

IRAS e-Tax Guide

GST: General Guide for Businesses

(Sixth Edition)



INLAND REVENUE
AUTHORITY
OF SINGAPORE

GST General Guide For Businesses

Published by
Inland Revenue Authority of Singapore

Published on 01 Apr 1994

First edition : 01 Apr 1994

Second Edition: 01 Jul 2007 (Revised paragraphs 3.1, 3.4, 4.1, 4.2, 4.5, 5.3, 5.6, 6.1, 6.2, 6.3, 6.4, 6.5)

Second Edition : 01 May 2008 (Revised paragraph 6.1)

Third Edition: 15 May 2008 (Revised paragraph 5.3)

Fourth Edition: 01 Aug 2008 (Revised paragraph 3.3, 3.4 and 6.3)

Fifth Edition : 28 Sep 2009 (Addition of paragraph 6.7)

Sixth Edition: 11 January 2011 (Revised paragraphs 3 and 6.7)

© Inland Revenue Authority of Singapore..

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, including photocopying and recording without the written permission of the copyright holder, application for which should be addressed to the publisher. Such written permission must also be obtained before any part of this publication is stored in a retrieval system of any nature.

Table of Contents

1	Overview	1
2	The GST System	1
2.1	What is GST?	1
2.2	Are all goods and services taxable?	1
2.3	Who collects GST?	1
2.4	Is registration for GST compulsory for me?	3
2.5	Can I register for GST if my turnover does not exceed S\$1 million?	3
2.6	How does a taxable person like me distinguish the GST charged on my customer from the GST paid by me on my business purchases?	3
2.7	How do I claim the input tax credit?	3
2.8	Can I claim "input tax" credits from the Comptroller of GST if I am not a GST registered trader?	5
2.9	Can I claim input tax on my purchases before the goods are sold?	5
2.10	What does it mean when my business or organisation is not registered for GST?	5
3	GST Concepts	5
3.1	Taxable Supply	5
3.2	Imports	16
3.3	Partially-exempt Trader	20
3.4	Fringe Benefits	23
4	Registration	24
4.1	Compulsory Registration (see Chart 12)	24
4.2	Voluntary Registration	28
4.3	Exemption from Registration	29
4.4	Deregistration	30
4.5	Special Cases	30
5	Various Schemes	35
5.1	Group Registration	35
5.2	Divisional Registration	35
5.3	Major Exporter Scheme	36
5.4	Zero GST Warehouse Scheme	36
5.5	Approved Contract Manufacturer & Trader Scheme	36
5.6	Waiver of GST for goods removed from Zero GST (ZG) Warehouse by a Major Exporter Scheme Trader	37
5.7	Tourist Refund Scheme	37
6	Accounting for GST	38
6.1	Tax Invoices and Receipts	38
6.2	Price Display	42
6.3	Input Tax Credit	43
6.4	Accounting Periods	46
6.5	Submission of GST Return and Payment of Tax	46
6.6	Obligations of the Taxable Person	47
6.7	Deeming of Supply for Goods Transferred or Disposed of at No Consideration and Goods Held on Hand at the Time of De-registration .	48

GST General Guide For Businesses

7	Offences and Penalties	49
8	Objections and Appeal Procedure	51
8.1	The Comptroller of GST	51
8.2	The Board of Review	52
8.3	The High Court	52
9	Contact Information	54

1 Overview

- 1.1 This guide has been specially prepared to help you understand how Goods and Services Tax (GST) works. Charts are used to illustrate the GST concepts and principles.

2 The GST System

2.1 What is GST?

- 2.1.1 GST is a tax on domestic consumption. The tax is paid whenever customers buy goods or services from GST registered businesses.

It is charged and accounted for at a standard rate of 7% or at a zero-rate (0%). For instance, if the GST-inclusive price of an item is \$10.70, \$10 goes to you (the supplier), and \$0.70 to the Government as GST.

2.2 Are all goods and services taxable?

- 2.2.1 All goods and services are taxable except those which have been specifically exempted by the Act. The main exempt items are financial services and the sale or lease of residential properties.

