

IRAS e-Tax Guide

GST: Time of Supply Rules



INLAND REVENUE
AUTHORITY
OF SINGAPORE

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1 Overview

- 1.1 A GST-registered business is required to examine each transaction to determine when to treat a supply as having been made, and when to report the supplies and account for GST in his GST return. To do so, the GST registered person will need to apply the time of supply rules.
- 1.2 In his 2010 Budget Statement, the Minister for Finance announced changes to the time of supply rules with the aim of aligning these rules to commercial practice and to ease compliance, while maintaining the integrity of the GST system.
- 1.3 This guide explains the changes to the time of supply rules which will take effect from 1 January 2011. This guide also lists the exceptional transactions to which special time of supply rules will apply.

2 Time of Supply Rules Before 1 January 2011

- 2.1 Before 1 January 2011, a supply is deemed to be made at the earliest of the following three events:
 - a) When goods are removed/made available or when services are performed (“Basic Tax Point”);
 - b) When payment in respect of the supply is received; and
 - c) When tax invoice in respect of the supply is issued.
- 2.2 The above applies to transactions in general and is referred to as the general time of supply rules. However, if a tax invoice is issued within 14 days¹ after the Basic Tax Point, the time of supply will be the date of issuance of tax invoice (provided that payment for the supply is not received earlier).
- 2.3 Apart from the general time of supply rules above, special time of supply rules under the GST (General) Regulations may apply to certain classes of transactions such as construction services, continuous supplies of services, etc. These special rules are to enable a GST registered business to account for output tax at the time where it is more efficacious to do so. Most of these special rules generally do not take into account the Basic Tax Point.

¹ This is commonly referred to as the 14-day rule.

3 Time of Supply Rules with effect from 1 January 2011

- 3.1 The time of supply rules described above require GST-registered businesses to track the Basic Tax Points for transactions. However, IRAS understands that businesses generally recognise sales based on invoice or payment dates. This means that for transactions where the Basic Tax Points do not coincide with the invoice or payment date, businesses will have to incur additional costs in order to fully comply with the time of supply rules for GST purposes.
- 3.2 To facilitate compliance and to align the GST rules with business practices, the general time of supply rules will be simplified with effect from 1 January 2011 by removing the Basic Tax Point from the general time of supply rules. With the removal of the Basic Tax Point, the 14-day rule will also be removed.
- 3.3 The new time of supply for most transactions will be triggered by the earlier of the following 2 events:
- a) When payment in respect of the supply is received; and
 - b) When invoice in respect of the supply is issued.

“Payment”

- 3.4 A supply is anything done for a consideration. Therefore, the term “payment” in this guide refers to the payment of anything that constitutes a consideration.
- 3.5 The rules governing when payment is received for various modes of payment remain unchanged. Some examples are as follows:
- **Cash**
Payment is treated as received on the date which you receive the cash from your customer.
 - **AXS & SAM Machines/NETS Facility/Credit Card etc.**
Payment is treated as received on the date which these establishments transfer the money to you.
 - **Telegraphic Transfer**
Payment is treated as received on the date which your bank receives the money.
 - **Cheques**
Payment is treated as received on the date which you present the cheque to the bank (i.e. the bank-in date). For cheque that is dishonoured, payment is treated as received on the date which you present the new cheque to the bank.

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- 3.6 Payment to stakeholders is not considered as received until the monies are released. Notwithstanding this, the time of supply may still be triggered by the issuance of invoice, as explained below

“Invoice”

- 3.7 Prior to 1 January 2011, the issuance of a tax invoice – and not any other type of invoice – is an event that will trigger the time of supply. With effect from 1 January 2011, the issuance of any type of invoice will be an event that triggers the time of supply. This includes a tax invoice² as well as any document that serves as a bill for payment for supplies made by a GST-registered supplier. An example of such document would be a debit note.
- 3.8 In general, documents such as sales order, pro-forma invoice, statement of accounts and letter/statement of claims are not considered as invoices for GST time of supply purposes. This is because these documents are often not billing for payments and would therefore not be treated as invoices based on normal commercial practices.

Issue of Tax Invoice Within 30 days of Time of Supply

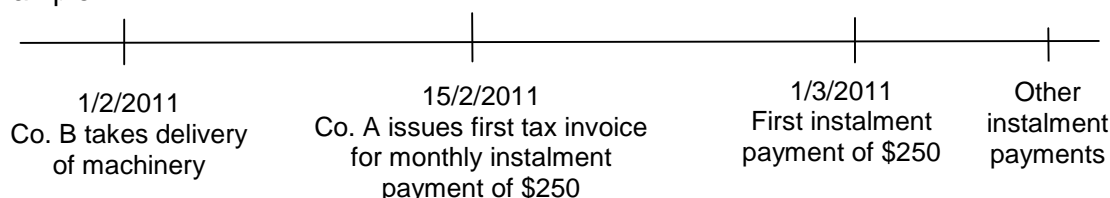
- 3.9 Nonetheless, GST-registered businesses will still have to issue a tax invoice within 30 days from the receipt of payment (except for transactions whereby the Basic Tax Point still applies) for standard-rated supplies made to taxable persons. GST-registered customers would require the tax invoice to support their input tax claims.

² For more information on tax invoice, please refer to our e-tax guide on “GST: General Guide for Businesses”

4 Exceptional Time of Supply Rules for Instalment Payment

- 4.1 With the removal of the Basic Tax Point, a new time of supply rule has been introduced for transactions involving the supply of goods and services where the supplier also provides financing services in respect of the supply of goods or services supplied to that customer. An example would be the supply of goods under hire purchase. This is because the removal of the Basic Tax Point is to ease compliance and not to unduly defer the accounting of tax.
- 4.2 Hence, in situations where the supplier makes a supply of goods and services and a supply of financing services in respect of the supply of goods or services supplied to the same person, the supplier cum financier has to account for output tax on the full value of supply when he first issues an invoice to or receives the first payment from the customer.

