



INLAND REVENUE  
AUTHORITY  
OF SINGAPORE

# **OECD ASIA-PACIFIC ACADEMY FOR TAX AND FINANCIAL CRIME INVESTIGATION**

## **Cash Economy, Specialty Programme – Singapore's Perspective**

Kong Yew Hon  
May 2025

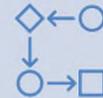




# Agenda



Overview of cash economy  
in Singapore



Singapore & IRAS' strategy  
to tackle cash economy



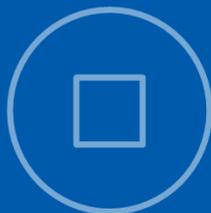
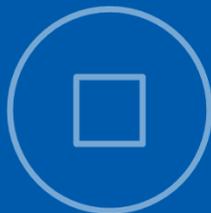
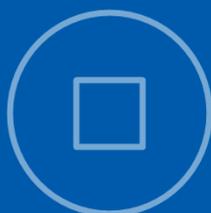
Case Studies (Funeral  
Project started in 2019 &  
Ops H enforced in Nov 2024)



Case discussion



INLAND REVENUE  
AUTHORITY  
OF SINGAPORE



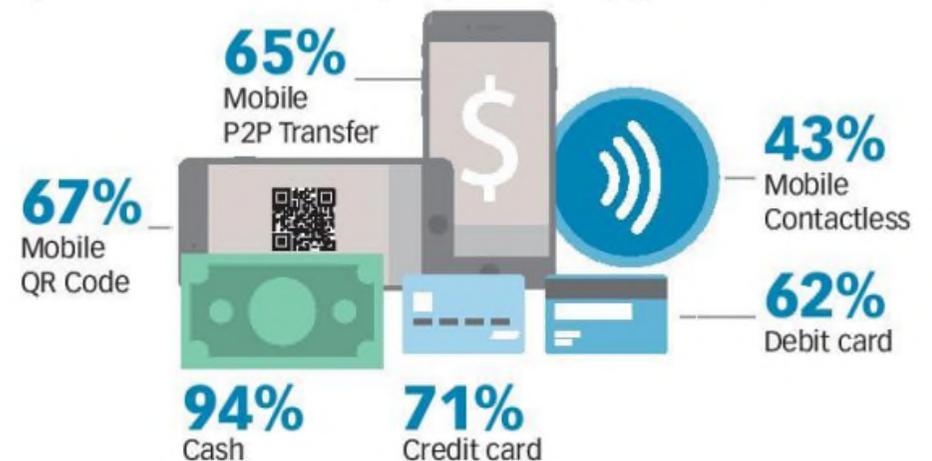
# Overview of cash economy in Singapore

# Cash is King (pre COVID-19)

- Before the pandemic – COVID-19, cash is the most popular transaction mechanism<sup>1</sup> in Singapore .
  - In a study by UnionPay International and Nielsen<sup>2</sup> on the future of payments, 94% of those surveyed in Singapore used cash in the past 3 months
  - Only two in five Singaporeans are confident of living in a cashless society; among the Baby Boomers aged 51 to 65, the confidence level drops to 31%

## Use of payment methods in the past three months

QR code was the most widely-adopted mobile payment method



<sup>1</sup> Source : IRAS internal research paper - "Policy options to curb the illicit use of cash" dated 23 Jul 2019

<sup>2</sup> Less than half in survey confident Singapore will be cashless soon", The Business Times, Nov 2018, <https://bit.ly/2MDWlth>

# Demise of cash payments (post COVID-19)

- Based on article from Fintechnews.sg<sup>1</sup>, the use of cash in Singapore is expected to decline significantly by 2027, according to the 2024 Global Payments Report by payment processing company Worldpay.
- The report projects cash use in Singapore will decrease from 15% (S\$23 billion) of point-of-sale transaction value in 2023 to 7% (S\$11.4 billion) by 2027.

