have extended our service offerings and fine-tuned our systems and processes to meet the changing needs of taxpayers.

More taxpayers are benefitting from the No-Filing Service (NFS). As of YA2015, 1.31 million taxpayers have benefitted from the NFS, up from 1.23 million for YA2014. Employees can have their employment incomes electronically transmitted by employers under the Auto Inclusion Scheme (AIS). For these taxpayers, their claims for personal reliefs are also pre-filled by IRAS based on claims they made the year before. Taxpayers on the NFS do not have to file their tax returns unless they have additional income to declare or changes to their relief claims.

For the YA2015 Tax Season, more than 97% of all income tax returns were submitted online. For the third year running, we achieved an overall on-time filing rate of 95%.

To provide greater convenience for applicants and reduce the Productivity and Innovation Credit (PIC) cash payout processing time, we implemented new initiatives such as the PIC cash payout e-Services, which allow applicants to e-File and view their application status online, and automated the processing of PIC cash payout applications.



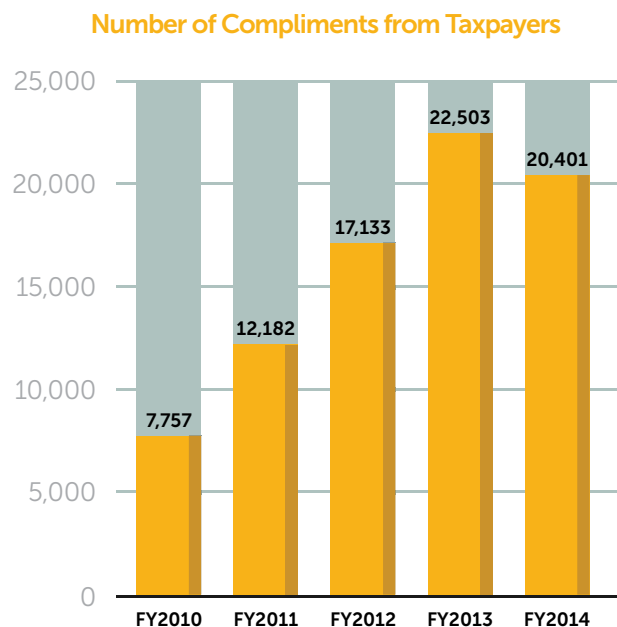


Growing through Taxpayers' Feedback

We strive to improve the quality of our services and processes by understanding the changing needs of taxpayers. Through our Taxpayer Feedback Panel (TFP) – comprising representatives from a wide range of local businesses, industries and trade associations, we keep our industry partners updated on new initiatives while garnering their feedback. The following issues were discussed at the Taxpayer Feedback Panels (TFP) sessions held in FY2014/15:

- Enhancements to GST Compliance Tool: Assistant Self-Help Kit (ASK)
- IT-assisted Solutions to Facilitate Tax and Financial Reporting to IRAS and ACRA

In FY2014/15, we received 20,401 compliments and 21 learning opportunities.



2014 PS21 Star Service Award Winner's Service Story

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

This year, our IRAS officer – Ms Teo Ching Ling Joanne (Taxpayer Services Division) received the PS21 Star Service Award.

Compliment for Ms Teo Ching Ling Joanne

"Despite being an Assistant Manager with a busy schedule, you were generous with your time, and took pains to work on me and my husband's cases. Thank you very much."



2014 IRAShines! Special Award Recipients



Standing (from left to right): Azmi Hisham bin Mohamad, Abdul Naseer s/o Haniffa, Samuel Ong, Henry Koh, Patrick Nai, Alvin Loo
Seated (from left to right): Balbir Singh, Angeline Chua, Lin Huiming, Loh-Wu Bee Eng, Abdul Hadi Bin Rafie, Hennie

Everyone in IRAS has a part to play in delivering excellent service. The IRAShines! Award is an annual pinnacle service award which recognises and rewards both frontline and backroom officers who have delivered outstanding service to taxpayers and internal customers. There are 12 winners and among them, three were honoured as recipients of the Special Award in recognition of their exemplary contributions to service excellence.

Compliment for Mr Azmi Hisham Bin Mohamad

"Mr Hisham has been very helpful in finding the best way for me to settle my payments and gave me enough time to do so. Thank you very much for your great support!"

Compliment for Mr Abdul Naseer s/o Haniffa

"Mr Naseer has been a great help to me. He is very understanding and patiently explains the various steps to me. He went to great lengths to guide me along. A great job done indeed."

Compliment for Ms Loh-Wu Bee Eng

"I would like to thank Mdm Wu whom I met on Saturday morning when I came to get my lease documents stamped. Mdm Wu went 'above and beyond' her duty to assist me in carrying out the task. Although I was still unable to complete the task, her courtesy and efforts transformed a potentially unpleasant experience into one which was much more pleasant."

Growing with a Team of Competent and Committed People





Staff Strength

Our people are our greatest asset. Our staff strength as at 31 March 2015 was 1,957. Turnover rate declined from 5.01% to 4.31% in FY2014/15.

Advancing Our People

We encourage our people to discover and unlock new capabilities while raising the bar in professional standards.

In FY2014/15, we invested more than S\$4.9 million or about 2.3% of the total payroll in staff training and development, achieving an average of 15.38 training mandays per staff.

Our people attended these international conferences:

- 5th IMF High Level Tax Conference in Japan for discussions on a wide range of emerging tax issues in the region.
- OECD Task Force on Tax Crimes in France for discussions on cooperation between tax and law enforcement agencies to combat crimes such as bribery and money laundering.
- Brisbane Group Meeting for discussions on the use of data analytics and intelligence as well as the security of tax intermediaries, among others.

During the Annual Tax Conference, organised by our Accredited Tax Specialist (ATS) community, our ATs had the opportunity to discuss topics such as tax issues arising from sale/transfer, licensing and development of intangible assets, zero-rating rules on international services to achieve tax certainty and ease of compliance, as well as the implications of rental inducements on Annual Value ("AV").