Example 1:



Co. A sells machinery to Co. B under an instalment credit financing arrangement. The credit arrangement is to finance the purchase amount of \$3,000 including 7% GST. The terms of the financing arrangement are such that Co. B is to make monthly payment of \$250 starting from 1/3/2011. Invoice for the first instalment payment is issued on 15/2/2011. Co. B takes delivery of the machinery on 1/2/2011.

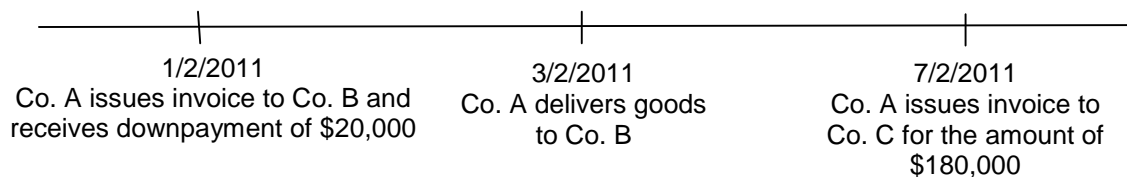
The table below shows the time of supply for the sale of machinery under the current and new time of supply rules:

	Rules before 1 Jan 2011	Rules wef 1 Jan 2011
Event Triggering time of supply	Delivery of goods on 1/2/2011	Tax invoice issued on 15/2/2011
Value of supply	\$3,000	\$3,000

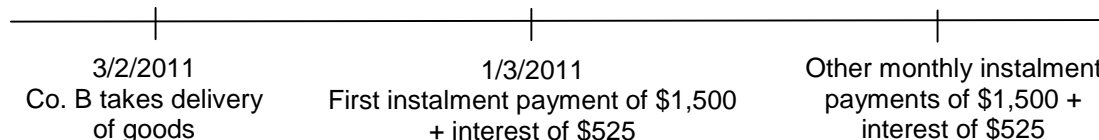
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Example 2:

Supply by Co. A:



Supply by Co. C:



Co. A sells a motor car to Co. B for a total price of \$200,000 including 7% GST. Co. B makes a downpayment of \$20,000 and receives an invoice from Co. A for that amount on 1/2/2011. At the same time, Co. B also enters into a hire-purchase agreement with Co. C (i.e. a finance company) to seek financing for the remaining amount. Co. B takes delivery of the motor car on 3/2/2011. The terms of the hire-purchase are as follows:

Amount:	\$180,000
Term:	10 years (or 120 months)
Interest rate:	3.5% per annum
Monthly Interest:	\$525 (i.e. \$180,000 x 10 years x 3.5% / 120 months)
Monthly payment:	\$1,500 (exclude interest)

In this case, there are two suppliers for the supply of the motor car, namely Co. A and Co. C. The table below shows the time of supply for the supplies made by Co. A and Co. C under the current rules and the time of supply rules with effect from 1 Jan 2011.

Rules before 1 Jan 2011

Supplier / Type of supply	Time of supply triggered by:			Time of supply	Value of supply including GST	Remarks
	Invoice	Delivery	Payment date			
Company A						
Supply of motor car	√		√	1/2/2011	\$20,000	Output tax to be accounted for on deposit
		√		3/2/2011	\$180,000	Output tax to be accounted for on the balance amount
Company C						
Supply of motor car		√		3/2/2011	\$180,000	Output tax to be accounted on the entire supply upon delivery (i.e. this example assumes that tax invoice for the full supply has not been issued)
			√	1/3/2011	\$525	Interest received*

* The provision of credit is an exempt supply. The time of supply for the remaining interest amount will be triggered periodically by the receipt of payment (or issue of invoice where applicable, whichever is the earlier).

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Continuation of Example 2:

Rules with effect from 1 Jan 2011

Supplier / Type of supply	Time of supply triggered by:			Time of supply	Value of supply including GST	Remarks
	Invoice	Delivery	Payment date			
Company A						
Supply of motor car	√		√	1/2/2011	\$20,000	Output tax to be accounted for on deposit
	√			7/2/2011	\$180,000	Output tax to be accounted for on the balance amount
Company C	Invoice	Delivery	Payment date	Time of supply	Value of supply	Remarks
Supply of motor car			√	1/3/2011	\$180,000	Output tax to be accounted on the entire supply upon the invoice or payment of the first instalment
Supply of credit			√	1/3/2011	\$525	Interest received*

* The provision of credit is an exempt supply. The time of supply for the remaining interest amount will be triggered periodically by the receipt of payment (or issue of invoice where applicable, whichever is the earlier).

5 Situations where Businesses will Continue to Track Basic Tax Point

5.1 While the Basic Tax Point will no longer be one of the events that triggers the time of supply for most transactions, there are specific transactions where the GST-registered businesses are still required to track the Basic Tax Point. This is because the issuance of invoice and the receipt of payment are inappropriate in recognizing the supplies as having been made for such transactions. They are as follows:

- a) Determining Taxability of Supplies Straddling Registration Date;
- b) Time of Supply for Supplies Spanning De-Registration;
- c) Sale of Immovable Properties;

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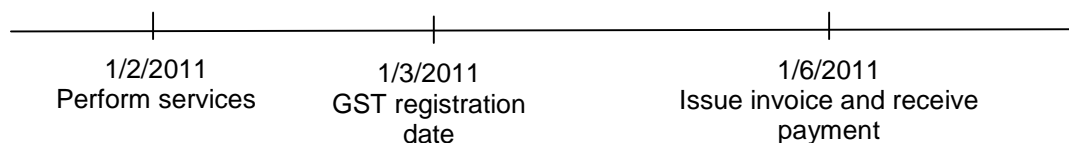
- d) Supplies Made by a Section 33(2) Agent;
- e) Business Assets Put To Private Use/ Transferred/ Disposed Of Without Consideration; and
- f) Supplies Between Connected Persons.

