Tax Guide for BEAUTY & WELLNESS INDUSTRY

What you need to know as a self-employed person in the beauty & wellness industry

INLAND REVENUE AUTHORITY OF SINGAPORE

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A. Introduction

If you are a self-employed (i.e. a sole-proprietor or a partner of a partnership business) in the beauty & wellness industry providing services such as hairdressing, beauty, slimming, spa, manicure and pedicure, etc. This guide will help you report your business income when you file tax.

Being a self-employed person, you need to:

(a) Keep proper records and accounts of your business for 5 years.
(b) File tax and pay the amount of tax due within one month from the date of the Notice of Assessment.
(c) Contribute Medisave (**See Section D for more details**).
(d) Register with IRAS as a GST-registered person if the total taxable revenue of all your sole-proprietorship businesses exceeded $1 million in the last 12 months, or is expected to exceed $1 million in the next 12 months. (**Please refer to our website at *www.iras.gov.sg* for more details.**)

B. Keeping Proper Records and Accounts

1. Why do I need to keep business records?

This is to enable us to ascertain your income and allowable business expenses readily. These records need not to be forwarded to IRAS unless they are specifically requested for verification. Improper records and mere estimations are not acceptable for tax purposes.

You need to keep proper records and accounts of your business transactions for 5 years. The accounts prepared must be supported by source documents such as invoices, receipts, payment vouchers, other relevant documents.

Simplified record keeping was introduced to assist small businesses to make record keeping easier, as businesses are only required to keep business records (e.g. registers, listings) and not source documents (e.g. receipts, invoices). You will qualify for simplified record keeping if you meet all of the following conditions:

(a) Annual revenue must be $200,000 or less for past 2 financial years;
(b) Business' assets amounted to less than $100,000 as at the end of the latest financial year;
(c) Business is not in the area of investment holding or property development business; and
(d) Business is a sole-proprietorship or partnership that is not GST-registered.

For details on simplified record keeping, please refer to: www.iras.gov.sg > Businesses > Self-Employed/ Sole-Proprietors/ Partners > Learning the Basics > Keeping Proper Records and Accounts > Guides on Record Keeping.

2. What business records should I keep?

You need to keep the following business records:

(a) Bank Accounts
(b) Revenue
(c) Purchases
(d) Expenses
(e) Assets
(f) Stock

3. How do I keep these business records?

3.1 Bank Accounts

You should maintain separate bank accounts for business and personal purposes and the business bank account must be used solely for business transactions. You should retain the bank statements or passbooks of your business bank accounts. In the absence of separate bank accounts, personal and business transactions should be differentiable.

3.2 Revenue

In order to ensure complete and accurate recording of your revenue for tax purposes, you need to maintain the following:

(a) Cash register tape
(b) Receipt book
(c) Invoices issued
(d) Returned goods
(e) Goods taken for private usage book
(f) Customers' record book
(g) Courses and trainees' record

(a) Cash Register Tape

A cash register with an internal tape can be used to record all your cash sales. You must ensure that all cash sales are recorded in the cash register and that the internal tape is retained as a source document.

As a good practice, you should record the total amount of cash receipts manually or electronically at the end of each day. If there is a discrepancy between these tapes and your records, you should provide a written explanation and attached it to that particular tape.

(b) Receipt book

You must issue serially printed receipts and keep a duplicate of the receipts if your gross income in any year is:
(a) More than $18,000 from the sale of goods; or
(b) More than $12,000 from providing services.

However, you need not issue receipts if you could ensure completeness and accuracy of your revenue by adopting one of the following practices:

(a) Use cash register to record **all** cash sales and invoices are issued for **all** credit sales.
(b) To input **all** sales into accounting software and invoices should be generated by the system for all sales transactions and a duplicate of the invoices are retained.
(c) In the absence of a cash register or accounting software, a daily sales record book should be maintained to record **all** cash and credit sales.

You must still issue receipts to customers if requested. For GST-registered businesses, you must continue to issue **tax invoices** as required under the GST legislation, as the waiver of issuance of receipts is not the same as the waiver of issuance of invoices.

(c) Invoices Issued

Invoices should be issued to record all your credit sales. You may design and print your own invoices or buy pre-printed invoices.