Our people also participated in in-house sharing sessions, where the following topics were discussed:

- International Tax Avoidance and the Abuse of Treaties
- Form C-S for Small Companies

Recognising Achievements

We celebrated our people's outstanding performances, efficiency, competency and exemplary devotion. These are the 2014 National Day Award winners.

Public Administration Medal (Bronze) Recipients

- Mr Jimmy Ho Ee Lam (Director, Infocomm Division)
- Ms Tan Jek Swan (Director, Corporate Development Division)

Commendation Medal Recipients

- Mr Sim See Choon (Manager, Goods and Services Tax Division)
- Mr Tan Boon Lay (Manager, Investigation and Forensics Division)

Efficiency Medal Recipients

- Ms Chong Yung Shuen (Senior Programme Executive, Tax Academy of Singapore)
- Ms Foo Siang Hui (Principal Tax Officer, Enforcement Division)
- Mr Francis Neo Keng Hua (Infocomm Specialist, Infocomm Division)
- Mr Ong Chuan Keng (Senior Tax Officer, Individual Income Tax Division)



Innovating as a Team

Our vision rests on our people and technology. We encourage our people to proactively contribute ideas for the optimisation of our organisation's systems and capabilities.

In FY2014/15, our people contributed 6,968 suggestions and completed 508 innovation projects. We were also conferred the following awards:

- Service Class, Innovation Class and People Developer Certification, which recognise our innovation capabilities and customer-centric approach.
- Work Life Achiever Award 2014
- Singapore HR Awards 2014
 - Advocate and Leading HR Practices in Learning and Human Capital Development
 - Advocate and Leading HR Practices in Quality Work-Life, Physical and Mental Well-Being
 - Leading HR Practices in Manpower Resourcing and Planning
 - Leading HR Practices (Special Mention) in Compensation and Rewards Management
- The Public Service Pro-Enterprise Initiative Award, for Productivity and Innovation Credit (PIC) Cash Payout e-Services and Automation of Processing. The project significantly reduced the time taken to process the majority of PIC cash payout applications, providing greater convenience for applicants and improving productivity for IRAS.
- MOF Innovation Champion Awards, which recognise officers who exemplify innovation and creativity in their work.
 - o Ms Loh Cheng Cheng (Director, Individual Income Tax Division)
 - o Ms Jeana Oon-Chua (Senior Tax Specialist, Goods and Services Tax Division)
- Best Project Award (MOF Awards), which recognises outstanding projects. IRAS' team Ace-cellent's virtual assistant - "Ask Joanne" clinched this award.

Enriching Our People's Lives

To encourage our people to live enriching and active lives, we continue to offer a range of activities, events and workshops tailored to their diverse demographics. Our Inland Revenue Recreation Club (IRRC) offers a variety of activities from health seminars, to workshops and sporting events, garnering active participation from our staff.

The Inland Revenue Recreation Club (IRRC) Active Day 2014 on 12 and 13 October 2014 drew 774 participants over 23 activities ranging from kettlebell workouts and dance, to self-defence classes.

We strongly encourage our people to live healthy lifestyles. In collaboration with our partners, we offered a 7-day annual health screening exercise in September 2014. 745 of our staff benefitted from the free basic screenings while a 2-day mammogram screening held at IRAS premises in October saw 75 participants.



Staff at the Inland Revenue Club (IRRC) Active Day

Reaching Out to the Community

We believe that corporate social responsibility goes beyond donations.

In September 2014, our people took part in the International Coastal Cleanup Singapore and contributed to the removal of more than 267 kg of marine trash along the beaches of Pulau Ubin.

In FY2014/15, our people also raised about S\$20,000 for the President's Challenge 2014, and supported Red Cross Singapore's local humanitarian services, by contributing in-kind donations in January 2015.



IRAS staff took part in the International Coastal Cleanup Singapore

Volunteer e-Filing Service (VES)

Our Volunteer e-Filing Service (VES) is an annual community programme in which trained volunteers assist members of the community in filing their tax returns. Between 5 March to 19 March 2015, 150 volunteers attended our 6 VES training sessions. The VES was held across 7 CitizenConnect Centres islandwide on weekends in March and April 2015.



VES Trainers

Organisational Climate Survey

We conducted the biennial Organisational Climate Survey (OCS) in March 2015 to gather staff feedback on IRAS' development and initiatives. The feedback helps us in identifying the areas of improvement to make IRAS a better workplace. 97% of our staff participated in the survey. Overall, 77% of staff are satisfied with working in IRAS, which is 3 percentage points higher than the previous OCS in 2013 and 7 percentage points higher than the Public Sector Employee Engagement Survey Norm.

Cultivating Talent and Nurturing Potential

We believe that our people play an important part in achieving our vision. At IRAS, we continuously enhance development programmes to advance and prepare our people for enriching careers at IRAS. Two colleagues share their developmental paths in IRAS thus far.

Ms Yong Sing Yuan is a Group Tax Specialist (GTS) in the International Tax Branch of IRAS. As a Transfer Pricing specialist, she forms part of a team that contributes to the development of a competitive, robust, and progressive tax system, which reinforces Singapore's credibility and reputation during transfer pricing negotiations with international counterparts.

Having been with IRAS for close to 14 years, Sing Yuan remarks, "It has been a rewarding journey with my IRAS colleagues. Many of us are fortunate to have had exposure to various work areas in IRAS. In my case, I have been exposed to duties related to domestic and international tax, front-line services, audit and enforcement, as well as policy work. IRAS has also provided me with the chance to experience working life beyond IRAS through secondments."

Sing Yuan was certified as one of IRAS' pioneer Master Tax Specialists in 2014. To gain certification as a Master Tax Specialist, Sing Yuan had to undergo the Master Tax Specialist (MTS) programme. The MTS programme is a three-year customised training and development programme that equips our tax specialists with a keen sense of business acumen, and offers them in-depth knowledge within specific areas of taxation. Trainees attend structured training sessions as well as industry attachments, and gain opportunities to complete research projects which serve as capstones for their traineeship.

