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FORUM

Certified consultants bound by strict code

We are grateful that the report on Sunday highlighted that there are indeed consultants who do a minimum amount of work for their clients ("Consultants or con men? Iras on alert").

It is unfortunate that these black sheep are often the ones highlighted to the public.

But for every one of these questionable consultants, there are many more excellent ones who work quietly in the background to help their clients' businesses to improve, be more

competitive and grow.

This varied standard of consultancy is real, and it is exactly because of this that the Singapore Business Advisors and Consultants Council – an independent certification body for professional management consultants – was set up, to differentiate the wheat from the chaff.

The Practising Management Consultants (PMCs) who have been certified by us were assessed through a rigorous process and are bound by a code of professional

ethics. They are also required to undertake continuing professional development to ensure currency and relevance in the marketplace.

They are also governed by a disciplinary process that could result in their certification being revoked if they are found to be guilty of unprofessional conduct.

Should anyone, whether a business organisation or government agency, have a complaint against a management consultant who is one of our certified PMCs, he is welcome to

come to us and we will investigate the matter.

Meanwhile, we encourage businesses seeking good management consultants to check them against our list of more than 400 certified PMCs, who we are confident exhibit a high degree of professionalism and integrity and who are insured against professional liability.

Lau Chuen Wei (Miss)
Executive Director
Singapore Business Advisors and Consultants Council

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Consultants or con men? Iras on alert

Some agents are getting the self-employed to file false claims for payouts under PIC scheme

Theresa Tan

The taxman is on the alert for "consultants" who target small businesses and the self-employed to get them to cheat on a government grant meant to boost productivity and innovation.

The Inland Revenue Authority of Singapore (Iras) said these so-called consultants have misled or influenced hawkers, property agents, hair salon owners and taxi drivers, among other self-employed individuals, to make false claims to get cash payouts under the Productivity and Innovation Credit (PIC) scheme.

Since the scheme started in 2010, Iras has rejected or clawed back the sums paid out for about one in three – or about 30,000 – cash payout claims filed by the self-employed as the claims were inaccurate or false. The sums not given out or recovered from these dubious claims amounted to about \$358 million in the last five years.

Iras digs deep into the most suspicious claims and had investigated

488 cases by the end of last year. Eight people have been prosecuted for PIC fraud and, so far, four have been sent to jail.

Iras assistant commissioner of investigation and forensics Loh Lee Kim said the agency has a "pipeline" of cases to take to court, including against "consultants" and those who conspired with them. She did not give any other details, such as the numbers under probe currently.

Under the PIC scheme, firms can get cash payouts of 60 per cent of up to \$100,000 a year on expenditure in areas like staff training and the purchase of information technology (IT) or automation equipment. Consultants typically seek to abuse the scheme by approaching the self-employed and offering them a product, from computer software to automation equipment.

They are told that they do not have to pay for the purchase upfront as the Government will pay for the bulk or all of the cost through the PIC scheme. The consultants say they will handle all the paperwork. All the appli-

cant has to do is to sign a blank or pre-filled application form.

When the business receives the cash payout, the consultant usually takes the bulk of the amount, leaving a small cut for the business. What this means is that the business usually ends up with a free product plus a cut of the payout.

Consultants may also give wrong or misleading advice on the PIC scheme, and the unwitting applicants do as they are advised as they do not know any better.

An example is when the applicant is told to list any three Singaporeans as their staff in order to meet the scheme's qualifying criteria – even though they do not have three employees. This is wrong as employees must be genuinely hired.

While some applicants are misled by consultants into making false claims, others willingly go along with the ruse – for example by using fake invoices to claim for non-existent purchases.

"Some of the self-employed do not realise the seriousness of it. We could send them to jail," Ms Loh warned. Those convicted of PIC fraud have to pay a penalty of up to four times the cash payout received. They can also be jailed for up to five years, or fined up to



A man who fell victim to a scam by a "consultant" lodging a police report. The scam was built around the Productivity and Innovation Credit scheme. ST FILE PHOTO

\$50,000 or both.

Mr Andy Seah, assistant commissioner for the individual income tax division, reminded the self-employed that they are liable for the authenticity and accuracy of their claims, even if a consultant has filed an application for them.

He added that some of the businessmen realise they have been conned only when they receive a faulty product or when the consultant goes missing.

Mr Hong Poh Hin, vice-chairman of the Fuchow Coffee Restaurant and Bar Merchants Association, said hawkers may not have the time or knowledge to check on the consultants' claims. The association was itself duped by a consultant who sold it a photocopying machine for over \$30,000 and said it

could claim most of the outlay from the PIC scheme. But the association does not qualify for the scheme as it is a non-profit organisation and the scheme is only for businesses.

The association also discovered later that the machine was grossly over-priced. But by then, the consultant's firm had shut down.

Mr Chan Chong Beng, chief executive of interior furnishings firm Goodrich Global, suspects consultants are behind most of the fraudulent claims, as most hawkers and small-time businessmen may not be aware of the PIC scheme or how to qualify for it. "They may not realise that what the consultants tell them is wrong and they could be caught. If they know, I don't think they will do it," he said.

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Since the scheme started in 2010, Iras has rejected or clawed back the sums paid out for about one in three – or about 30,000 – cash payout claims filed by the self-employed as the claims were inaccurate or false.

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HOW 'CONSULTANTS' ABUSE THE SCHEME

Fake claims: A training vendor approached a hair salon owner, saying she could earn a tidy sum by sending a few stylists for training. She did not hire the stylists, or send anyone for training.

But she used their names to claim training expenses. The vendor gave her an invoice for \$25,000 in training fees.

She submitted the invoice, aiming to get a cash payout of 60 per cent of the "fees", or \$15,000. She would give the vendor \$10,000 and keep \$5,000 herself.

Claims for products that did not meet any real commercial need: A consultant told a hawker he could create a mobile phone application to boost his business.

The hawker was also told that he could get some money from the PIC

scheme. All he had to do was sign a blank PIC application form, and pay CPF contributions for three people in order to qualify for the cash payout.

The consultant presented a \$20,000 invoice for the app. The \$12,000 cash payout was split: The consultant took \$9,000 and the hawker \$3,000. After giving the consultant his cut, the hawker realised the app was faulty.

What the Iras says: The Iras has not appointed or endorsed any consultants on PIC matters. It advises businesses to fill the applications themselves as the process is simple and takes about 10 minutes to complete online.

For those wanting to hire a consultant, the Iras recommends checking the consultant's

credentials and background. They should be careful of consultants who exaggerate the PIC scheme's benefits and offer deals that sound too good to be true. They should also get the consultant's advice in writing and verify the claims are accurate before signing application forms.

- For clarification on PIC matters, e-mail iras@piccredit@iras.gov.sg or call the Iras helpline on 1800-3568622 (for companies) or 63513534 (for sole proprietorships/partnerships).
- To report a scam or tax evasion, e-mail fd@iras.gov.sg or write to Iras, Investigation & Forensics Division, 55 Newton Road, Revenue House, Singapore 307987.

Theresa Tan