A sales invoice should include the following information:

(a) Your business name, address, telephone number and business registration number
(b) Invoice number
(c) Date of issue of the invoice
(d) Your customer's name and address
(e) A description sufficient to identify the goods or services supplied and type of supply
(f) For each description of goods or services supplied, the quantity of goods or the extent of services, and the price
(g) Any cash discount offered
(h) Total price

For GST-registered businesses, you must issue **tax invoices** as required under the GST legislation. For more details, you may refer to the IRAS website on 'Keeping Proper Records and Accounts' under 'Guides on Record Keeping'.

(d) Returned Goods

Goods sold may be returned due to damage, defects, incorrect goods or quantities being supplied. You may either issue a credit note to your customer for this adjustment to sales or alternatively, to record this transaction in your sales record book under a separate heading as 'Goods Returned'.

(e) Goods Taken for Private Usage

If you take any goods that were bought, produced or manufactured by your business for your own private use, or for your family or friends, these should be entered into your business records. The sale price of the stock taken for all private usage should be added to sales. This could be achieved by recording the relevant details in a "goods taken for private usage" book. The details to be recorded are:

(a) Date of goods taken
(b) Description of goods
(c) Sale price of goods

(f) Customers' Record Card

Customers' record card should be maintained for each customer who has purchased service packages.

A customer record card should contain the following information:

(a) Customer's identity number, name and address
(b) Description of service
(c) Total price
(d) Number of sessions entitled
(e) Utilisation or acknowledgement of package such as customer's signature

As and when customers utilise the package, the fees applicable to the service utilised should be recognised as income and reported for tax. **(see 5.1.1 of Section C – "Accounting for upfront payment for treatment packages" for more details).**

(g) Courses and Trainees' Record

If you provide training courses in return for a fee, the fee should be recognised as part of your business income.

A receipt should be issued to record the fee received in respect of the courses provided. The receipt should include the following information:

(a) Your business name, address, telephone number and business registration number
(b) Receipt number
(c) Receipt date
(d) Trainees' names
(e) Course titles
(f) Total course fees

Any fees or deposits paid for a course should be recognised as business income once the course commences.

3.3 Purchases

You should obtain invoices when paying for purchases. For your convenience, you may want to consider arranging all payments through your business bank accounts.

However, where small amounts of cash are used for small or sundry purchases, the receipts indicating the goods purchased must be kept. If a receipt does not describe the good or services bought, you should provide a description of the transaction on the receipt or attach description to receipt.

Where no receipt is issued, a cash payment voucher showing the date, description and cost of purchase must be prepared and acknowledged by supplier or service provider. You should also maintain a purchases record book to record the name of supplier or service provider, date, description of goods or services and amount paid.

3.4 Expenses

The following are some examples of allowable business expenses and types of records to be kept:

Allowable Business Expenses	Type(s) of Records
Public transport expenses	Receipts such as taxi receipts, which substantiate your public transport expenses should be kept. You may want to refer to the sample Details of Daily Transport Expenses Record at **Appendix 1**.
Travelling expenses	Receipts or other travel documents that substantiate your travel expenses, including meals & accommodation, should be retained. You may want to refer to the sample Monthly Travelling Expenses Record at **Appendix 2**.

Entertainment	Invoices or receipts that substantiate the entertainment expenses should be kept. Retention of credit card slips or monthly credit card statements alone are not sufficient to substantiate your claims. You may want to refer to the sample Monthly Entertainment Expenses Record at **Appendix 3**.
Staff Remuneration – includes wages, salaries, bonus, commission and allowances.	Payment vouchers or remuneration schedule. You may want to refer to the sample Details of Monthly Staff Remuneration Expenses Record at **Appendix 4**.
Employer's CPF Contributions	CPF statements
Annual / Monthly Commission Statement to assistants/helpers (e.g. trainers / beauticians / masseurs other than your employees)	Annual/monthly commission statement stating the amount of commission/fees attributable to each of them for the calendar year/month. A copy of this statement should be furnished to them to aid in their own income reporting. The following details should be recorded in the commission statement: (a) Name and NRIC of the recipient (b) Total amount of commission (c) Description of the amount of commission paid (d) The period in which the commission was paid
Telephone charges for business	Bills from service providers (e.g. SingTel, M1, Starhub)

In summary, you should regularly prepare a consolidated business expenses record. Refer to the sample Monthly Business Expenses Record at **Appendix 5**.

