

Obligations of a Medical





Outline



Obligations as a Self-Employed Individual

Tax Filing Obligations of Companies

Your GST Obligations

Keeping Proper Records

Filing Income Tax Returns

Avoiding Common Errors for Income Tax & GST

Seeking Assistance

Penalties

IRAS' Voluntary
Disclosure Programme

When are you a Self-Employed?

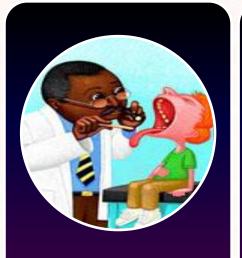




Trade



Business



Profession



Vocation

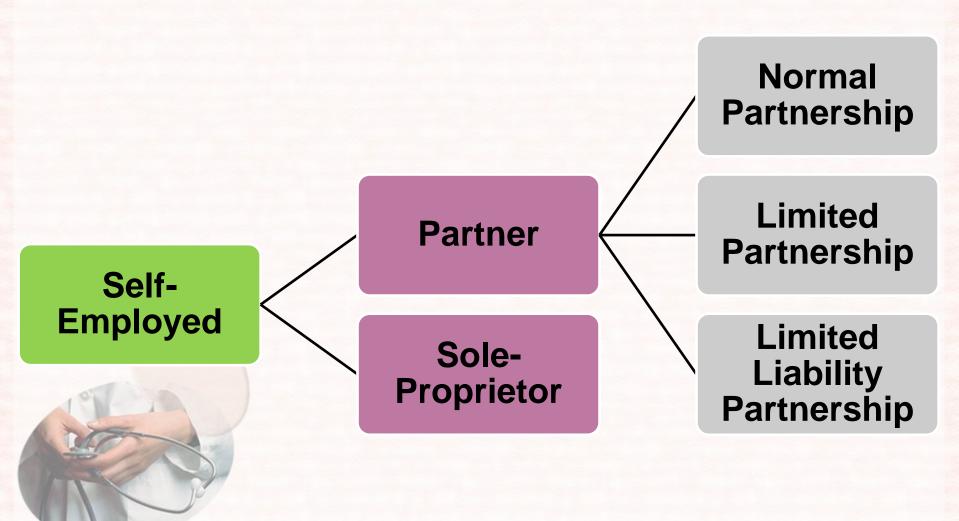
The Self-Employed Group







A medical practitioner can run his business as a:





Comply with Income Tax Law

Report a complete & accurate set of business income

Keep proper records & accounts for 5 years

File Form B / P on time

Register for GST if you meet the registration criteria



Medisave Contributions

Compulsory to contribute to Medisave if:



• IRAS will issue a Notice of Computation (NOC) to inform you of your medisave contributions.





Tax Filing Obligations of Companies



Company's Filing Obligations



		INLAND RE
	Estimated Chargeable Income (ECI)	Income Tax Return (Form C-S/ C)
When to file	e-File# within 3 months after end of financial year Waiver of ECI filing: You do not need to file ECI for a particular financial year if: • Annual revenue is not more than \$5 million; AND • ECI* is NIL * The ECI should be the amount before deducting the exempt amount under the Partial Tax Exemption Scheme or the Tax Exemption Scheme for New Start-Up Companies.	If you are filing Form C Submit a complete tax return comprising of the following: - Form C and appendix (Form IRIN 301) - audited/unaudited financial statements and detailed P/L - tax computation and supporting schedules - relevant forms (where applicable) If you are filing Form C-S NOT required to submit financial statements, tax computation and supporting schedules with Form C-S but still need to prepare and submit to IRAS upon request. e-File# Form C-S/ C by 15 Dec each year
Notification of filing requirement	Company will receive a reminder letter to e-File the ECI in the last month of the financial year	A Form C-S/C e-Filing notification letter will be sent to the company's registered address by April of each year
Failure to file	Estimated assessment may be raised^	 Estimated assessment may be raised^ Letter of Composition and/or Summons may be issued
If you are in a tax loss position	A NIL ECI (ECI = 0) is required unless the company has met the qualifying conditions for waiver of ECI filing	You are still required to submit an Income Tax Return (Form C-S/C)

To e-File the ECI and Form C-S/ C at myTax Portal, please ensure that the company has authorised its staff or a 3rd party (e.g. tax agent) in CorpPass. For assistance on CorpPass setup, please refer to our <u>step-by-step guides</u> (www.iras.gov.sg > e-Services > Businesses > Companies/ Tax Agents).

^ If you disagree with the estimated tax assessment, please lodge an objection within two months from the date of the Notice of Assessment with your reasons for not filing on time and grounds of objection.

