

IRAS e-Tax Guide

**GST: Property Owners and Property
Holding Companies**

(Fourth Edition)



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1 INTRODUCTION

- 1.1 This guide explains how GST affects you as a property owner or a property holding company. It guides you on the application of GST for property transactions and helps you decide whether you need to register for GST if you are involved in property transactions.
- 1.2 This guide also clarifies the type of residential property that qualifies for GST exemption.
- 1.3 If you are a property developer, you should also refer to our e-Tax Guide on "GST Guide to Property Developer" for in-depth issues related to the nature of your business.

2 DO I HAVE TO CHARGE AND ACCOUNT FOR GST?

- 2.1 For GST purposes, the sale and lease of all properties other than residential properties are subject to GST. If you are registered for GST, you have to charge GST when you sell or let out a non-residential property. The GST chargeable on the sale and rental shall be accounted as output tax in your GST returns.
- 2.2 The sale and lease of an unfurnished **residential** property are exempt from GST. You cannot charge GST on the sale or lease of such properties. If you are GST-registered, you have to report in your GST return the sale or rental as exempt supply.

3 WHAT ARE RESIDENTIAL PROPERTIES?

- 3.1 **Residential properties** refer to **vacant** residential land, and residential building, flat, or tenement (referred to as 'building').
- 3.2 A piece of vacant land is considered a residential land if it is zoned "Residential" or "Rural Centre and Settlement" in the Master Plan.
- 3.3 A residential building refers to a building that is used or to be used principally for residential purposes.

3.4 To determine if a building is used **principally as a place of residence**, you will have to look at the approved use of the building as indicated in the Written Permission issued by the Urban Redevelopment Authority (URA). Buildings which are approved for “residential use” by URA qualify for GST exemption. Examples of buildings approved for “residential use” by URA are:

- (a) condominium flat,
- (b) detached house,
- (c) semi-detached house,
- (d) terrace house,
- (e) townhouse,
- (f) cluster housing,
- (g) strata landed house, and
- (h) upper floors of a shophouse if the floors are approved for residential purposes only

3.5 If a building is not approved for residential use by URA, it could still be considered as a building used principally as a place of residence if the following two indicators are met:

- (i) the main purpose of the building is for accommodation; and
- (ii) there is permanency (e.g. medium to long term which generally refers to a period of 6 months or more) to the use or the proposed use of the building for the purposes of accommodation by a person.

3.6 The table below illustrates how the two indicators are applied in determining whether a building is for residential purpose.

Building type	Indicator 1 (Is the main purpose of the building for accommodation?)	Indicator 2 (Is there permanency in using the building for accommodation purposes?)	Residential building that is exempted from GST?
Homes for the Aged	Yes	Yes	Yes
Workers' Dormitories	Yes	Yes	Yes
Students' Hostel	Yes	Yes	Yes
Serviced Apartments	Yes	Yes	Yes

- 3.7 In contrast to the above table, the table below illustrates how the two indicators point to the correct outcomes when applied to buildings for non-residential purpose.

Building type	Indicator 1 (Is the main purpose of the building for accommodation?)	Indicator 2 (Is there permanency in using the building for accommodation purposes?)	Residential building that is exempted from GST?
Hospitals	No (main purpose is to provide medical services)	No	No
Nursing homes	No (main purpose is to provide nursing services)	Yes (some patients may stay in the nursing home for long term)	No

- 3.8 To provide certainty to businesses, the classification of common buildings are prescribed in the GST (Buildings, Flats And Tenements For Residential Purposes) Order¹, and are further explained in paragraphs 4 and 5 respectively.
- 3.9 The list of buildings provided under the GST (Buildings, Flats And Tenements For Residential Purposes) Order is not exhaustive. For buildings that are not mentioned in the GST (Buildings, Flats And Tenements For Residential Purposes) Order, please seek a Ruling from the Comptroller on the classification of the building. The Comptroller will rely on the two indicators in paragraph 3.5 to determine if the building falls within the scope of exemption.