If a receipt does not provide the description of the goods or services supplied, you should provide a description of the transaction on the receipt. For cases where the supplier does not issue any receipt, you should maintain a record book to record the name of supplier or service provider, date, description of goods or services and amount paid.

3.5 Assets

A business usually has a number of assets, such as plant, machinery and equipment. You need to keep the following details and documents for each of the assets:

(a) Date of purchase and cost
(b) Date of sale and sale price
(c) Copies of contracts of purchase and sale (e.g. hire purchase agreements)

You are advised to prepare a fixed asset schedule at the time you purchase or start your business so that you can record the items acquired, the dates of purchase and their costs. You may want to refer to the sample Fixed Asset Schedule at **Appendix 6**.

The amounts incurred in purchasing these fixed assets are capital in nature and are not deductible for tax purposes. However, you may claim capital allowances. For more information on capital allowances, please refer to IRAS' website (www.iras.gov.sg > Businesses > Companies > Working Out Corporate Income Taxes > Claiming Allowances > Capital Allowances)
(see Q7 of Section C – "How do I calculate capital allowances?" for more details)

3.6 <u>Stock</u>

Stock refers to anything purchased for the purposes of sale such as cosmetic, hair and beauty products. A physical stock count should be carried out at the end of the accounting year to determine the closing stock value. The closing stock for the current year will be the opening stock for the following year. Preparing a stock list will help you keep track of the stock on hand at the end of each accounting period. You may want to refer to the sample stock list at **Appendix 7**.

4. What is a Certified Statement of Accounts?

Statement of Accounts comprises the Profit and Loss Account and Balance Sheet. "Certified" means signed by the sole-proprietor of the business or precedent partner, indicating that the accounts are true and correct.

At the end of each year, you could use the business records kept to prepare the statement of accounts of your business.

Profit and Loss Account shows the results of a business for the year. If the total revenue (i.e. income) exceeds the total expenses, the result is a net profit. If the total expenses exceed the total revenue, the result is a net loss. Refer to the sample statement of accounts at **Appendix 8**.

Some business expenses incurred might not be deductible for tax purposes. When preparing the income tax return, you must ensure that only deductible expenses are claimed. **(See 5.3 of Section C – "Allowable Business Expense" for more details)**

Balance Sheet shows the assets, debts and money invested of your business as at the end of calendar year. Refer to the sample Balance Sheet at **Appendix 9**.

You may engage an accounting professional to prepare a proper statement of accounts for you.

C. Filing of Income Tax Returns

1. I have just started my business. Do I have to inform IRAS about it?

You do not have to inform IRAS immediately after you registered or started your business. Usually before 15 Mar, IRAS will send a notice to file your income which could be a:

1. Letter of invitation to file
2. Income tax return (Form B or B1)
3. SMS message informing you to file

If you do not receive any letter, income tax or SMS by 15 Mar, you can check your filing requirements or contact our Taxpayer Services Officer on 1800-356 8300 for assistance.

2. When will my business income be taxed?

The income you receive this year will only be taxed in the following year. For example, you will need to report your income for the year 2020 in year 2021, which is known as Year of Assessment 2021. You need to e-File your tax by 18 Apr 2021.

3. What accounting period should I adopt?

An accounting period is a period of trading/business operation for which you calculate your profits or losses. You should decide on your accounting period when you first started your business. Most accounting periods end on 31 December each year.

However, if you decide to draw up your accounts to a date other than 31st December, e.g. 31st March, then your accounting periods and the respective Years of Assessment will be:

1st Accounting Period	01 Apr 2016 to 31 Mar 2017	Year of Assessment 2018
2nd Accounting Period	01 Apr 2017 to 31 Mar 2018	Year of Assessment 2019
3rd Accounting Period	01 Apr 2018 to 31 Mar 2019	Year of Assessment 2020
	and so on	

4. Where do I report my business income?

As a self-employed person, the business income is treated as part of your total personal income which is taxed at individual income tax rates.

For a sole proprietor, you should report your business income in your income tax return (Form B) under "Sole Proprietorship" in the "Trade, Business, Profession or Vocation" section. If you received a Form B1, you should report your business income under 'Other Income' and provide the details in its Appendix 1.