Company's Filing Obligations



Qualifying Conditions for filing Form C-S for YA 2019:

Company:	Does not claim any of the following:			
 Is incorporated in Singapore Has an annual revenue* of 	Carry-back of Current Year Capital Allowances/Losses			
\$5 million or below	Group Relief			
 Derives only income taxable 	Investment Allowance			
at 17%	Foreign Tax Credit and			
	Tax Deducted at Source			

Note: Companies that do not meet the conditions have to submit to IRAS a full set of tax return comprising the Form C and appendix (Form IRIN 301), audited/unaudited financial statements and detailed P/L, tax computation and supporting schedules and relevant form where applicable (i.e. Section 19B declaration form for claiming writing-down allowances for intellectual property rights).



^{*} Revenue refers to the main income source of the company excluding separate source income such as interest.

New! Mandatory e-filing for Corporate Income Tax Returns (including Estimated Chargeable Income ("ECI") and Form C-S/ C

Mandatory e-filing of CIT returns will be implemented in stages as follows:

YA	Target group
2018	Companies with turnover of more than \$10m in YA 2017
2019	Companies with turnover of more than \$1m in YA 2018
2020	All companies

- Objective
- With the availability of e-Filing services, all companies can benefit from reduced compliance costs and productivity gains while enjoying the convenience of going paperless.
- Allows for more cost effective delivery of public services
- Aligned with Smart Nation Vision to harness technology to enhance productivity
 - You may access the following links for information to guide you through the e-Filing process:
 - www.iras.gov.sg> e-Services> Businesses> Companies
 - www.iras.gov.sg> Businesses> Companies > Filing Taxes (Form C-S/C) > Guidance on completing Form C-S/C





Objective: To ease business costs and support restructuring among companies

Current Treatment

YA 2019: 20% CIT Rebate capped at \$10,000

☐ Companies need not factor in the CIT Rebate when filing their Estimated Chargeable Income (ECI) and Income Tax Returns (Form C-S/C) as the rebate will be computed by IRAS automatically



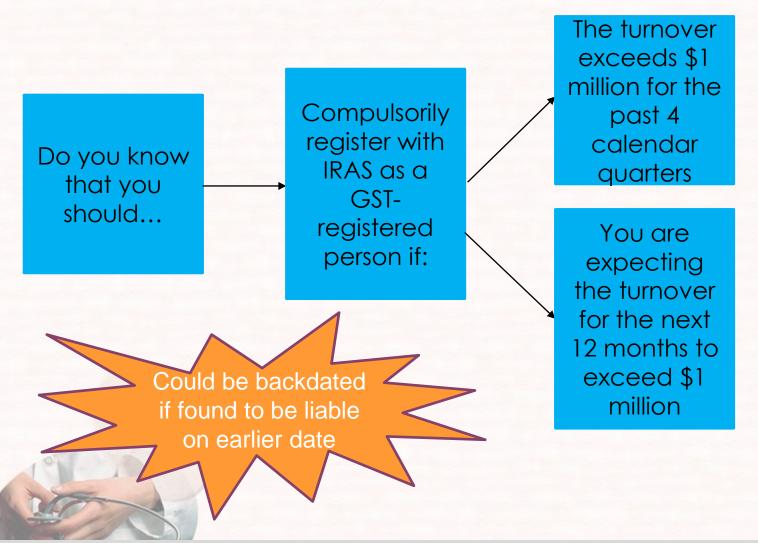


Your GST Obligations



Your GST Obligations





For GST registration changes requirement after 1.1.2019, please refer to IRAS website at: https://www.iras.gov.sg/IRASHome/GST/Non-GST-registered-businesses/Registering-for-GST/Do-I-Need-to-Register-for-GST

Your GST Obligations



	Sole Proprietor (individual)	Partnership	Company (eg. Pte Ltd)
How to compute business turnover?	Combine the turnover of: • all your sole-proprietorship businesses, and • income derived from trade, vocation or profession	Combine turnover of all partnership businesses with the same composition of partners.	Compute turnover of that single company.
How will the business be registered for GST?	GST registration will be in the name of the sole-proprietor (i.e. your name).	GST registration will be in the name of the respective partnership businesses.	GST registration will be in the name of your company







Type of Records

INLAND REVENUE AUTHORITY OF SINGAPORE

Examples:

- Receipts, invoices or vouchers issued/ received
- Delivery notes
- Credit/ debit notes
- Import/ export documents
- Bank statements

Source Documents

Type of Records

Accounting Records & Schedules

Any other records relating to business

Examples:

- Business contracts
- Notes of Board Meeting/ Audit Committee Meeting

Examples:

- General ledger
- · Debtors and creditors ledgers
- Purchase and sales books
- Cash books and other account books
- Sales listings/ records of daily takings
- Financial statements (e.g. Balance Sheet, Profit & Loss Statement)



Hmmm... I wonder what kind of business records do I need to keep??