4 PRESCRIBED LIST OF RESIDENTIAL BUILDINGS, FLATS AND TENEMENTS

- 4.1 The GST (Buildings, Flats And Tenements For Residential Purposes) Order prescribe the following buildings as **residential properties**:
- (a) Home for the Aged
 - (b) Serviced Apartments
 - (c) Students' Hostels
 - (d) Workers' Dormitories
 - (e) Welfare Homes for the Destitute, or Families or Individuals in Crisis

¹ Gazetted with effective from 1 Jan 2011.

4.2 The buildings under each of the above categories are defined in the table below.

Type	Definition
Homes for the Aged	Premises that are: <ul style="list-style-type: none"> • licensed by Ministry of Community Development, Youth and Sports (“MCYS”) under the “Homes For The Aged Act”; and • providing personal care (e.g. assistance with washing, eating) to residents of old age. Homes that provide treatment or nursing beyond personal care may fall within the exclusion for convalescent homes, nursing homes and hospitals (see paragraph 5.2).
Serviced apartments	Premises comprising furnished, self-contained apartments with provided daily amenities rented out for lodging purpose for a minimum stay of 7 days. It excludes hotels, boarding houses, guest houses, chalets, and sports and recreational clubs with accommodation facilities.
Students’ hostels	Premises providing board and lodging to students.
Workers’ dormitories	Premises used for lodging workers with approval obtained from the relevant agencies such as URA and Housing Development Board (HDB).
Homes for the destitute	Premises established under the “Destitute Persons Act”.
Homes for the families or individuals in crisis	Premises that are: <ul style="list-style-type: none"> • regulated by MCYS; • operated by MCYS or Voluntary Welfare Organizations (VWOs); and • providing accommodation to families or individuals in crisis (e.g. victims of family violence, families who are unable to secure immediate accommodation)

5 PRESCRIBED LIST OF NON-RESIDENTIAL BUILDINGS, FLATS AND TENEMENTS

5.1 The buildings that are prescribed as non-residential properties in the GST (Buildings, Flats And Tenements For Residential Purposes) Order are:

- (a) Hotels, boarding houses or guest houses
- (b) Chalets
- (c) Convalescent homes, nursing homes or hospice
- (d) Hospitals
- (e) Sports and recreational clubs with accommodation facilities

(f) Welfare homes for purposes of rehabilitation

5.2 The buildings under each of the above categories are defined in the table below.

Type	Definition
Hotels, boarding houses or guest houses²	<p>Premises that are:</p> <ul style="list-style-type: none"> • licensed by Hotel Licensing Board under the "Hotel Act"; and • run as a business undertaking for the purpose of gain or profit. <p>The rooms in these premises are typically let or sub-let for hire for periods of less than one week³.</p>
Hospitals, convalescent homes nursing homes or hospice	<p>Premises that are licensed by MOH under the "Private Hospitals and Medical Clinics Act". The predominant purpose of such premises is to provide nursing or medical care. This is distinguished from homes for the aged (see paragraph 4.2) which primarily provide accommodation as alternatives to dwelling houses.</p>
Chalets, Sports and recreational clubs with accommodation facilities	<p>Such premises include :</p> <ul style="list-style-type: none"> • a building used as a sports club, sports complex, recreation club, clubhouse, fitness centre or gymnasium; • sites for holiday chalets, bungalow or resort; and • any accommodation in a building, hut, caravan, houseboat or other structure held out suitable for recreational or leisure use. <p>Accommodation on such premises is typically for short-term stay.</p>
Homes or other institutions providing rehabilitation services	<p>Premises operated by a body or organization which has a certain overarching authority over the residents on how the establishment should be used.</p> <p>The residents of such homes require care and rehabilitation and include the following:-</p> <ul style="list-style-type: none"> • past or present dependence on alcohol or drugs; • ex-offenders who have completed their sentences from prison; and • children and young persons aged between seven and 16 years who have committed offences or who are beyond parental control.