For a partnership business, the precedent partner is required to report the partnership income in Form P. As a partner, you should report your share of partnership income in your individual income tax return (Form B) under "Partnership" in the "Trade, Business, Profession or Vocation" section. Your share of partnership income is the sum of your divisible profit/loss, salary, CPF, interest, rent and other Singapore Income from the partnership.

5. How do I report my business income?

You are required to report your sole proprietorship/partnership business income in a summarized 4-line statement, as follows:

Revenue
Gross Profit/Loss
Allowable Business Expenses
Adjusted Profit/Loss

If the sole proprietorship revenue is less than $200,000, you are only required to report in a summarised 2-line statement, i.e. Revenue and Adjusted Profit/Loss.

5.1 Revenue

Revenue refers to the total receipts of your business before deducting any business expenses. If you are a GST-registered person, the total receipts should exclude GST collected from customers (i.e. output tax). Revenue includes:

- All payments for sales of cosmetic, hair and beauty products
- Fees and commission for services provided
- Fees received for providing training

- Income from treatment packages utilised as at the balance sheet date (see 5.1.1 – "Accounting for upfront payment for service packages" for more details)

If the revenue of your business is $500,000 or more, you have to submit a Statement of Accounts certified by you together with your individual income tax return.

If the revenue of your business is less than $500,000, you are not required to submit a certified Statement of Accounts but you must still prepare the accounts and be ready to submit to IRAS if we request for it.

You must keep proper records of your business transactions regardless of your revenue. Upon our request, you are to submit these records to us.

5.1.1 Accounting for upfront payment for service packages

There are various types of services provided in the beauty & wellness industry which include beauty care, skin care, nail care, slimming and healthcare treatments, massage and spa services, etc. These services are generally provided to customers in packages specifying the types and number of treatments and the validity period. Payments are to be made upfront or in an agreed number of instalments.

Under the accounting standard FRS 18 [1], when the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction should be recognised by reference to the stage of completion of the transaction at the balance sheet date.

In this regard, income is recognised based on the number of treatments utilised as at the balance sheet date. The amount attributable to unutilised treatments is deferred to subsequent periods.

For packages with validity period, income attributable to unutilised treatments would be recognised upon expiry.

5.2 Gross Profit/Loss

Gross Profit/Loss refers to the amount of revenue after deducting the cost of goods sold. However, if your business involves only the provision of services, the gross profit will be the same as your revenue.

Example 1:

	$	$
Revenue		30,000
Less: Cost of Goods Sold *(For cosmetic and beauty products)*		
Opening Stock	10,000	
Purchases	5,000	
Closing Stock	(7,000)	
Cost of Goods Sold		8,000
Gross Profit/(Loss)		22,000

[1] Please refer to website at www.asc.gov.sg for more details

If you are a GST-registered person, the total purchases should exclude the GST paid on business purchases (i.e. input tax).

5.3 Allowable Business Expenses

Business expenses are allowed as tax deductions if they are wholly and exclusively incurred in the production of income. Private expenses and expenses on private cars are not deductible.

Expenditure on capital assets is not deductible. However, if the assets qualify as plants and machinery, capital allowances may be allowed. Some examples of allowable and disallowable expenses are:

Allowable Business Expenses	Disallowable Business Expenses
Employee / Staff Costs	
• Employees' salary, commission, bonus, allowances • Compulsory employer's CPF contributions • Retrenchment benefits • Insurance for employees • Employees' medical fees up to 1% of their total remuneration (2% if you as the employer are implementing either the Portable Medical Benefits Scheme or the Transferable Medical Insurance Scheme)	• Employer's CPF contributions above the statutory limit • Employees' medical fees exceeding 1% of their total remuneration (2% if you as the employer are implementing either the Portable Medical Benefits Scheme or the Transferable Medical Insurance Scheme) • Your own salary, bonus, allowances and Medisave/CPF contributions • Your own personal drawings, medical fees, income tax, insurance and donations
Basic Costs	
• Rent, utility and telephone charges for the business • Stationery and postage fees • Advertising costs • Upkeep of business premises, equipment and machinery • Cost of travelling on public transport in the course of business • Repair and maintenance of assets used for business • Capital allowances on fixed assets purchased for business use	• Private expenses such as food, household and entertainment expenses for yourself, family members and friends • Business start-up expenses such as licence fee, registration fee, signboard fee • Maintenance costs of private vehicles (E or S-plate cars) including ERP, petrol and parking • Cost of travelling to and from your house • Cost of fixed assets purchased for business use • Depreciation of fixed assets [2] • Renovation costs (except for qualifying expenditure which can be claimed under Section 14Q deduction)
Finance and Professional Costs	
• Interest on money borrowed for use in business • Hire purchase interest for qualifying assets • Accountancy fees • Legal fees incurred in recovering trade debts, renewal of leases	• Interest on loans obtained for private use • Repayment of loans • Legal fees and stamp duty on new lease agreement • Fines and penalties • Capital contributions or withdrawals

