

A Simpler Income Tax Filing Process for Small Companies

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Companies with an annual turnover of \$1 million and below will be able to file their income tax returns using a simplified tax form (Form C-S) which is a mere three-page annual exercise compared to the usual seven-page form (Form C), comprising five main pages and a two-page appendix.

As part of the push for simplification and to facilitate compliance, the Inland Revenue Authority of Singapore (IRAS) launched Form C-S for small corporations, which takes effect from the Year of Assessment 2012.

The Singapore Institute of Accredited Tax Professionals, together with the IRAS as well as the Tax Academy of Singapore, organised a series of three full-house briefings at the start of the year to SMEs and tax agents on this milestone development.

This new process is definitely aligned with the Government's goal towards a more efficient and productive nation. It is an ongoing effort by IRAS to reduce the time spent on tax filing process by tax professionals in the corporate sector that will yield productivity gains in both the private and public sectors.

In designing Form C-S, feedback from various companies, tax agents and industry stakeholders were taken into consideration. How then is Form C-S different from the usual Form C?

A Move Towards Electronic Filing

Whilst Form C-S will be available electronically as well as in printed version, eligible companies are encouraged to leverage on the electronic filing option. To enhance the convenience and the ease of small corporations and tax agents, user-friendly features have been included in the electronic Form C-S. Such features include built-in formulas that auto-calculate certain input figures. Such built-in automation boosts efficiency and minimises computation errors.

In addition, small corporations and tax agents will also have the flexibility to save draft return and come back to it at a later time.

Eligibility for Form C-S

Only companies that meet the following conditions can file the Form C-S:

- The Company is a Singapore-incorporated company;
- The Company has an annual revenue of S\$1 million or below;
- The Company derives only income taxable at the prevailing corporate tax rate of 17%; and
- The Company is not claiming any of the following:
 - Carry-back of current year capital allowances or losses;
 - Group relief;
 - Investment allowance;
 - Research and development tax allowance; and
 - Foreign tax credit.

Companies receiving foreign source income but not claiming foreign tax credit can also qualify to file the Form C-S.

Revenue refers to the main income source of the company. For example, a company with trading revenue of S\$500,000 and separate source income exceeding S\$1 million can qualify to file Form C-S since its trading revenue (i.e. main income source) is below S\$1 million.

To top off the hat trick of benefits of filing Form C-S electronically, there is also the *iHelp* facility. *iHelp* function refers to an “i” icon that appears at the end of each input data item. The “i” icon provides a brief description on how to complete the specific input data item so that companies can avoid entering incorrect figures.

In addition, as an icing on the cake for small corporations and tax agents, the filing due date for the electronic Form C-S is also extended to 15 December, from the usual 30 November deadline. The 30 November due date will continue to apply for companies filing the printed paper Form C-S.

Benefits of e-filing of Form C-S

- Reduce compliance costs of companies
- 15-day extension to e-file Form C-S
- Faster and easier to complete as it has substantially fewer line items than Form C
 - Built-in formulas to aid completion and minimise computation errors
 - New *iHelp* facility
- Draft returns can be saved in the portal
- Instant acknowledgement of successful submission

A Reduction in Number of Data Items

Regardless of electronic or printed versions, Form C-S substantially reduces the number of input data items from the current 118 (in Form C) to 49 (for the printed Form C-S) or 42 (for electronic Form C-S). This substantially reduces the number of pages from the usual seven (for Form C) to three pages (for Form C-S).

A Waiver of Supporting Documents

To further reduce the reporting burden of small corporations and agents, companies that file Form C-S will not be required to submit their financial statements, tax computations and supporting schedules. Such documents must still be retained by the companies in the event that IRAS requests for them.

Equipped for Change: Points to Note

Different Filing Packages

Companies would have received their filing packages for the Year of Assessment 2012 in April 2012. There are three different filing packages this year, namely, the Form C-S e-filing package, Form C-S paper package and Form C package.

Generally, the Form C-S e-filing package would have been sent to companies that had met the above qualifying conditions in the previous year and are GST-registered or had previously e-filed their Forms C or estimated chargeable income (ECI). The package included a step-by-step guide on how to e-file. No Form C or paper Form C-S will be issued.

Newly incorporated companies or companies that met the above qualifying conditions in prior year and are neither GST-registered nor e-filed the Form C or ECI previously would have received the Form C-S paper package. This package comprises an invitation letter to file Form C-S, paper Form C-S and Form C-S's e-filing brochure. These companies can e-file Form C-S at *myTax Portal* if they would like to do so.

The remaining companies that did not meet the above qualifying conditions in prior year would have received the usual Form C package.

Companies which do not qualify for Form C-S can download the Form C from IRAS' website. Likewise, companies that qualify for Form C-S can e-file their Forms C-S at *myTax Portal* or download Form C-S from IRAS' website and submit the hard copies of Forms C-S to IRAS.

Authorisation of Employees/ Tax Agents to E-file Form C-S

Companies that are keen to e-file their simplified tax forms should bear in mind that their employees or tax agents have to be authorised via the e-Services Authorisation System (EASY) in order to access the e-Services via *myTax Portal* and e-file Form C-S on behalf of their companies. The step-by-step user guides on EASY are available [here](#).

To log into EASY, companies are required to enter the access code, which is a unique 8-digit alphanumeric password issued to each company. Only one access code will be issued to a company at any time and the existing access code will be invalidated once a new access code is issued.

Companies may request for a new access code by completing the access code application form available [here](#) and submit it to IRAS. The access code will be mailed to the company's registered address in IRAS' record, within 4 working days.

To facilitate the EASY authorisation for tax agents, tax agents may submit a list of their clients with no access codes to IRAS by completing the [application form online](#). Upon receipt, IRAS will process and issue the access codes to their clients' registered address in IRAS' record within 4 working days.

Entering Amount of Approved Donations in Forms C-S

IRAS has highlighted that deduction for approved donations will be auto included with effect from 1 January 2011. Thus, companies with financial year which began on or after 1 January 2011 do not need to claim approved donations for the Year of Assessment 2012 and these companies should enter "0" as approved donations in their Forms C-S. Otherwise, companies should make claim for the approved donations in their Forms C-S.

ECI Filing Waiver for Companies with Turnover Not Exceeding \$1 Million

Currently, all companies have to report their ECI within 3 months of the end of their financial year end. Companies without any taxable profit and have no ECI are also required to do so. Moving ahead, IRAS intends to waive the compliance requirement for small companies with turnover not exceeding \$1 million and with no ECI. The waiver will take effect from Year of Assessment 2013 for companies with accounting year ending October 2012 or after.

Looking ahead

For those who had missed the earlier briefings and are reading this with excitement, look out for the small group hands-on e-filing workshops in the upcoming months. The initial runs of these workshops will be exclusive to accredited tax professionals from the Singapore Institute of Accredited Tax Professionals.

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