

# Tax Governance & Tax Risk Management

May 2024

Initiatives	Tax type covered		Independent Reviewer required
	Corporate income tax (including withholding tax)	Goods and Services Tax ("GST")	
Tax Governance Framework ("TGF")	✓	✓	
Tax Risk Management and Control Framework for Corporate Income Tax ("CTRM")	✓		✓
GST Assisted Compliance Assurance Programme ("ACAP")		✓	✓

## TGF

### Introduction to the TGF

The TGF demonstrates that a company has good tax governance and risk management. Companies are to commit to the following three 'building blocks':

- Complying with tax laws and regulations
- Having in place a governance structure for managing tax risks
- Supporting a collaborative and transparent relationship with the tax authorities

### Participating in the TGF

The TGF can be applied for by any company. Companies applying for the TGF status are to publish their tax governance policy on their website or in their publicly-accessible annual report, and to submit a declaration to the IRAS.

Once approved, there is no expiry date as long as the tax governance policy remains publicly available and the company continues to adhere to the TGF.

### Benefits of the TGF

Companies that adopt the TGF are given a 2-year grace period for voluntary disclosure of corporate income tax, withholding tax and GST errors made within 2 years of IRAS's approval of the TGF application. For companies accorded with ACAP status, the grace period in respect of GST errors is 3 years.

### How Baker Tilly can assist

We can work with you to design your TGF or review your current TGF for enhancements and guide your company through the TGF application process.

## CTRM

### Introduction to the CTRM

Under the CTRM, a company will review its governance structure, entity-level controls and tax reporting controls to demonstrate that it has put in place adequate and effective controls and processes to manage its corporate income tax ("CIT") and withholding tax ("WHT") risks.

If the IRAS is satisfied that the CIT and WHT compliance risk is low, the company will be awarded the CTRM status, which is effective for 3 years and renewable.

### Participating in the CTRM

CTRM is targeted at large companies with complex structures and business models. Here are the qualifying pre-requisites:

- Meet the 60% benchmark of the key controls as listed in the IRAS's CTRM self-review checklist
- Have an unqualified statutory auditor's opinion for the last 3 years' financial statements
- Is not currently under CIT audit
- Has good compliance/payment records with the IRAS
- Appoint a qualified CTRM Reviewer to conduct the review

### Benefits of the CTRM

Companies which are awarded the CTRM status will be regarded as being generally tax compliant, and enjoy the following:

- One-time waiver of penalties for voluntary disclosure of prior years' CIT and WHT errors
- Step-down on CIT compliance audit by the IRAS

### How Baker Tilly can assist

We can assist with the design of the CTRM framework or review your current CTRM framework for enhancements.

Baker Tilly is an approved CTRM Reviewer. We can assist with both the CTRM application and the CTRM renewal process.

We can also assist with the quantification of CIT and WHT errors for the purpose of voluntary disclosure to the IRAS.

## ACAP

### Introduction to the ACAP

The ACAP is a compliance initiative introduced for businesses to undertake a holistic risk-based review on the robustness and effectiveness of their internal controls to manage the GST risk and enhance their GST compliance capability.

Under the ACAP, companies must demonstrate that the GST controls established at all three levels (i.e., Entity, Transaction and GST reporting) are working effectively, based on the findings of the ACAP Reviewer.

If the IRAS is satisfied that the GST Controls at all three levels are working well in managing GST risks and ensuring continual GST compliance and Companies attain certain benchmarks in the level of controls, Companies will be accorded either:

- 'ACAP Premium' status (for 5 years) or
- 'ACAP Merit' status (for 3 years)

Companies are eligible to renew their ACAP status if conditions are met.

### Participating in the ACAP

The ACAP is most suitable for GST-registered businesses with complex structures/business models who rely on extensive in-built controls in their systems and processes to generate data for financial/tax reporting. To qualify, applicants should first meet the following pre-requisites:

- Established acceptable GST Control Framework with key controls listed in the IRAS's Self-Review of GST Controls checklist
- Unqualified statutory auditor's opinion on latest financial statements
- Registered for GST for at least three years
- Is not currently under GST audit
- Has good compliance/payment records with the IRAS and Singapore Customs
- Appoint a qualified ACAP Reviewer to conduct the ACAP review

### Benefits of the ACAP

Companies which are awarded the ACAP status will enjoy the following:

- One-time waiver of penalties for voluntary disclosure of non-fraudulent GST errors under the first ACAP conducted
- Step-down of IRAS-GST compliance activities unless anomalies are noted in GST declarations
- Expeditious GST refunds if no anomalies are noted
- Dedicated team to handle GST rulings and resolve GST issues expeditiously
- Auto-renewal of GST schemes (e.g., MES), if applicable

### How Baker Tilly can assist

ACAP must be conducted by an independent ACAP Reviewer who will verify that the GST Controls at Entity, Transaction and GST reporting levels are working well for the ACAP period.

Baker Tilly is an approved ACAP Reviewer. We can assist you with both the ACAP application and the ACAP renewal process.

## Contact us

To find out more about any of the above initiatives or to discuss how we can assist with your company's tax governance and tax risk management matters, please reach out to us:

TGF and CTRM			ACAP	
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