[2] You may claim capital allowance for these expenses. For more information, visit www.iras.gov.sg > Businesses > Companies > Working out Corporate Income Taxes > Claiming Allowances > Capital Allowances

If you are a GST-registered person, the total allowable business expenses should exclude the GST paid on business expenses (i.e. input tax).

5.4 Adjusted Profit/Loss

Adjusted Profit/Loss refers to gross profit/loss after deducting the allowable business expenses and any capital allowances claimed.

6. What are capital allowances?

The business owning qualifying fixed assets can claim an annual deduction in respect of the usage of the assets for business purposes. The amount incurred in purchasing these fixed assets is capital in nature, hence you are not allowed to claim the costs as expenses. However, you may claim capital allowances for the wear and tear of fixed assets purchased and used in the business.

If you are a GST-registered person, you have to exclude the GST paid on the assets purchased when computing the capital allowances.

7. How do I calculate capital allowances?

Below are the ways to calculate capital allowances for the beauty & wellness industry:

7.1 One Year Write-Off

The full cost of the asset will be claimed as capital allowance in one year. This is applicable to capital expenditure incurred in respect of computers, peripherals, fax machines and other automation equipment.

For fixed assets costing no more than $5,000 each, the claim for one year write-off of all such assets must be capped at $30,000 per year of assessment.

7.2 Three Years Write-Off

Generally, most of the fixed assets purchased would qualify for the three years write-off (except motor cars, motorcycles & light goods vehicles weighing 3,000 kilograms and below are excluded).

The full cost of the asset will be claimed as capital allowance over three years. Example 1: Purchased air-conditioner for $3,000 in the year 2020.

The capital allowance you can claim for each year is $1,000 ($3,000/3) as follows: -

Year of Assessment	Annual Allowance ($)
2021	1,000
2022	1,000
2023	1,000

As the cost of the air-conditioner has been fully claimed over 3 years, no annual allowance can be claimed from Year of Assessment 2024 onwards.

7.3 Write-Off over the Prescribed Working Life of the Asset

It is applicable for motor vehicles such as motorcycles, vans, pickups, trucks and lorries. Capital allowances are not applicable for private cars.

Under this method, capital allowance is granted over an asset's prescribed working life based on the Sixth Schedule of the Income Tax Act (e.g. the working life for motor vehicle is 6 years and that for motorcycle is 8 years).

In the year of purchase, you can claim an initial allowance of 20% of the cost of the asset. In the subsequent years, you can claim annual allowance, which is calculated by taking 80% of the cost and dividing it by the working life of the asset.

8 What if I bought assets on hire purchase?

You may still claim capital allowances on the cost of the asset you have bought under hire purchase terms. However, you should exclude the hire purchase interest when you calculate the capital allowance. Hire purchase interest should be claimed as an expense in the Profit and Loss Statement.

The following examples illustrate the 3 methods of calculating the capital allowances under hire purchase terms:

8.1 One Year Write-Off

The amount of capital allowance you can claim is 100% of the principal repayment made in the year.

Example 2: Purchased a computer for $3,000 in the year 2020 under the following hire purchase terms:

Cash price	:	$3,000	
Downpayment	:	$300	
Hire purchase interest	:	$600	
Hire purchase price	:	$3,600	
Amount for each instalment	:	$275	
Total number of instalments	:	12	
4 instalments paid in the 1st year	:	4 x $275	= $1,100
8 instalments paid in the 2nd year	:	8 x $275	= $2,200
Hire purchase interest paid in 1st year	:	$600/12 x 4	= $200
Hire purchase interest paid in 2nd year	:	$600/12 x 8	= $400

	Year of Assessment		
	2021	**2022**	**Total**
Downpayment	300	–	300
Add: Total instalments paid	1,100	2,200	3,300
Less: Hire-purchase interests	200	400	600
Annual Allowance	**1,200**	**1,800**	**3,000**

As the cost of the computer has been fully claimed in the first two years, no more capital allowances can be claimed from the Year of Assessment 2021 onwards.

