PANORAMIC

TAX CONTROVERSY

Singapore

LEXOLOGY

Tax Controversy

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OVERVIEW

Legislation

What is the relevant legislation relating to tax administration and controversies? Aside from legislation, are there other binding rules for taxpayers and the tax authority?

The relevant legislation can be found in:

- the Income Tax Act 1947;
- the Goods and Services Tax Act 1993;
- the Stamp Duties Act 1929; and
- the Property Tax Act 1960.

Other binding rules include subsidiary legislations and case laws.

Law stated - 19 August 2024

Relevant authority

What is the relevant tax authority and how is it organised?

The relevant tax authority is the Inland Revenue Authority of Singapore (IRAS). IRAS is organised into different divisions, which are grouped into:

- the compliance and service experience group;
- the business and international tax group;
- the indirect taxes, law and investigation group; and
- the corporate and services group.

There is an internal audit branch reporting to the Commissioner of Inland Revenue (Commissioner). The Commissioner and the board of IRAS have oversight over these groups.

Law stated - 19 August 2024

ENFORCEMENT

Verification of compliance with tax laws

How does the tax authority verify compliance with the tax laws? Does this vary for different taxpayers or taxes?

The tax authority adopts a risk-based approach to verify taxpayers' compliance with the tax laws. It identifies main compliance risk areas and develops programmes to address these areas.

For individual taxpayers, the tax authority focuses its compliance efforts on self-employed individuals in the following risk areas:

- timely filing of income tax returns;
- under-reporting or omitting to report employees' income in the employers' filing of their employees' income information;
- under-reporting of revenue and wrongful claims of purchases or expenses by cash-based industries;
- arrangements that constitute tax avoidance; and
- reconciliation of income declaration with assets purchased.

For corporate taxpayers, the tax authority conducts both risk-based and random audits across all industries by utilising advanced data analytics to profile companies according to their compliance risks. Different industries are also routinely selected for audit, which allows the tax authority to better understand the respective industries and take suitable compliance initiatives, where required.

For businesses that are registered for goods and services tax, the tax authority is currently auditing and investigating businesses involved in Missing Trader Fraud arrangements, sale of non-residential property, and under-declaration of supplies and output tax.

Law stated - 19 August 2024

Tax return review procedure and limitation periods

What is the typical procedure for the tax authority to review a tax return and how long does the review last? What limitation periods apply?

Individual taxpayers

Individual taxpayers usually file their tax returns from March to mid-April of each year. The tax authority will process the tax returns in batches from April to September. Most individual taxpayers will start receiving their Notice of Assessment after the end of April.

Corporate taxpayers

Where a corporate taxpayer's tax matter is straightforward, the tax authority generally does not perform a detailed review of the tax return. The declarations in the return will be accepted with minimal adjustments. The assessment is considered completed when the tax authority issues a Notice of Assessment to the corporate taxpayer usually by May of the following year.

Nonetheless, a taxpayer with straightforward tax matters may still be selected for a compliance review, in which case, the taxpayer may receive a query letter from the tax authority by September of the following year (eg, September 2025 for the tax filing for the year of assessment 2024). The compliance review will usually be completed by end of March of the following year (eg, March 2026 for the tax filing for the year of assessment 2024). In

the event of any adjustment, an amended or additional Notice of Assessment will be issued to the taxpayer.

Where a corporate taxpayer's tax matter is complex, the tax authority will perform a more in-depth review of their tax returns. Pending this review, the corporate taxpayer will receive a Notice of Estimated Assessment by end February of the following year (eg, February 2025 for the tax filing for the year of assessment 2024). The corporate taxpayer may receive a query letter from the tax authority by end of November of the following year (eg, November 2026 for the tax filing for the year of assessment 2024). The corporate taxpayer's assessment will be completed progressively as and when the tax issues raised by the tax authority are resolved, which will generally be by end of March of the following year (eg, March 2026 for the tax filing for the year of assessment 2024).

Limitation period

The limitation period is four years, except in cases of fraud where no limitation period applies.

Law stated - 19 August 2024

Tax authority requests for information

What types of information may the tax authority request from taxpayers? Can the tax authority interview the taxpayer or the taxpayer's employees? If so, are there any restrictions?

The tax authority has extensive powers to seek information from taxpayers, including bank accounts, financial information, contracts, and any code or technology which has the capability of unscrambling encrypted data contained in computers into readable and comprehensive format. The tax authority also has the right to access, inspect, or possess any documents, computers, computer programs and computer software.

