

IRAS e-Tax Guide

GST: Guide for Property Developer

(Fourth Edition)



INLAND REVENUE
AUTHORITY
OF SINGAPORE

GST Guide for Property Developer

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TABLE OF CONTENTS

1	Introduction	1
2	Basic GST concepts on property transactions.....	1
3	Liability to register for GST	3
4	Supplies made in the course of property development.....	4
4.1	Is GST chargeable on compensation for suspension of work?.....	4
4.2	Do I have to charge GST on reimbursements of expenses?.....	4
4.3	Do I have to charge GST for deductions on Progressive Payments? ...	5
4.4	Do I have to charge GST on rectification of defects?.....	5
5	Input tax claims relating to property development	7
5.1	Can I claim input tax on purchase of land for residential development?	7
5.2	Can I claim input tax if a non-residential building is converted to residential use?.....	7
5.3	Do I have to return the input tax previously allowed to me?	7
5.4	Can I claim input tax on tender deposit for the purchase of land before my incorporation?	8
6	Input tax claims relating to mixed development.....	9
6.1	How do I claim input tax on purchases incurred in a mixed development?.....	9
6.2	What are the common costs incurred for residential and non- residential portions?	10
6.3	How to apportion residual input tax?.....	10
6.4	Which GFA shall I use, if it changes?	11
6.5	How do I claim the input tax on construction costs relating to the carparks?.....	11
6.6	Can I defer residual input tax claims until when I make taxable supplies?.....	12
6.7	Do I need to make a longer period adjustment?	12
6.8	How to determine longer period?.....	13
7	Contact information	Error! Bookmark not defined.
	Appendix 1 - Illustration of the application of transitional measure for leasehold properties under development.....	12
	Appendix 2 - Illustration of the application of DC formula	13
	Appendix 3 - Illustration of the application of Longer Period Adjustment	15

1 INTRODUCTION

- 1.1 This guide is for property developers. The purposes of this guide are:
- (a) to explain the GST principles applicable to property development; and
 - (b) to illustrate some of the GST issues pertaining to mixed development and their appropriate application.
- 1.2 For more information on GST on sale and lease of properties, please refer to our e-tax guide on "GST Guide for Property Owner and Property Holding Company".

2 BASIC GST CONCEPTS ON PROPERTY TRANSACTIONS

- 2.1 All transactions involving the sale and lease of non-residential properties are subject to GST. If you are registered for GST, you have to charge GST on the sale and lease of such properties and account for the GST as output tax in your GST returns.
- 2.2 For the sale of a completed non-residential property, you would normally receive a booking fee, followed by a deposit when the option is exercised. You will have to account for GST on both the booking fee and the deposit at the earlier of when payment is received or when a tax invoice/invoice is issued. When the property is transferred to the buyer, you have to account for GST on the remaining sum at the earliest of the following events:
- (i) when payment is received,
 - (ii) when a tax invoice/invoice is issued,
 - (iii) when the title of the property is transferred upon legal completion; or
 - (iv) when the property is made available to the buyer for occupation.

Prior to 1 Jan 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 Jan 2011, the issuance of any type of invoice will be an event that triggers the time of supply. This includes a tax invoice 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.

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.

For more details, please refer to the e-Tax Guide on GST: Time of Supply Rules

GST Guide for Property Developer

- 2.3 For the sale of a property under development, you would normally collect 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). GST has to be accounted for at the earlier of when payment is received or when tax invoice/invoice is issued for each progressive payment until the property is made available or the title is transferred to the buyer upon legal completion (whichever is earlier). Once the property is made available or transferred to the buyer, you have to account for GST for the remaining sale proceeds (regardless of whether the remaining sum for the property has been received in full) at the earliest of events (i) to (iv) in paragraph 2.2.
- 2.4 The rule for accounting for GST at paragraph 2.3 currently applies to freehold properties and will continue to be so. Before 1 January 2007, GST for leasehold properties under development is only accounted based on the earlier of when tax invoice/invoice is issued or payment is received at each stage of the progressive payment. With effect from 1 January 2007, the rule at paragraph 2.3 will also apply to leasehold properties under development. As a transitional measure, developers with contracts (Option to Purchase or Sale & Purchase Agreement where Option to Purchase is not required) entered into before 1 January 2007 can have additional 3 months to account for the remaining progressive payment(s) after the property is made available. Refer to Appendix 1 for illustration on the application of the transitional measure.
- 2.5 On the other hand, if you are dealing with **residential** properties, you cannot charge nor collect GST on the sale or lease because they are exempt from GST. If you are registered for GST, you have to report this supply as an exempt supply in your GST return.
- 2.6 For GST purposes, a **residential** property refers to:
- (a) a vacant land which is zoned “Residential” or “Rural Centre and Settlement” in the Master Plan; or
 - (b) a vacant land sold or leased by a public authority for residential or condominium housing development; or
 - (c) land with a building, flat or tenement which is used or to be used principally for residential use.