Determining Taxability of Supplies Straddling Registration Date

- 5.2 Supplies made by a newly-registered business may straddle its GST registration date. For example, the business may supply its service before its registration date but issue invoice and receive payment for that service only after its registration date.
- 5.3 With effect from 1 Jan 2011, if the invoice is issued and payment is received after the date of GST registration, the supply is treated as taking place after the date of GST-registration and hence, GST is chargeable on the supply. However, if the Basic Tax Point takes place before the business becomes GST-registered, businesses will be required, upon requests made by customers who are not entitled to credit for the whole or part of the tax on the supply (this includes customers whose input tax is partly disallowed by virtue of them being a partial exempt trader, or by virtue of the input tax being blocked by regulations 26 or 27), to rely on the Basic Tax Point to determine when the supply is made and hence, not charge GST on the supply.
- 5.4 To seek relief, qualifying customer and supplier must complete and sign the "Request for relief of GST on goods or services supplied prior to supplier's GST registration date" form. A copy of the form is available for download on IRAS website. Please ensure that the declarations to be made in the form are correct, in order to avoid the possibility of penalties being imposed. In addition, suppliers are to ensure that the various checks required of him, as mentioned in the form, are duly performed.

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Example 3:



Co. A performs its services on 1/2/2011 prior to its GST registration date. Co. A issues invoice for the supply on 1/6/2011 and receives payment on the same day.

	Rules before 1 Jan 2011	Rules wef 1 Jan 2011
Event Triggering time of supply	Performance of services on 1/2/2011	Invoice and payment on 1/6/2011

Under the current rules, the supply is treated as taking place before Co. A becomes GST-registered. Therefore, the supply will not be subject to GST.

With effect from 1 Jan 2011, the time of supply for the services is treated as taking place after Co. A becomes GST-registered. Therefore, the supply will be subject to GST. However, Co. A does not need to charge GST on the supply if its non-GST-registered customer requests for a waiver of GST to be charged on services performed prior to registration.

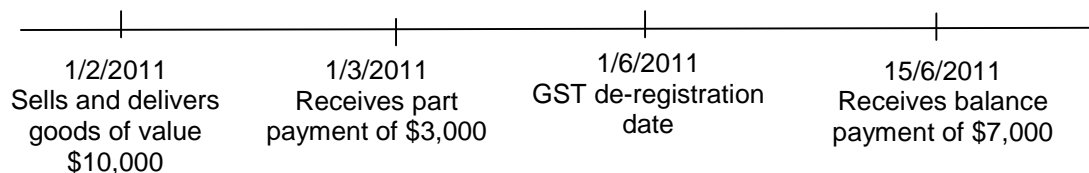
[Note: In cases whereby the supply is treated as taking place before Co. A becomes GST-registered, Co. A will not be allowed to claim the input tax claims incurred to make his supply.]

Time of Supply for Supplies Spanning De-Registration

- 5.5 Supplies made by a business that has cancelled its GST registration may straddle its GST de-registration date. For example, the business may supply its service before its de-registration date but issue invoice and receive payment for that service only after it ceases to be registered for GST.
- 5.6 In cases where the Basic Tax Point (i.e. delivery of goods or performance of services) takes place before the business becomes de-registered and full output tax on the supply has not been accounted for at the date of de-registration, the supply of goods or services shall to the extent that it is not covered by any invoice or payment, be treated as taking place on the day immediately before it ceases to be registered for GST.

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Example 4:



Co. A sells and delivers goods of value \$10,000 on 1/2/2011 + 7% GST before it de-registers for GST purposes.

Rules before 1 Jan 2011

Co. A has to account for GST on the full value of supply at the time when the goods are delivered (i.e. 1/2/2011).

Rules with effect from 1 Jan 2011

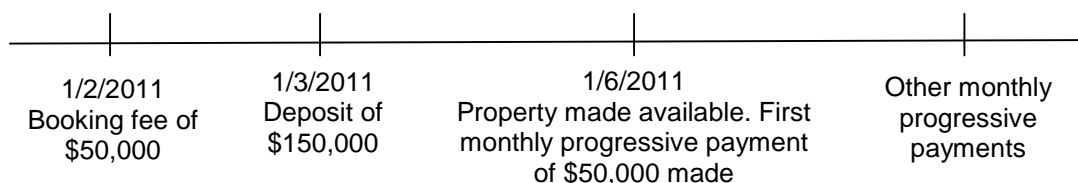
Co. A has to account for GST on the part payment of \$3,000 received on 1/3/2011. As the time of supply for the remaining balance has not been triggered by invoice or payment before the de-registration date, Co. A will have to account for GST on the remaining balance of \$7,000 on the date of de-registration (i.e. 1/6/2011).

Sale of Land and Immovable Property

- 5.7 With the exception of the changes to the tax points based on invoice and payment (see paragraph 3 above), the time of supply rules for the sales of land and immovable properties would remain the same before, as well as with effect from 1 January 2011. In other words, the GST-registered seller has to account for GST at the earliest of the following events:
- when payment is received;
 - when an invoice is issued;
 - when the title of the property is transferred upon legal completion; and
 - when the property is made available to the buyer for occupation.
- 5.8 The GST treatment for the sale of a completed non-residential property and a non-residential property under development is explained in the paragraphs below.
- 5.9 In a typical sale of a completed non-residential property, the seller normally receives a 5% booking fee, followed by a 15% deposit when the option is exercised. The property is usually transferred to the buyer upon completion of the sale. In this case, the GST-registered seller will have to account for GST on both the 5% booking fee and the 15% deposit at the earlier of receipt of payment or issuance of invoice issued. GST on the remaining sum will be accounted for at the earliest of the events (a) to (d) in paragraph 5.7 above.

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Example 5:



Co. A sells a completed real property (i.e. commercial shophouse) to Co. B for \$1,000,000 + 7% GST. Co. B pays a 5% booking fee of \$50,000 + 7% GST on 1/2/2011, followed by payment of a deposit of \$150,000 + 7% GST on 1/3/2011 when the option is exercised. For the remaining amount of \$800,000 + 7% GST, Co. A provides financing and Co. B will make progressive payments of \$50,000 every month until the full amount is repaid.

