



GST News

Expanding perspectives and possibilities

Greetings from your Indirect Tax team at Deloitte Singapore. We are pleased to share the latest GST news on:

Updates to the Inland Revenue Authority of Singapore's (IRAS) GST-related website content

The IRAS has updated its GST-related website content with the publication of its findings in relation to past GST audits conducted on large businesses. In this newsletter, we have highlighted some of the key findings.

Results of audits on large businesses

Large businesses form just 2 percent of the entire GST taxpayer population, but contribute more than 50 percent of the total GST payable.

Since 2015, the IRAS has stepped up GST audits on large businesses. To-date, audits on 308 large businesses have been concluded by the IRAS. These large businesses span across various industries, such as financial services, wholesale, retail, manufacturing, real estate, and construction.

77 percent of these large businesses made GST errors and the total amount of tax and penalties recovered by the IRAS amounted to S\$73.19 million. The average tax recovery per audit case was S\$308,000.

The GST errors were diverse and included the following:

- Fundamental errors (e.g., claiming of blocked input tax, misclassification of supplies);
- Incorrect tax treatment applied for non-trade receipts;
- Omission of sales on receipts captured outside invoicing module;
- Technical errors arising from misapplication of GST law for complex transactions; and

- Failure to comply with GST specific provisions (e.g., deeming of gift of goods, input tax apportionment, etc).

In the IRAS' view, most of the errors arose from inadequate controls in the GST processes, such as:

- Limited checks on tax classification of sales and purchases transactions;
- Lack of training for staff in GST rules and updates; and
- Inadequate oversight of GST documentary requirements and failure to communicate between functional units.

Deloitte Singapore's views

Given the average amount of S\$308,000 for tax recovered per audit case, it is not surprising that the IRAS intends to continue its audit activities on large businesses. To avoid costly GST mistakes, businesses are strongly encouraged to embark on the IRAS' GST compliance initiatives, such as the Assisted Compliance Assurance Programme (ACAP) or the Assisted Self-help Kit (ASK) Annual Review. Businesses are also encouraged to voluntarily disclose errors discovered during the review to enjoy full waiver of, or reduced quantum of penalties, amongst other associated benefits such as full GST audit exemption.

Deloitte Singapore's GST team comprises many accredited GST professionals with the Singapore Institute of Accredited Tax Professionals (SIATP) who have extensive experience in assisting clients operating in a wide range of industries with ACAP and ASK annual reviews.

We will be pleased to discuss how you can benefit from embarking on these GST compliance initiatives.

Contacts

For more information on the above or any other GST/VAT matters, please contact either the listed contacts below, or any member of the [Singapore Tax & Legal team](#).

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