All other types of properties that do not fall within the definition of residential properties above are **non-residential properties**.

GST Guide for Property Developer

- 2.7 If your transaction involves land with a building or structure on it, whether this property is a residential or non-residential property depends on the usage of the building or structure. The zoning of land is disregarded in this instance. If the building or structure is not used or to be used principally for residential purposes, you should charge GST on the sale of this property.
- 2.8 More information on sale and lease of properties and buildings that is used or to be used principally for residential purposes can be found in our e-tax guide on "GST Guide for Property Owner and Property Holding Company".
- 2.9 If you are registered for GST, you can claim GST incurred on the purchase of land and development of non-residential properties as your input tax if the properties are:-
- (a) used for conduct of your business,
 - (b) let out for the purpose of business, or
 - (c) developed into non-residential properties for the purpose of sale or lease.

Your business must involve the making of wholly taxable supplies upon which you charge and account for GST. The input tax claimable includes the GST incurred on the purchase of property, conveyance expenses, construction and development costs, professional fees, etc.

- 2.10 You may decide to de-register one day. You may still have a non-residential property on hand. If you have previously claimed and been allowed the GST incurred on the purchase of this non-residential property, you have to deem a supply on this property when you de-register. You have to account for the output tax at the prevailing GST rate based on the open market value of the property. The deemed supply must be accounted in your GST F8 "Final Return".

3 LIABILITY TO REGISTER FOR GST

- 3.1 You have to be registered for GST if your taxable supplies exceed S\$1 million in the previous 12 months. If you are currently making taxable supplies and expect to make taxable supplies exceeding S\$1 million in the next 12 months, you are also required to register.
- 3.2 The sale of a residential property is an exempt supply. If you are not required to register for GST, and you are selling a residential property, you do not need to register even if the price exceeds \$1 million.
- 3.3 The sale and lease of a **non-residential** property is a taxable supply. If you are not registered for GST, you will have to register for GST if you are involved in a

GST Guide for Property Developer

non-residential development or a mixed residential and non-residential development for the sale or lease of non-residential properties.

- 3.4 If you are involved in managing the maintenance fund and running of the completed development as required under the Building Maintenance and Strata Management Act before a management corporation is formed, you may have to register for GST. Your liability to register shall depend on the value of the maintenance or service charges and sinking funds you expect to collect per year. The provision of estate management and maintenance services is a taxable supply regardless of whether the properties are residential or not. The maintenance fund account is not a legal entity. It cannot be considered separately for GST registration purposes.
- 3.5 Generally, when you enter into a contract to sell a non-residential property which is your business asset, you will expect to make taxable supplies of the property within next 12 months. Hence, if the selling price and the value of any other taxable supplies derived from other business activities that you will be making in the 12-month period is expected to exceed \$1 million, you have to register for GST. You have to come forward to apply for registration within **30 days** from the date you firm up the supplies. For sale and lease of properties, the date of contract is the date when you firm up your supplies.
- 3.6 The GST treatment in the following paragraphs are applicable to a **GST-registered** property developer:

4 SUPPLIES MADE IN THE COURSE OF PROPERTY DEVELOPMENT

4.1 Is GST chargeable on compensation for suspension of work?

- 4.1.1 In the process of developing a property, due to some unforeseen circumstances, you may have requested your main contractor to suspend work for a certain period of time. You paid a certain sum of money as compensation to the main contractor. If the payment is to compensate the contractors for the loss of income or for costs incurred as a result of suspension of work, this payment will not attract GST. However, if the payment relates to work carried out by the main contractor prior to the suspension of work, that payment is consideration for the supply made by the main contractor to you. It will attract GST.

4.2 Do I have to charge GST on reimbursements of expenses?

- 4.2.1 Sometimes you may claim reimbursements from your main contractor for clerk-of-works' overtime, loan of workers, use of utilities on site etc. As these are supplies made by you to your main contractor, you have to charge and account for GST on these reimbursements.