## Cash Transactions in Singapore Projected to Fall to 7% by 2027, Says Worldpay

Fintech News Singapore – July 25, 2024 2 Mins Read

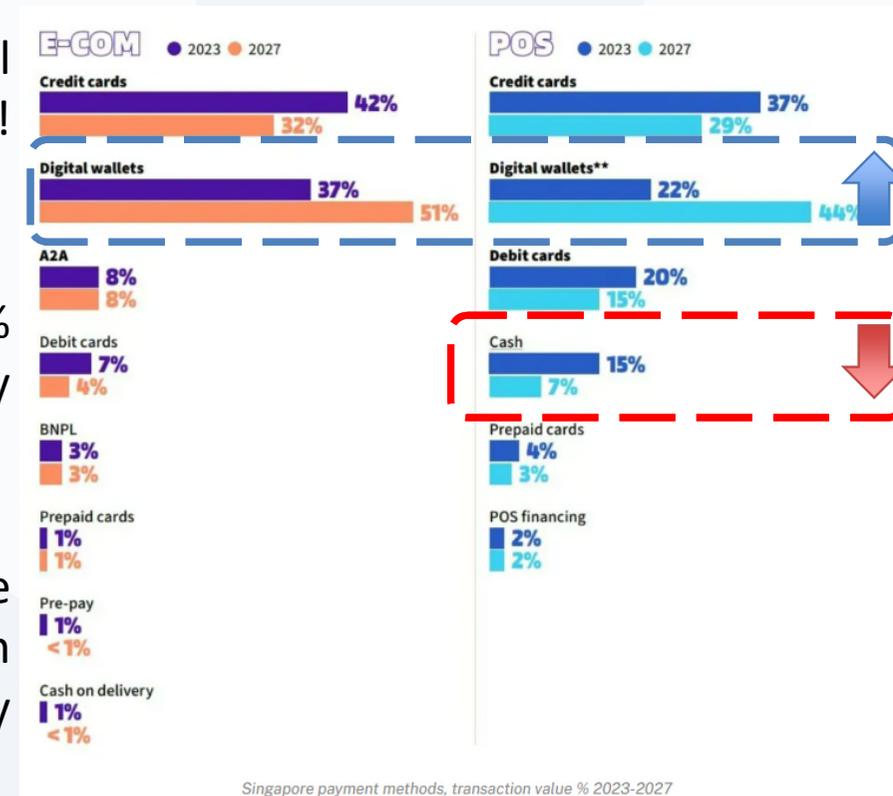
in LinkedIn Facebook X Twitter



<sup>1</sup> <https://fintechnews.sg/99508/payments/cash-transactions-in-singapore-projected-to-fall/>

# Demise of cash payments (post COVID-19)

- The article<sup>1</sup> also states that in Singapore, digital wallets such as Apple Pay, GrabPay, and DBS PayLah! are increasingly popular.
- Their transaction value is expected to rise from 22% (S\$33.6 billion) in 2023 to 44% (S\$75 billion) by 2027, surpassing the use of credit cards.
- This trend aligns Singapore with countries like France, South Korea, the UK, and the US, where cash transactions are also forecasted to fall below 10% by 2027.



<sup>1</sup> <https://fintechnews.sg/99508/payments/cash-transactions-in-singapore-projected-to-fall/>



# Group Sharing

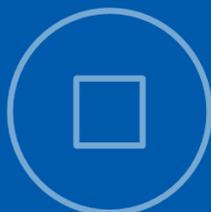
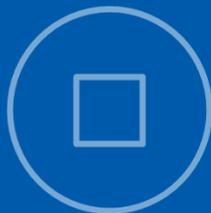
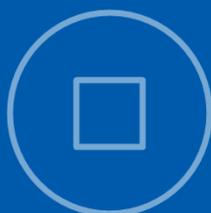
## ***Group Sharing (10mins):***

- Please share within your group if there were any shifts in the modes of payments brought about by COVID-19 in your country.
- Currently, what is the most popular mode of payments in your country?



INLAND REVENUE  
AUTHORITY  
OF SINGAPORE

# Singapore & IRAS' strategy to tackle cash economy



# How Singapore curbs the illicit use of cash

- Singapore has taken various steps to curb the illicit use of cash.

## Eliminating high denomination notes<sup>1</sup>



- Singapore has ceased the issuance of \$10,000 notes since Oct 2014
- Currently, the highest denomination available is \$1,000.