A record of receipts and payments, or income and expenditure

Source documents substantiating entries in your records e.g. vouchers, invoices, receipts



A record of the assets and liabilities of your business, including listings of your business debtors, creditors and cash/bank account balances

Any other records related to your business (e.g. stock on hand)



For professional fees received

You need to issue serially printed receipts However, you need not issue serially printed receipts if you input all professional fees from services provided into an accounting software and invoices generated for all income transactions and a duplicate retained

For GST-registered business, to issue tax invoices as required by GST legislation





Purchases and Expenses

To obtain invoices/ receipts when paying for purchases or expenses. Good practice to arrange such payment through the business bank account.

- When receipt is not issued, to prepare payment voucher with acknowledgement.
- To also maintain purchase/expense record book with details.

- Cash receipts to be retained even though the amount is small.
- To provide description if receipt does not indicate items bought

- For GST registered businesses, to maintain proper tax invoices as required.
- To refer to GST etax guide.



Assets

Stocks

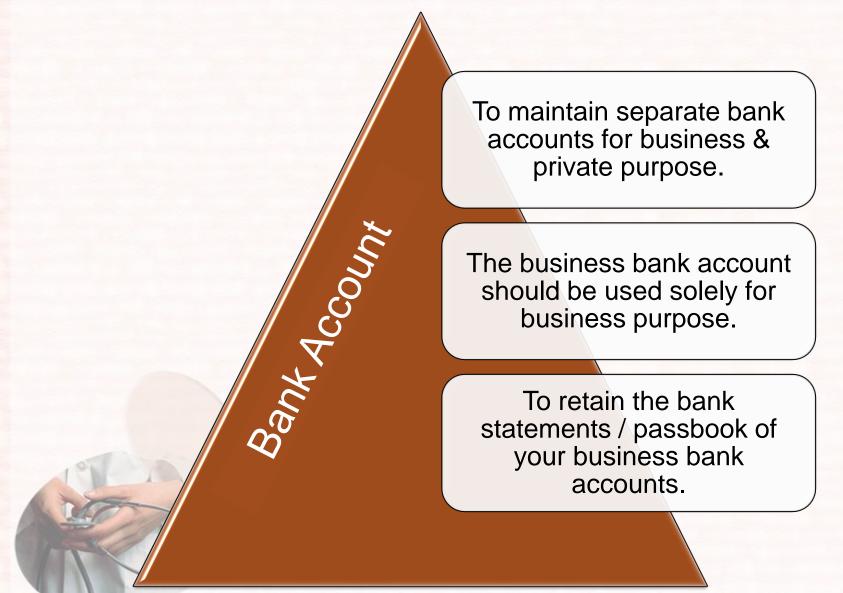
Need to prepare a fixed asset schedule at the time the asset is purchased or when the business is started.

The asset cost is capital in nature & not tax deductible. However, you may claim capital allowances.

Refers to anything purchased for the purpose of sale such as drugs & medicine

Encouraged to carry out a physical stock count at the end of the accounting year.







How to Keep Records?

Manual Records

Recording your business transactions in a physical form

Electronic Records

Through the use of a computer and/or accounting software

Source documents must be kept to substantiate the business transactions



INLAND REVENU AUTHORITY OF SINGAPORE

Why Keep Records?

Good record keeping practice is an important part of your business



Better internal control of your business



An essential source of evidence to detect business losses, internal fraud & theft



Reduces cost & effort during collation of information

Under the Income Tax Act, you are required to keep the business records for at least 5 years with effect from 1 Jan 2007



Source Documents			Category of taxpayers for Record Keeping Requirements		
Record Type	Item No	Documents Required	GST-Registered Businesses	Non-GST Registered Businesses	
	1	Serially numbered receipts issued or cash register tapes or invoices issued	✓	√	
	2	Tax invoice/simplified tax invoice issued	✓		
NCOME RECORDS	3	Rental Agreement signed by both landlord and tenant	✓	✓	
ecords of each sales	4	Books to record goods taken for private usage	✓	✓	
transaction)	5	Credit notes for returned goods	✓	✓	
	6	Documents relating to exports	✓	✓	
	7	Evidence that payment have been received (e.g. bank statement)	✓		
	8	Invoice received or Receipt received	✓	✓	
BUSINESS EXPENSE RECORDS (Records of each	9	Payment made to individuals/companies for services rendered and the relevant contracts/agreements on the provision of services	✓	√	
business expense transaction)	10	Payment vouchers for staff remuneration	✓	✓	
	11	Employer's CPF contributions	✓	✓	
	12	Payment evidence (e.g. bank statement)	✓		
PURCHASE RECORDS (Records of each purchase transaction)	13	Tax invoices received, Invoices received or Receipt received	✓	✓	
	14	Documents relating to imports	✓	✓	
	15	Payment evidence (e.g. bank statement)	✓		
OTHER RECORDS FOR GST PURPOSES)	16	Business goods which were put to non-business use	√		
	17	Disposals of business goods, whether or not for a consideration	✓		
	18	Removal of goods from customs-licensed warehouse	✓		



