

Investigation into Dental Clinics

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INLAND REVENUE
AUTHORITY
OF SINGAPORE

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Scope

- Origin of case
- Investigation Carried Out
- Investigation Findings
- Actus Reus & Mens Rea
- Offences committed and charges filed



Origin of Case

- Case originated from information received that sales were transferred from Dental Clinic “A” to Dental Clinic “B” to suppress the total income by Dental Clinic “A” to avoid mandatory Goods and Services Tax (“GST”) registration in Singapore.



Investigation Carried Out

- Simultaneous raids were carried out at the clinics and residence
- Crucial sales records were recovered from the clinics which allowed computation of income
- Bank statements were requested from banks
- Interviews conducted with various parties involved



Investigation Findings

1. Investigations revealed that there were wrongful submission of CHAS' claims for both entities (i.e. CHAS claims pertaining to services rendered in Dental Clinic "A" were claimed and submitted under Dental Clinic "B", and vice versa).
2. This resulted in the under-declaration of income in Dental Clinic A. The adjustment of the income under-declared in Dental Clinic A had also resulted in the mandatory registration for GST which Dental Clinic A did not do so until more than a year later.
3. Investigation also revealed that OCM, being the director of both entities, did not ensure that the reimbursement from CHAS were correctly reported. He had also authorised the submission of the entities' income tax returns by the accountant and signed the tax return without checking the figures.



Actus Reus

Actus Reus

- Dental Clinic “A” and Dental Clinic “B” submitted incorrect tax returns for the financial years ended 2013 to 2015. Dental Clinic “A” also did not apply for GST registration when the total income exceeded \$1m in March 2014.



Mens Rea

Mens Rea

1. OCM did not ensure that the CHAS reimbursements were correctly reported in Dental Clinic “A” and Dental Clinic “B” income tax returns.
2. He had also authorized the submission of the income tax returns of Dental Clinic “A” and Dental Clinic “B” by the accountant and signed the tax return without checking the figures in the returns.
3. Based on the reasons provided above, we opined that OCM had intentionally aided Dental Clinic “A” and Dental Clinic “B”, to, without reasonable excuse, make an incorrect returns for the financial years ended 2013 to 2015.
4. As for GST, **Section 61(a) of the Goods and Services Tax Act is a strict liability which we only need to prove the elements of actus reus.** GST registration for business with turnover more than \$1m is compulsory.



Offences and charges filed

Income Tax Offences

Dental Clinic “A”

- OCM, as sole director of Dental Clinic “A”, was convicted for one charge under Section 95(2)(a) of the Singapore Income Tax Act (“ITA”) read with S107(c) of the Penal Code, for intentionally aiding Dental Clinic “A”, to, without reasonable excuse, make an incorrect return.
- For abetting Dental Clinic “A” in making incorrect returns without reasonable excuse, OCM was ordered by the Court to pay a fine and a penalty of 2 times the amount of tax undercharged.

Dental Clinic “B”

- As there was no additional tax payable, we did not pursue a charge against Dental Clinic “B” but to amend the assessments accordingly. The amendment was due to over-declaration of Dental Clinic “A” income by Dental Clinic “B”.



Offences and charges filed

GST Offences

- OCM, as sole-director of Dental Clinic “A”, was convicted for one charge under Section 61(a) of the Goods and Services Tax Act, read with Section 74 of the same, for failure to notify the Comptroller of GST of Dental Clinic “A”’s liability to register for GST.
- OCM was ordered by the Court to pay a fine and penalty of 10% of GST due.