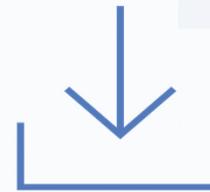


## Imposing requirement on bulk cash movements<sup>1</sup>



It is a statutory requirement to declare the physical movement of any cash exceeding S\$20,000 (or its equivalent in foreign currency) into or out of Singapore.

## Promoting the use of alternate payment mechanism<sup>1</sup>



- The Government has also been actively supporting e-payment mechanisms.
- Introduction of a national real-time payment platform, PayNow, in 2017 & 2018 for individual and business.

## National Anti-money Laundering (“AML”) Strategy<sup>2</sup>



The document was released in 2024 as an expansion on the 2016 National Policy Statement, and provides an update on Singapore’s AML approach. One of the strategies was cash transaction reporting regime for certain sectors.

<sup>1</sup> Source : IRAS internal research paper - “Policy options to curb the illicit use of cash” dated 23 Jul 2019

<sup>2</sup> Source : [Singapore National AML strategy document](#). For example, the Precious Stones and Precious Metals Dealers in Singapore are subjected a cash transaction reporting regime for transactions in cash or cash equivalents above S\$20,000.

# IRAS' strategy to tackle cash economy<sup>1</sup>

The use of cash poses potential tax compliance risks



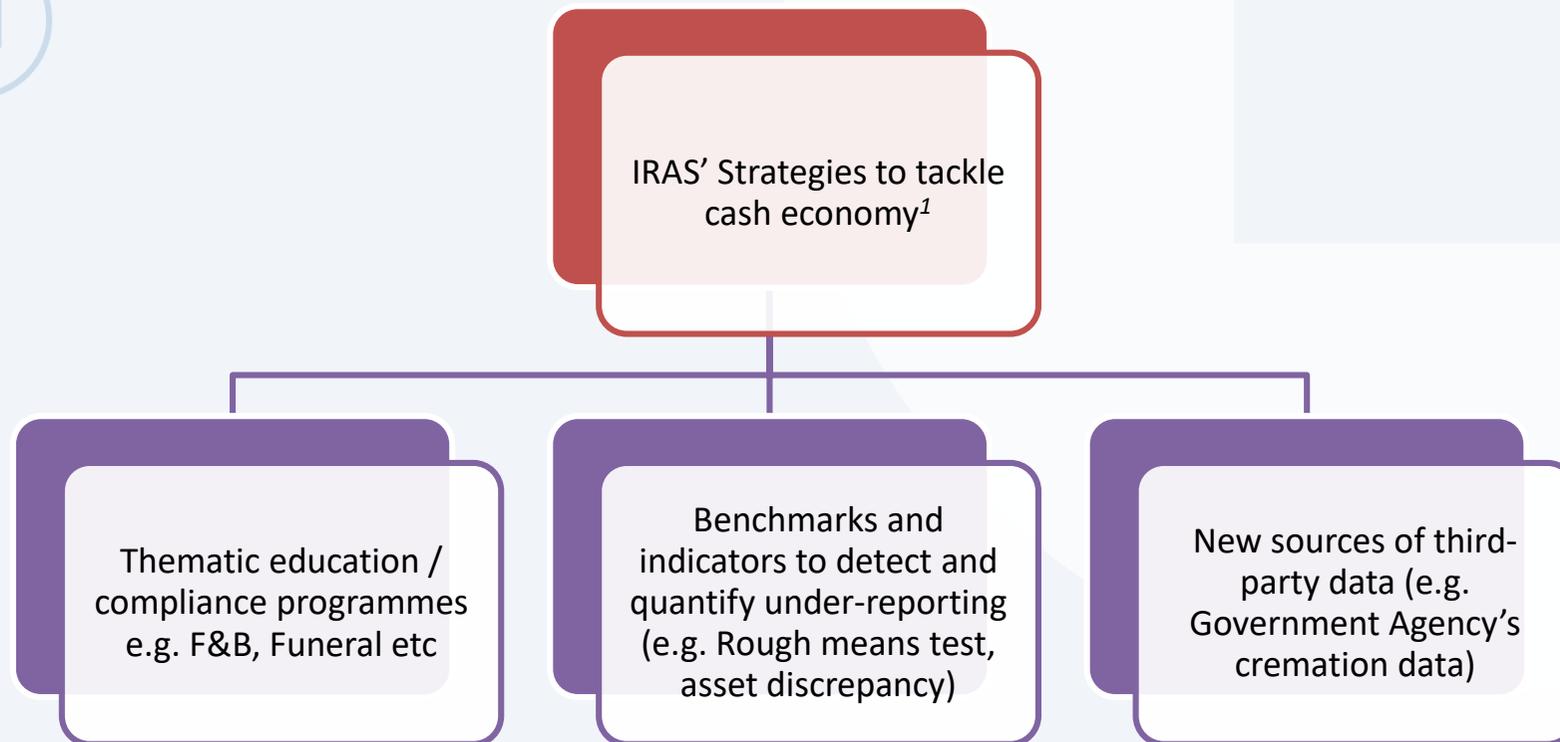
Identification risks - taxpayers operating in the underground economy may choose to be paid in cash which leaves little or no trail, thereby avoiding detection