ACCOUNTING RECORDS AND SCHEDULES			Category of taxpayers for Record Keeping Requirements		
Record Type Item No		Documents Required	GST-Registered Businesses	Non-GST Registered Businesses	
1		Stock List	✓	✓	
	2	Sales Record Book/ Sales Listing	✓	✓	
	3	Purchase Record Book/ Purchase Listing	✓	✓	
ACCOUNTING RECORDS AND	4	General Ledgers	✓	✓	
SCHEDULES	5	Balance Sheet, Profit and Loss Statement	✓	✓	
	6	GST account summary of input and output tax, including GST refunded to tourists	✓		
ANK STATEMENT	7	Bank statements; with separate bank accounts for personal and business purposes	√	✓ (Recommended)	
Record Type	Item No	Documents Recommended	GST-Registered Businesses	Non-GST Registered Businesses	
	1	Detailed schedules of Public Transport expenses	✓	√	
ACCOUNTING RECORDS AND SCHEDULES	2	Detailed schedules of Travelling expenses	✓	✓	
	3	Detailed schedules of Entertainment expenses	✓	1	
	4	Fixed Asset Schedules	✓	✓	
	5	Records of Capital Allowances	✓	✓	

Note: The "required records" are mandatory records that businesses **must** keep for tax purposes. The "recommended records" are records that the businesses are **advised** to keep as good practices, and these should be available, or able to reproduce upon request by the Comptroller of Income Tax or/ GST



Simplified Record Keeping (SRK)

Introduced on 1 Jan 2014

Assist small businesses to make record keeping easier

Small businesses* that qualify only need to keep business records (register, listing) and not source documents

* Terms and conditions apply



Conditions for SRK at a glance

Annual Revenue ≤ \$200,000 for past 2 FY

Business assets < \$100,000 at end of latest FY

Conditions

Must <u>not</u> be investment holding or property development business

Business is a soleproprietorship or partnership that is not GST-registered



Set up good filing system for your paperwork from the start of your business

Make sure records can be understood by anyone

Obtain the necessary source documents at time of transaction

Enter transactions accurately & regularly to keep records up to date

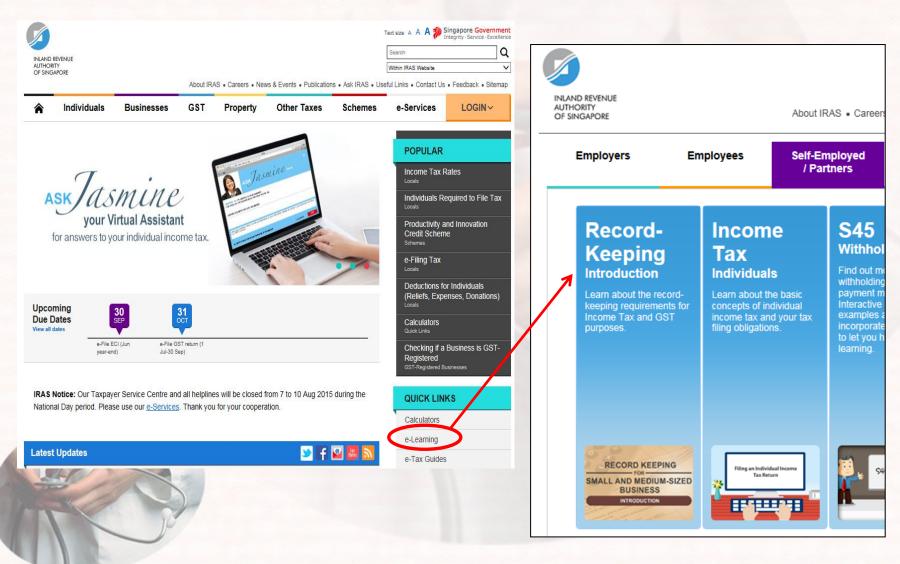
Record business expenses separately from personal expenses





INLAND REVENUE AUTHORITY OF SINGAPORE

e-Learning on Record Keeping





More Information

Visit <u>www.iras.gov.sg</u> > Businesses > Self-employed / Sole-proprietors / Partners > Learning the Basics > Keeping Proper Records and Accounts

To gauge the effectiveness of your record keeping: From the link above, go to "Record Keeping Self-Assessment Toolkit"









You will need to report your business income in a summarised 2 or 4-line statement in your Form B or Form P





REVENUE

< or = \$200,000

2-Line Statement

1st line - Revenue

2nd line - Adjusted Profit/Loss

REVENUE

>\$200,000 but < \$500,000

4-Line Statement

1st line - Revenue

2nd line - Gross Profit/Loss

3rd line - Allowable Business Expenses

4th line - Adjusted Profit/Loss

REVENUE

> or = \$500,000

4-Line Statement +
Submit <u>certified</u>
Statement of
Accounts

(i.e. Trading, Profit & Loss Account and Balance Sheet)

To be signed by the sole-proprietor / precedent partner certifying that accounts are true and correct



The 4-Line Statement

A		_				
		R	Δ	n	П	Δ
	_		C V		u	C

Total payments/fees received or receivable for services provided before deducting any expenses.