² Section 2 to the Hotel Act defines "Hotel" as follows: - Hotel includes a boarding house, lodging-house, guest-house and any building or premises not being a public institution and containing not less than 4 rooms or cubicles in which persons are harboured or lodged for hire or reward of any kind and where any domestic service is provided by the owner, lessee, tenant, occupier or manager for the person so harboured or lodged.

³ Section 14 (a) to the Hotel Act provides that any premises in which rooms or parts of rooms are let or sub-let for hire for periods of less than one week constitute a hotel.

6 DO I HAVE TO REGISTER FOR GST?

6.1 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.

6.2 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.

6.3 The sale of a **non-residential** property is a taxable supply. If you are not registered for GST, you may have to register for GST as a result of the sale, if you are in the business of selling properties. The business need not be one that is registered with ACRA. Records of your past purchases and sales of properties (both residential and non-residential) can be used to determine whether you are involved in the business of selling properties. The following are some factors that should be considered in order to determine whether you are in the business of selling properties:

- Holding period (i.e. the interval between the acquisition and the sale of the property);
- Reasons for acquiring and selling the property;
- Number and frequency of property sales;
- Financial capabilities and financing method;
- Nature of your business;
- Your experience and expertise in property related fields.

The above factors are not exhaustive. If you are in doubt, please submit details of the property transaction (including information on the above factors) to seek a Ruling from the Comptroller of GST.

6.4 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, you have to include the selling price of the property in the computation of your taxable supplies. 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 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.

6.5 You do not have to register for GST if you are disposing of a capital asset of your business. The value of the capital asset should not be taken into the computation of taxable supplies in determining your liability to register.

6.6 The GST treatment in the following paragraphs are applicable to a **GST-registered** property owner and property holding company.

7 GST ON SALE OF PROPERTY

How to account for GST?

- 7.1 You have to account for GST on the sale price of a non-residential property at the prevailing GST rate. However, if the sale is not conducted at arm's length, i.e. you sell it at a discounted price or nominal value under certain arrangement which benefits you or the other party, you have to account for GST based on the open market value of the property at the time of sale. The open market value of a property may be determined by an independent property valuer.
- 7.2 If you do not charge GST on the agreed sale price, the sale price shall be treated as inclusive of GST. You have to account for the GST based on the tax fraction⁴ of the sale price.
- 7.3 If your sale of a non-residential property is aborted after deposit has been paid by the buyer, you are still required to charge and account for GST on the deposit retained because it is the payment for your supply of service in granting the buyer the right to purchase.

When to account for GST?

- 7.4 For the sale of a completed 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 deposit at the earlier of when payment is received or when a tax invoice is issued (prior to 1 Jan 2011) or when an invoice is issued (w.e.f. 1 Jan 2011). 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 is issued (prior to 1 Jan 2011) or when an invoice is issued (w.e.f. 1 Jan 2011),
 - (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.

⁴ Tax fraction is the fraction of prevailing GST rate / (100 + prevailing GST rate). For example, if the prevailing GST rate is 7%, the tax fraction is 7/107.

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

- 7.5 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 (whichever is applicable) 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 7.4.
- 7.6 The accounting rule for GST under paragraph 7.5 currently applies to freehold properties and will continue to be so. Before 1 January 2007, GST for leasehold properties under development is accounted only based on the earlier of when tax invoice/invoice (whichever is applicable) is issued or payment is received at each stage of the progressive payment. With effect from 1 January 2007, the rule under paragraph 7.5 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. Please refer to Appendix 1 for illustration on the application of the transitional measure.
- 7.7 A payment could be held by your solicitors as stakeholders' money. In applying paragraphs 7.4 to 7.6, you treat that payment as received only when the stakeholders' money is released to you.

How to account for GST on Assignment of Option?

- 7.8 You are given an Option to purchase a non-residential property, but decided not to exercise the Option. If you assign the benefit of the Option to Purchase to a nominee and allow the nominee to exercise the Option, you are making a supply of service in respect of an assignment of a right to purchase. You have to charge and account for GST on the sum of money you collect from the nominee. This sum includes the option money you have paid to the vendor as well as any profit you make on such assignment.