2.3 Who collects GST?

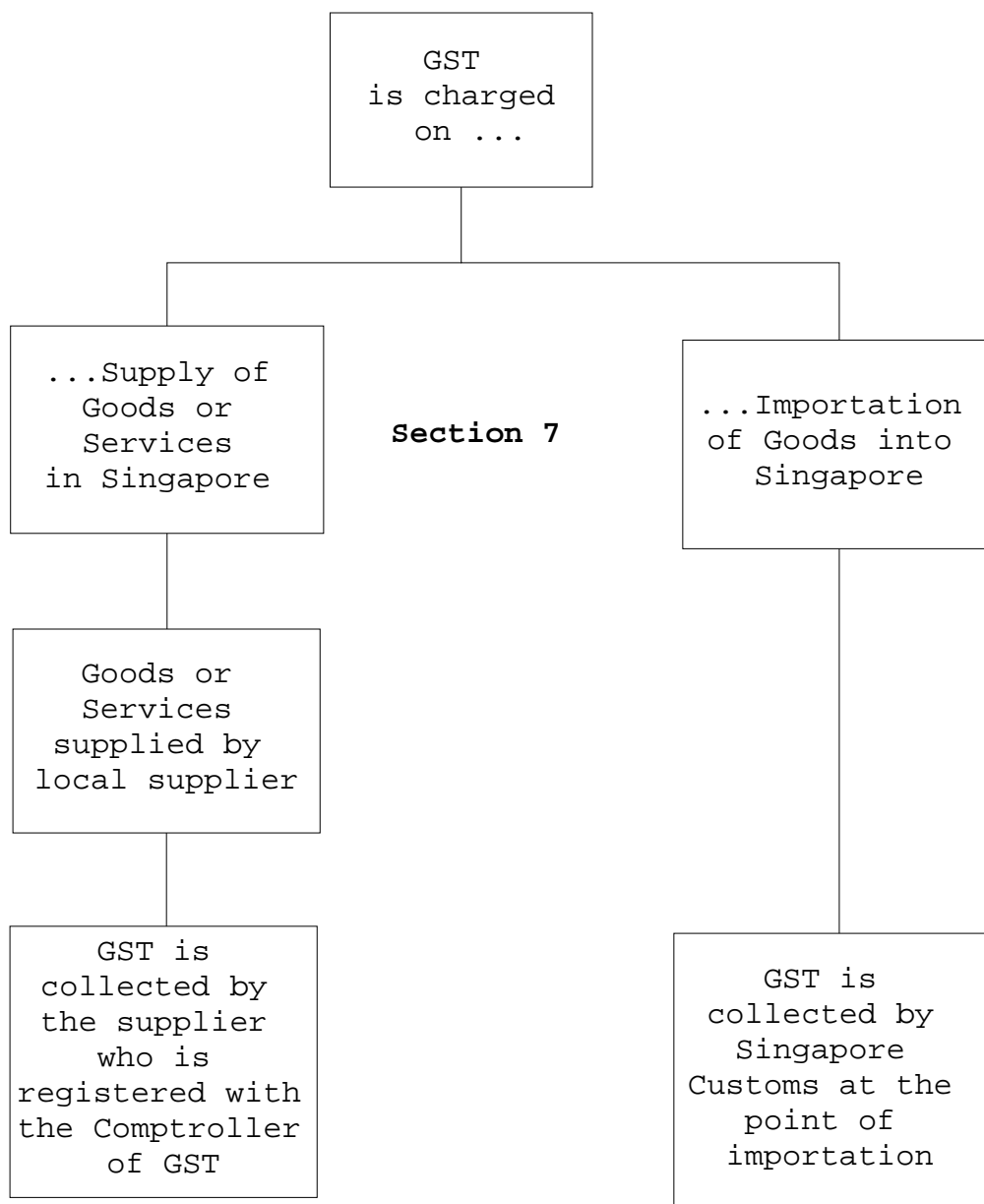
- 2.3.1 For supply of goods or services in Singapore, traders like you who have registered with the Comptroller of GST collect GST.

For importation of goods, GST is collected by Singapore Customs at the point of importation into Singapore.

See Chart 1.