Reporting risks – should taxpayers deliberately leave out certain income received in cash, it would be challenging for IRAS to detect the omission, or to quantify the amount of taxes undercharged

<sup>1</sup> Source : IRAS internal research paper - "Policy options to curb the illicit use of cash" dated 23 Jul 2019

# 3-prong approach to tackle cash economy : IRAS



<sup>1</sup> Source : IRAS internal research paper - "Policy options to curb the illicit use of cash" dated 23 Jul 2019

# Thematic Education Programmes

Examples of education programmes

Industry Engagement



Mainstream / social  
medias like IRAS'  
Facebook page



Mailers / Emails /  
Circulars to  
businesses



Partnering parties of  
the tax ecosystem -  
Software vendors /  
Media etc

# Thematic Compliance Programmes

- Annually, IRAS will share the compliance focus for the upcoming financial year (FY). For example, one of the areas of focus for FY2024 is the potential under-reporting of sponsorship incomes for Social Media Influencers.
- Specifically, IRAS has initiated several projects targeting the cash economy like the funeral, gold, F&B sector etc over the last few FYs.



**IRAS recovers over S\$3m from funeral sector in unpaid taxes and penalties since 2019**

The Inland Revenue Authority of Singapore (IRAS) started investigations into the funeral industry and its related services – such as rites by religious practitioners, embalming and food catering – five years ago.

IRAS' Thematic audit / investigation  
– Funeral sector



**Beware of GST Missing Trader Fraud involving precious metals**

Missing Trader Fraud is a fraudulent scheme used by syndicates to defraud the government. In the scheme, a seller collects Goods and Services Tax ("GST") from sales but does not remit the GST to IRAS. This seller is known as the Missing Trader. Meanwhile, businesses further down the supply chain continue to claim refunds from IRAS for the GST paid on their purchases.

In recent years, IRAS observed MTF arrangements involving Investment Precious Metals ("IPM") gold bars and scrap gold bars whereby syndicates transferred the IPM gold bars (exempt from GST) into scrap gold (standard rate supply) by melting, cutting or defacing them for onward sale by the Missing Trader to businesses down the supply chain.