In addition, the tax authority also has the power to require any person, including the taxpayer, his or her employees and (or) any other persons who may have any relevant information (such as suppliers, customers, contractors, agents, etc) to attend personally before the tax authority to provide information concerning the taxpayer's income, assets or liabilities, or information that is relevant for the investigation or prosecution. The interviewee cannot disclose any information where the person is under any statutory obligation (subject to certain exceptions) to observe secrecy, or any information subject to legal privilege.

Law stated - 19 August 2024

Taxpayer failure to provide information

What actions may the tax authority take if the taxpayer does not provide the required information?

In the absence of a reasonable excuse, a person who does not provide the information requested by the tax authority will be guilty of an offence. That person will be liable to a fine of up to SS$10,000, or imprisonment of up to 12 months, or both, and in the case of

a continuing offence, to a further fine not exceeding SS$100 for every day or part of a day during which the offence continues after conviction.

Law stated - 19 August 2024

Protecting commercial information

How may taxpayers protect commercial information, including business secrets or professional advice, from disclosure? Is the tax authority subject to any restrictions concerning what it can do with the information disclosed?

The tax authority has broad powers to statutorily compel taxpayers to disclose information (including confidential commercial information) but officers from the tax authority are subject to a statutory duty to keep such information obtained in the course of their work secret and confidential except in certain situations. Such situations include disclosing information to authorised government officers of other jurisdictions under Singapore's double taxation arrangements, providing access to any records or documents by the Auditor-General, etc.

Law stated - 19 August 2024

Alternative dispute resolution

What (if any) alternative dispute resolution (ADR) or settlement options are available?

ADR is not available for domestic tax disputes. Nonetheless, settlement offers are common in domestic tax disputes and can be made by either the taxpayer or tax authority. The settlement offer is usually made by the taxpayer in the interest of saving resources and avoiding a long-drawn litigation. The tax authority may either accept that offer or counter-propose with an alternative offer.

An ADR option available is the Mutual Agreement Procedure, which is a cross-border tax dispute resolution facility available in all of Singapore's double taxation agreements. Where both the Singapore tax authority and the foreign competent authority (collectively, competent authorities) reach an agreed outcome, this will be binding on all parties if the taxpayer accepts the same.

Where an agreed outcome cannot be reached, the taxpayer may, subject to certain conditions, apply for arbitration, another type of alternative dispute resolution. The unresolved issues will be submitted to an arbitration panel, whose decision is generally final and binding on the competent authorities unless the taxpayer disagrees with the decision or pursues other domestic recourse.

Law stated - 19 August 2024

Collecting overdue payments

How may the tax authority collect overdue tax payments following a tax review?

The actions that the tax authority may take to collect overdue tax payments include:

- appointing agents (eg, banks and lawyers) to pay the overdue tax from any moneys held by, or due by, the agent to the taxpayer;
- issuing a travel restriction order against any person who is about or likely to leave Singapore without paying all the tax assessed on that person; and
- suing for any overdue tax payments.

Law stated - 19 August 2024

Penalties - scope of application

In what circumstances may the tax authority impose penalties?

The tax authority may impose penalties in circumstances including non-payment of tax, failure to submit an income tax return, and making an incorrect return by omitting or understating any income without reasonable excuse. The tax authority may impose surcharges for tax avoidance cases or for cases relating to non-arms length transfer pricing.

Law stated - 19 August 2024

Penalties – calculation

How are penalties calculated?

The calculation of penalties depends on the circumstances in which penalties are imposed.

For example, on the one hand, the penalty for non-payment of tax is computed at 5 per cent of the amount of tax payable. If the amount of tax outstanding is not paid within 60 days from the imposition of the said 5 per cent penalty, an additional penalty of 1 per cent (capped at 12 per cent) of the tax outstanding is payable for each completed month that the tax remains unpaid.

On the other hand, the penalty for making an incorrect return by omitting or understating any income without reasonable excuse may be up to two times the amount of tax that has been undercharged.

Law stated - 19 August 2024

Penalties – defences

What defences are available if penalties are imposed?

The defences available depends on the circumstances giving rise to the imposition of penalties. For example, if the penalties arose from failing to pay withholding tax to the tax authority within the prescribed time, the tax authority has the discretion to, with good cause,

remit the whole or any part of the penalty payable. What constitutes good cause will depend on the facts and circumstances of the relevant matter.