Co. A is required to account for output tax as follows:

Time of supply triggered by	Time of supply	Value of supply (\$)
Receipt of booking fee	1/2/2011	50,000
Receipt of deposit	1/3/2011	150,000
Property made available	1/6/2011	800,000*

* Full output tax on the remaining balance will have to be accounted for. This is despite that full payment has not been received.

5.10 In a typical sale of a non-residential property under development, the seller normally collects progressive payments from time to time according to the schedule of payments specified in the agreement. The property is usually made available to the buyer for occupation after the issuance of Temporary Occupation Permit (TOP). In this case, the GST-registered seller has to account for GST on each progressive payment at the earlier of receipt of payment or issuance of invoice until the property is made available or the title is transferred to the buyer upon legal completion. Once the property is made available or transferred to the buyer, the GST-registered seller has to account for GST on the remaining sale proceeds (regardless of whether the full remaining sum for the property has been received) at the earliest of events (a) to (d) in paragraph 5.7 above.

5.11 Please refer to our e-tax guides on GST Guide for Property Owner and Property Holding Company (Reference No. 2005/GST/5) or GST Guide for Property Developer (Reference No. 2005/GST/4) for more information on the application of GST for property transactions.

Supplies Made by a Section 33(2) Agent

5.12 An agent who imports goods on behalf of an overseas person who is not registered for GST will have to account for GST on the supply of such goods at the earliest of the following:

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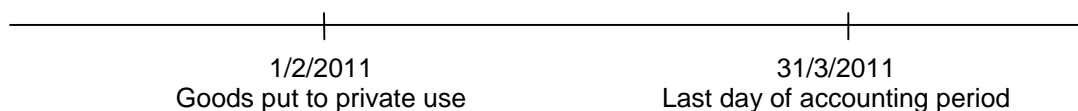
- a) when payment is received;
- b) when an invoice is issued; and
- c) when the goods are made available or removed.

Business Assets Put To Private Use/ Transferred/ Disposed Of Without Consideration

- 5.13 When a GST-registered business transfers or disposes of goods forming part of the assets of its business without consideration, it is making a supply of goods for GST purposes. The time of supply remains the same before, as well as with effect from 1 January 2011. In other words, it is treated as taking place when the goods are transferred or disposed of.
- 5.14 When the GST-registered business uses the goods held or used for its business for private purposes (or for the purpose of a business not carried on by him) without consideration, it is making a supply of services for GST purposes when the goods are appropriated to use. The time of supply remains the same before, as well as with effect from 1 January 2011. In other words, it is treated as taking place on the last day of the supplier's prescribed accounting period, or in each such accounting period, in which the goods are made available or used.

Example 6:

Co. A's goods are put to private use on 1/2/2011. Co. A is on quarterly filing (i.e. Jan – Mar, Apr – Jun, Jul – Sep, Oct – Dec).



In this case, the time of supply is 31/3/2011 (i.e. the last day of the prescribed accounting period in which the goods are taken for private use).

Supplies Between Connected Persons

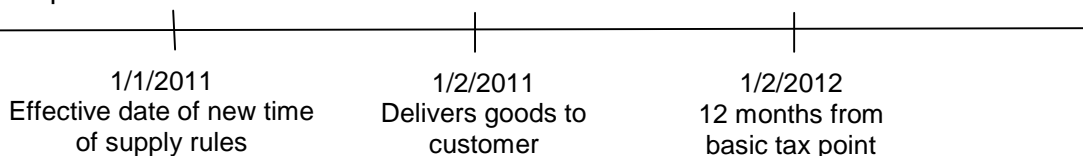
- 5.15 For supplies made between connected persons³, the supply is treated as taking place at the earliest of the following:
- a) when invoice is issued;
 - b) when payment is received; and
 - c) 12 months after the Basic Tax Point (i.e. the 12-month rule).

³ See Appendix 1 for details on connected persons

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- 5.16 The 12-month rule does not apply to supplies listed in Appendix 2 which are continuous in nature.

Example 7:



Co. A enters into an agreement to supply goods to its parent company, Co. B. Co. A delivers the goods on 1/2/2011. However, there is no payment received or invoice issued thereafter.

	Rules before 1 Jan 2011	Rules wef 1 Jan 2011
Event Triggering time of supply	Delivery of goods on 1/2/2011	12 months from basic tax point (i.e. delivery) - 1/2/2012

Under the time of supply rules with effect from 1 Jan 2011, since neither payment nor invoice is received or issued respectively within 12 months from the basic tax point (i.e. the delivery of the goods on 1/2/2011), the time of supply will be 12 months from the delivery of goods (i.e. 1/2/2012).

6 Option to Use the Basic Tax Point

- 6.1 While the new time of supply rules are intended to simplify the rules and facilitate compliance, some businesses may still prefer to track the Basic Tax Point (i.e. delivery of goods or performance of services). In such cases, IRAS will allow these businesses to apply the time of supply rule based on the earliest of the following 3 events:

- a) When goods are removed/made available or when services are performed ("Basic Tax Point")
- b) When payment in respect of the supply is received; and
- c) When invoice in respect of the supply is issued.

- 6.2 Businesses should take note that the time of supply rules mentioned in paragraph 6.1 above is different from the current time of supply rules as follows:

- a) The 14-day rule will no longer apply; and
- b) The time of supply rule is dependent on invoice, instead of tax invoice.

- 6.3 Businesses that wish to adopt the above time of supply rules will have to seek prior approval from IRAS. Approval will generally be granted to those businesses who wish to use the above time of supply rules starting from 1 January 2011. If the businesses subsequently wish to change the time of supply rules, they will have to write in to IRAS for approval, stating the reasons for the change.

