

GOODS AND SERVICES TAX

EXCHANGE RATES FOR GST PURPOSE



INLAND REVENUE
AUTHORITY
OF SINGAPORE

Exchange Rates for GST Purpose

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1 INTRODUCTION

- 1.1 Paragraph 11 of the Third Schedule to the GST Act provides that where transactions are made in foreign currency, GST registered traders are required to convert for GST purposes, the foreign currency into Singapore currency at the selling rate of exchange prevailing in Singapore at the time of supply.
- 1.2 The Comptroller previously published a GST Practice Note 6, Vol. 2 No. 2 on 7 Feb 94 which lists the exchange rates that can be used for purpose of conversion and the criteria to be satisfied. Since then, there have been new and added sources of acceptable exchange rates.
- 1.3 This tax guide consolidates all the exchange rates that are acceptable for GST purposes.
- 1.4 This tax guide supersedes GST Practice Note 6 Vol. 2 No. 2 published on 7 Feb 94.

2 ACCEPTABLE EXCHANGE RATES FOR GST PURPOSES

- 2.1 Generally, adoption of exchange rate that meets the following criteria is acceptable for GST purposes:
 - a) the exchange rate must be reflective of the Singapore money market at the relevant point in time;

Administratively, exchange rates obtained from any of the sources listed in Appendix A would qualify.

- b) the exchange rate must be the daily exchange rate corresponding to the time of supply. If not, it must be a good approximation of this rate;

Daily exchange rate would refer to the prevailing buying rate, selling rate or average of the two. The use of the exchange rate on a particular day of the month (e.g. last working day of the previous month) or an average rate over a specific period (e.g. average of the daily rates for the previous month) to approximate the daily exchange rate corresponding to the time of supply is acceptable.

- c) the exchange rate must be updated at least once every three months;
 - d) the exchange rate must be consistently used for internal business reporting, accounting and GST purposes;

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- e) the exchange rate must be used consistently for at least one year from the end of the accounting period in which the method was first used.

3 ADMINISTRATIVE CONCESSION

- 3.1 GST businesses who had not in the past sought the Comptroller's approval for the use of exchange rates are not required to seek approval now if the exchange rate adopted was among the rates listed in the table in Appendix A and satisfies all the conditions stated in paragraph 5. **Businesses using such exchange rates do not need to seek the approval of the Comptroller.**

4 OTHER EXCHANGE RATES

- 4.1 For businesses which would like to adopt an in-house exchange rate that is based on sources other than the ones listed in Appendix A or does not satisfy all the conditions stated in paragraph 5, they are required to write in to the Comptroller for approval. In general, the Comptroller will allow the use of such rates if the rates are close approximations of the rates listed in Appendix A.

5 PROPER DOCUMENTATION

- 5.1 GST registered businesses are required to maintain sufficient documentation to support the exchange rates used. Such books and records should be kept in a proper manner and made available for our verification whenever the need arises.

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Appendix A

| Acceptable Sources of Exchange Rates | Remarks |
|---|--|
| a) Exchange rates published by local banks | These include rates published by full banks, wholesale banks, offshore banks and merchant banks in Singapore. |
| b) Exchange rates published by Singapore Customs | These rates are updated by Singapore Customs fortnightly. These rates can be obtained by dialling the Customs Tele-Info Phone Services (Customs TIPS) at Tel: 6355 2000. |
| c) Local circulated newspapers | Examples would include: <ul style="list-style-type: none">• Business Times• Straits Times• Wall Street Journal/Asian Wall Street Journal• Financial Times• Lianhe Zaobao |
| d) Exchange rates published by reputable news agencies eg <ul style="list-style-type: none">• Bloomberg• Reuters | Rates from Bloomberg and Reuters may also be obtained online from http://www.bloomberg.com and http://www.reuters.com respectively. |
| e) Exchange rates published by foreign central banks e.g. European Central Bank and Federal Reserve Bank of New York | These apply only to foreign central banks without exchange controls. |
| f) Online resources eg Yahoo! Finance | Exchange rates published by websites are acceptable if these websites based their rates from sources (a) to (e) above. Eg, exchange rates from Yahoo! Finance are obtained from Reuters. |