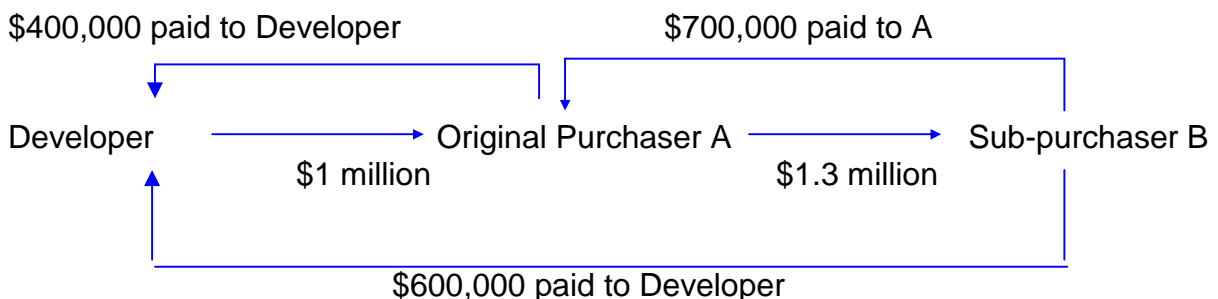
How to account for GST on Sub-sale of a property?

For completed properties⁵:

- 7.9 You have signed an agreement (either an S&P agreement or an Option to Purchase) to buy a non-residential property but decided to sell it to another party before legal completion of the property i.e. before the property was transferred to your name. You have to charge and account for GST on the sale of the property to the sub-purchaser based on the full selling price agreed.
- 7.10 For example, you entered into an agreement to buy a property for \$1 million and paid 20% deposit of \$200,000 to the vendor. Before the property was legally transferred to you, you sub-sold it to the sub-purchaser for \$1.2 million. Your purchase and subsequent sale to the sub-purchaser were completed on the same date via a tri-partite transfer. You have to charge and account for GST on your sale based on full selling price of \$1.2 million, despite the fact that you have only collected \$400,000 in total (mark-up of \$200,000 and recovery of 20% deposit paid to the vendor) from the sub-purchaser.

For properties under development⁶:

- 7.11 If you sub-sell a property which is still under development, you only have to charge and account for GST on the excess of the sub-sale price over any progressive payments (remaining uncalled) due to the developer after the sub-sale.
- 7.12 For example, you entered into an S&P agreement to buy a non-residential property from a developer for \$1 million. Before the issue of title and legal transfer of the property to you, you sub-sold the property to a sub-purchaser for \$1.3 million. Up to the date of sub-sale, you have paid progressive payments of \$400,000 in total to the developer. There is an outstanding payment of \$600,000 not called for yet. As such, the sub-purchaser paid you \$700,000 (\$1.3 million - \$600,000).



⁵ For the purpose of this guide, 'completed properties' refer to properties with TOP status.

⁶ For the purpose of this guide, 'properties under development' refer to properties prior to issuance of TOP.

- 7.13 The developer would charge you GST on the progressive payments of \$400,000. After the sub-sale, he would charge the sub-purchaser GST on the subsequent progressive payments that make up the remaining \$600,000. You, as an original purchaser, have to charge the sub-purchaser GST on \$700,000 (\$1.3 million - \$600,000) being the value of your supply to the sub-purchaser for the sub-sale.

How to account for GST on the sale of a mixed-use property?