2. Gross Profit / Loss

Amount of revenue after deducting cost of goods sold. Same as revenue if business does not involve sale of goods.

Allowable Business Expenses

Expenses incurred in the course of business that is allowable under S14 and not prohibited under S15 of the ITA

4. Adjusted Profit / Loss

Gross Profit - Allowable Business Expenses



Allowable Expenses

Must be related to your business



Must be incurred during the production of income

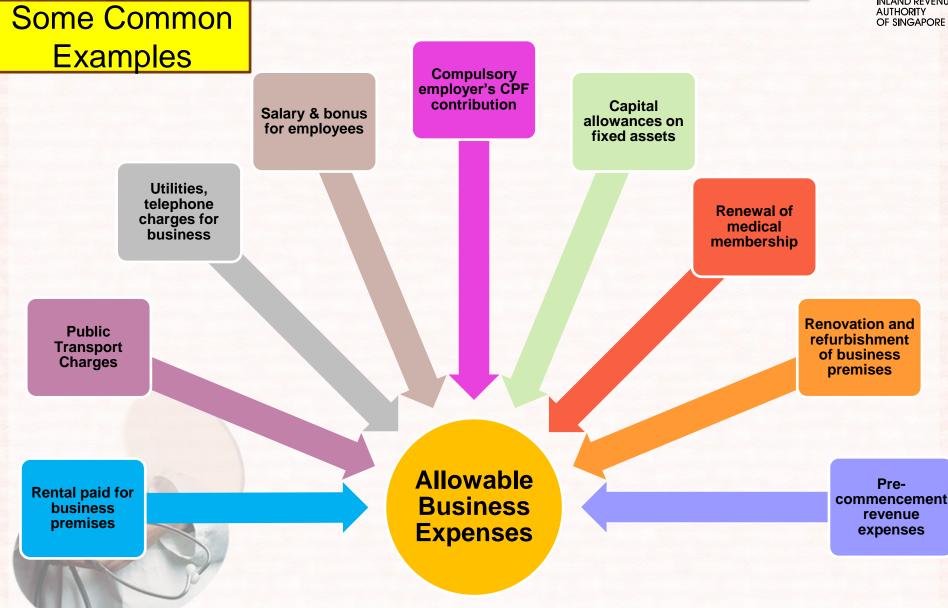


ALLOWABLE EXPENSES



Allowed by tax law







Calculating Capital Allowance

One-year write-off	3-year write-off	Write-off over working life of asset
 Computers and automation equipments Assets costing not more than \$1,000 (\$5,000 with effect from Year of Assessment 2013) Capped at \$30,000 per Year of Assessment 	All assets	 Q-plate cars (COE issued before 1 Apr 1998) Vans Pick-ups Trucks Buses Lorries Office equipment Furniture



Renovation & Refurbishment of Business Premises (R&R Cost)

Objectives: To help businesses, particularly SMEs, reduce their business costs, tax deduction will be granted on all qualifying renovation & refurbishment costs incurred.

The amount of renovation and refurbishment costs that will qualify for tax deduction is subject to an expenditure cap of \$300,000 (with effect from Year of Assessment 2013) for each taxpayer over every relevant 3-year period.



Example	es of Qua	ılifying	R&R	cost

General electrical installation and wiring to supply electricity

General lighting

Hot/cold water system (pipes, water tanks, etc)

Gas system

Kitchen fittings (sinks, pipes, etc)

Sanitary fittings (toilet bowls, urinals, plumbing, toilet cubicles, vanity tops, wash basins, etc)

Doors, gates and roller shutters (manual or automated)

Fixed partitions (glass or otherwise)

Wall coverings (such as paint, wall-paper, etc)

Floorings (marble, tiles, laminated wood, parquet, etc)

False ceilings and cornices

Ornamental features or decorations that are not fine art (mirrors, drawings, pictures, decorative columns, etc)

Canopies or awnings (retractable or non-retractable)

Windows (including the grilles. etc)

Fitting rooms in retail outlets



Enhancement to Concession for Enterprise Development

Expenses incurred <u>before</u> the start of business operation are <u>not allowable</u> as they are <u>not incurred in the production</u> of income.