GST Guide for Property Developer

4.3 Do I have to charge GST for deductions on Progressive Payments?

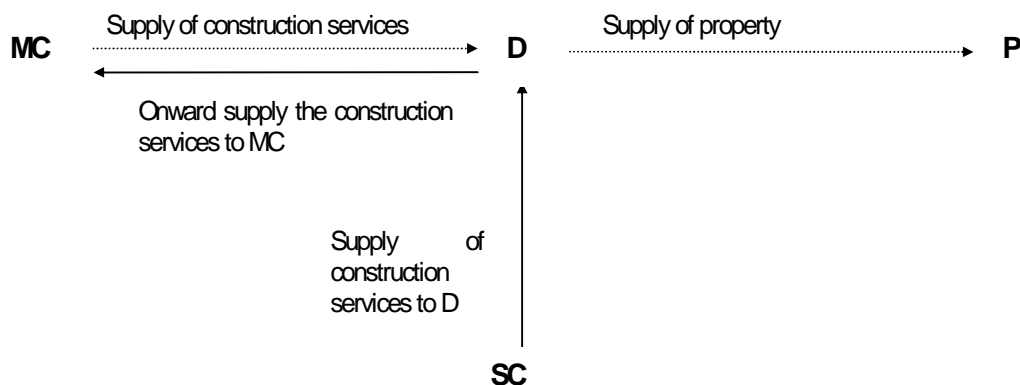
4.3.1 To enjoy the advantage of bulk purchase, you may buy some materials such as cement and steel and supply them to your main contractor for use on the project. For GST purpose, you cannot deduct the value of these materials from the amount of progressive payments due to your main contractor. These supplies are made by you to your contractor. They are separate from the construction works that your main contractor supplies to you under the contract. Hence, you have to issue tax invoices on these supplies and charge your contractor GST on these supplies accordingly.

4.4 Do I have to charge GST on rectification of defects?

4.4.1 After the issuance of TOP, when the purchasers take possession of the properties, there may be defects in the new units that need rectification. Under the contract, the main contractor is required to carry out such rectification works during the defect liability period. However, if the main contractor does not perform the rectification works, you may engage another contractor to do the job and subsequently deduct such costs from any payment due to the main contractor. At times, the purchaser may engage his own contractor to do the rectification and claim compensation for the costs or deduct the amount from any payment due to you. You in turn deduct such amount from any payment due to the main contractor. In either situation, you are making a supply of rectification works to the main contractor. You have to charge and account for GST on the amount you claimed or deducted from the main contractor. To illustrate:

Scenario (a)

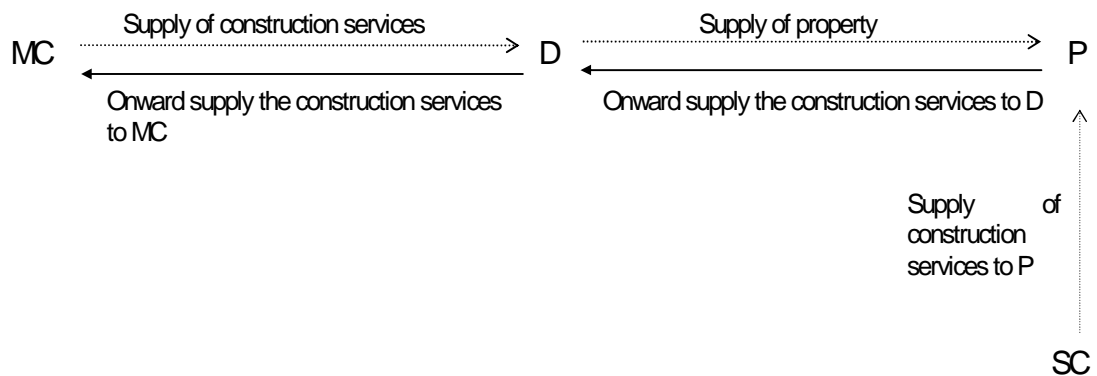
If you, the developer ("D") hires another sub-contractor ("SC") to do the rectification, the sub-contractor ("SC") is supplying his construction service to you ("D"). If the sub-contractor ("SC") is registered for GST, he has to charge you ("D") GST on the rectification works performed. You ("D") then onward supply this construction services to the main contractor ("MC"). You have to charge "MC" GST on the said works.