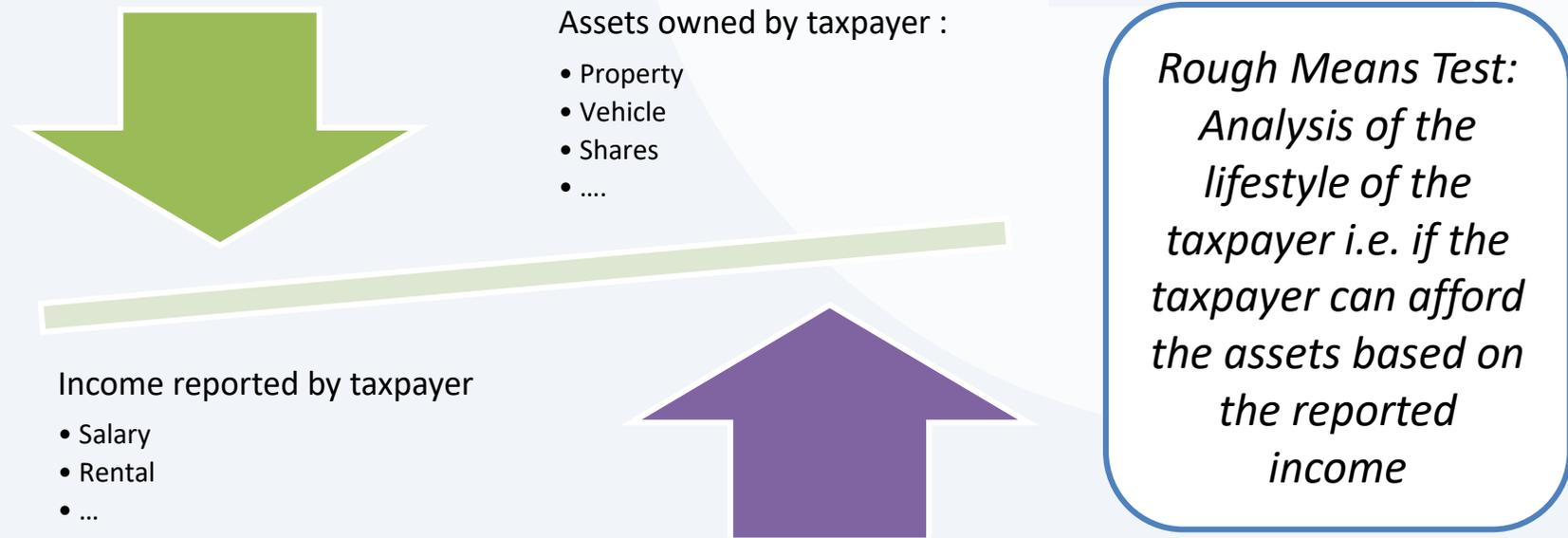
Examples of scrap gold transformed from IPM gold bars:

| Cast Gold Bar   | Cut Gold Bar  | Scratched Gold Bar  |
|---|---|---|
|  |  |  |

IRAS' post investigation education materials in our website

# Benchmarks and indicators

- Based on macro-economics data as well as findings from past audit data, IRAS developed internal benchmarks and indicators to detect and quantify under-reporting by taxpayers (e.g. rough means test, industrial benchmark)



# Benchmarks and indicators

- Based on macro-economics as well as findings from past audit data, IRAS developed internal benchmarks and indicators to detect and quantify under-reporting by taxpayers (e.g. rough means test, industrial benchmark)



*Industrial  
Benchmark:  
Use of industry  
Gross Profit Margin  
& Net Profit  
Margin to  
benchmark subject  
against the  
industry norms*