7 Prescribed Time Of Supply Rules

- 7.1 The time of supply rules prescribed for the following circumstances (regardless of the nature of transactions) and specific transactions apply to all businesses including those who have opted to use the Basic Tax Point:

Time of supply based on the earlier of invoice or consideration

- a) Determining Registration Liabilities;
- b) Determining When Supplies Are Made to Claimant for Input Tax Claiming Purposes;

Special time of supply rules

- c) Goods Supplied On Approval, "Sale Or Return" Or Similar Terms;
- d) Licence, Tenancy And Lease;
- e) Continuous Supplies Of Services; and
- f) GST Schemes and Special Transactions:
 - Approved Third Party Logistic Company Scheme
 - Approved Contract Manufacturer and Trader Scheme
 - Customer Accounting
 - Cash Accounting
 - Supply of Gold Jewellery
 - Coin-Operated Machines
 - GST Rate Change

Determining Registration Liabilities

- 7.2 Businesses that make taxable supplies of goods and/or services in Singapore with an annual turnover exceeding or likely to exceed S\$1 million are required to register with the Comptroller of GST. Therefore, there is a need for businesses to determine the period in which their supplies are made (or are

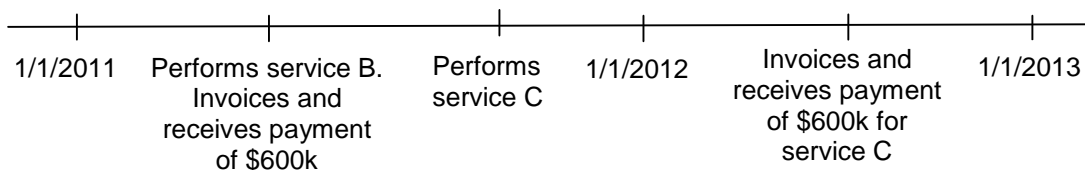
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expected to be made), so as to compute whether their turnover for a particular year (or 12-month period) has exceeded the S\$1 million threshold.

7.3 With effect from 1 January 2011, the time of supply rules for the purposes of determining GST registration liabilities (regardless of the type of transactions carried out) will be based on the earlier of the following:

- a) When payment in respect of the supply is received; and
- b) When invoice in respect of the supply is issued

Example 8:



Co. A makes two supplies of services, namely service B and service C. The agreements are such that Co. A will receive \$600k for each of the two supplies of services. On 31/12/2011, Co. A assesses whether its turnover for the year of 2011 had exceeded S\$1 million:

Rules before 1 Jan 2011

Nature of services	Time of supply	Value of supply made in 2011
Service B	Year 2011 based on performance, invoice and payment	\$600k
Service C	Year 2011 based on performance	\$600k

Co. A's turnover had exceeded S\$1 million in Year 2011. Therefore, Co. A's liability to register has arisen on 1/1/2012.

Rules with effect from 1 Jan 2011

Nature of services	Time of supply	Value of supply made in 2011
Service B	Year 2011 based on invoice and payment	\$600k
Service C	Year 2012 based on invoice and payment	\$0

Nature of services	Time of supply	Value of supply made in 2012
Service B	Year 2011 based on invoice and payment	\$0
Service C	Year 2012 based on invoice and payment	\$600k

Co. A's turnover did not exceed S\$1 million in Year 2011. Therefore, Co. A's liability to register has not yet arisen on 1/1/2012

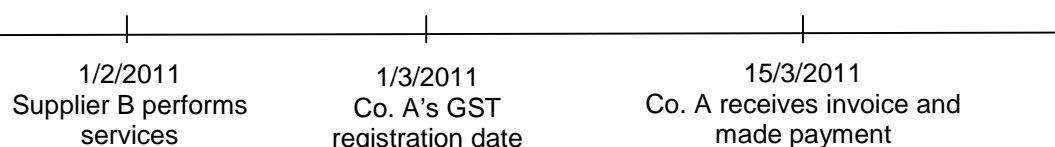
[Note: The above example is a simplified one to illustrate the time of supply rules. Please refer to our e-tax guide on Do I Need to Register (Reference No. 1994/GST/29) for more information on determining registration liabilities.]

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Determining When Supplies Are Made To A Claimant For The Purpose Of Claiming Pre-Registration Input Tax

- 7.4 Supplies that are acquired by a newly-registered business may straddle its GST registration date. For example, services required by a business may be performed before its registration date but it may receive invoice and make payment for that service only after its registration date. In such cases, the taxable person will have to determine whether the supplies are made to him before or after he is registered for GST. If the supplies are made to him before he is registered for GST, the GST incurred on the supplies will be treated as claims made before GST-registration and subject to the conditions for pre-registration claims.
- 7.5 Prior to 1 January 2011, businesses have to rely on the time of supply rules applicable to the supplier to determine when supplies are made to them for the purpose of claiming pre-registration input tax.
- 7.6 With effect from 1 January 2011, businesses will have to rely on the time of supply rules below instead for all types of supplies (i.e. regardless of the time of supply rules applicable to the supplier) to determine when supplies are made to them for the purpose of claiming pre-registration input tax. This set of time of supply rules is based on the earlier of the following:
- When payment in respect of the supply is received by the supplier; and
 - When invoice in respect of the supply is issued by the supplier.

Example 9:



Co. A requires the services of Supplier B for its business purposes. These services are intended to serve as inputs for Co. A to make its own taxable supply of services after it becomes registered for GST. Supplier B performs its services to Co. A on 1/2/2011 prior to Co. A's GST registration date. Company A receives invoice for the supply on 15/3/2011 and makes payment on the same day.

Rules before 1 Jan 2011

The supply from Supplier B will be treated as made to Co. A based on the time of supply rules applicable to Supplier B. As the performance of services takes place before payment and invoice, the supply will be treated as made to Co. A on 1/2/2011 (i.e. before Co. A becomes registered for GST).

Rules with effect from 1 Jan 2011

For input tax claiming purposes only, the supply from Supplier B will be treated as made to Co. A on 15/3/2011 based on invoice and payment. In other words, the supply will be treated as made to Co. A after it becomes registered for GST. Therefore, Co. A will be able to claim the input tax incurred on the supply, subject to the normal input tax claiming conditions.