GST Guide for Property Developer

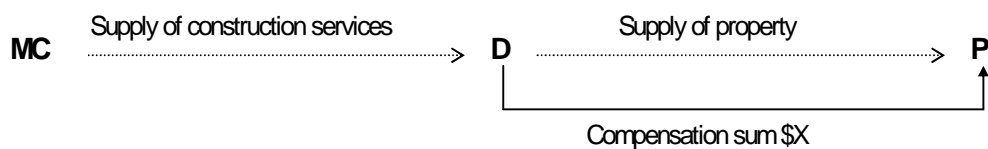
Scenario (b)

If the purchaser ("P") hires his own sub-contractor ("SC") to rectify the defects, there is a supply from the purchaser ("P") to you, the developer ("D") because the purchaser ("P") is making good the defects that should have been done by you ("D"). If the purchaser ("P") is registered for GST, he has to charge you ("D") GST on the cost of the rectification works carried out by his sub-contractor ("SC"). You ("D") will in turn onward supply this construction service to the main contractor ("MC") and charge him GST accordingly.



Scenario (c)

If the purchaser ("P") does not hire any sub-contractor to perform the rectification works. Instead, he merely claims compensation from you, the developer ("D"). There is no actual work done for which compensation is made. In this case, the payment or deduction is compensatory in nature and does not attract GST.



5 INPUT TAX CLAIMS RELATING TO PROPERTY DEVELOPMENT

5.1 Can I claim input tax on purchase of land for residential development?

- 5.1.1 You can claim the GST incurred on land purchased if you intend to develop the land into wholly non-residential properties. Under the GST law, you cannot claim the GST incurred on any land used for residential development. However, if the residential development is being developed on land with intended rezoning of the land or is on land zoned 'Local Shopping', you can claim the GST under exceptional relief as provided under regulation 41(1) of the GST (General) Regulations. With effect from 1st January 2007, regulation 41(1) of the GST (General) Regulations allows for relief of land purchased for residential development, regardless of the zoning of the land, and whether or not there will be any subsequent rezoning of the land.

For more details, please refer to our e-tax guide on "GST incurred on purchase of land for residential development".

5.2 Can I claim input tax if a non-residential building is converted to residential use?

- 5.2.1 You may buy a non-residential building and decide to convert it to residential use. If the building is not demolished, you can claim part of the GST incurred on the purchase to the extent of the GST incurred on the land cost only. This relief is provided under regulation 41(2) of the GST (General) Regulations.

5.3 Do I have to return the input tax previously allowed to me?

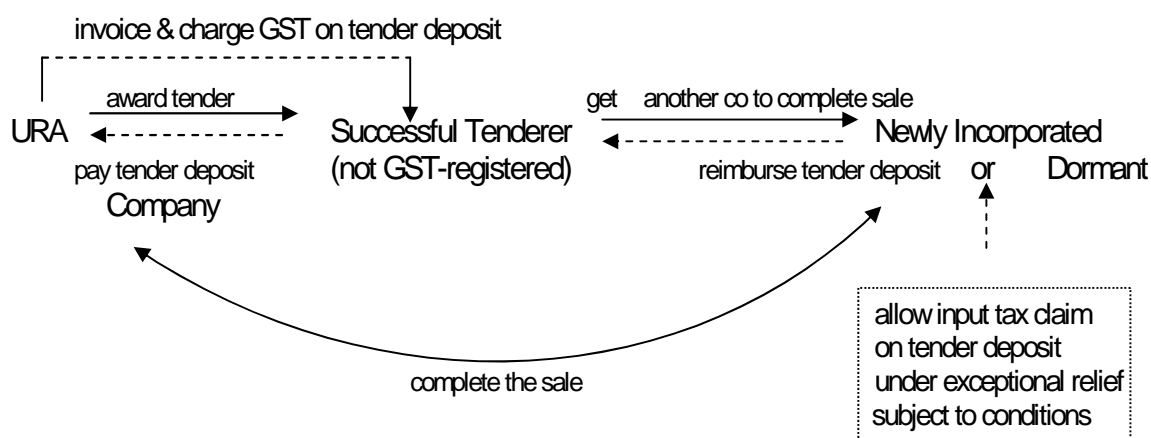
- 5.3.1 You have previously been allowed input tax on the purchase of a non-residential building. If you plan to demolish the building for a residential development because the land has been rezoned as "Residential" or "Rural Centre and Settlement", you do not have to repay to the Comptroller the input tax allowed to you previously.
- 5.3.2 However, if you only plan to convert the existing building to residential use, you are required to repay to the Comptroller the input tax in respect of the building cost.