Law stated - 19 August 2024

Collecting and calculating interest

In what circumstances may the tax authority collect interest and how is it calculated?

The tax authority may impose interest in different circumstances. For example, where the tax authority makes a tax adjustment under the anti-avoidance provision, or makes a transfer pricing adjustment, a surcharge will be imposed and the tax authority has the discretion to impose a further interest on the said surcharge. The calculation of such interest is subject to the tax authority's discretion.

Law stated - 19 August 2024

Criminal consequences

Can criminal consequences arise as a result of tax non-compliance? Are these different for different types of taxpayers?

Criminal consequences can arise as a result of tax non-compliance.

For income tax purposes, such situations include:

- failing to notify the tax authority of taxes withheld from payment to a non-tax resident person;
- failing to comply with the tax authority's notice to furnish information like banking accounts, and provide access to documents and computers; and
- making an incorrect return by omitting or understating any income with wilful intent to evade taxes or assist a person to evade taxes.

For stamp duties purposes, such situations include:

- executing any instrument in which all the facts and circumstances are not fully and truly set out to evade the payment of duty; and
- falsifying any part of a stamp certificate.

For goods and services tax purposes, such situations include:

- failing to keep records (eg, business records, invoices issued, import documentation, etc);
- without reasonable excuse or through negligence, making an incorrect return by omitting or understating any output tax or overstating any input tax; and
- making an incorrect return by omitting or understating any output tax or overstating any input tax with wilful intent to evade taxes.

Law stated - 19 August 2024

Tax avoidance

Are there specific rules or provisions regarding perceived tax avoidance?

The rules regarding income tax avoidance are found in:

- section 33 of the Income Tax Act 1947 (the Act);
- the Court of Appeal case ***CIT v AQQ*** [2014] SGCA 15; and
- the e-tax guide published by the tax authority titled Income Tax: The General Anti-Avoidance Provision and its Application (Second Edition).

Generally, Singapore adopts a three-step approach in interpreting the section 33 provision:

- whether it can be objectively ascertained, from the overt acts on which an arrangement is implemented, that the arrangement falls within any of the three threshold limbs of section 33(1). These threshold limbs are:
- to alter the incidence of any tax payable;
- to relieve a person from any liability to pay tax; or
- to make a tax return, or to reduce or avoid any liability imposed by the Act; and
- if so, whether the statutory exception (namely, the arrangement is carried out for bona fide commercial reasons, and the arrangement does not have the avoidance or reduction of tax as one of its main purposes) applies to the taxpayer. The former relates to the taxpayer's subjective commercial motives of the arrangement, and the latter relates to the subjective outcome the taxpayer wishes to achieve; and
- if not, whether the tax advantage arose from the use of a specific provision in the Act that was, both in form and substance, within the intended scope and the Parliament's contemplation and purpose. This requires a purposive interpretation of the said provision.

The tax authority has set out, in its e-tax guide, the categories of arrangements that it generally regards as having the purpose or effect of tax avoidance:

- circular flow or round-tripping of funds;
- setting up a conduit entity to obtain benefits conferred under the double taxation agreements to avoid withholding tax;
- assigning debt to overseas jurisdictions to obtain tax advantage;
- setting up multiple entities solely to obtain tax advantage;
- change in business form solely for obtaining tax advantage; and
- attributing income that does not reflect economic reality.

Law stated - 19 August 2024

Enforcement record

What is the recent enforcement record of the authorities?

There is no public information on the enforcement record of the tax authority.

Law stated - 19 August 2024

THIRD PARTIES AND OTHER AUTHORITIES

Third-party involvement with tax reviews

Can a tax authority involve third parties as part of the authority's review of a taxpayer's returns?

The tax authority can involve third parties to provide the information necessary for its review of a taxpayer's returns. For example, the tax authority can, by notice, require any person who is in receipt of any money or income belonging to a taxpayer to provide a true and correct statement of all such income and the name and address of the taxpayer. The tax authority can also, by notice, require any occupier of any premises to furnish the name and address of the owner or payor of the rent, and give a true and correct statement of the rent payable for such occupation.

Law stated - 19 August 2024

Cooperation with other authorities

Does the tax authority cooperate with other authorities within the country? Does the tax authority cooperate with the tax authorities in other countries?

