



GST News Perspective is everything

Greetings from your Indirect Tax team at Deloitte Singapore. We are pleased to share our latest newsletter on changes to Singapore GST:

Areas of Focus for GST audits in 2016 and 2017

The Inland Revenue Authority of Singapore (IRAS) has just announced that they will step up their GST audits on large businesses in 2016 and 2017.

According to the IRAS, large businesses form two percent of the GST taxpayer population although they contribute more than 50 percent of the total GST payable. In addition, the IRAS has found that large businesses generally have more complex business arrangements, and voluminous and high-value transactions. To save on compliance costs, more of these large businesses are outsourcing their finance functions to a shared service centre located outside Singapore, which may not be

fully conversant with Singapore GST rules and regulations, and this inevitably raises the risk of GST errors being made.

Large businesses are not defined by the IRAS but Deloitte Singapore understands that they generally refer to multinational companies and local listed companies with an annual turnover of S\$100 million or more.

Assisted Compliance Assurance Programme (ACAP)

Any GST errors or omissions discovered through the IRAS' audit will attract penalties of up to two times the tax underpaid and a five percent late payment penalty. GST taxpayers are therefore encouraged by the IRAS to participate in the Assisted Compliance Assurance Programme (ACAP) to enjoy audit exemption and one-off full waiver of penalties. GST taxpayers who successfully attained ACAP status will enjoy the following benefits for either five years (ACAP Premium status) or three years (ACAP Merit status):

- Step down of the IRAS' GST compliance activities
- Expeditious GST refunds
- Dedicated team to handle GST rulings and resolution of GST issues expeditiously
- Auto-renewal of GST schemes

Deloitte's view

One of the conditions for ACAP participation is that the GST taxpayer must not be under an IRAS' GST audit. Therefore, once you are selected for an audit by the IRAS, you will not be eligible to participate in ACAP until the audit is completed. This also means that any errors discovered during the audit by the IRAS will be subject to the IRAS's normal penalty regime and you will not enjoy the full waiver of penalties which is one of the major benefits conferred under ACAP.

With the above-mentioned IRAS' audit focus and the significant value of penalties likely to be imposed on GST errors discovered during IRAS' audit in mind, large businesses

should seriously consider GST ACAP participation before they are selected for an audit by IRAS.

How Deloitte can help

We have a group of dedicated GST specialists with extensive experience in assisting clients operating in a wide range of industries in ACAP participation and will be very pleased to discuss with you on ACAP participation.

Contacts

For more information on the above or for assistance on other GST matters, please contact the listed names below or your usual GST contact in Deloitte Singapore.

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