5.4 Can I claim input tax on tender deposit for the purchase of land before my incorporation?

5.4.1 In a URA land sale, the successful tenderer may be required under the tender conditions to incorporate a new company to take over the development of the land. If the successful tenderer has incurred GST on tender deposit paid prior to the new company’s incorporation, you, the new company taking over the development, may claim as input tax the GST incurred on the tender deposit under exceptional relief. The successful tenderer must **not be registered** for GST. This is provided that: -

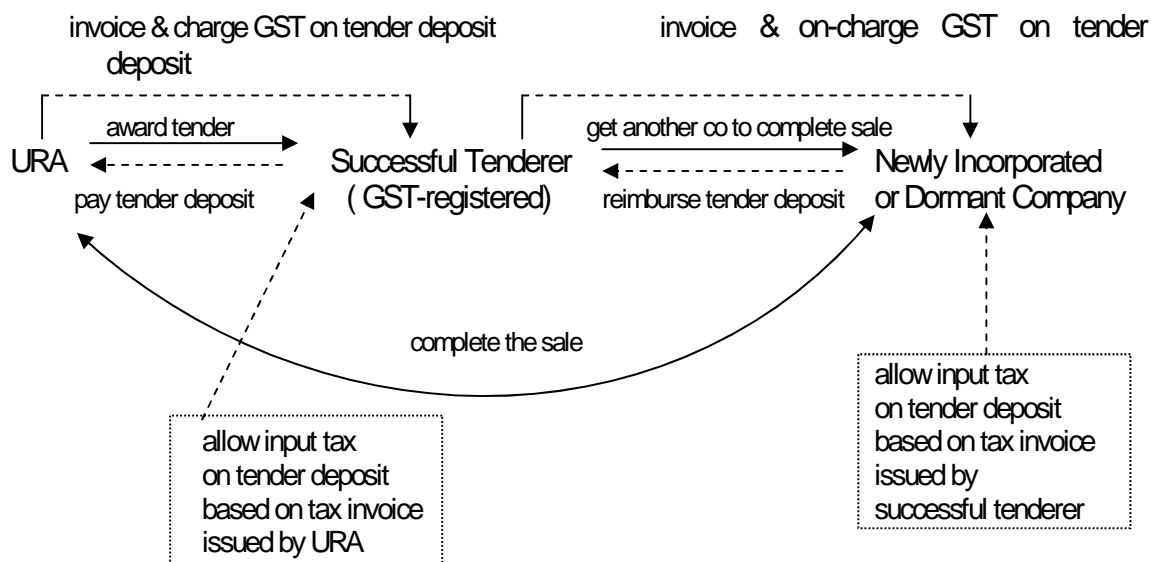
- (a) the successful tenderer becomes a member, officer or employee of your company;
- (b) the newly incorporated company reimburses the successful tenderer for the GST paid on your behalf; and
- (c) the property acquired is solely used for the purpose of your business.

5.4.2 The exceptional relief can also be allowed if you, the successful tenderer, have used one of your existing dormant companies for the purpose of the tender, provided that conditions (a) to (c) above are satisfied.



GST Guide for Property Developer

- 5.4.3 If the successful tenderer is registered for GST, he can claim the GST charged on the tender deposit as input tax. However, when he recovers the deposit from you, he must charge you GST and account output tax on the supply. You can in turn claim this GST as your input tax.



6 INPUT TAX CLAIMS RELATING TO MIXED DEVELOPMENT

6.1 How do I claim input tax on purchases incurred in a mixed development?

- 6.1.1 If you are involved in a mixed development of residential and non-residential properties, you can only claim the GST incurred in relation to the non-residential portion of the building. You have to segregate your purchases into the following :-

- those directly for the construction of non-residential portion;
- those directly for the construction of residential portion;
- those for both residential and non-residential portions. Such costs are termed as common costs.

The GST incurred in category (a) is claimable in full. The GST incurred in category (b) cannot be claimed at all. The GST incurred in category (c) is termed as residual input tax. You can claim only a portion of it based on the apportionment formulae as shown in paragraph 6.3 below.

6.2 What are the common costs incurred for residential and non-residential portions?

6.2.1 Examples of common development cost items are site clearance, temporary site offices, driveway and piling for a mixed-use building, as well as professional fees payable to the architect and quantity surveyor. Common overheads for the mixed development include the site office running costs, costs of show units and marketing costs.