# New sources of third-party data

Source A



Source B



Source C

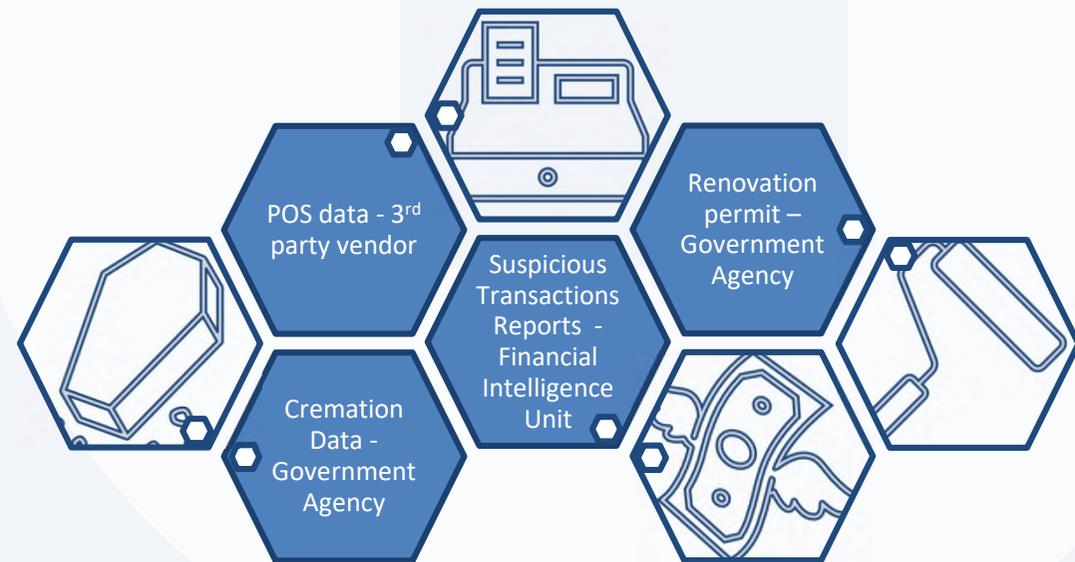


IRAS

**Detect non-compliance  
and / or tax  
evasion**

# New sources of third-party data

- IRAS has wide data collection power under the various tax acts where we can issue production orders to 3<sup>rd</sup> parties (public and private organisations) to obtain data for the administration of the tax acts.
- IRAS maintains a library of data obtained from external sources. If a division wants to obtain data from external sources, the data steward is required to ask other divisions if they are keen on the data.
- Examples of data obtained by IRAS that are helpful to our audit / investigation for the cash economy (not exhaustive).

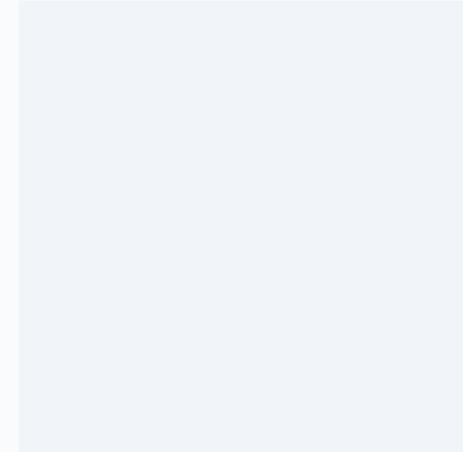


## **Group Sharing (10mins):**

*Please share within your group if your agency actively source for 3<sup>rd</sup> party data and any interesting data collected?*

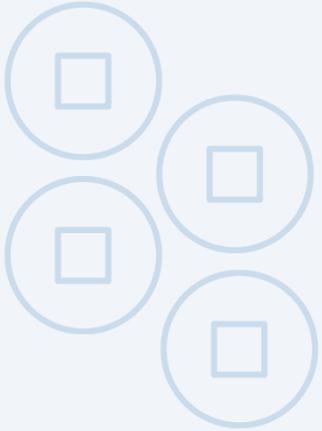


INLAND REVENUE  
AUTHORITY  
OF SINGAPORE



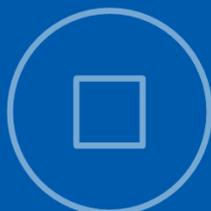
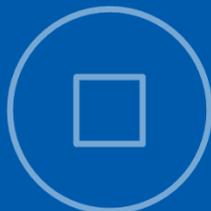
# Kahoot!

## Quiz & win some prizes





INLAND REVENUE  
AUTHORITY  
OF SINGAPORE



# Case Studies

# Cash Study 1 : Funeral Parlour

- In 2019, IRAS started investigating businesses in the funeral industry and the related side businesses such as religious rites by religious practitioners (i.e. priests, monks, pastors etc.), embalming, tentage and furniture set-up and food caterers. To-date, a total of **65 businesses** have been audited and investigated for anomalies in tax reporting.
- IRAS has since prosecuted **three undertakers and one religious practitioner** in court.

**1** Grace Casket owner gets jail and fine for tax evasion, not declaring more than S\$600,000 in income



**2** Taoist priest allegedly made false entries in tax returns, leading to over \$167k undercharged



**3** Undertaker Roland Tay fined S\$12,000, ordered to pay penalty of S\$529,321 for tax offences



**4**

Undertaker gets jail, fine and S\$340,000 penalty for tax offences in fourth such case

Tee Siew Gim is the fourth undertaker to be prosecuted for tax offences since IRAS started investigating the funeral industry in 2019.



# Cash Study 1 : Funeral Parlour

Video for Funeral Parlour Project

# Cash Study 1 : Funeral Parlour

Extract of interview with Ms Ameera Koh, Project OIC for Funeral Parlour

Why is the funeral industry at risk of tax non-compliance?

- Funeral parlours are usually managed by family members, and the majority of ownership lies within the family. Small businesses are observed to be at higher risk of tax non-compliance as they are often cash-based and family-run.

What are some features of such businesses?

- Substantial cash transactions
- Poor record-keeping, and
- Weak internal controls or processes.