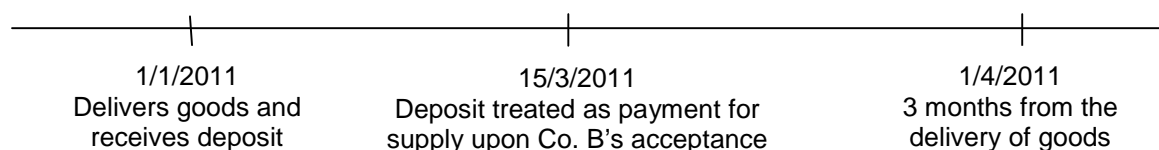
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Goods Supplied On Approval, "Sale Or Return" Or Similar Terms

- 7.7 Businesses may supply goods under approval or sale or return or similar terms to their customer. In such cases, although the goods have been sent to the customer, the sale does not take place until the customer approves the goods and confirms the sale. Prior to 1 January 2011, the time of supply is treated as taking place at the earliest of:
- a) The time when it becomes certain that the supply has taken place;
 - b) When a tax invoice in respect of the supply is issued; and
 - c) 12 months after the removal of the goods.
- 7.8 With effect from 1 January 2011, the time of supply will be treated as taking place at the earliest of:
- a) When any payment in respect of the supply is received;
 - b) When invoice in respect of the supply is issued; and
 - c) 12 months after the removal of the goods.
- 7.9 The payment received must be to discharge an obligation to pay for the supply arising from the adoption of the sale. The mere receipt of payment will not be regarded as consideration received if it is held as security pending the adoption of the sale. If such security deposit is collected upfront, payment is received only when the deposit is applied as all or part of the consideration for the supply, following the adoption of the sale.
- 7.10 Once there is a payment received or an invoice issued, GST has to be accounted for based on the full selling price of the goods.

GST: Time of Supply Rules

Example 10:



Co. A enters into an agreement to supply goods to Co. B on “sale or return” terms for a total price of \$1,000 + 7% GST. Under these terms, Co. B will get to retain the goods and decide subsequently whether to buy or reject the goods. The agreement also provides that:

- a) Co. B is to make a deposit of \$500. The deposit will be refunded in full, should Co. B decide to reject the goods;
- b) Co. A will treat the sale as taken place if Co. B accepts the goods or if Co. B does not reject the goods within 3 months; and
- c) If a sale has taken place, the deposit that is made by Co. B will then be treated as part payment for the supply. The remaining payment is to be settled within 1 month from the date of sale.

Rules before 1 Jan 2011

The time of supply is triggered on 15/3/2011 following the adoption of the sale. The GST to be accounted for will be based on the full selling price (i.e. \$1,000).

Rules with effect from 1 Jan 2011

The time of supply is triggered on 15/3/2011 when the deposit is applied as the consideration for the supply, following the adoption of the sale. The GST to be accounted for will be based on the full selling price (i.e. \$1,000), despite that full payment has not been received.

[Note: While the supply may be treated as taking place on the same date under both rules based on this example, the events that trigger the time of supply differ.]

Licence, Tenancy And Lease

- 7.11 With the exception of the changes to the tax points based on invoice and payment (see paragraph 3 above), the time of supply rules for a supply comprising the grant of a licence, tenancy or lease would remain the same before, as well as with effect from 1 January 2011.
- 7.12 The time of supply is generally based on the earlier of when payment in respect of the supply is received; or when invoice in respect of the supply is issued. However, a GST registered business may let out a commercial property and issue an invoice covering an advance period not exceeding 3 years, and stating the following information, in addition to the particulars required of a tax invoice:

- a) the due date of each rental payment;

GST: Time of Supply Rules

- b) the amount payable (excluding tax) on each due date; and
- c) the rate of tax and the corresponding GST chargeable.

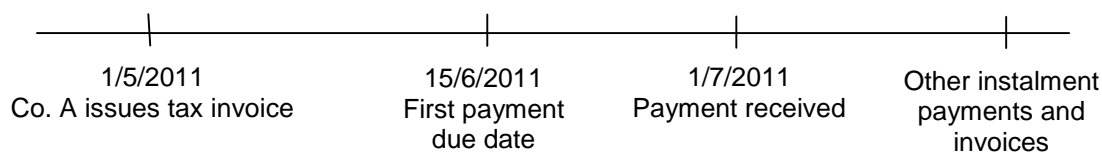
7.13 In this case, GST shall be accounted for at the earlier of:

- a) the due date of each rental payment; and
- b) the date the rental payment is received.

7.14 If the invoice issued does not contain all the information in paragraph 7.12 above, GST is to be accounted for at the earlier of the following:

- a) When payment in respect of the supply is received; and
- b) When invoice in respect of the supply is issued.

Example 11:



Co. A rents an office unit to Co. B for a period of 2 years from 1/6/2011 to 31/05/2013. On 1/5/2011, Co. A issues an invoice stating the monthly rental payment of \$2,000, to be due on the 15th day of each month during the entire rental period. Co. B pays the first monthly payment only on 1/7/2011.

The issue of the tax invoice will not trigger the time of supply. Instead, time of supply will be triggered by the earlier of payment due date and the receipt of the payment. In this case, the time of supply for the first payment will be triggered by the payment due date on 15/6/2011. The time of supply for the subsequent payments will be based on the earlier of payment due date and when payment is received.

Continuous Supplies Of Services

7.15 With the exception of the changes to the tax points based on invoice and payment (see paragraph 3 above), the time of supply rules for a continuous supply of services⁴ would remain the same before, as well as with effect from 1 January 2011.

7.16 The time of supply is generally based on the earlier of when payment in respect of the supply is received; or when invoice in respect of the supply is issued. However, a GST registered business providing continuous supply of

⁴ To mean the provision of services over a continuous period of time, for which payment is received periodically or from time to time

GST: Time of Supply Rules

services may issue an invoice for an advance period not exceeding 12 months, that contains, in addition to the particulars required of a tax invoice, the following particulars:

- a) the due dates of each payment;
- b) the amount payable (excluding tax) on each due date; and
- c) the rate of tax and the corresponding GST chargeable;

7.17 In such cases, GST shall be accounted for at the earlier of:

- a) the due date of each periodic payment; or
- b) the date each periodic payment is received.