6.3 How to apportion residual input tax?

6.3.1 During the **development stage**, all residual input tax shall be apportioned by the development charge (DC) formula as shown below:

$$\frac{\text{GFA}^1 \text{ (Non-residential)}^2 \times \text{DC Rate}^3 \text{ (Non-residential)}}{[\text{GFA (Non-residential)} \times \text{DC Rate (non-residential)}] + [\text{GFA (Residential)} \times \text{DC Rate (Residential)}]} \times \text{Residual Input Tax}$$

Please refer to the working example of input tax apportionment in Appendix 2.

6.3.2 However, if your quantity surveyor is able to identify every cost item in the development and allocate each item to the ultimate supply i.e. either residential or non-residential, there will not be a common cost. Hence, you will not have to apply the apportionment method for residual input tax.

6.3.3 After Temporary Occupation Permit (TOP) has been issued, if you have any remaining progressive billings from the main contractor and professionals, you will continue to use the DC formula to apportion the residual input tax for construction costs.

¹ GFA – the current Gross Floor Area approved by the URA.

² For common areas, apportionment has to be made to allocate these common areas into non-residential and residential portions.

³ DC Rate – the rate for the time being specified in Part II of the First Schedule to the Planning (Development Charges) Rules corresponding to the appropriate geographical sector of the building and the use group as specified in Part I of the First Schedule to the Planning (Development Charges) Rules within which such purpose falls.

GST Guide for Property Developer

- 6.3.4 As for administrative overheads and marketing costs incurred after TOP, the residual input tax shall be apportioned based on the ratio of taxable supplies over total supplies (referred to as the “ratio formula”) as shown below. You have to apply the ratio formula from the accounting period in which TOP is obtained.

$$\frac{\text{Value of taxable supplies}^4}{\text{Value of total supplies}^5} \times \text{Residual input tax}$$

The residual input tax recovery rate computed using either the DC formula or ratio formula must be rounded off to the nearest whole number.

6.4 Which GFA shall I use, if it changes?

- 6.4.1 You will always adopt the latest gross floor area ("GFA") approved by Urban Redevelopment Authority to compute the portion of input tax claimable. If there are subsequent changes in GFA, as a concession, you do not have to do retrospective adjustment for claims already made.

6.5 How do I claim the input tax on construction costs relating to the carparks?

- 6.5.1 The GFA submitted to URA does not include covered carpark area. So, you can apportion the construction costs of basement carparks by the number of carpark lots.
- 6.5.2 You can claim the portion of input tax incurred on the number of carpark lots reserved for the office and shop tenants, but not those specifically reserved for residents.
- 6.5.3 As for the unreserved carpark lots, you should treat the cost as common and claim a portion of the cost based on the DC formula.

⁴ You may add Regulation 33 exempt supplies to the numerator if you are not a Regulation 34 trader and satisfy Regulation 35 of the GST regulations. Please refer to our e-tax guide on “Partially exempt traders & input tax recovery”, for more information on Regulations 33, 34 & 35. For a mixed property developer, the value of your exempt supplies from the sale/lease of the residential units in each accounting period would most likely exceed the limit under Regulation 35. If so, you cannot claim input tax incurred on your Regulation 33 supplies (if any) and you cannot add your Regulation 33 exempt supplies (if any) to the numerator of the ratio formula.

⁵ Total supplies = Standard-rated supplies + Zero-rated supplies + Exempt supplies. You may deduct from the denominator the value of exempt supplies approved by the Comptroller as incidental exempt supplies.

GST Guide for Property Developer

- 6.7.3 You will use the ratio formula to re-compute the input tax claimable for each longer period. The difference in the amount claimable for the longer period and the amount already claimed during the longer period (whether an over-claim or under-claim) should be adjusted in the return immediately **after** the longer period.
- 6.7.4 Please refer to Appendix 3 for the illustration of longer period adjustment.

6.8 How to determine longer period?

- 6.8.1 For the purpose of adjusting residual input tax relating to a mixed development, the first longer period shall be taken to commence from the accounting period in which TOP falls to the end of your tax year. All subsequent longer periods shall correspond with your tax years. Your tax year commences from 1st April, 1st May or 1st June, depending on the prescribed accounting period allocated to the company.

For example:

Your Prescribed Accounting Periods begin on: _____	Your Tax Year covers:
1 Jan, 1 Apr, 1 Jul & 1 Oct	1 Apr to 31 Mar
1 Feb, 1 May, 1 Aug & 1 Nov	1 May to 30 Apr
1 Mar, 1 Jun, 1 Sep & 1 Dec	1 Jun to 31 May

7 CONTACT INFORMATION

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GST Guide for Property Developer

APPENDIX 1 - [Illustration of the application of transitional measure for leasehold properties under development](#)

For illustration, Developer A entered into a contract before 1 January 2007 for sales of leasehold property under development. The contract provides for the following schedule of payment. His GST accounting periods are Jan – Mar, Apr – Jun, Jul – Sep, Oct – Dec.