What's the most interesting thing

- It is fascinating how cash-based businesses get creative when it comes to keeping their money safe and away from the prying eyes of tax investigators.
- The disciplined ones stash cash daily into Cash Deposit Machines while the old-timers stash wads of cash in biscuit tins or plastic bags "hidden" in plain sight in cupboards or cabinets. The most sophisticated ones have modern vaults which are high-tech safes which require key codes, passwords, and even thumbprints, to access.

# Cash Study 1 : Funeral Parlour

News Article from the Funeral Parlour Project <sup>1</sup>

*"When we went in, we saw a lot of coffins. There were also bodies waiting to be embalmed. Fortunately for that case, we found quite good records that proved that the taxpayer had evaded tax,"* said Mr Ang, Director of the Investigation and Forensics Division, during the interview with newspaper – Straits Times

<sup>1</sup> Source : Straits Times article dated 14 Oct 2019 ([https://www.straitstimes.com/singapore/searching-around-dead-bodies-and-in-false-ceilings-all-in-a-days-work-for-tax?utm\\_medium=Social&utm\\_campaign=STFB&utm\\_source=Facebook](https://www.straitstimes.com/singapore/searching-around-dead-bodies-and-in-false-ceilings-all-in-a-days-work-for-tax?utm_medium=Social&utm_campaign=STFB&utm_source=Facebook)) 23



# Cash Study 1 : Funeral Parlour



External data from other agencies to estimate income level of the funeral parlours e.g. cremation data / import data for coffins

All business owners would maintain business records (be it hardcopy or electronic) for a sensing of the profitability of their businesses. Obtaining these records were critical for the success of the investigation

Collaboration between civil and criminal team for maximum deterrence effects



# Cash Study 2 : Ops H *(investigation still ongoing)*

- This case was a joint investigation between Singapore Customs (SC) and IRAS's Investigation and Forensics Division (IFD). Officers from both agencies collaborated for months to develop a comprehensive operation plan, considering potential offences falling under the purview of both SC and IRAS. The meticulous planning paid off, with both SC and IFD successfully establishing contact on the day of execution (D-Day).
- Case Theory : [**Fraud Typology : “Evasion of GST output tax using fake export”**] The mastermind allegedly "exported" the goods which were sold locally through linked **non-GST registered businesses**, without collecting GST on these sales.