8.2 Three Years Write-Off

The amount of capital allowance you can claim is calculated by dividing equally over 3 years the total principal repayments made in the year less hire purchase interest.

Example 3: Purchased air-conditioner for $3,000 in the year 2020 under the same hire purchase terms as Example 2 (i.e. $1,200 and $1,800 in Example 2) equally over three years as follows: -

	Year of Assessment				Total
	2021	2022	2023	2024	
Annual Allowance ($1,200/3)	400	400	400	–	1,200
Annual Allowance ($1,800/3)	–	600	600	600	1,800
Annual Allowance	**400**	**1,000**	**1,000**	**600**	**3,000**

9. What if I incur business losses?

If you incur business losses after deducting the allowable expenses and any capital allowances claimed, these business losses could be offset against your other income such as employment, interest, dividend and rental income in the same year.

If your other income is not enough to offset your business loss, you can carry forward the unabsorbed capital allowances and unabsorbed business losses to the following year to offset against income of that year. However, if your business ceases, you can only carry forward unabsorbed business losses but not unabsorbed capital allowances to the following year.

Current year unutilised trade losses and capital allowances can only be carried back for one Year of Assessment immediately preceding the Year of Assessment relating to the year in which trade loss was incurred or capital allowance granted. (Refer to the IRAS circular on 'Carry-Back Relief System' for more details.)

D. Medisave Contributions

1. Do I need to contribute to Medisave?

Medisave contributions are compulsory for all self-employed persons who are Singapore citizens or permanent residents. If you earn a net trade income of more than $6,000 a year, you have to contribute Medisave based on a specified percentage of your net trade income, subject to a maximum amount.

Net trade income refers to your gross trade income less all allowable business expenses, capital allowances and trade losses as determined by IRAS.

IRAS will send you a Notice of Computation (NOC) after assessing your actual income for the relevant Year of Assessment, to inform you of the amount of Medisave you need to contribute to Central Provident Fund (CPF). You may contact CPF Board on Medisave payment matters.

2. Can I claim Provident Fund relief for the Medisave contributions and voluntary CPF contributions made?

As a self-employed person, you may claim tax relief in respect of your compulsory and voluntary CPF contributions up to the total mandatory CPF contribution rate of your net business income assessed or the CPF relief cap for the year, whichever is lower. Please refer to the IRAS website for the rates and CPF relief cap.

We will allow the Provident Fund relief based on the date that you contributed to the CPF account. For example, CPF contributions made in year 2020 will be allowed for tax deduction in the Year of Assessment 2021. You need not make a claim in your Income Tax Return. The Provident Fund relief will be automatically allowed to you based on information given by the CPF Board.

E. Offences and Penalties

1. What if I did not keep proper records or keep incomplete records?

You may be liable on conviction to a fine not exceeding $1,000 and in default of payment of the $1,000, to imprisonment for a term not exceeding 6 months.

2. What if I failed to submit my return?

You may be liable on conviction to a fine not exceeding $1,000 and in default of payment to imprisonment for a term not exceeding 6 months.

3. What if I submit incorrect return without reasonable excuse?

For submission of incorrect return without reasonable excuse, you are liable on conviction to pay a penalty equal to double the amount of tax which has been undercharged and to pay a fine not exceeding $5,000, or to imprisonment for a term not exceeding 3 years, or both.

4. What if I willfully evade taxes or to assist any other person to evade tax?

If you willfully evade, or assist other persons to evade, you are liable on conviction to pay a penalty of 3 times the amount of tax evaded and to pay a fine not exceeding $10,000, or imprisonment for a term not exceeding 3 years, or both.

For serious fraudulent evasion cases, you are liable on conviction to pay a penalty of 4 times the amount of tax evaded and to pay a fine not exceeding $50,000, or imprisonment for a term not exceeding 5 years, or both.