- 7.14 If you are selling a building that is approved for mixed use i.e. part of the building is approved for residential use and the other part for non-residential use (e.g. a 2-storey shophouse where the first storey is approved for non-residential use and the 2nd storey is approved for residential use), you have to charge and account for GST on the part of the selling price that is attributable to the value of the non-residential portion of the building. The proportion of the selling price attributable to the non-residential component and residential component of the building must be supported by an independent valuation given by a professional valuer.
- 7.15 If you wish to adopt the independent valuation provided by the buyer, you may do so as long as both parties have mutually agreed. Otherwise, you should rely on your valuation to charge GST. In either case, you should ensure that a valuation report is maintained to support the proportion of the residential and non-residential portions of the building respectively.
- 7.16 There may be instances where the final selling price of the building differs from your initial valuation. If so, you should charge GST based on the following method:

Final selling price = \$X

Valuation of the non-residential component = \$Y

Valuation of both the residential and non-residential components = \$Z

GST chargeable = $(Y / Z) \times \$X \times \text{Applicable GST Rate}$

- 7.17 If you are selling vacant land that is not zoned exclusively for residential use (e.g. vacant land zoned "Local Shopping" or "Residential and Commercial"), you have to charge GST on the full selling price. If the buyer is GST registered and wish to claim the GST paid on the purchase of the land, he would need to satisfy the normal input tax conditions.

Do I have to account for GST on the sale of a furnished residential property?

- 7.18 The sale of an unfurnished residential property is not subject to GST. Fixtures such as built-in cabinets and wardrobes, kitchen and sanitary wares, wall-mounted air-conditioners that are attached permanently to the property can be exempt from GST together with the residential unit. Any furniture and fittings that are sold together with the residential unit are subject to GST. You are

required to charge GST on the furniture and fittings based on their open market value or costs.

Do I have to charge GST if I recover the property tax from the buyer?

- 7.19 You may have already paid the property tax for the whole year. When you sell the property during the year, you may recover from the buyer a pro-rated portion of the property tax. This amount recovered is in addition to the sale price of the property. You do not have to charge GST on the portion of property tax recovered from the buyer as it is a disbursement.

8 GST ON LETTING OF PROPERTY

How to account for GST?

- 8.1 If you let out a non-residential property, you have to charge and account for GST on the rental at the prevailing GST rate. If the lease is **not** transacted at arm's length, GST shall be based on its open market value.
- 8.2 If you allow another person (a related party or business associate) to occupy and use your property or part of it **free of charge**, it is deemed that you make a supply of service to that person. Therefore, you are required to account for output tax on that deemed supply of service. GST shall be accounted for based on a proportion of the rental you paid (if you rent the property from a property owner) or a portion of 1/12 the annual value of the property (if you are the property owner) in proportion to the Gross Floor Area occupied by that person.

When to account for GST?

- 8.3 When you let out a property, you have to account for GST on the rental at the **earlier** of the following:
- (a) the date you receive the rental payment; or
 - (b) the date you issue a tax invoice (prior to 1 Jan 2011) or an invoice (w.e.f. 1 Jan 2011).

This rule applies regardless of whether you are collecting rental on monthly, bi-monthly, quarterly or half-yearly basis.

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

- 8.4 If you issue one tax invoice for monthly rentals covering a number of months in advance for a period of not exceeding 3 years, you must state the due date for each rental and the corresponding GST chargeable in the tax invoice. Accordingly, you will account for GST for **each rental** at the **earlier** of the following:
- (a) the **due date** of each rental payment; or
 - (b) the date you received the rental payment.

Do I have to account for GST on the granting of rent-free period?

- 8.5 If you grant your tenant rent-free for a period of time for the purpose of “fitting-out” and it is provided as part of the terms of your tenancy or lease agreement, you do not have to deem a supply on that rent-free and account for GST.
- 8.6 However, if the rent-free period is granted with conditions for some other service or goods, apart from the rental of premises, from the tenant, for example, renovation works to the property, there are 2 separate supplies for GST purposes. Although no money flows from you to your tenant or vice versa, your tenant is making a supply of renovation works to you, while you are making a supply in the lease of the property to your tenant. You have to charge your tenant GST and account output tax on the equivalent rental for this period, and your tenant (if he is also GST-registered) has to charge you GST and account for output tax on the value of renovation.

Do I have to account for GST on the letting of common areas?