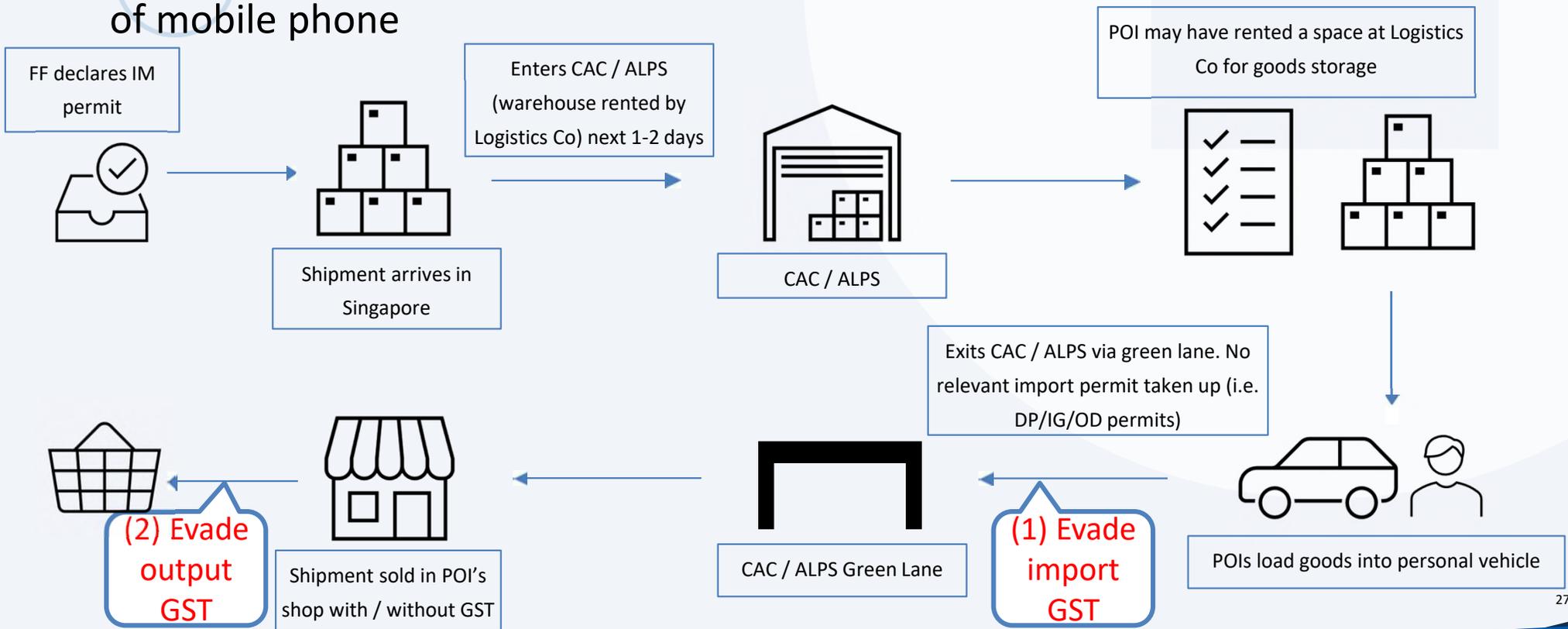


# Cash Study 2 : Ops H

- Scale of operation:
  - ✓ **11 persons of interest**
  - ✓ **9 companies of interest**
  - ✓ **8 locations of interest**
  - ✓ **More than 30 digital devices** consisting of mobile phones, laptops, and storage devices were seized

# Cash Study 2 : Ops H

Modus Operandi : (1) Evasion of import GST (2) Failure to charge GST for cash sales of mobile phone



# Cash Study 2 : Ops H

## Investigation Findings

“Particulars” of invoice in export document showed electronic goods i.e. mobile phone etc whereas washing machines and boxes of shoes were found when IRAS inspected the boxes meant for export.



# Cash Study 2 : Ops H



External data from FIU provided insights of funds movement of the entities i.e. large deposits received by the non-GST registered business



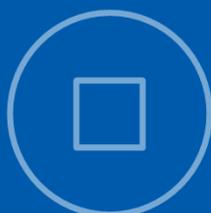
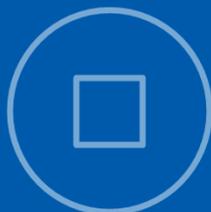
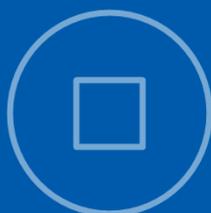
Information from logistic companies is critical to prove the case theory of possible fake exports



Close collaboration between agencies (sharing of intel and joint ops) helped to ensure the key POIs were picked up on the day of enforcement



INLAND REVENUE  
AUTHORITY  
OF SINGAPORE



# Case discussion

# Case discussion (30mins)

- Based on allegation received, Company S, a F&B business, had under-reported its income in the corporate income tax returns from 2022 to 2024 to avoid registering for GST<sup>1</sup>.
- Company S is part of a global franchise owned by Company HQ (“HQ”). Company S’ POS system is linked to HQ as the franchise fees are computed based on the weekly turnover of Company S. All purchases of raw materials (meat, vegetables etc) are via the suppliers approved by the HQ and these purchases would be reported to the HQ too.
- **Group 1 & 2 :** You are a tax consultant from FRAUD Ltd where Company S had approached you to seek help on how to suppress its income to avoid detection by the HQ / tax authority.
- **Group 3 & 4 :** You are an investigator assigned to work on this F&B case. Can you brainstorm with your group members on how to investigate this case e.g. what data would be helpful, possible external data sources to bring in?

<sup>1</sup> Singapore has high GST registration threshold of S\$1m. Many businesses prefer not to register for GST so that they can be price competitive especially those businesses in the B to C category



INLAND REVENUE  
AUTHORITY  
OF SINGAPORE

# Thank you

[www.iras.gov.sg](http://www.iras.gov.sg)



The information presented in the slides aims to provide a better general understanding of taxpayers' tax obligations and is not intended to comprehensively address all possible tax issues that may arise. This information is correct as at the date of presentation. 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 its position accordingly.