Date	Progress of Payment	Percentage of Payment	Rule applicable before 1 January 2007	Rule applicable after 1 January 2007	Transitional Measure
1 st Jan 2004	(a) On obtaining Option To Purchase (b) On signing of Agreement for Sale & Purchase	5% 15%	Account GST in the GST return for Jan – Mar 2004		
1 st Jun 2004	On completion of foundation work	10%	Account GST in the GST return for Apr – Jun 2004		
1 st Sep 2004	On completion of reinforced concrete framework	10%	Account GST in the GST return for Jul - Sep 2004		
1 st Mar 2005	On completion of brick walls	5%	Account GST in the GST return for Jan – Mar 2005		
1 st Sep 2005	On completion of ceiling/roofing	5%	Account GST in the GST return for Jul - Sep 2005		
1 st Dec 2005	On completion of doors & window frames are in position, the electrical wiring(without fittings) & plumbing & internal plastering	5%	Account GST in the GST return for Oct – Dec 2005		
1 st Mar 2006	Completion of electrical plant, sanitary equipment and air-conditioning plant (if any) installation	5%	Account GST in the GST return for Jan – Mar 2006		
1 st Aug 2006	Completion of car park, roads and drains serving the housing project	5%	Account GST in the GST return for Jul – Sep 2006		
1 st Jan 2007	On production of the Temporary Occupation Permit and the Architect's Certificate of Completion	25%	Account GST (on 25% of sales proceeds) in the GST return for Jan – Mar 2007	Account GST on remaining 35% (25% + 10%) in the GST return for Jan – Mar 2007	Account GST (on 25% of sales proceeds) in the GST return for Jan – Mar 2007
1 st Jun 2007	(a) Upon completion of the Sale & Purchase (b) Upon production of the Certificate of Statutory Completion	2% 8%	Account GST (on 10% of sales proceeds) in the GST return for Jun – Sep 2007		Account GST (on 10% of sales proceeds) in the GST return for Apr – Jun 2007

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APPENDIX 2 - Illustration of the application of DC formula

Company ABC⁶ is developing a mixed-use building consisting of both residential and commercial units. The details of the development are as follows:

- (a) Proposed Development: Erection of a 3-storey building comprising shops, offices, bank and flats.
- (b) Master Plan: Land Zoning - Commercial and Residential
DC Sector - 16
- (c) Applicable DC Rates⁷:

Period (w.e.f.)	Non-residential DC	Residential DC ⁸
01/03/2003	1700	1550
01/09/2003	1650	1500

- (d) Approved Gross Floor Area: Non-residential= 5500m²
Residential= 8500m²
Total= 14000m²

- (e) Input Tax Incurred on Construction Costs:

Quarter ended	Input Tax Attributable to		Residual Input Tax (\$)
	Taxable Supply (\$)	Exempt Supply (\$)	
31/03/2003	600,000	400,000	50,000
30/09/2003	800,000	500,000	60,000

Calculation of the Recovery Rate⁹ for Residual Input Tax

- (i) For prescribed accounting periods from 01/01/2003 to 30/06/2003

$$\frac{(5500 \times 1700)}{(5500 \times 1700) + (8500 \times 1550)} = 42\% \quad (\text{rounded off to nearest whole number})$$

- (ii) For prescribed accounting periods from 01/07/2003 to 31/12/2003

$$\frac{(5500 \times 1650)}{(5500 \times 1650) + (8500 \times 1500)} = 42\% \quad (\text{rounded off to nearest whole number})$$

Based on the above, Company ABC is allowed to claim 42% of the residual input tax incurred in the periods from 01/01/2003 to 31/12/2003.

⁶ Assume that Company ABC's GST filing cycle begins on 1 Jan, 1 Apr, 1 Jul and 1 Oct

⁷ DC rates are updated every 1 March and 1 September of the year. The DC table that is operative at the end of each prescribed accounting period must be used.

⁸ Assume it is non-landed residential building. Thus, the DC rate for use group B2 is used.

⁹ The computed residual input tax recovery rate must be rounded off to the nearest whole number as provided under regulation 29(4) of the GST (General) Regulations.