F. IRAS' Voluntary Disclosure Programme

For voluntary disclosure of errors, IRAS will accord a reduction or waiver of the relevant penalties, if you have met the qualifying conditions under the IRAS' Voluntary Disclosure Programme (VDP). To qualify for IRAS' VDP, you need to submit a timely, accurate, complete and self-initiated voluntary disclosure. You must also:

a. Cooperate fully with IRAS to correct the errors made; and
b. Pay or make arrangements with IRAS to pay the additional taxes and penalties imposed (if any), and honour such arrangements till all payments are made.

When you come forward and voluntarily disclose past actions involving a willful intent to evade taxes, you may be accorded the treatment of having your offences compounded at a reduced penalty rate of 200% instead of being prosecuted. If you do not meet the qualifying conditions for IRAS' VDP, you may be charged in court for your tax evasion offences.

For more details, please refer to the e-Tax Guide on IRAS' Voluntary Disclosure Programme: www.iras.gov.sg > Businesses > Self-employed / Sole-proprietors / Partners > Getting It Right > Voluntary Disclosure of Errors for Reduced Penalties".

G. Contact Us

For voluntary disclosures
Email to: iit_compliance@iras.gov.sg

IRAS Website
https://www.iras.gov.sg

Chat Online with Us
Operating Hours:
Mondays to Fridays – 8am to 5pm, excluding Public Holidays

Helplines
Individual Income Tax & Property Tax: 1800-356 8300
Goods & Services Tax: 1800-356 8633
Operating Hours:
Mondays to Fridays - 8am to 5pm
Saturdays, Sundays and Public Holidays - Closed

Self-help using our 24 Hour Toll-Free Integrated Phone Services
Business Income Tax Integrated Phone Service: 1800-356 8300
Goods & Services Tax Integrated Phone Service: 1800-356 8633

Email Us
For added security, you may email us via myTax Mail in myTax Portal using your SingPass, IRAS Unique Account (IUA) or CorpPass.

Visit Us
Taxpayer & Business Service Centre
Main Lobby, Level One, Revenue House
55 Newton Road
Singapore 307987
(Located opposite Novena MRT Station)
Operating Hours:
Mondays to Fridays - 8am to 5pm
Saturdays – Our e-kiosks, located at the Self-Service Lobby, will be available on Saturdays for taxpayers who need to access our e-Services.
Sundays and Public Holidays - Closed
(Strictly by appointment basis only. Make your appointment online and at least two working days in advance.)

Details of Daily Transport Expenses **Appendix 1**

Name of Business / Taxpayer: ________________________________

Financial Year: ________________________________

Month: ________________________________

S/N	Date	Purpose of trip	Destination	Mode of transportation[3]	Person incurring expense (Name and Designation)	Amount
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
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26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
Total						

[3] Expenses incurred on private cars are disallowable expenses for income tax purposes

MONTHLY TRAVELLING EXPENSES RECORD **Appendix 2**

Name of Business: ______________________

Month: ____________

S/n	Date	Destination	Mode of Transport	Name and Designation of Person Incurring It	Reason for Expenditure	Duration	Amount ($)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
	Total						

MONTHLY ENTERTAINMENT EXPENSES RECORD **Appendix 3**

Name of Business: ______________________

Month: ____________

S/n	Date	Place of Entertainment	Name and Designation of Person(s) Entertained	Purpose	Name and Designation of Person Incurring It	Amount ($)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
	Total					

Details of Monthly Staff Remuneration Expenses **Appendix 4**

Name of Business / Taxpayer: ________________________________

Financial Year: ________________________________

Month: ________________________________

S/N	Name of employee[4]	Designation	Identification number	Remuneration	Employer CPF	SDL[5]	FWL[6]
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
Total							

[4] Business owners’ salaries are disallowable expenses for income tax purposes.
[5] SDL – Skills Development Levy
[6] FWL – Foreign Worker Levy

BUSINESS EXPENSES RECORD **Appendix 5**

Name of Business: ______________________________

Month: ____________________

Type of Expense	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Business Expenses												
Telephone charges												
Transport charges:												
- *MRT/Taxi/Bus*												
- *Hire of driver*												
Entertainment												
Salary/Wages/Fees for assistants/helpers												
Employer's CPF contributions for assistants/helpers												
Performance related expenses:												
- *Costumes*												
- *Makeup*												
- *Hairdressings*												
Other running expenses:												
Total												