Introduction of Concessionary Treatment:

With the current concession, <u>revenue expenses</u> incurred one accounting year <u>before</u> the *<u>deemed Date of</u> <u>Commencement (DOC)</u> are deductible.

* The first day of the accounting year in which a business earns its first dollar of business receipt. This is different from the date of incorporation of business.

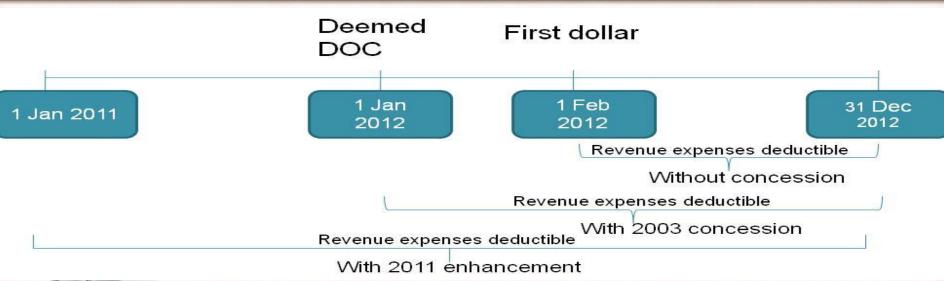


Enhancement to Concession for Enterprise Development

2011 Enhancement to Concession

- Revenue expenses incurred in one accounting year <u>before</u> the deemed Date of Commencement are deductible
- Expenses treated as incurred on the deemed date of commencement
- Deductible against business income derived during basis period in which the business derives its first dollar of business receipt

With effect from Year of Assessment 2012





Enhancement to Concession for Enterprise Development

Example:

Mr Lim registered a medical clinic on 1 Dec 2013 to carry on a business. Its accounting year ends on 31 Dec. The business earned its first dollar of business receipt on 5 Feb 2015. It incurred revenue expenses such as rental expenses, utilities, etc on:

- (i) 15 Dec 2013
- (ii) 1 March 2014

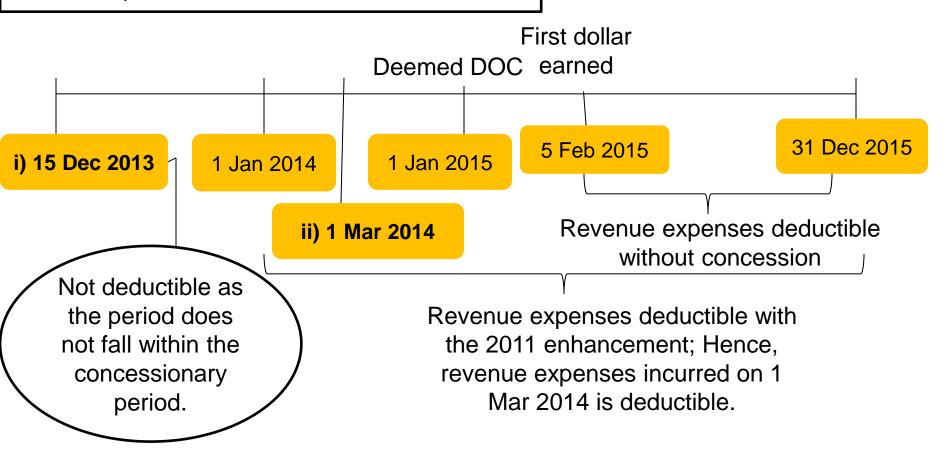




Enhancement to Concession for Enterprise Development

With Effect from Year of Assessment 2012

Revenue expenses incurred 15 Dec 2013 / 1 Mar 2014



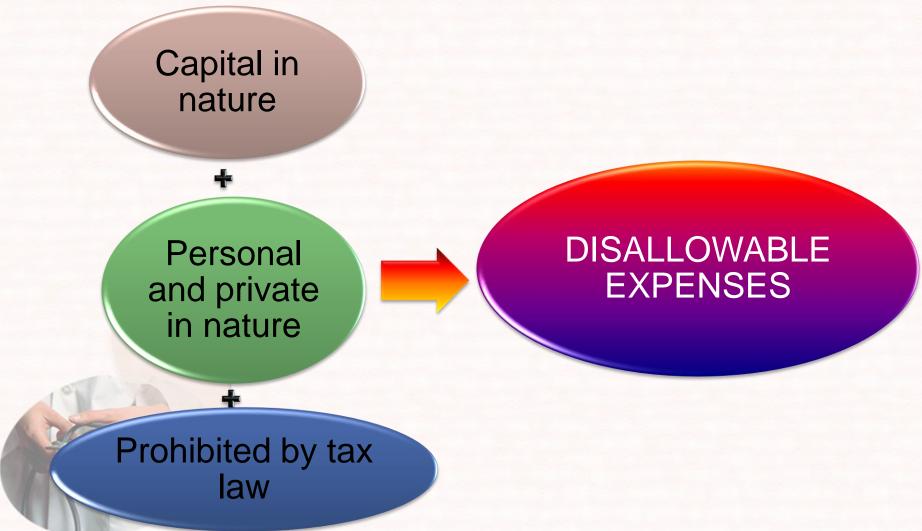


Enhancement to Concession for Enterprise Development

More details on this concession can be found in our website by following this pathway: www.iras.gov.sg > Businesses > Self Employed / Sole Proprietors / Partners > Working Out Your Taxes > Deductions for Self-Employed / Partners (Reliefs, Expenses, Donations > Deductions for Sole-Proprietors, Self-Employed Individuals or Partners in a Partnership > Expenses incurred before commencement of business



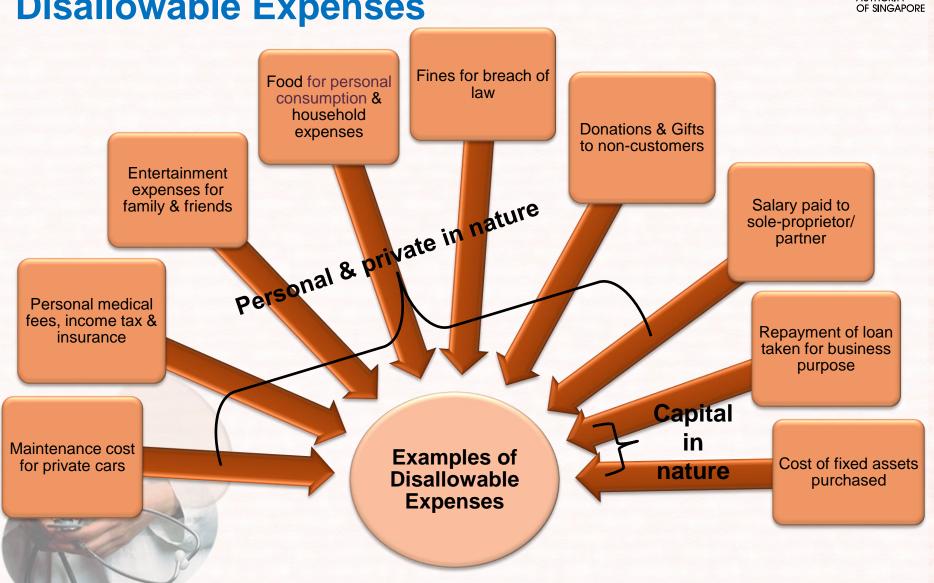
Disallowable Expenses





AUTHORITY

Disallowable Expenses





Avoiding Common Errors for Income Tax & GST





Understatement of Income

Errors Correct way

Gross consultation fees / sales of medicine not reported in full

Maintain proper record of all fees / revenue received



Understatement of Income

Errors Correct way

Locum income received but not reported by the locums

Payer: To issue statement to locums & remind recipients to declare the income in their returns



	•
Errors	Correct way
There are instances whereby lab/x-ray tests need to be carried out. Sometimes, medical practitioners liaise with third parties to carry out such test. Mistakes are being made in declaring the fees collected for these tests: (i) Such fees charged are not being reported as revenue by the medical practitioners. There is a general misconception that it need not be reported as they are passed on to the third parties and hence, no profit is made; (ii) Only the profit made between the marked-up fees and the fees paid to the third parties is recorded as revenue.	To record the gross revenue of such fees collected under turnover regardless of whether a profit is made or not; At the same time, you may claim deduction on such related expense paid to the third parties.
Convigat @ IDAS 201	C All Dights Decembed



Errors	Correct way	
- Private & domestic expenses claimed as business expense;	To claim only expenses incurred for your business	
- Expenses in respect of private-plated cars (E or S-plate cars) are being claimed;	These expenses are not deductible even it is incurred for business purpose;	
 Unsubstantiated Claims of payments to related parties or suppliers (E.g. Paying family members who are hired to help out with the business large amounts of salary instead of reasonable amounts as compared to the salary of full-time employees) 	Claim expenses incurred for your business based on actual amounts instead of disproportionate amounts.	