"In my case, I have been exposed to duties related to domestic and international tax, front-line services, audit and enforcement, as well as policy work. IRAS has also provided me with the chance to experience working life beyond IRAS through secondments."

Sing Yuan shares her journey through the MTS programme, "This unique in-house accreditation programme gave me the opportunity and time, to focus, enhance, and deepen my knowledge in an area of specialisation that appeals to me and which is relevant to IRAS. It also forces me to go beyond my comfort zone to explore uncharted work areas related to taxation."

As a Master Tax Specialist, Sing Yuan spearheads research, serves as a mentor to younger tax specialists, and takes the lead in identifying new tax issues.



Ms Yong Sing Yuan



Cultivating Talent and Nurturing Potential

The developmental paths at IRAS offer opportunities to explore varied job functions, as Ms Amy Eow who is a Manager in the Infocomm Technology Planning Branch will attest to. Her team is in charge of providing IT solutions and support services to business divisions, enabling them to meet their respective business goals. Apart from managing the planning and execution of key annual activities such as the Individual Income Tax filing exercise, Amy, together with members of the Innovation Centre and Technology Scanning Taskforce, are champions of IT innovation in IRAS, proactively seeking out suitable new technologies applications and improvements to our systems and processes.

Her nine years with IRAS has seen her engaged in diverse assignments across the different branches within IRAS. The experience has been wide-ranging and rewarding, and she recounts, "The lifelong learning culture in IRAS and multi-faceted exposure to varied job roles keeps me constantly challenged. Participation in the development of the 5-year Information and Communications Technology (ICT) Master Plan as well as the 5-year Corporate Planning Exercise has given young officers like me a holistic appreciation of IRAS' structured planning process and approach. These opportunities reinforced to us the importance of good strategic planning and continuous improvement."

Our people's development is a continuous process. In recognition of her good performance and contributions, and to support Amy in her personal development, she was awarded a full-time postgraduate scholarship in 2012 to pursue a Masters in Business Administration with the National University of Singapore. By equipping Amy with updated and relevant knowledge, we are confident that she will further contribute to our organisation.

"Participation in the development of the 5-year Information and Communications Technology (ICT) Master Plan as well as the 5-year Corporate Planning Exercise has given young officers like me a holistic appreciation of IRAS' structured planning process and approach."

Amy believes that IT plays a critical role in enabling our organisation to fulfill its mission. She feels privileged to have witnessed how IT has enhanced IRAS' productivity as well as customer service and voluntary compliance levels over the years. From the expansion of self-help channels and the introduction of virtual assistants, to the roll-out of mobile-ready e-Services, she has witnessed how we have effectively tapped on IT to bring about greater conveniences for taxpayers, and reduced the demand for assisted contacts. In so doing, we enable our officers to focus their efforts on higher value-add tasks as well.

Amy looks forward to translating her experience to help drive IRAS towards greater heights, as well as participating in new and emerging IT initiatives that fuel IRAS' organisational excellence.



Ms Amy Eow

Charting Ahead





Paving the Way for Enterprise Expansion and Inclusive Growth

Amid challenging global economic times, IRAS continues to review and formulate tax policies with an eye on the future; and strives to ensure our tax regime remains competitive, robust and progressive. We will contribute to Singapore's drive for inclusive growth by supporting the administration of assistance schemes. Looking ahead, we will seek to maximise opportunities for international engagements to reinforce Singapore's relevance and reputation on the global stage.



Sustainable Compliance Based on Partnerships

The vision of inclusive growth calls for partnerships. Moving forward, partnerships with relevant stakeholders will be strengthened to achieve sustainable and inclusive growth. By incorporating stakeholders' perspectives into our review and formulation of policies, we can better optimise the design, planning, and delivery of services to taxpayers. Clarifying tax rules and streamlining compliance processes will minimise compliance costs for taxpayers and maximise voluntary compliance in Singapore.



Enhancing Productivity

Relevant technologies such as business analytics will be tapped on to guide our review and design of compliance processes as well as our internal business processes. We will encourage our people to proactively seek out innovative ways to grow their personal competencies and productivity. Their contributions will increase the agility and effectiveness of our organisation. Beyond IRAS, we will heighten inter-agency collaboration to drive Whole-of-Government outcomes.



Cultivating a Competent Team

We acknowledge the needs and expectations of our diverse and multi-generational workforce. By investing in our learning and development systems, we equip our people with new competencies, keep them engaged and well-positioned to realise their potential. Only by building a team which anticipates and promptly responds to challenges, can our agility as an organisation be enhanced.





Financial Report

IRAS ANNUAL REPORT 2014/2015

INLAND REVENUE AUTHORITY OF SINGAPORE

Financial Report Contents

51. Five-Year Financial Summary	59. Statement of Financial Position
52. Cost Per Dollar of Tax Collected	61. Statement of Comprehensive Income
53. Financial Review	63. Statement of Changes in Equity
56. Statement by the Members of the Board	64. Statement of Cash Flows
57. Independent Auditor's Report on the Audit of the Financial Statements	66. Notes to the Financial Statements