The tax authority cooperates with other Singapore authorities for various purposes. These include

- furnishing anonymised information relating to any person to other authorities for any statistical or research purpose;
- disclosing, with express consent obtained, a person's income information to any public officer for the performance of that officer's official duties; and
- furnishing any information to the head of a law enforcement agency for the purpose of investigating or prosecuting a person for certain offences like drug dealing offences.

The Singapore tax authority also cooperates with its counterparts overseas under its Agreement for Avoidance of Double Taxation, and exchange of information (EOI) arrangements. The latter can take place on request, spontaneously, or automatically. For the first category of EOI arrangements, the EOI partners may make a clear, specific and legitimate request to the Singapore tax authority for information. In assessing whether the request is valid, the Singapore tax authority will rely on materials including the commentaries in article 26 of the OECD Model Tax Convention, and the Convention on Mutual Administrative Assistance in Tax Matters. Alternatively, the Singapore tax authority, being a member of the

Inclusive Framework for the global implementation of the base erosion and profit shifting project, will spontaneously exchange certain types of rulings (eg, permanent establishing rulings and related party conduit rulings) with EOI partners. In the last category of EOI arrangements, the Singapore tax authority exchanges information automatically with the EOI partners under the US Foreign Account Tax Compliance Act, Common Reporting Standard and country-by-country reporting arrangements.

Law stated - 19 August 2024

FINANCIAL OR OTHER HARDSHIP

Voluntary disclosure and amnesties

Do any special procedures apply in cases of financial or other hardship, for example when a taxpayer is bankrupt?

A taxpayer facing financial or other hardship can reach out to the tax authority to agree on an appropriate payment arrangement, such as a longer instalment plan. Any longer payment arrangements are subject to the discretion of the tax authority.

In the event of bankruptcy or insolvency, tax payments due to the tax authority have higher priority than unsecured debts.

Law stated - 19 August 2024

Voluntary disclosure and amnesties

Are there any voluntary disclosure or amnesty programmes?

The tax authority has a voluntary disclosure programme under which a taxpayer may be subject to reduced penalties for incorrect or inaccurate tax returns or forms submitted if certain conditions are met. These conditions include voluntarily disclosing on a timely, accurate, complete and self-initiated basis, fully cooperating with the tax authority to rectify the error made, and paying the additional taxes and penalties imposed (if any).

Law stated - 19 August 2024

RIGHTS OF TAXPAYERS

Rules protecting taxpayers

What rules are in place to protect taxpayers when dealing with the tax authority?

Taxpayers have access to judicial review, which, subject to meeting the threshold conditions for the court to grant leave for the same, will safeguard taxpayers from any arbitrary decisions made by the tax authority by providing taxpayers with a specific avenue to bring their claims. However, taxpayers must normally exhaust all alternative remedies before invoking the jurisdiction of the court by way of judicial review.

Alternatively, taxpayers may, without resorting to judicial review, avail themselves of the statutory provisions for appeals against the assessments of the tax authority. This statutory appeal also applied to the tax authority's exercise of discretion under the relevant provision of the Income Tax Act 1947.

Law stated - 19 August 2024

Requesting information from tax authority

How can taxpayers obtain information from the tax authority? What information can taxpayers request?

The information that taxpayers can obtain from the tax authority include Notices of Assessment, letters from the tax authority, and acknowledgement pages of the taxpayers' filing transactions.

The fastest and most convenient manner to retrieve such information is through the taxpayer's *myTax* Portal, a secured and personalised portal for taxpayers to view and manage tax transactions with the tax authority. Alternatively, the taxpayer may, subject to paying the applicable search and document fees, request for such documents to be sent by post, or visit the tax authority's Taxpayer & Business Service Centre.

Law stated - 19 August 2024

Oversight of tax authority governance

Is the tax authority subject to non-judicial oversight?

The tax authority is not subject to non-judicial oversight.

Law stated - 19 August 2024

COURT PROCEEDINGS

Competent courts

Which courts have jurisdiction to hear tax disputes?

The Board of Review (Board) has jurisdiction to hear tax disputes relating to income tax, goods and services tax and property tax at first instance. The General Division of the High Court, in the exercise of its original civil jurisdiction, can hear appeal cases from the Board's decision if the disputed tax amount exceeds S$200 and the issue involves a question of law or mixed law and fact. There is a further right of appeal to the Appellate Division of the High Court or Court of Appeal from the decision made by the General Division of the High Court if certain conditions are met.

