



 DREW & NAPIER

The Taxman wants to  
interview you  
— What do you say?

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LEGAL  
UPDATE



# In this Update

The Inland Revenue Authority of Singapore's ("IRAS") tax auditors and tax investigators often conduct interviews in the course of their audits or investigations.

In this update, Siok Peng shares her expertise on what to expect during the interview and how to be prepared for it. This update is the third of a four-part series providing insight into the various aspects of tax audits and investigations and how best to deal with encounters with the tax authority.

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## **INTRODUCTION**

As part of their audits or investigations, tax auditors and tax investigators from the IRAS often conduct interviews, followed by the taking of a statement, in order to obtain information on the matters they are looking into.

Such interviews and taking of statements could be conducted on the day of the first visit itself or throughout the period of the audit or investigations, in the weeks and months after the first visit. Persons who may be called up for such interviews include the business owner, current and ex-employees, directors, customers, suppliers and even suspected accomplices.

## **WHAT CAN BE ASKED?**

The scope of the IRAS' powers to obtain information has been expanded to allow the IRAS to gather all information as long as it is relevant to its investigations or prosecution of a person for an offence under the Income Tax Act (Cap. 134) ("**ITA**") or the Goods and Services Tax Act (Cap. 117A) ("**GST Act**"). This could include answering questions on any information relating to a person's income, his assets and liabilities, the business' transactions, suspected accomplices and the production of relevant documents for inspection.

Further, employees of businesses must provide an explanation of the information or document shown during the interview. If the information is not provided or the document is not produced during the interview, that employee is required to state, to the best of the employee's knowledge and belief, where the information or the document can be found.

## **IS IT MANDATORY TO ATTEND THE INTERVIEW?**

Once you have been issued with a notice under section 65B of the ITA or section 84 of the GST Act, you must personally attend the interview with the IRAS tax auditor or investigator at the place and time specified in the notice. Such interviews will usually be followed by the taking of the written statement of the person interviewed.

The failure to comply with a notice to attend an interview with the IRAS is an offence with serious consequences. If found guilty, a person is liable to a fine of up to S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

## **WHAT HAPPENS AT STATEMENT-TAKING?**

At the commencement of the statement-taking, you will usually be informed of the general purpose of the statement (e.g. an investigation into an offence under the ITA). The written statement will be recorded in the English language. As such, if you prefer to have the statement interpreted over to you in another language, you may request for an interpreter to be present.

At the conclusion of the interview, the written statement has to be read over to you in a language you understand and you will be asked to pen your signature with an affirmation that you understand that if you have wilfully stated in the statement anything that is untrue, action may be taken against you. As such, it is prudent to take the time to read through the statement carefully and not rush through it. If there are any parts in the statement which you do not agree with, you may ask for the statement to be amended before penning your signature onto it.

Be aware of your body language during the interview, whether you are displaying evasiveness. There is a fine distinction between being cooperative and over-volunteering information. In answering the interviewer's questions, there is no requirement to answer on matters that may be self-incriminating.

During the interview, you should only provide replies on matters within your personal knowledge. If unsure, it is preferable to make verifications rather than provide a reply to a question based on guesswork. Inaccurate guesses may be viewed as telling untruths and may constitute an offence under the relevant laws.

Telling untruths in a statement may attract prosecution even if you decide to correct these inaccuracies in your later statements. If confronted with fake documents or records which someone else was responsible for, or you as a director or business owner did not give instructions on (e.g. the accounts were managed by another director or an accountant), it is prudent to highlight this at the earliest opportunity to the auditors or investigators.

## **HOW TO PREPARE FOR THE INTERVIEW?**

Attending an interview may not be a pleasant experience and therefore it is important to take the necessary steps to be prepared for it. You should eat a proper meal before the interview and be dressed comfortably. As the interview may take several hours and it may get cold, you should also consider bringing a sweater along to keep warm.

If you are on any medication, do remember to bring the medication along and inform the interviewer of your medication timing. In addition, bring your reading glasses along if you need them as you will likely be shown and queried on various documents during the interview.

At this stage, having an independent advisor would be helpful in the preparation of the likely questions which may be asked during the interview. The independent advisor can also help review the relevant business documents together with you, give reassurances on how to answer difficult questions and greatly lessen the anxiety of the impending interview. An experienced advisor will also be able to assist you in keeping records of the interviews, reconstructing the questions asked and the replies given, as well as to assess where the investigations are headed.

## **COMMENTS**

Being called up for an interview with the Taxman can be a stressful experience. However, the interview and statement-taking process can be a less distressing experience when one is well-prepared.

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