Five-Year Financial Summary

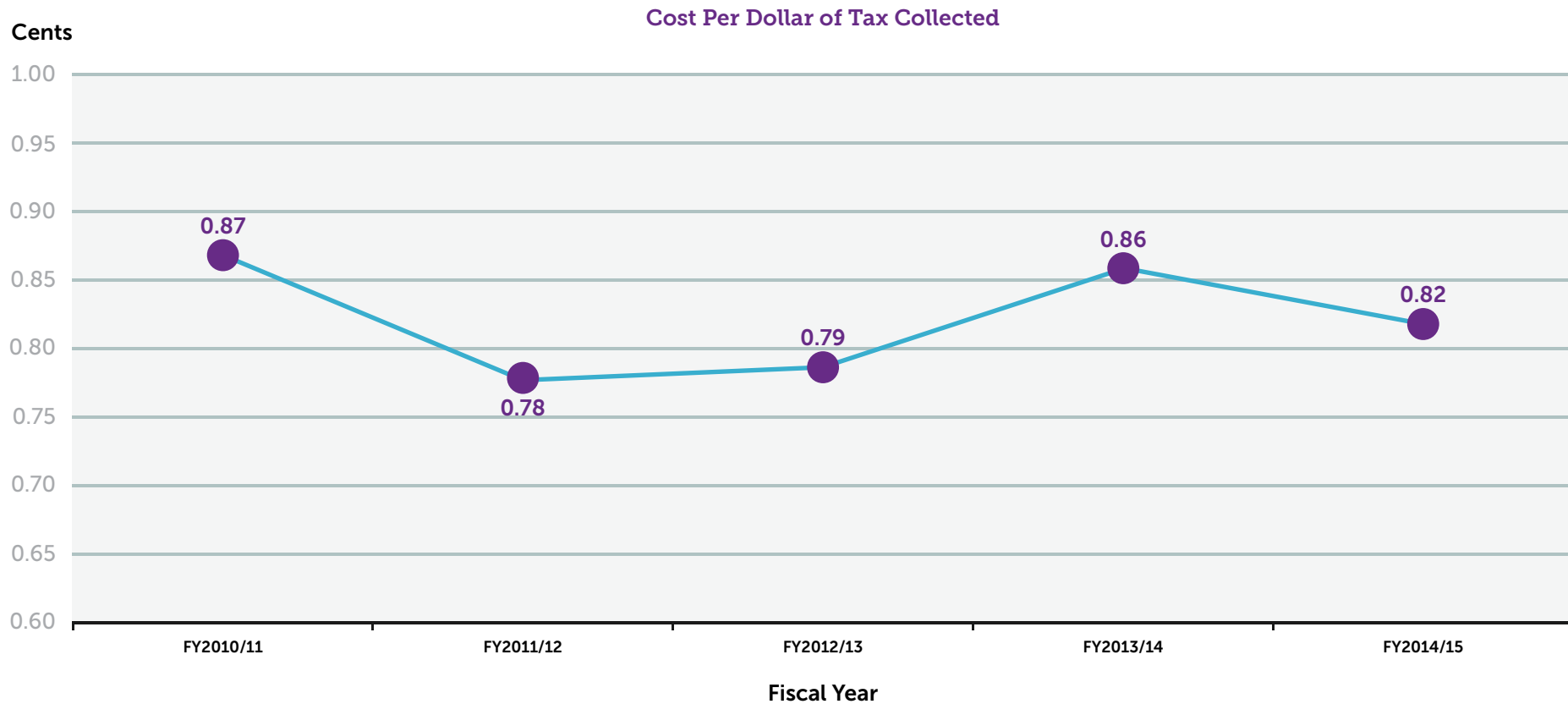
Statement of Comprehensive Income (S\$' million)	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15
Operating Income	372.6	367.1	401.3	412.6	425.9
Operating Expenditure (includes depreciation and amortisation)	301.5	298.1	327.6	360.5	360.8
Manpower Costs	166.9	168.6	176.5	205.2	218.1
Depreciation and Amortisation	39.9	40.6	36.9	31.0	21.2
Other Operating Expenditure	94.7	88.9	114.2	124.3	121.5
Operating Surplus	71.1	69.0	73.7	52.1	65.1
Net Investment Income/(Loss)	16.4	23.0	28.5	(1.3)	19.8
Other Comprehensive Income - Actuarial Gain/(Loss)	-	(1.4)	(0.1)	0.7	(1.2)
Surplus before Contribution to Government Consolidated Fund	87.5	90.6	102.1	51.5	83.7
Capital Expenditure (S\$' million)	14.5	25.9	36.8	17.4	21.9
Tax Revenue (S\$' million)	34,731	38,440	41,361	41,568	43,388
Cost per Dollar of Tax Collected (cent)*	0.87	0.78	0.79	0.86	0.82
Number of taxpayers per employee	1,860	1,923	2,037	2,085	2,122

* 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 FY2014/15, the cost per dollar of tax collected is 0.82 cents. This is 5% lower than last year. The decrease is mainly due to a 4% increase in tax revenue collections.





Financial Review

Financial Results

Income

Our operating surplus for FY2014/15 is S\$65.1 million. This is S\$13.0 million higher than that for FY2013/14. The higher operating surplus is due to the increase in operating income of S\$13.3 million, mainly from an increase in agency fees received.

The net investment gain of S\$19.8 million (FY13/14: Investment loss of S\$1.3 million) is due to higher valuation of our investment holdings.

Operating Expenditure

Operating expenditure for FY2014/15 is S\$360.8 million. This is S\$0.3 million more than FY2013/14.

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 63% of total operating expenditure (FY2013/14: 59%), followed by ICT at 29% (FY2013/14: 32%) and Maintenance and Facilities at 7% (FY2013/14: 6%).

Staff Cost consists of manpower costs, staff welfare and training costs. It has increased by 6% to S\$226.0 million. The increase is mainly due to salary increment and an increase in headcount during the year.

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 a decrease of 10% in the expenditure on ICT to S\$103.5 million. The decrease is mainly because a major ICT system was fully depreciated at the start of the financial year.

The third main cost component is Maintenance and Facilities. It has increased by 6% to S\$24.3 million. The increase is due mainly to one-off building inspection and maintenance expenses.