GST Guide for Property Developer

Calculation of Total Input Tax Recoverable

(i) For prescribed accounting period from 01/01/2003 to 31/03/2003

$$\begin{aligned} \text{Residual Input Tax Recoverable} &= 42\% \times \$50,000 \\ &= \$21,000 \end{aligned}$$

$$\begin{aligned} \text{Total Input Tax Recoverable} &= \$600,000 + \$21,000 \\ &= \underline{\underline{\$621,000}} \end{aligned}$$

(ii) For prescribed accounting period from 01/07/2003 to 30/09/2003

$$\begin{aligned} \text{Residual Input Tax Recoverable} &= 42\% \times \$60,000 \\ &= \$25,200 \end{aligned}$$

$$\begin{aligned} \text{Total Input Tax Recoverable} &= \$800,000 + \$25,200 \\ &= \underline{\underline{\$825,200}} \end{aligned}$$

GST Guide for Property Developer

APPENDIX 3 - Illustration of the application of Longer Period Adjustment

ABC Development Pte Ltd¹⁰ develops a mixed-use building consisting of both residential and commercial units. The company only makes taxable supplies from the sales of the commercial units and its exempt supplies relate only to the sales of the residential units. Other information is as follows:

1. Date of TOP: 15/08/1999 (*falls in the second quarter of the Tax Year*)
2. Tax Year: 01/04/1999 to 31/03/2000

First longer period after TOP
(refer paragraph 6.8.1)

Supplies made in the Tax Year

Period ended	30 Jun \$	30 Sep \$	31 Dec \$	31 Mar \$	Total \$
Standard-rated	250,000	-	400,000	550,000	1,200,000
Zero-rated	-	-	-	-	-
Exempt	-	650,000	800,000	750,000	2,200,000
Total	250,000	650,000	1,200,000	1,300,000	3,400,000

Allowable Residual Input Tax (RIT) Ratio under regulation 29(2)(d)(i) ¹¹	100%	0%	33%	42%	
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Purchases made in the Tax Year

TOP 15/8/99

Period ended	30 Jun \$	30 Sep \$	31 Dec \$	31 Mar \$	Total \$
Input tax directly attributable to the making of taxable supplies	500,000	850,000	-	-	1,350,000
Input tax directly attributable to the making of exempt supplies	750,000	900,000	1,300,000	800,000	3,750,000

RIT on construction costs	20,000	15,000	-	25,000	60,000
Allowable RIT ratio based on DC formula under regulation 29(2)(d)(ii)	45%	45%	50%	50%	
RIT claimable (A)	9,000	6,750 ¹²	-	12,500 ¹³	28,250

RIT on non construction costs	5,000	3,500	7,000	4,500	20,000
Allowable RIT based on ratio formula under regulation 29(2)(d)(i)	N.A. *	0%	33%	42%	
RIT claimable (B)	2,250 *	0 ¹³	2,310 ¹⁴	1,890 ¹⁴	6,450

Total RIT claimed in F5 (A) + (B)	11,250	6,750	2,310	14,390	34,700
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* Before obtaining TOP, all residual input tax (including those incurred on general overheads) must be apportioned using the DC formula, provided that you do not make other types of supplies in addition to the construction of the mixed development. Hence, the RIT claimable in the period ending 30/06/1999 is \$2,250 (being \$5,000 X 45%).

¹⁰ Assume that ABC Development Pte Ltd's GST filing cycle begins on 1 Jan, 1 Apr, 1 Jul and 1 Oct

¹¹ The ratio is calculated using: (standard-rated supplies + zero-rated supplies) / total supplies.

¹² Allowable RIT on construction costs after TOP continues to be apportioned using the DC formula (refer paragraph 6.3.3)

¹³ Allowable RIT on non-construction costs after TOP shall be apportioned using the ratio formula (refer paragraph 6.3.4)

GST Guide for Property Developer

Application of Longer Period Adjustment

- (1)
$$\frac{\text{Taxable Supplies}}{\text{Total Supplies}} = \frac{\$950,000}{\$3,150,000} = 30\%^{14}$$
- (2)
$$\text{Allowable RIT on non construction costs} = 30\% \times (\$3,500 + \$7,000 + \$4,500) = \$4,500$$
- (3)
$$\text{Additional input tax to be claimed in the GST return immediately following the end of the longer period} = \$4,500 - (\$2,310 + \$1,890) = \$300 \text{ (Under-claimed)}$$

¹⁴ The ratio is rounded off to the nearest whole number.