- 8.7 Sometimes, you may let out the common areas outside your shop premises or in the shopping atrium for use by your tenants for sales promotion activities. You may have charged your tenant only a nominal sum, say \$1. You can account for the GST based on the nominal rent, say \$1, if: -
- (a) the tenant is not related to you;
 - (b) the common areas are not normally let out at a commercial rate; and
 - (c) you do not receive any benefits from the tenant.

If all the 3 conditions cannot be satisfied, you would have to account for GST based on the open market rental of the common area.

Do I have to account for GST on early termination of lease?

- 8.8 If you claim compensation from your tenant according to the terms provided in the lease contract for early termination of lease, you do not have to charge and account for GST on the compensation received. The compensation represents liquidated damages for the breach of contract and is not subject to GST.
- 8.9 Where the lease contract does not include any provisions for an early termination, the sum of money paid by your tenant for the lease agreement to be terminated early is a taxable supply. The payment is regarded as the consideration for your surrendering of rights to continue the tenancy with the tenant. Accordingly, you have to charge GST on the payment received.
- 8.10 Similarly, where the lease contract does not include any provisions for an early termination and you wish to terminate a lease and pay your tenant a sum of money for him to “**surrender**” the lease and move out, the tenant is regarded as making a supply to you. If your tenant is registered for GST, he will have to charge GST on the payment you make to him.

Do I have to account for GST on rental deposit?

- 8.11 When you enter into a lease agreement, you may collect rental deposit from your tenant as a form of security. You do not have to charge and account for GST on the rental deposit if it is refundable upon completion of the lease term.
- 8.12 However, if you subsequently use the whole or part of the deposit to offset any rent payable, this amount is subject to GST. You have to account for the GST at the time you utilize the amount to offset the rental.
- 8.13 If you retain the deposit according to the provisions of the lease agreement when there is an early termination of lease, you do not have to account for GST if it is compensatory in nature. If the deposit retained becomes part of the settlement for your surrender of right to continue the tenancy with the tenant, you have to account for the GST.

How to account for GST on the letting of a mixed-use property?

- 8.14 If you are letting a property which is approved for mixed use (part of the building approved for residential use, and the other part for non-residential use, as in the case of a shophouse), you have to charge and account for GST on the part of the rental relating to the non-residential portion of the building. If your rental is not split into the residential and non-residential portions, you may determine the rental value of the commercial portion based on open market value.

Do I have to account for GST on the letting of a furnished residential property?

- 8.15 If you let out a residential property on an unfurnished basis, the entire rental is exempt from GST. However, if you let out a residential property with furniture and fittings, the rental of the bare unit is exempt but the rental of the furniture and fittings is taxable.
- 8.16 The monthly rental value of the bare residential unit shall be taken to be 1/12 of the annual value of the property (as shown in the Valuation List and Valuation Notice). The monthly rental value of furniture and fittings will be the difference between the monthly gross rent (total rental) of the furnished property and 1/12 of the annual value of the property.

For example:

Rental of a flat	=	\$2,500 per month
Rental of the furniture and fittings	=	\$2,000 per month
Total rental of the furnished flat	=	\$4,500 per month
Annual value in the Valuation List	=	\$36,000
Value of exempt supply (per month)	=	1/12 x \$36,000 = \$3,000 per month
Value of supply of furniture and fittings (per month)	=	\$4,500 - \$3,000 = \$1,500 per month

You will have to charge GST on \$1,500 being the rental value of furniture and fittings. Alternatively, if you wish to treat the rental as inclusive of GST, you can account for the GST based on the tax fraction⁷ of \$1,500.

If the actual gross rental is lower than 1/12 of the annual value of the property, you do not need to charge GST on the furniture rental.

- 8.17 You may let out a new property and the annual value is not available at the time the property is let out. In the interim, you may take the actual rental of the furniture and fittings specified in the contract as the value of taxable supply to account for GST.
- 8.18 When there is a revision to annual values, and if the valuation notice takes effect from an earlier date, you do not need to make retrospective adjustments on the value of exempt supplies. You also do not need to make adjustments if you have already issued a tax invoice to your tenant. As a concession, you are given a 14-day grace period. You adopt the **revised** annual value in your next billing if it is 14 days or more after the date of valuation notice. If your next billing is less than 14 days from the date of valuation notice, you can adopt the **revised** annual value in the billing after next.