Law stated - 19 August 2024

Lodging a claim

How can tax disputes be brought before the courts?

If the taxpayer disagrees with the Notice of Assessment issued by the tax authority, the taxpayer has to file a Notice of Objection within two months (if the taxpayer is a company) or 30 days (in any other case) from the date of the Notice of Assessment by stating the precise grounds of objection. After reviewing the information provided, the tax authority will issue a Notice of Refusal to Amend if it does not agree with the taxpayer. The taxpayer may appeal to the Board by lodging with the secretary, a Notice of Appeal within 30 days from the tax authority's Notice of Refusal to Amend. Within 30 days thereafter, the taxpayer must lodge a Petition of Appeal, setting out the grounds for appeal. The secretary will fix a time and place for pre-hearing conferences to be held.

Law stated - 19 August 2024

Combination of claims

Can tax claims affecting multiple tax returns or taxpayers be brought together?

The Board and the court may hear tax claims affecting multiple if:

- there is some common question of law in the actions;
- the reliefs claimed concern or arise out of the same factual situation; or
- it is appropriate to do so.

Law stated - 19 August 2024

Pre-claim payments

Must the taxpayer pay the amounts in dispute into court before bringing a claim?

Subject to the tax authority's discretion, the taxpayer must pay the tax levied in the Notice of Assessment (Notice) within one month after the date of the Notice, regardless of whether there is any objection or appeal against the tax assessment. It follows that a taxpayer would have paid the amounts in dispute to the tax authority before bringing a claim.

Law stated - 19 August 2024

Cost recovery

To what extent can the costs of a dispute be recovered?

There are two types of costs in a dispute: party-and-party costs and solicitor-and-client costs.

Party-and-party costs are costs paid by one party of a dispute to the other. The court will generally make costs order in favour of a successful party, except in certain situations (eg, the successful party has done or omitted to do anything unreasonably). The amount

of party-and-party costs that a successful party can recover from an unsuccessful party depends on whether the costs are fixed, or to be assessed by the court. If the party-and-party costs are fixed by the court, the court will only order the payment of a fixed amount to the successful party. On the other hand, the assessment of costs by the court can be on a standard basis (namely, a reasonable amount in respect of all costs reasonably incurred is allowed) or an indemnity basis (namely, all costs are to be allowed except where they are of an unreasonable amount or have been unreasonably incurred).

Solicitor-and-client costs, which are governed by the contract between a party and the party's lawyer, are the legal fees incurred for engaging the lawyer. The successful party in a dispute can pay the solicitor-and-client costs with the party-and-party costs recovered from the unsuccessful party. The unsuccessful party, on the other hand, has to pay both the party-and-party costs and solicitor-and-client costs. If any party disputes the solicitor-and-client costs, that party can apply for an assessment of the costs by the court. Such costs are assessed on an indemnity basis.

Law stated - 19 August 2024

Third-party funding

Are there any restrictions on or rules relating to third-party funding or insurance for the costs of a tax dispute, including bringing a tax claim to court?

Third-party funding of a tax dispute is not permitted in Singapore.

Law stated - 19 August 2024

Availability of jury trials

Who is the decision maker in the court? Is a jury trial available to hear tax disputes?

Singapore has abolished the jury system and the sitting judges are the final decision makers in court. However, a tax board usually comprises three members, two of whom may be lay persons. It may be said that tax disputes are heard by way of a pseudo-jury trial at first instance.

Law stated - 19 August 2024

Time frames

What are the usual time frames for tax hearings?

The time frames for tax hearings are subject to the Board's or court's schedule.

Law stated - 19 August 2024

Disclosure requirements

What are the requirements concerning disclosure or a duty to present information for trial?

At a pre-hearing conference, the Board may order parties to exchange a list and a copy of all documents in their possession or control that fall within either one of the following categories:

- all documents that the party in question will be relying on;
- all known adverse documents; or
- where applicable, documents that fall within a broader scope of discovery as agreed between the parties, or as ordered by the court.

In addition, at a party's request (requesting party), the court may also order the other party to produce a specific document (requested document) in the other party's control or possession if the requesting party properly identifies the requested document, and shows that the requested documents are material to the issues in the case.

Law stated - 19 August 2024

Permitted evidence

What evidence is permitted in tax hearings?

