Errors in tax returns

IRAS takes actions and imposes penalties on taxpayers who evade tax and/or file incorrect tax returns. When there is no evidence of wilful intention to evade taxes, IRAS will take into consideration the circumstances under which the errors were made in determining the penalties. IRAS will also waive penalties for taxpayers who voluntarily disclose any errors and meet the qualifying conditions for the waiver.

Penalties for errors in tax returns

Under the Income Tax Act 1947, taxpayers may face the following consequences for filing an incorrect return:

Without reasonable excuse or through negligence

1. Penalty up to 200% of the amount of tax undercharged;
2. Fine up to $5,000; and/or
3. Imprisonment up to three years

With wilful intention to evade taxes

1. Penalty up to 400% of the amount of tax undercharged;
2. Fine up to $50,000; and/or
3. Imprisonment up to five years

IRAS will notify taxpayers of the penalty amount and due date for payment of penalty. IRAS will also explain the reason for imposing the penalty.

Consideration of "circumstances under which errors were made"

For cases where there is no evidence of any wilful intention to evade taxes, IRAS will decide on the penalties for incorrect returns by considering the circumstances under which errors were made.

+ EXPAND ALL

Circumstance #1: Negligence / Without reasonable excuse

Circumstance #2: Compliance history

Circumstance #3: Cooperation during audits

Circumstance #4: Commitment to future compliance

Voluntary disclosure of errors for reduced penalties

To encourage voluntary disclosures of past errors and omissions, IRAS may reduce penalties for voluntary disclosures which meet the qualifying conditions under IRAS' Voluntary Disclosure Programme. Learn more about how to make a voluntary disclosure.

For Income Tax, penalty waiver is granted for voluntary disclosures made within a 'grace period' of one year from the statutory filing date. After the lapse of the 'grace period', IRAS will impose a reduced penalty of 5% for every back year the disclosure was untimely, on an incremental basis.

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Example 1: Rental omission in YA 2022

Example 2: Rental omission in YA 2020

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