

# **GOODS AND SERVICES TAX**

## **HOW DO I KEEP RECORDS AND ACCOUNTS?**



INLAND REVENUE  
AUTHORITY  
OF SINGAPORE

## How do I keep records and accounts?

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### 1 INTRODUCTION

This booklet sets out the record-keeping requirements under the Goods and Services Tax Act.

### 2 RECORD-KEEPING

#### 2.1 WHAT RECORDS MUST I KEEP?

You are required to keep the following records:

- (a) business and accounting records (see 2.2);
- (b) copies of all tax invoices (see 3.1 and Appendix 1), simplified tax invoice (see 3.4) and receipts you issued;
- (c) tax invoices and receipts you received;
- (d) documents, such as permits and bills of lading, relating to your imports and exports;
- (e) all credit notes, debit notes or other documents received by you which show any change in consideration, and copies of all such documents that you issued.

#### 2.2 WHAT BUSINESS AND ACCOUNTING RECORDS DO I HAVE TO KEEP?

Examples of the business and accounting records to be kept include:

- (a) orders and delivery notes;
- (b) purchase and sales books;
- (c) records of daily takings;
- (d) cash books and other account books;
- (e) bank statements and pay-in slips;
- (f) relevant business correspondence;
- (g) your GST account (see 2.5);
- (h) annual accounts, for example trading and profit and loss accounts and balance sheet.

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### 2.3 BESIDES THE ABOVE, WHAT OTHER RECORDS MUST I KEEP?

You must keep records of all transactions connected with your business which affect the amount of GST you have to pay or can claim. Some of these transactions include:

- (a) business goods which were put to non-business use;
- (b) disposals of business goods, whether or not for a consideration;
- (c) supplies of goods or services you received on which you were charged GST by your suppliers;
- (d) removal of goods from customs-licensed warehouse.

You will require the above information when filling in your GST return.

### 2.4 DO I HAVE TO KEEP THE RECORDS IN ANY PARTICULAR WAY?

You need not keep these records in any set way. However, they should be kept in such a manner that will enable the Comptroller of GST to check easily the figures used in filling in your GST returns.

All your records must be kept up-to-date and must be in sufficient detail to allow the correct calculation of the amount of GST that you have to pay to, or claim from, the Comptroller.

To facilitate your completion of GST returns, you may wish to keep a GST account which gives a summary of the totals of your input tax and output tax for each accounting period

### 2.5 WHAT IS A GST ACCOUNT?

A GST account is a summary of your input and output tax.

An example of a GST account is shown in Appendix 2. At regular intervals, you should add up the GST in your records and put the totals in your GST account with separate headings for:

#### **GST Deductible**

Input tax on:

- . purchases
- . imports
  
- . Bad debt relief

#### **GST Payable**

Output tax on:

- . sales
- . other deemed supplies (e.g. business goods taken out for private use)
- . Bad Debt recovered

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. GST refunded to tourist

. GST previously claimed for tourist refund now disallowed (due to failure to comply with requirements of the scheme)

At the end of each accounting period, you subtract your total input tax from your total output tax and record the difference. These figures will then be used to fill in your GST returns.

If you have made an error in your previous returns, you should also include in the GST account as a separate total, the corrections to GST deductible or payable in your previous returns.

You can correct the error in the current GST F5 return provided that:

- (i) the net GST amount in error for all the prescribed accounting periods affected is not more than \$1500; and
- (ii) the summation of errors in each prescribed accounting period is not more than 5% of the total supplies. In the case where there are no taxable supplies in the accounting period, the 5% rule shall be applied in respect of total taxable purchases.

If any of the above conditions are not satisfied, please correct the error by submitting a "Disclosure of Errors on GST Return" i.e. GST F7 for the affected prescribed accounting period(s).

Where your errors affect more than one accounting periods and multiple GST F7s are required, you are also allowed to consolidate the errors and report in one GST F7 on a per annum (financial/calendar/tax year) basis. For example, if you are consolidating the errors from 01/01/2007 to 31/12/2007, you should request for a GST F7 for the period of 01/10/2007 – 31/12/2007. In the GST F7, you need to:

- (i) declare the original figures from GST F5 of 01/10/2007 – 31/12/2007 + errors from 01/01/2007 – 31/12/2007; and
- (ii) state in the "description of errors" box that the errors declared are for 01/01/2007 to 31/12/2007.