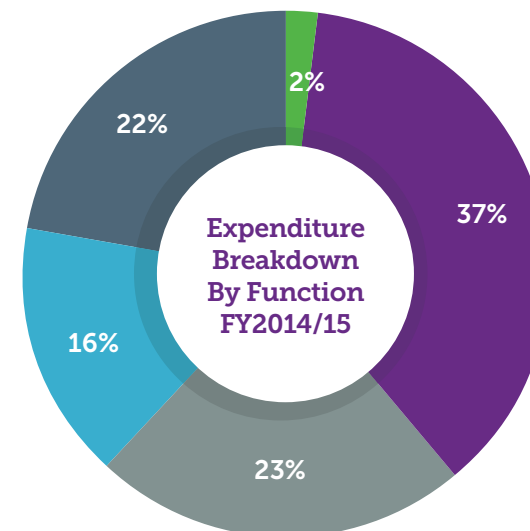
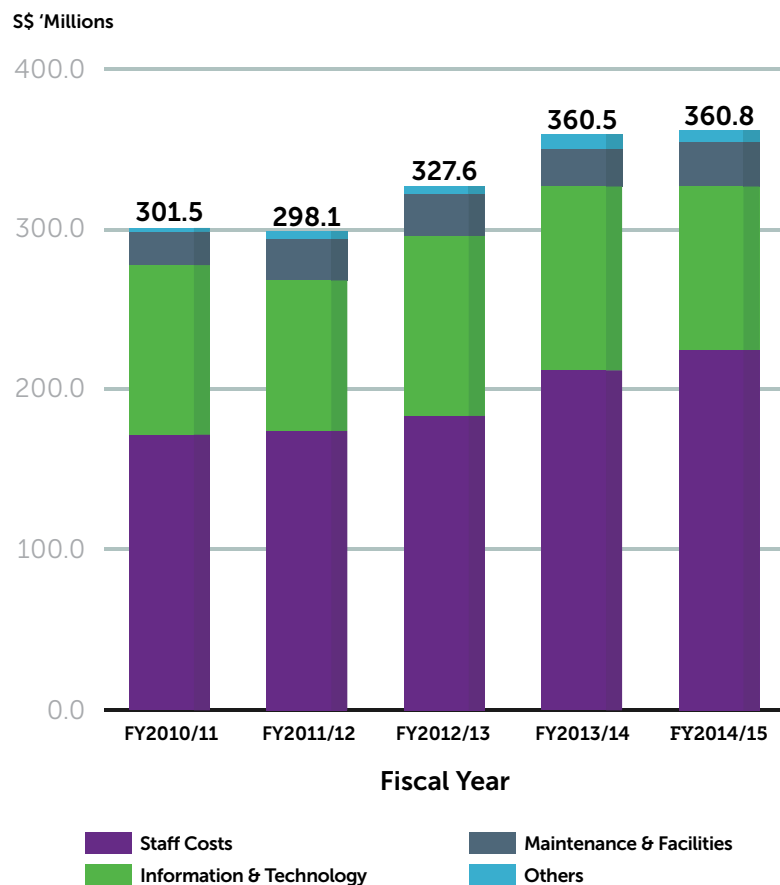
Capital Expenditure

Capital expenditure incurred for the year was S\$21.9 million (FY2013/14: S\$17.4 million). S\$15.5 million was spent on purchasing computer hardware and software and upgrading building systems, while the balance S\$6.4 million was spent on development projects.



Financial Review

Operating Expenditure Over 5 Years



Corporate & Services Group

- S\$135.4 Million (37%)
- Infocomm Division (9%)
- Accounting & Processing Division (9%)
- Enforcement Division (8%)
- Corporate Services Division (8%)
- Corporate Development Division (2%)
- Law Division (1%)

International, Investigation & Indirect Taxes

- S\$82.0 Million (23%)
- Goods and Services Tax Division (11%)
- Property Tax Division (8%)
- Investigation & Forensics Division (3%)
- International, Tax Affairs & Relations (1%)

Business Group

- S\$58.9 Million (16%)
- Corporate Tax Division (13%)
- Tax Policy and International Tax Division (2%)
- Compliance Strategy & Risk Division (1%)

Individual Group

- S\$78.9 Million (22%)
- Individual Income Tax Division (16%)
- Taxpayer Services Division (6%)

Wage Credit Scheme

- S\$6.8 Million (2%)



Financial Review

Financial Position

As at 31 March 2015, our total assets decreased by S\$45.1 million or 5% to S\$789.4 million. Property, plant and equipment, intangible assets, development projects-in-progress, cash and investments accounted for 95% of the total assets (FY2013/14: 96%).

Our total liabilities increased by S\$20.9 million or 20% to S\$126.8 million. As at 31 March 2015, our equity was made up of accumulated surplus amounting to S\$654.8 million (FY2013/14: S\$721.7 million) and share capital of S\$7.8 million (FY2013/14: S\$6.9 million). During the financial year, we paid dividends of S\$136.3 million to the Government.

Of the S\$654.8 million in accumulated surplus, S\$354.3 million (54%) had already been utilised and committed for capital expenditure. S\$274.6 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\$79.7 million was committed for capital expenditure. The balance surplus fund of S\$300.5 million is retained to meet future capital replacements as well as contingency funds for operational needs.

The investment position as at 31 March 2015 was S\$475.9 million. S\$103.2 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\$372.7 million is held in units 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 2015, the pension provision stood at S\$23.4 million, compared with S\$23.0 million as at 31 March 2014.

Our cash position remains healthy with S\$103.2 million in cash and cash equivalent as at 31 March 2015, with a net cash outflow of S\$64.4 million during the financial year. The net cash outflow is due to the higher dividend payout this year. Net cash generated from our operating activities amounted to S\$87.6 million.