7.18 If the invoice issued does not contain all the information in paragraph 7.16 above, GST is to be accounted for at the earlier of the following:

- a) When payment in respect of the supply is received; and
- b) When invoice in respect of the supply is issued.

Example 12:



Co. A provides cleaning services to Co. B for a period of 2 years from 1/6/2011 to 31/5/2013. On 1/5/2011, Co. A issues an invoice stating the monthly cleaning fees of \$2,000, to be due on the 15th day of each month covering the period from 1/6/2011 to 31/5/2012. Co. B pays the first monthly payment in advance on 30/5/2011.

The issue of tax invoice for a 12 month period on 1 May 2011 does not trigger the time of supply. The time of supply for the first payment will be triggered by the receipt of payment on 30/5/2011. The time of supply for the subsequent payments will be based on the earlier of payment due date and when payment is received.

GST Schemes/ Special Transactions

7.19 There is no change to the time of supply for the various GST schemes and the special transactions below.

- Approved Third Party Logistic Company Scheme
- Approved Contract Manufacturer and Trader Scheme
- Customer Accounting

GST: Time of Supply Rules

- Cash Accounting
- Supply of Gold Jewellery
- Coin-Operated Machines
- GST Rate Change

7.20 Please refer to the respective guides for more details.

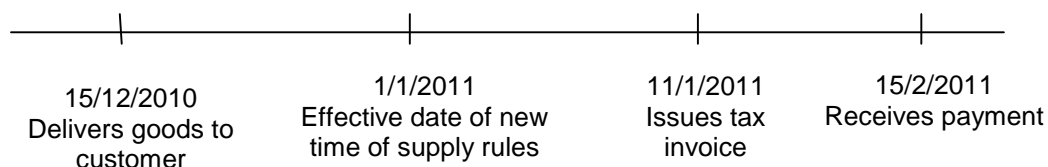
8 Applying the Time of Supply Rules during the Transitional Period

Scenarios whereby the Current Time of Supply Rules Apply

8.1 In cases whereby any of the following 3 events take place before 1 January 2011, the new rules will **not** apply. That is, the legislation current up to 31 December 2010 continues to apply.

- When goods are removed/made available or when services are performed ("Basic Tax Point"), other than supplies falling within Appendix 2;
- When payment in respect of the supply is received; and
- When tax invoice in respect of the supply is issued.

Example 13:

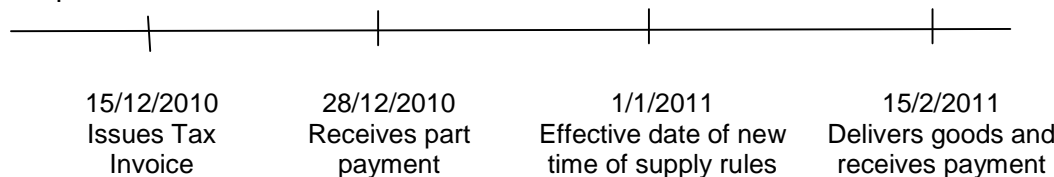


Co. A enters into a contract to supply goods to Co. B. Co. A delivers the goods on 15/12/2010 and issues the tax invoice on 11/1/2011 (after 14 days from date of delivery). Cash payment from Co. B is received by Co. A on 15/2/2011.

The delivery of goods to the customer on 15/12/2010 triggers the time of supply based on the current time of supply rules. As the time of supply is already triggered before 1 January 2011, there is no need to apply the new time of supply rules.

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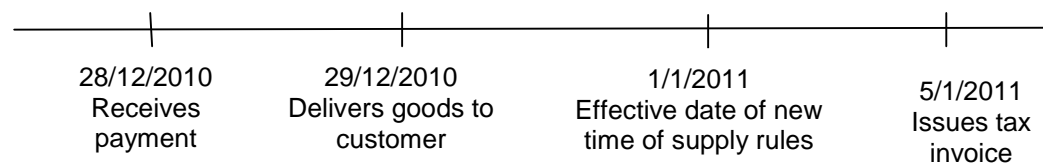
Example 14:



Co. A enters into a contract to supply goods to Co. B. Co. A issues a tax invoice for the full contract sum on 15/12/2010. Co. A receives part payment on 28/12/2010; and the remaining amount is received when Co. A delivers the goods to Co. B on 15/2/2011.

The issuance of the tax invoice for the full contract sum on 15/12/2010 will trigger the time of supply based on the current time of supply rules. As the time of supply for the entire supply is already triggered before 1 January 2011, there is no need to apply the new time of supply rules.

Example 15:



Co. A enters into an agreement to supply goods to Co. B. Co. A delivers the goods on 29/12/2010 and issues the tax invoice within 14 days to Co. B on 5/1/2011. However, cash payment from Co. B is received by Co. A on 28/12/2010 prior to the issuance of tax invoice.

The receipt of payment on 28/12/2010 will trigger the time of supply based on the current time of supply rules. In this case, the 14-day rule is not applicable given that the time of supply is triggered earlier by the receipt of payment. As the time of supply is already triggered before 1 January 2011, there is no need to apply the new time of supply rules.

Scenarios whereby the New Time of Supply Rules Apply

- 8.2 In cases whereby the time of supply is not triggered before 1 January 2011 based on the current time of supply rules, the new time of supply rules will apply.

GST: Time of Supply Rules

Example 16:

1/1/2011	11/1/2011	15/2/2011	1/3/2011
Effective date of new time of supply rules	Delivers goods to customer	Issues tax invoice	Receives payment

Co. A enters into an agreement to supply goods to Co. B. The contract is signed before 1 January 2011. The delivery of the goods and issuance of the invoice to Co. B, as well as the receipt of payment from Co. B, take place after 1 January 2011.

The date on which the contract is signed will not affect the time of supply. As the time of supply is not triggered before 1 January 2011, the new time of supply rules will apply. Based on the new rules, the issuance of the tax invoice on 15/2/2011 will trigger the time of supply.