⁷ Tax fraction is the fraction of prevailing GST rate / (100 + prevailing GST rate). For example, if the prevailing GST rate is 7%, the tax fraction is 7/107.

- 8.19 If you own a block of serviced apartments and there is only one annual value for the entire property, you may apportion 1/12 of the annual value according to the net lettable floor area (floor area of the apartments excluding common areas such as corridors and lobbies) to arrive at the exempt value for each apartment unit.
- 8.20 If the furnished residential unit is let out for half a month, the above method of computation shall still apply to the rental charged for the half-month.

For example:

Rental of a flat	=	\$2,500 per month
Rental of the furniture and fittings	=	\$2,000 per month
Total rental of the furnished flat	=	\$4,500 per month or \$2,250 for half-month
Annual value in the Valuation List	=	\$36,000
Value of exempt supply (per month)	=	1/12 x \$36,000 = \$3,000 per month or \$1,500 for half-month
Value of supply of furniture and fittings (per month)	=	\$2,250 - \$1,500 = \$750 for half-month

Do I have to account for GST on property used by employee?

- 8.21 If you provide a furnished apartment to your employee without charging any rent, you have to deem a supply on the rental value of furniture and fittings and account for the GST. You may refer to para 8.16 to 8.20 on the method of determining the value of output tax to account.

Do I have to account for GST on the service charges?

- 8.22 In the letting of your property, if you recover the monthly maintenance or service charges (which you pay to the developer or Management Corporation) from your tenant, you have to charge and account for GST on the maintenance or service charges regardless of whether your property is residential or non-residential.
- 8.23 If you are a developer and are involved in managing the maintenance fund and running the estate as required under the Building Maintenance and Strata Management Act before a management corporation (MC) is formed, you have to charge and account for GST on the maintenance or service charges and sinking funds you collect from the subsidiary proprietors.

- 8.24 After the formation of the MC, any excess maintenance or sinking funds that you transfer to the MC shall not be subject to GST. If the MC is a taxable person, it will have to charge and account for GST on the maintenance fees, service fees and sinking funds⁸ that it collects from the subsidiary proprietors.

9 CAN I CLAIM INPUT TAX?

- 9.1 If you are registered for GST, you can claim GST incurred in relation to the purchase and rental of a non-residential properties as your input tax, so long as the property is used to conduct your business or let out for the purpose of business. The business must involve the making of taxable supplies upon which you collect GST and account for output tax. The input tax claimable includes the GST incurred on the purchase price, rental, maintenance or service charges, purchase of furniture and fittings, renovation and repairs, conveyance fees etc.
- 9.2 If the property is acquired jointly with other persons who are not involved in your business as business partners (as in the case of a partnership), you may claim only a part of the GST incurred as input tax in proportion to your share of ownership on the property. Accordingly, when you sell the property, you have to charge and account output tax on the sale based on your share of ownership.
- 9.3 If you acquire a non-residential property from a non GST-registered person via a sub-sale, he cannot charge you GST on his sale to you. If he recovers from you the GST that he paid to the vendor, you cannot claim the GST as your input tax as this is not a tax charged to you by the vendor.
- 9.4 If you have claimed and been allowed the GST incurred on the purchase of a non-residential property as input tax, and continues to own the property at the time you de-register from GST, you have to deem a supply on this property. You have to account for the output tax on the deemed supply based on the open market value of the property at the prevailing GST rate. The deemed supply must be accounted in your GST F8 "Final Return".

⁸ Although the fund is collected for used at later time for repairs and upgrading works, time of supply is triggered at the time when the fund is collected.

10 CONTACT INFORMATION

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GST Guide to Property Owner & Property Holding Company

APPENDIX 1

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