If the errors relate to prescribed accounting period ending on or after 1 January 2007, you should rectify them within 5 years from end of accounting period. If the errors relate to accounting period ended prior to 1 January 2007, you should rectify them within 6 years.

To obtain a copy of the form GST F7, please call GST helpline at 1800 356 8633. Alternatively, you may obtain the GST F7 online via 'Request for GST F7' in "*myTax Portal*".

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### 2.6 HOW LONG DO I NEED TO KEEP MY RECORDS?

With effect from 1 January 2007, you are required to keep for 5 years, records pertaining to prescribed accounting periods ending on or after 1 January 2007. However, you are required to keep for 7 years, records pertaining to prescribed accounting period ending before 1 January 2007.

### 2.7 CAN I PRESERVE THE RECORDS IN OTHER FORMS?

If you wish to use other means to preserve your records, you do not need to seek approval from the Comptroller of GST. However, you must comply with the compliance criteria set out in the e-Tax guides “Keeping of Records in Imaging Systems” and “Keeping Machine-sensible Records and Electronic Invoicing”. You can download the e-Tax guides from our website at [www.iras.gov.sg](http://www.iras.gov.sg).

## 3 TAX INVOICE

### 3.1 WHAT IS A TAX INVOICE?

Whenever you supply standard-rated goods or services to another registered person, you must give him a **tax invoice** (Appendix 1). This is a document containing certain information (**see 3.2**) about the supply that you have made and it is similar to your normal invoices except for the additional details required. In fact, it can be used to replace your normal invoice. Your customers need tax invoices to claim the input tax on the GST you have charged them. Tax invoices must be issued within 30 days from the time of supply.

You need not issue tax invoices for supplies to customers who are not registered. In practice, this will probably mean issuing a tax invoice to any customer who asks for one, as you usually do not know whether he is registered or not. You do not have to check that a customer is registered before issuing a tax invoice.

If you do not give a tax invoice, a serially printed receipt needs to be issued. However, where a computer or other machine is used for recording taxable supplies, receipts may be dispensed with if the Comptroller is satisfied that such computer or machine substantially records accurately all moneys received in respect of taxable supplies. You are required to seek the approval of the Comptroller of GST on the waiver to issue receipt.

If your customer pays in cash - not by cheque - you must, if asked, show clearly on the tax invoice that payment has been received and the date of such receipt.

### 3.2 WHAT INFORMATION IS REQUIRED ON A TAX INVOICE?

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The tax invoice must show the following:

- (a) the words "tax invoice" in a prominent place;
- (b) an identifying number;
- (c) the date of issue of the invoice;
- (d) your name, address and GST registration number;
- (e) your customer's name (or trading name) and address;
- (f) the type of supply e.g. credit sale, hire-purchase, loan;
- (g) a description of the goods or services supplied;
- (h) for each description, the quantity of goods or the extent of services and the amount payable (excluding tax);
- (i) any cash discount offered;
- (j) the total amount payable excluding tax, the rate of GST and the total tax chargeable shown separately;
- (k) the total amount payable, including tax;
- (l) the breakdown of exempt, zero-rated or other supply, stating separately the gross amount payable in respect of each, if applicable.

### 3.3 WHAT IF I INVOICE A FOREIGN CURRENCY?

If you invoice in a foreign currency, the following items on the tax invoice must be converted into Singapore dollar at the selling rate of exchange prevailing in Singapore at the time of supply:

- (a) the total amount payable, (excluding tax);
- (b) the total tax chargeable;
- (c) the total amount payable, (including tax).

For foreign currency, the use of the following exchange rates corresponding to the time of supply is acceptable to the Comptroller and there is no requirement to write in for approval:

- (a) daily exchange rates (buying, selling or average of the two) of any bank operating in Singapore; or

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- (b) exchange rates published by Singapore Customs which are updated fortnightly;
- (c) Other exchange rates approved by the Comptroller. See e-Tax Guide “Exchange Rates for GST purposes” for more information.