Statement by the Members of the Board

For the financial year ended 31 March 2015

In our opinion, the financial statements of the Inland Revenue Authority of Singapore (the "Authority") as set out on pages 59 to 82 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 2015, 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

Peter Ong
Chairman
Singapore

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

25 June 2015



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 2015

Report on the Financial Statements

The accompanying financial statements of the Inland Revenue Authority of Singapore (the "Authority"), set out on pages 59 to 82, have been audited under my direction. These financial statements comprise the statement of financial position as at 31 March 2015, 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 2015 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 2015

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

25 June 2015



Statement of Financial Position

As At 31 March 2015

	Note	FY2014/15 S\$'000	FY2013/14 S\$'000
Share capital	3	7,823	6,911
Accumulated surplus		654,810	721,694
		662,633	728,605
Represented by:			
Non-current assets			
Property, plant and equipment	4	238,322	233,200
Intangible assets	5	34,746	44,498
Development projects-in-progress	6	1,503	101
Other non-current asset	7	12	13
		274,583	277,812
Current assets			
Funds with fund managers	8	372,714	354,365
Trade and other receivables	9	31,552	29,967
Prepayments		7,353	4,782
Cash and cash equivalents	10	103,238	167,613
		514,857	556,727



Statement of Financial Position

As At 31 March 2015

	Note	FY2014/15 S\$'000	FY2013/14 S\$'000
Less:			
Current liabilities			
Trade and other payables	11	87,335	72,019
Advances and deposits		1,766	2,146
Contribution to Government Consolidated Fund	12	14,312	8,754
		103,413	82,919
Net current assets		411,444	473,808
Less:			
Non-current liabilities			
Provision for pension and gratuities	13	23,394	23,015
		662,633	728,605

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



Statement of Comprehensive Income

For the Financial Year Ended 31 March 2015

	Note	FY2014/15 S\$'000	FY2013/14 S\$'000
Operating income			
Agency fee		382,578	370,064
Other income		43,301	42,509
		425,879	412,573
Less:			
Operating expenditure			
Manpower	14	218,077	205,257
Services	15	81,504	81,116
Depreciation and amortisation	4, 5	21,216	30,982
Maintenance of building and equipment		13,820	11,030
Staff welfare and training		7,906	7,445
Utilities and communication		6,742	7,065
Property tax		4,352	3,801
Grants and subsidies		3,482	5,650
Office and other supplies		2,210	6,331
Public relations and events		533	922
General expenses		952	926
		360,794	360,525
Operating surplus		65,085	52,048



Statement of Comprehensive Income

For the Financial Year Ended 31 March 2015

	Note	FY2014/15 S\$'000	FY2013/14 S\$'000
Net investment income/(loss)	16	19,851	(1,306)
Other comprehensive (loss)/income			
<i>Item that will not be reclassified to Operating surplus</i>			
Actuarial (loss)/gain	13	(1,219)	749
Surplus for the financial year before contribution to Government Consolidated Fund		83,717	51,491
Less:			
Contribution to Government Consolidated Fund	12	14,312	8,754
Net surplus for the financial year, representing total comprehensive income for the financial year		69,405	42,737

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



Statement of Changes In Equity

For the Financial Year Ended 31 March 2015

	Note	Share Capital S\$'000	Accumulated Surplus S\$'000	Total S\$'000
Balance as at 1 April 2013		6,911	748,957	755,868
Total comprehensive income for the financial year		-	42,737	42,737
Dividends	17	-	(70,000)	(70,000)
Balance as at 31 March 2014		6,911	721,694	728,605
Total comprehensive income for the financial year		-	69,405	69,405
Dividends	17	-	(136,289)	(136,289)
Equity Injection	3	912	-	912
Balance as at 31 March 2015		7,823	654,810	662,633

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



Statement of Cash Flows

For the Financial Year Ended 31 March 2015

	Note	FY2014/15 S\$'000	FY2013/14 S\$'000
Cash flows from operating activities			
Agency fee and other income received		424,229	449,020
Cash paid to employees and suppliers		(327,870)	(322,634)
Contribution to Government Consolidated Fund		(8,754)	(17,366)
Net cash from operating activities		87,605	109,020
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		49	2,535
Interest income received		1,186	914
Withdrawal of funds placed with fund managers		-	420,358
Funds placed with unit trusts		-	(350,000)
Payment for purchase of property, plant and equipment and intangible assets		(8,621)	(3,066)
Expenditure on development projects		(9,217)	(18,245)
Net cash (used in)/ from investing activities		(16,603)	52,496



Statement of Cash Flows

For the Financial Year Ended 31 March 2015

	Note	FY2014/15 S\$'000	FY2013/14 S\$'000
Cash flows from financing activities			
Dividends paid	17	(136,289)	(70,000)
Equity Injection	3	912	-
Net cash used in financing activities		(135,377)	(70,000)
Net (decrease)/increase in cash and cash equivalents		(64,375)	91,516
Cash and cash equivalents as at beginning of the financial year		167,613	76,097
Cash and cash equivalents as at end of the financial year	10	103,238	167,613

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



Notes to the Financial Statements

For the Financial Year Ended 31 March 2015

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.

(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 2014 did not result in changes to the Authority's accounting policies and has no material effect on the Authority's financial statements.



Notes to the Financial Statements

For the Financial Year Ended 31 March 2015

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.

With effect from 1 April 2014, the depreciation policy for Computer Hardware has been revised. In general, the useful life of Computer Hardware is shortened to 3 - 4 years (previously 3 - 5 years). However, within Computer Hardware, a category of assets have their useful life increased from 3 years to 4 years. The revision is to better reflect the rate of wear and tear, technological obsolescence, maintenance regime and product lifecycle. The revision is applied prospectively. Overall, the impact of the changes is a decrease in depreciation expenditure and an increase in surplus for the year ended 31 March 2015 by \$1,195,000.

(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 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



Notes to the Financial Statements

For the Financial Year Ended 31 March 2015

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.

From 1 April 2014, the estimated useful life of Intangible Assets for certain assets has been changed from 3 years to 4 or 5 years to better reflect the rate of wear and tear, technological obsolescence, maintenance regime and product lifecycle. The revision was applied prospectively. The impact of this change decreased amortisation expenditure and increased surplus for the year ended 31 March 2015 by S\$164,000.

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. Other expenditure is recognised as expense when incurred. 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.

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



Notes to the Financial Statements

For the Financial Year Ended 31 March 2015

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.

(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/(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.



Notes to the Financial Statements

For the Financial Year Ended 31 March 2015

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.

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 13. 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.