Errors	Correct way
 Failing to keep and retain sufficient records for IRAS to ascertain income & allowable business expenses; Misconception that records can be discarded once a Notice of Assessment is received (Please note that the records should be retained for the requisite period whether or not an assessment has been raised) 	 To retain business records for 5 years; The Comptroller may request for these documents in the course of audits; Please note that the records should be retained for the requisite period whether or not an assessment has been raised



Errors	Correct way
GST registered traders claiming GST expense in the profit & loss account: - GST input tax / output tax should have been accounted for during the quarterly GST reporting in the GST returns; - GST input tax (on purchases / expenses) should not be claimed as a business expense.	 Exclude GST input tax from the purchases / expenses claims if your business is GST-registered; Exclude the GST collected from customers (i.e. output tax) from the sales

Common Errors to Avoid (GST)



Understatement of Supplies

Errors	Correct way
Failure to charge and/or account GST on: - All services & goods provided; - Sale and disposal of business assets; - Free gifts given away; - Fringe benefits to staff; - Recovery of expenses from another company	Review all your transactions to see if they amount to taxable supplies

Common Errors to Avoid (GST)



Incorrect Input Tax Claims

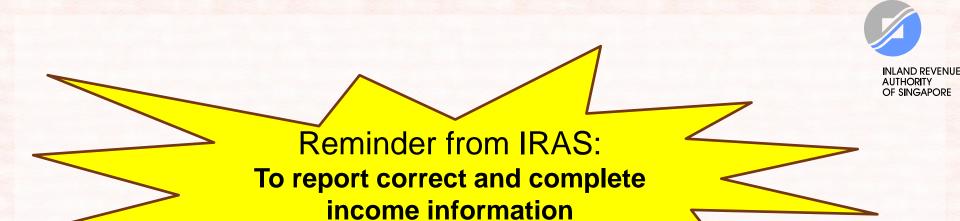
Errors	Correct way
 You are not the recipient of the goods/ services (i.e. tax invoices not addressed to you); GST incurred on private expenses GST incurred is not for the making of your taxable supplies; GST incurred are disallowed under Reg 26 and 27 of the GST (General) Regulations 	Review all your input tax claims to ensure that they satisfy the input tax claim conditions

Common Errors to Avoid (GST)



Disallowed Input Tax Claims under Reg 26 and 27

3.113.31 1 to 9 _ 3.113 1		
Errors	Correct way	
 Club subscription fees; Medical expenses and medical and accident insurance premiums; Family benefits; Cost & running expenses of motor cars; Transactions involving betting, sweepstakes, lotteries, fruit machines or games of chance 	Do not claim the input tax on the expenses specifically disallowed	



All businesses to keep proper records and accounts of all their transactions;

Businesses must keep their records up-to-date and ensure that the records support their income tax and/or GST declarations.



Seeking Assistance



Seeking Assistance



Service Details	Contact
Self help (Record keeping guide)	http://www.iras.gov.sg > Businesses > Self-Employed / Sole-Proprietors / Partners > Learning the Basics > Keeping Proper Records and Accounts > Guides on Record Keeping > Record Keeping Guide for GST/Non-GST registered businesses
Email	myTax Mail (a secure email system where you are required to log in using SingPass or IRAS PIN) https://mytax.iras.gov.sg taxqueries@iras.gov.sg
Income Tax Integrated Phone Service	1800-356 8300 Operating Hours: Mondays to Fridays, 8am to 5pm
Goods & Services Tax Integrated Phone Service	1800-356 8633
Service Experience Centre	1st Storey, Revenue House 55 Newton Road, Singapore 307987 (Located opposite Novena MRT Station) To visit us, please make an appointment (via our website) at least two working days in advance.



Penalties



Penalties



Penalties may be imposed for the following offences:

- No proper record keeping
- Failure to submit income tax return
- Furnishing an incorrect return
- Tax evasion

Penalty varies from a fine to imprisonment depending on the nature and severity of offence.





IRAS' Voluntary Disclosure Programme



Voluntary Disclosure



IRAS' <u>Voluntary Disclosure Programme</u> help taxpayers to come forward to disclose errors or omissions made

Timely voluntary disclosures made within a grace period of 1 year from statutory filing date

Voluntary disclosures made after grace period



Reduced penalty of 5% p.a. for Income Tax

Voluntary Disclosure



For cases already under IRAS's query, audit or investigation, taxpayers' disclosure must **NOT** be under the scope of query, audit or investigation

Cooperation received from taxpayers to correct mistakes made in the past returns

Disclosures
must be made
BEFORE IRAS's
commencement
of audit /
investigation or
letter of query
relating to his
assessment

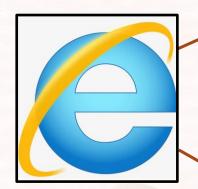
Qualifying Conditions



Voluntary Disclosure



www.iras.gov.sg > About Us >
Taxes in Singapore > Helping and
Encouraging Compliance > IRAS'
Voluntary Disclosure Programme



Email:

iit_compliance@iras.gov.sg





THANK YOU

This information aims to provide a better general understanding of IRAS' practices and is not intended to comprehensively address all possible tax issues that may arise.

This information is correct as at 30/12/2020. While every effort has been made to ensure that this information is consistent with existing law and practice, should there be any changes, IRAS reserves the right to vary our position accordingly.