However, for those businesses that would like to use other rates or methods in determining the exchange rates, they will have to write in to the Comptroller for approval. The in-house exchange rates must satisfy the following conditions:

- (a) the rate is reflective of the exchange rate in Singapore money market at the relevant point in time;
- (b) For companies which are using rates or methods determined by overseas head office, they may be allowed if the rates are determined with reference to overseas money market;
- (c) the rate or method is objectively verifiable;
- (d) the rate is updated at least once every three months; and
- (e) the Comptroller is to be notified of any change in the basis of arriving at the rate.

For input tax claim purposes, you are to claim the amount of GST in S\$ as reflected in the tax invoices and the payment permits issued by your supplier and Singapore Customs respectively. You must not use any other exchange rate to compute the S\$ equivalent of the GST amount in any circumstances.

### 3.4 CAN I ISSUE A SIMPLIFIED TAX INVOICE?

If the amount payable stated in the tax invoice, including tax, is \$1,000 or less, you may issue a simplified tax invoice containing the following particulars:

- (a) your name, address and GST registration number;
- (b) the date of issue of the invoice;
- (c) an identifying number, e.g. invoice number;
- (d) the description of the goods or services supplied;
- (e) the total amount payable including tax; and
- (f) the word “Price Payable includes GST”.

However, simplified tax invoices should not be issued for zero-rated or exempt supplies. You should issue either your normal invoices or tax invoices for these supplies.

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### 3.5 CAN I ISSUE A SIMPLIFIED TAX INVOICE FOR A CREDIT CARD SALE?

If you accept credit cards (e.g. Visa, American Express etc) for payment, you may give the cardholder a sales voucher at the time of sale. The sales voucher may double up as a simplified tax invoice if it contains the following details:

- (a) your name, address and GST registration number;
- (b) the date of sale;
- (c) an identifying number, e.g. invoice number;
- (d) a description of goods or services supplied;
- (e) the total amount payable including tax; and
- (f) the word "Price Payable includes GST".

The receipt must be serially printed and must show the following:

- (a) your name and GST registration number;
- (b) the date of issue of the receipt;
- (c) the total amount payable including total tax chargeable; and
- (d) the word "Price payable includes GST".

You must retain a duplicate copy of the receipt issued by you. If your accounting or cash register system does not print simplified tax invoices or receipts containing the required information, please ensure that you incorporate the necessary changes during your next system upgrade. Please ensure that all invoices and receipts contain the required information by 1 May 2009.

### 3.6 HOW DO I CALCULATE GST ON INVOICES OR RECEIPTS?

You may round off the total GST payable on all goods and services shown on a tax invoice to a whole cent. For example, if the GST calculated is \$8.124 or less, it will be rounded down to \$8.12. On the other hand, if the GST calculated is \$8.125 or more, it will be rounded up to \$8.13.

## 4 CREDIT NOTE

### 4.1 WHAT IS A CREDIT NOTE?

Credit notes are valid if they are issued to correct a genuine mistake or to give a proper credit under the following situations:

- (a) correction of a genuine mistake;

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For example, when the goods invoiced as standard-rated should be exempt or zero-rated.

- (b) supply has not taken place;
- (c) charges which have been partly or fully waived before the delivery of goods;
- (d) goods or services are accepted, but the terms of the contract are not fully met;  
For example, when the customer at a reduced price accepts sub-standard goods.
- (e) goods are returned or services are not accepted;
- (f) goods and services are supplied for an unascertained consideration.

However, they may not be valid under the following situations:

- (a) waiver of charges (e.g. to cancel a bad debt);
- (b) goods have been delivered or services performed and all terms of contract have been fulfilled. GST should be on the originally agreed price.

To be valid for GST purposes, a credit note must show clearly:

- (a) an identifying number e.g. a serial number;
- (b) the date of issue;
- (c) your name, address and GST registration number;
- (d) your customer's name and address;
- (e) the reason for the credit - for example, " returned goods ";
- (f) a description sufficient to identify the goods and services for which credit is being allowed;
- (g) the quantity and amount credited for each description;
- (h) the total amount credited, excluding tax;
- (i) the rate and amount of tax credited; and
- (j) the total amount credited, including tax.

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The number and date of the original tax invoice should also be shown on the credit note, if possible. If you are unable to do so (for example, because returned goods cannot be identified with a particular tax invoice), you must be able to satisfy the Comptroller of GST by other means that you have accounted for tax on the original supply.