Example 17:

28/12/2010	1/1/2011	5/1/2011	15/2/2011
Issues invoice	Effective date of new time of supply rules	Delivers goods to customer	Receives payment

Co. A enters into an agreement to supply a motor car under the gross margin scheme to Co. B. Co. A issues a commercial invoice on 28/12/2010 (i.e. tax invoice is not required for supplies made under the gross margin scheme) and delivers the goods to Co. B on 5/1/2011. Cash payment from Co. B is received by Co. A on 15/2/2011.

Based on the current rules, the issuance of a commercial invoice on 28/12/2010 will not trigger the time of supply. As the time of supply is not triggered before 1 January 2011, the new time of supply rules will apply. Based on the new rules, the receipt of payment on 15/2/2011 will trigger the time of supply.

(Note: If the commercial invoice is issued on or after 1 January 2011, it will trigger the time of supply under the new time of supply rules.)

9 Contact Information

9.1 For enquiries on this e-Tax Guide, please contact:

Goods & Services Tax Division
Inland Revenue Authority of Singapore
55 Newton Road
Singapore 307987

Tel: 1800 356 8633
Fax: (+65) 6351 3553
Email: gst@iras.gov.sg

GLOSSARY OF TERMS

Connected Persons

Individuals

A person (i.e. an individual) is connected with an individual if he is the:

- a) individual's wife or husband;
- b) individual's relative;
- c) wife or husband of a relative of the individual; and
- d) wife or husband of a relative of the individual's wife or husband

Trustee

A person in his capacity as trustee of a settlement is connected with:

- a) any individual who in relation to the settlement is a settlor;
- b) any person who is connected with such an individual referred to in (a) above;
and
- c) a body corporate which is connected with that settlement

Partnership

Except in relation to acquisitions or disposals of partnership assets pursuant to bona fide commercial arrangements, a person is connected with:

- a) any person with whom he is in partnership, and
- b) the wife or husband or relative of any individual with whom he is in partnership.

Company

A company is connected with another company if:

- a) the same person has control of both; or
- b) a person has control of one and persons connected with him, or he and persons connected with him, have control of the other; or
- c) a group of 2 or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person with whom he is connected.

GST: Time of Supply Rules

A company is connected with another person if:

- a) that person has control of it; or
- b) that person and persons connected with him together have control of it.

Any 2 or more persons acting together to secure or exercise control of a company shall be treated in relation to that company as connected with:

- a) one another; and
- b) any person acting on the directions of any of them to secure or exercise control of the company.

Meaning of Control

A person (or a group of 2 or more persons) shall be taken to have control of a company if he exercises, or is able to exercise or is entitled to acquire, direct or indirect control over the company's affairs. In particular, a person (or group of persons) would generally have direct or indirect control over the company's affairs if that person (or group) possesses or is entitled to acquire —

- a) the greater part of the share capital or issued share capital of the company or of the voting power in the company;
- b) such part of the issued share capital of the company as would, if the whole of the income of the company were in fact distributed among the participators (without regard to any rights which he or any other person has as a loan creditor), entitle him to receive the greater part of the amount so distributed; or
- c) such rights as would, in the event of the winding up of the company or in any other circumstances, entitle him to receive the greater part of the assets of the company which would then be available for distribution among the participators.

For the above purpose of establishing control, the rights or powers of a person (or group of persons) shall include any rights or powers of a nominee for him, that is to say, any rights or powers which another person possesses on his behalf or may be required to exercise on his direction or behalf.

In this Appendix —

“business trust” has the same meaning as in the Business Trusts Act (Cap. 31A)

"company" includes any body corporate or unincorporated association, but does not include a partnership. It will also apply in relation to any unit trust scheme as if the scheme were a company and as if the rights of the unit holders were shares in the

GST: Time of Supply Rules

company;

"relative" means brother, sister, ancestor or lineal descendant;

A "participator" is, in relation to any company, a person having a share or interest in the capital or income of the company. This generally includes —

- a) any person who possesses, or is entitled to acquire, share capital or voting rights in the company;
- b) any loan creditor of the company;
- c) any person who possesses, or is entitled to acquire, a right to receive or participate in distributions of the company or any amounts payable by the company (in cash or in kind) to loan creditors by way of premium on redemption; and
- d) any person who is entitled to secure that income or assets (whether present or future) of the company will be applied, directly or indirectly, for his benefit.

"entitled to acquire" will include anything which a person is entitled to acquire at a future date, or will at a future date be entitled to acquire.

SUPPLIES NOT SUBJECT TO 12-MONTH RULE

- (a) a supply of goods under paragraph 4 of the Second Schedule to the Act⁵ consisting of the grant of a licence, tenancy or lease where the whole or part of the consideration for that grant is payable periodically and attributed to separate periods of the term of the licence, tenancy or lease;
- (b) a supply of any form of power (including electricity), gas (excluding gas supplied in cylinders), water, light, heat, refrigeration, air-conditioning, ventilation, telephone, telex, telepac and similar telecommunications services;
- (c) a supply of goods under an arrangement whereby the supplier retains the property therein until the goods or part of them are appropriated under the agreement by the buyer and in circumstances where the whole or part of the consideration is determined at that time;
- (d) a supply of goods or services after 1st April 1994 under a contract which provides for the retention of any part of the consideration by one party pending full and satisfactory performance of the contract, or any part of it, by the other party;
- (e) a supply of services for a period for a consideration the whole or part of which is determined or payable periodically or from time to time;
- (f) a supply of services comprising the right to use a benefit where the whole of the consideration for the supply (being in the nature of royalties or other similar payments) cannot be ascertained at the time the services are performed but only subsequently by a person other than the supplier of the services upon the use of the benefit;
- (g) supplies of goods or services in the course of the construction, alteration, demolition, repair or maintenance of a building or of any engineering work under a contract which provides for payments for such supplies to be made periodically or from time to time.”.

⁵ To mean a supply of goods comprising the grant, assignment or surrender of any interest in or right over land or of any licence to occupy land