Notes to the Financial Statements

For the Financial Year Ended 31 March 2015

(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. Accrual 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) When 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) When 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.

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 19: Defined Benefit Plans: Employee Contributions
- Amendments to SB-FRS 16 and SB-FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Improvements to SB-FRSs issued in January 2014
 - » Amendment to SB-FRS 16 Property, Plant and Equipment
 - » Amendment to SB-FRS 24 Related Party Disclosures
 - » Amendment to SB-FRS 38 Intangible Assets

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

3 Share Capital

	FY2014/15 Number of shares (in '000)	FY2014/15 S\$'000	FY2013/14 Number of shares (in '000)	FY2013/14 S\$'000
As at 1 April	6,911	6,911	6,911	6,911
Equity injection	912	912	-	-
As at 31 March	7,823	7,823	6,911	6,911

Equity injection during the financial year 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, 1985 Revised Edition). The shares have no par value.



Notes to the Financial Statements

For the Financial Year Ended 31 March 2015

4 Property, Plant and Equipment

4.1 Property, Plant and Equipment for FY2014/15

	Leasehold Land S\$'000	Building S\$'000	Building Systems & Improvements S\$'000	Computer Hardware S\$'000	Office Equipment S\$'000	Furniture & Fittings S\$'000	Motor Vehicles S\$'000	Total 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 2015

4 Property, Plant and Equipment

4.2 Property, Plant and Equipment for FY2013/14

	Leasehold Land S\$'000	Building S\$'000	Building Systems & Improvements S\$'000	Computer Hardware S\$'000	Office Equipment S\$'000	Furniture & Fittings S\$'000	Motor Vehicles S\$'000	Total S\$'000
Cost								
As at 1 April 2013	155,344	136,795	60,469	33,825	4,337	1,422	216	392,408
Reclassifications	-	-	-	(109)	-	-	-	(109)
Additions	-	-	112	1,871	61	10	-	2,054
Transfer from Development projects- in-progress (Note 6)	-	-	3,453	349	-	32	-	3,834
Disposals	-	-	(3,130)	(4,195)	(402)	(56)	-	(7,783)
As at 31 March 2014	155,344	136,795	60,904	31,741	3,996	1,408	216	390,404
Accumulated Depreciation								
As at 1 April 2013	30,301	46,847	44,367	26,028	4,034	1,355	86	153,018
Reclassifications	-	-	-	(51)	-	-	-	(51)
Depreciation for the financial year	1,595	2,736	2,911	4,536	99	39	31	11,947
Disposals	-	-	(3,060)	(4,192)	(402)	(56)	-	(7,710)
As at 31 March 2014	31,896	49,583	44,218	26,321	3,731	1,338	117	157,204
Net Book Value								
As at 31 March 2014	123,448	87,212	16,686	5,420	265	70	99	233,200



Notes to the Financial Statements

For the Financial Year Ended 31 March 2015

5 Intangible Assets

	FY2014/15 S\$'000	FY2013/14 S\$'000
Cost		
As at 1 April	258,548	239,165
Reclassification from Computer Hardware (Note 4)	-	109
Additions	323	580
Transfer from Development projects-in-progress (Note 6)	941	19,745
Disposals	(6,822)	(1,051)
As at 31 March	252,990	258,548
Accumulated Amortisation		
As at 1 April	214,050	196,011
Reclassification from Computer Hardware (Note 4)	-	51
Amortisation for the financial year	11,016	19,035
Disposals	(6,822)	(1,047)
As at 31 March	218,244	214,050
Net Book Value		
As at 31 March	34,746	44,498

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\$751,000 (FY2013/14: S\$19,740,000).

6 Development Projects-In-Progress

	FY2014/15 S\$'000	FY2013/14 S\$'000
Cost		
As at 1 April	101	12,579
Expenditure incurred	6,464	14,728
Transfer to Property, plant and equipment (Note 4)	(234)	(3,834)
Transfer to Intangible assets (Note 5)	(941)	(19,745)
Charged to Statement of Comprehensive Income	(3,887)	(3,627)
As at 31 March	1,503	101

7 Other Non-Current Asset

	FY2014/15 S\$'000	FY2013/14 S\$'000
Cost	114	114
Less: Accumulated impairment losses	(102)	(101)
Net carrying amount	12	13

During the financial year, an impairment loss of S\$1,000 (FY2013/14: S\$6,000) was recognised in the Statement of Comprehensive Income to write down the carrying amount of the non-current asset to its recoverable amount.



Notes to the Financial Statements

For the Financial Year Ended 31 March 2015

8 Funds with Fund Managers

	FY2014/15	FY2013/14
	S\$'000	S\$'000
Unquoted unit trusts at fair value	372,714	354,365

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

	FY2014/15	FY2013/14
	S\$'000	S\$'000
Trade receivables	30,359	29,090
Other receivables	1,193	877
	31,552	29,967

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

	FY2014/15	FY2013/14
	S\$'000	S\$'000
Deposits with Accountant-General's Department	103,238	167,613

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 0.81% (FY2013/14: 0.70%) per annum.

11 Trade and Other Payables

	FY2014/15	FY2013/14
	S\$'000	S\$'000
Payables for employee benefits	53,976	49,970
Trade payables	21,796	9,674
Other accrual for operating expenses	11,563	12,375
	87,335	72,019

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 2015

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% (FY2013/14: 17%) of the surplus, excluding Other comprehensive income, for the financial year.

13 Provision for Pension and Gratuities

	FY2014/15 S\$'000	FY2013/14 S\$'000
As at 1 April	26,635	30,389
Current service costs charged to expenditure on Manpower	1,481	834
Actuarial loss/(gain) charged to Other comprehensive income	1,219	(749)
	29,335	30,474
Amount paid during the financial year	(2,879)	(3,839)
As at 31 March	26,456	26,635
Amount payable within 1 year	3,062	3,620
Amount payable after 1 year	23,394	23,015

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 1.31% to 2.27% (FY2013/14: 0.53% to 2.49%) per annum, depending on the tenure of the related pension obligations, and 2.75% (FY2013/14: 3.15%) per annum for pensions due to pensioners who opted for monthly pensions;
- the estimated future salary increases range from 0% to 17.90% (FY2013/14: 0% to 17.90%); and
- the life expectancy for male and female pensioners range from 80.2 to 83.8 years (FY2013/14: 79.9 to 83.5 years) and 84.6 to 87.0 years (FY2013/14: 84.5 to 86.9 years) respectively.