Generally, any evidence that is relevant to the existence or non-existence of any facts may be given in a tax hearing. In addition, statements made or documents produced by any person are not inadmissible in evidence against that person in certain proceedings (relating to, eg, making an incorrect return by omitting or understating any income, or recovering any tax or penalty due) only because that person was induced to do so by the tax authority.

Law stated - 19 August 2024

Permitted representation

Who can represent taxpayers in a tax trial? Who represents the tax authority?

The taxpayer and the tax authority can attend tax hearings at the Board either in person, or represented by an advocate and solicitor or an accountant.

Law stated - 19 August 2024

Publicity of proceedings

Are tax hearings public?

All proceedings before the Board are heard in closed hearings, unless either the tax authority or taxpayer applies to the Board that the proceedings be heard in public.

Appeals to the General Division of the High Court from the decision of the Board can be based on question of law or mixed law and fact. Where there are material facts in dispute, the appellant will commence an appeal by an originating claim, which will be heard in open court. In contrast, where the material facts are not in dispute, the appeal will be commenced by an originating application, which will be heard in chambers.

Appeals to the Appellate Division of the High Court or the Court of Appeal from the decision of the General Division of the High Court will be heard in open court unless the applicable court orders otherwise.

Law stated - 19 August 2024

Burden of proof

Who has the burden of proof in tax hearings?

Where a party desires the court to give judgment that it is entitled to certain legal rights by reason of facts that the party asserts, that party has the burden to prove the existence of those facts.

Law stated - 19 August 2024

Case management process

What is the case management process for a tax hearing?

The process generally starts with a taxpayer filing an objection to a Notice of Assessment within the stipulated time frame. The Notice of Objection should contain valid grounds for objection. The tax authorities will review the case and may raise queries or ask for additional information or supporting documents. If the taxpayer and tax authority cannot come to an agreement on the applicable tax treatment, the tax authority will issue a notice of its decision (eg, a Notice of Refusal to Amend for income tax or a notice under section 49(3) of the Goods and Services Tax Act 1993 for goods and services tax). The taxpayer may then proceed with dispute resolution by filing a Notice of Appeal with the relevant Board within the stipulated time frame. This will be followed by the filing of a Petition of Appeal. The secretary of the Board will arrange for pre-hearing conferences and the Board will give directions for other filings (namely, an Agreed Statement of Facts, an Agreed Bundle of Documents, affidavits and written submissions and parties' bundles of authorities) according to such timelines that the Board may decide. The Board will also give directions on hearing dates once the relevant filings are completed.

Law stated - 19 August 2024

Appeal

Can a court decision be appealed? If so, on what basis?

The decision of a board can be appealed to the General Division of the High Court on any question of law, or of mixed law and fact. In turn, the decision of the General Division of the

High Court can be appealed to the Appellate Division of the High Court, or Court of Appeal in certain situations (eg, the appeal arises from the judicial review of the tax authority's exercise of powers under administrative law).

Law stated - 19 August 2024

UPDATE AND TRENDS

Key developments of the past year

What are the current trends in enforcement of tax controversies? What are the current concerns of the authorities and taxpayers in relation to the enforcement and handling of tax controversies and are these likely to change? Are there proposals to change the relevant legislation or other rules?

In recent years, the tax authorities have been ramping up enforcement efforts on carousel fraud or missing trader fraud cases. In such frauds, a chain of trading transactions is artificially set up such that goods are traded from one trader to the next, and eventually exported to an overseas buyer, with no goods and services tax charged. The exporting trader makes a claim for input tax paid on the goods. However, by this point, one of the intermediary traders in the chain has gone missing without accounting to the authorities for output tax on the goods. The tax authorities would suffer a loss if they were to allow and pay the input tax claim to the exporter. Hence, the tax authorities may disallow an input tax claim where they suspect that a trader has been involved with such a scheme. Carousel fraud cases tend to be complex and investigations may take years to complete. This would result in cashflow difficulties for taxpayers as their input tax claim is held in abeyance, pending the outcome of the investigations.

In relation to capital allowances, a recent decision by the Income Tax Board, which revisited the legal principles on the concept of 'plant', may lead to further disputes in this area as well. It may be prudent for taxpayers to re-evaluate the tax positions they have adopted in light of this and seek legal advice on their specific situations.

Law stated - 19 August 2024