### 4.2 WHAT IF I REPLACE RETURNED GOODS?

#### Situation 1

If you replace returned goods with similar goods, you may either:

- (a) let the original GST stand;  
You need not account for GST on the replaced goods provided they are supplied free of charge.

E.g. Jim bought a book from you on 03.02.2003. He returned the next day complaining of a stain on the back cover. You decided to replace this book with a new one without further charge. In this situation, you may let the original GST stand and need not account for GST on the replaced book as there is no extra charge.

or

- (b) issue a credit note if a tax invoice has previously been issued and raises a new tax invoice on the replaced goods.

#### Situation 2

If the replacement goods are supplied at a lower price than the original goods, you may reduce the GST charge by issuing a credit note. On the other hand, if they are supplied at a higher price, you will have to account for the additional GST.

E.g. Jim bought a book from you on 03.02.2003. He returned the next day, requesting to change the soft-cover edition to a hardcover one. The latter cost an additional \$10.00. You may issue an additional tax invoice of \$10.00 and account for the GST. This additional tax invoice should make reference to the earlier invoice issued.

### 4.3 HOW DO I RECORD CREDITS RECEIVED FROM SUPPLIERS?

You must keep a record of all credits received from your suppliers. If you normally issue **debit notes** to suppliers from whom credit is due and adjust your records at that stage, the debit notes must show details similar to those required for credit notes. If you subsequently receive credit notes from the

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suppliers, they should be compared with the debit notes issued. You should ensure that adjustments are made only once and that the debit and credit notes are not used simultaneously as accounting documents.

### 5 MISCELLANEOUS

#### 5.1 WHAT IF MY CUSTOMER HAS BECOME INSOLVENT?

You can claim GST relief on your bad debts if you meet the conditions and requirements under the GST (General) Regulations 2001. To ensure that you are eligible to claim this relief, please use the form 'Self-review of eligibility to claim bad debt relief'. You can download this Form from our website at [www.iras.gov.sg](http://www.iras.gov.sg).

#### 5.2 WHAT IF I SUBSEQUENTLY RECEIVE A PAYMENT FOR THE BAD DEBT WHICH I HAVE CLAIMED IN MY PREVIOUS GST RETURN?

You should account for GST to the Comptroller on the amount of bad debt recovered. The tax amount should be included in the "output tax" box of your GST return in the accounting period where you receive the payment.

If you recovered only a portion of the debt, the amount of GST to be accounted for to the Comptroller is computed as follows:

$$\text{Amount refunded} \quad \times \quad \frac{\text{Amount of debt recovered}}{\text{Outstanding consideration}}$$

## TAX INVOICE

Gallery Photo Supplier  
888 Jalan Ang Teng  
Singapore 560009

GST Reg No: M2-1234567-K

(Customer's Name)

(Customer's Address)  
(Customer's Address)  
(Customer's Address)

Date: 01/07/2007

Invoice No: F012345

Type of Supply: Cash / Credit Sale

S/No	Description	Qty	Unit Price (\$)	Total (\$)	Discount (\$)	Total (\$)
1	Yashica MG2	10	90	900	45	855.00
2	Pentax Z-1 Body	20	1,000	20,000	1,000	19,000.00
3	Nikon W35	30	200	6,000	300	5,700.00
4	Canon Prima 5	40	220	8,800	440	8,360.00
	Total					33,915.00
	Add GST @ 7%					2,374.05
	Amount Due:					36,289.05

Thank you. We look forward to being of service to you again.

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Appendix 2

## GST Account

### Period from 1 Apr 2007 to 30 Jun 2007

	\$		\$
<b>GST deductible - Input tax</b>		<b>GST payable - Output tax</b>	
GST you have been charged on your net purchases*		GST you have charged on your net sales#	
April	2,215.23	April	2,780.23
May	1,626.47	May	2,305.81
June	<u>2,792.01</u>	June	<u>3,302.45</u>
	6,633.71		
GST on imports	96.85		
Bad Debt relief	96.48		
GST refunded to tourists	<u>1,000.00</u>		
<b>Total tax deductible</b>	<u>7,827.04</u>	<b>Total tax payable</b>	8,388.49
		<b>Less total tax deductible</b>	<u>-7,827.04</u>
		<b>Payable to Comptroller of GST</b>	<u>561.45</u>

**NOTE:**

\*Net purchases = Gross purchases - (Goods returned to suppliers + Discounts received).