FIXED ASSET SCHEDULE **Appendix 6**

Name of Business:______________________

Year end:_____________

Description	Date of Purchase	Cost of Assets (inclusive of GST)	Accumulated Depreciation			Net Book Value	Date of Sales	Sales Price	Profit/ (Loss) of Fixed Assets
			At Beginning of the Year	Depreciation Charged for the Year	At End of the Year				
		(A)			(B)	(A) - (B)			

STOCK / INVENTORY LIST **Appendix 7**

Name of Business: ______________________

Year end: ______________________

Stock / Inventory Description	Model No.	Stock / Inventory on Hand (A)	Unit Cost * ($) (B)	Stock / Inventory Balance ($) (A) X (B)

* You may use the **average cost method** to compute the unit cost of the stock

Example: to compute the cost of a particular model at year end,

Average cost = $\boxed{\dfrac{\text{cost of goods available for sale (opening stock + total purchases for the year)}}{\text{no. of units available for sale (opening stock + total purchases for the year)}}}$

Statement of Accounts

NAME OF BUSINESS / TAXPAYER: ______________________________

IDENTIFICATION NUMBER: ______________________________

NATURE OF BUSINESS: ______________________________

For Financial Year:

	$	$	
REVENUE (Total Sales / Income) *(Refer to Appendix 2 for daily business record template)*			Box 1
Cost of Goods Sold {Opening Trading Stock + Trading Stock Purchased (Refer to Appendix 3 for daily purchases record template) – Closing Trading Stock}			
GROSS PROFIT / LOSS {Revenue less Cost of Goods Sold}			Box 2
BUSINESS EXPENSES[7] *(Refer to Appendix 4 for monthly business record template)*			
Telephone charges			
Entertainment expenses			
Utility charges			
Rental			
Stationery			
Advertising			
Transport expenses *(Refer to Appendix 5 for daily business record template)*			
Staff remuneration expenses *(Refer to Appendix 6 for monthly business record template)*			
Other business expenses: *(Insert description of expense and corresponding amount below)*			
i) ______________________________			
ii) ______________________________			
iii) ______________________________			
iv) ______________________________			
Total Business Expenses			Box 3
NET PROFIT / (LOSS) {Box 2 less Box 3}			Box 4

Prepared by:

Name: ______________________________

Designation: ________________________

Date: ______________________________

Signature: __________________________

Certified correct by:

Name: ______________________________

Designation: ________________________

Date: ______________________________

Signature: __________________________

[7] Private and capital expenses (e.g. expenses incurred on private cars, business owners' salaries and private medical costs) are disallowable expenses for income tax purposes.

Balance Sheet* (Sample below is for a sole-proprietorship)
BALANCE SHEET AS AT DD MM 20XX

	$	$	$	
<u>ASSETS</u>				
NON-CURRENT				
Motor Vehicle				
Less: Accumulated Depreciation	X	XX		
Machinery	X			
Less: Accumulated Depreciation	X	XX	XXX	
			XXX	Box 1
CURRENT				
Trading Stock			XXX	
Trade Debtors			XXX	
Prepayments and Deposits			XXX	
Cash and Bank Balances			XXX	
			XXX	Box 2
TOTAL ASSETS {Box 1 plus Box 2}			**XXX**	Box 3
<u>LIABILITIES</u>				
NON-CURRENT LIABILITIES				
Long–Term Loans			XXX	
			XXX	Box 4
CURRENT LIABILITIES				
Trade Creditors			XXX	
Short-Term Loans			XXX	
			XXX	Box 5
TOTAL LIABILITIES {Box 4 plus Box 5}			**XXX**	Box 6
<u>PROPRIETOR'S FUNDS</u>				
Capital			XXX	
Retained Profits	X			
Current Year Profit	X	XX		
Less: Drawings		XX	XXX	
TOTAL PROPRIETOR'S FUNDS			**XXX**	Box 7
TOTAL LIABILITES AND PROPRIETOR'S FUNDS {Box 6 plus Box 7}			**XXX**	Box 8

Prepared by:

Name: ____________________________

Designation: ______________________

Date: _____________________________

Signature: ________________________

Certified correct by:

Name: ___________________________

Designation: _____________________

Date: ____________________________

Signature: _______________________

* In a correctly computed balance sheet, total assets should equal to total liabilities and proprietor’s funds. (i.e. Box 3 Should be equal to Box 8)