If the discount rates change by 5% with all other assumptions remaining constant, the impact on the Authority's pension liability as at 31 March will be as follows:

	FY2014/15 S\$'000	FY2013/14 S\$'000
+5%	(255)	(253)
-5%	260	250



Notes to the Financial Statements

For the Financial Year Ended 31 March 2015

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:

	FY2014/15 S\$'000	FY2013/14 S\$'000
+0.3 year	209	165

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

	FY2014/15 S\$'000	FY2013/14 S\$'000
Key management personnel	1,118	1,029

14 Manpower

Included in the expenditure on Manpower is the following:

	FY2014/15 S\$'000	FY2013/14 S\$'000
CPF contributions for staff	22,193	21,239

15 Services

Included in the expenditure on Services are the following:

	FY2014/15 S\$'000	FY2013/14 S\$'000
Data centre operation charges	29,974	32,039
Infocomm technology outsourcing charges	21,282	20,815
Rental expense of data centre	6,601	7,379
Audit fees:		
Audit of agency accounts	623	572
Audit of corporate accounts	341	328
Board members' allowances	191	186



Notes to the Financial Statements

For the Financial Year Ended 31 March 2015

16 Net Investment Income/(Loss)

	FY2014/15 S\$'000	FY2013/14 S\$'000
Income/(Loss) from Funds with fund managers:		
Interest income	1	6,599
Dividends	-	1,597
Fair value gain/(loss)	18,349	(9,397)
	18,350	(1,201)
Less: Investment expenses	-	(1,241)
	18,350	(2,442)
Interest income:		
Deposits with Accountant-General's Department	1,501	1,136
Net investment income/(loss)	19,851	(1,306)

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

17 Dividends

	FY2014/15 S\$'000	FY2013/14 S\$'000
Dividends paid in respect of the previous financial year	136,289	70,000

The payment comprises S\$11,289,000 (FY2013/14: Nil) made in accordance with the Capital Management Framework for Statutory Board outlined in Finance Circular Minute No. M26/2008 and a special payout of S\$125,000,000 (FY2013/14: S\$70,000,000).

18 Commitments

18.1 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:

	FY2014/15 S\$'000	FY2013/14 S\$'000
Approved and contracted for	6,622	4,821
Approved but not contracted for	73,044	51,752
	79,666	56,573



Notes to the Financial Statements

For the Financial Year Ended 31 March 2015

18.2 Operating Lease Commitments – when 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:

	FY2014/15 S\$'000	FY2013/14 S\$'000
Not later than 1 year	19,592	12,559
Later than 1 year but not later than 5 years	8,007	9,114
	27,599	21,673

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 after that date. None of the leases include contingent rental.

18.3 Operating Lease Commitments – when 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:

	FY2014/15 S\$'000	FY2013/14 S\$'000
Not later than 1 year	7,829	2,821
Later than 1 year but not later than 5 years	1,223	839
	9,052	3,660

Majority of the operating lease commitment above relates to lease of data centre facilities. The Authority leases data centre facilities under non-cancellable operating lease agreement. The lease is for a period of 4 years, with an option to renew for another 4 years.

19 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:



Notes to the Financial Statements

For the Financial Year Ended 31 March 2015

	FY2014/15 S\$'000	FY2013/14 S\$'000
Assets	2,394	1,700
Liabilities	857	365
Revenue	1,724	2,151
Total comprehensive income	203	300

20 Related Party Transactions

20.1 Significant Related Party Transactions

The significant transactions that took place between the Authority and related parties in the normal course of business on terms agreed between the parties during the financial year are as follows:

	FY2014/15 S\$'000	FY2013/14 S\$'000
Agency fees from		
- Ministry of Finance	382,578	370,064
Other income from		
- Ministry of Finance	7,255	4,894
- Ministries and Statutory Boards	26,824	27,916

20.2 Significant Related Party Account Balances

The significant account balances as at 31 March that the Authority has in relation to related parties are as follows:

	FY2014/15 S\$'000	FY2013/14 S\$'000
Trade receivables		
- Ministry of Finance	28,557	26,592
- Ministries and Statutory Boards	1,344	1,199
Advances and deposits		
- Ministries and Statutory Boards	1,061	1,542

20.3 Key Management Personnel Compensation

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

	FY2014/15 S\$'000	FY2013/14 S\$'000
Salaries and other short-term employee benefits	9,145	8,539
CPF contribution	614	602
Post-employment benefits	67	61
Other long-term benefits	4	3
	9,830	9,205



Notes to the Financial Statements

For the Financial Year Ended 31 March 2015

21 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.

21.1 Interest Rate Risk

The exposure to risk of changes in interest rates relates primarily to interest-bearing assets and deposits with 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.

21.2 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.

21.3 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:

	FY2014/15 S\$'000	FY2013/14 S\$'000
+5%	18,636	17,718
-5%	(18,636)	(17,718)

21.4 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.

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



Notes to the Financial Statements

For the Financial Year Ended 31 March 2015

21.5 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.

21.6 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.

21.7 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	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Unquoted unit trusts at fair value				
As at 31 March 2015	-	372,714	-	372,714
As at 31 March 2014	-	354,365	-	354,365

22 Authorisation of Financial Statements

The financial statements were authorised for issue by the Board of the Authority on 25 June 2015.

This page is intentionally left blank.



**INLAND REVENUE
AUTHORITY
OF SINGAPORE**

55 Newton Road
Revenue House
Singapore 307987