Chart 1

Charging and Collecting of GST



GST General Guide For Businesses

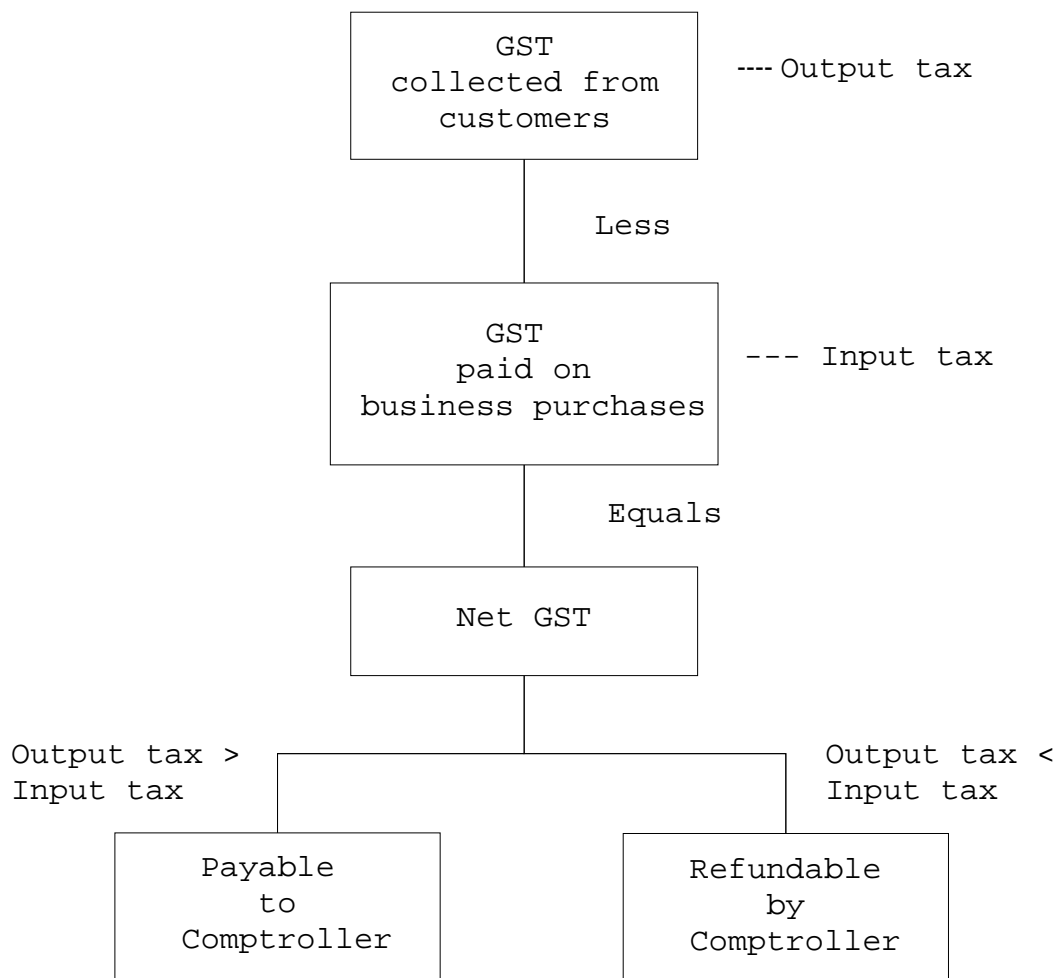
- 2.4 Is registration for GST compulsory for me?
 - 2.4.1 If you make taxable supplies of goods and/or services in Singapore with an annual turnover exceeding or likely to exceed S\$1 million, you are required to register with the Comptroller of GST.
- 2.5 Can I register for GST if my turnover does not exceed S\$1 million?
 - 2.5.1 Yes. You can apply for voluntary registration. But approval of such registration is at the discretion of the Comptroller of GST. Once you are voluntarily registered for GST, you must remain registered for at least 2 years.
- 2.6 How does a taxable person like me distinguish the GST charged on my customer from the GST paid by me on my business purchases?
 - 2.6.1 The GST charged on your taxable supplies of goods and/ or services in Singapore is called Output Tax and is payable by you to the Comptroller of GST.

The GST paid by you on your business purchases is called Input Tax and is recoverable from the Comptroller of GST unless it is disallowed under regulations 26 and 27 of the GST (General) Regulations. You may refer to section 3.4 (c) on page 21 for the list of disallowed input tax credit.

- 2.7 How do I claim the input tax credit?
 - 2.7.1 When you submit your GST return to the Comptroller of GST, you can deduct the total input tax you have paid on your business purchases from the total output tax you have collected from your customers. The difference, called net GST payable or net GST refundable, is what you will, respectively, pay to or obtain refund from the Comptroller of GST - see Chart 2.

Chart 2

The Basic GST Process



2.8 Can I claim "input tax" credits from the Comptroller of GST if I am not a GST registered trader?

2.8.1 No. If you are not registered for GST, you cannot claim any credit from the Comptroller of GST. But you can treat the "input tax" as part of the cost of the supplies you are making to your customers. Or, you may absorb the tax to meet the competitive challenge of the market place.

2.9 Can I claim input tax on my purchases before the goods are sold?

2.9.1 Yes. You can claim the input tax in the period in which the goods have been purchased even though the same goods will only be sold by you in the next or subsequent accounting period. In other words, it is not necessary to match the purchases with the supplies made in the same accounting period.

However, you may claim the input tax incurred by you only when you have a valid tax invoice or simplified tax invoice addressed to you as the purchaser. For importation of goods, you need to have the inward permit, that is the GST payment permits, showing you as the importer/ consignee.

2.10 What does it mean when my business or organisation is not registered for GST?

2.10.1 It means that your business or organisation cannot collect GST from your customers. However, you are still required to pay GST to your GST-registered supplier for your business purchases.

3 GST Concepts

3.1 Taxable Supply

a) Overview of Supply

i) Meaning of Supply

The Act says that "... Goods and Services Tax shall be charged ... on the supply of goods and services in Singapore ... and on the importation of goods ... into Singapore." (see Chart 3)

For supply of goods and services made in Singapore, GST will be collected by businesses and organisations like yourself on behalf of the Comptroller of GST.

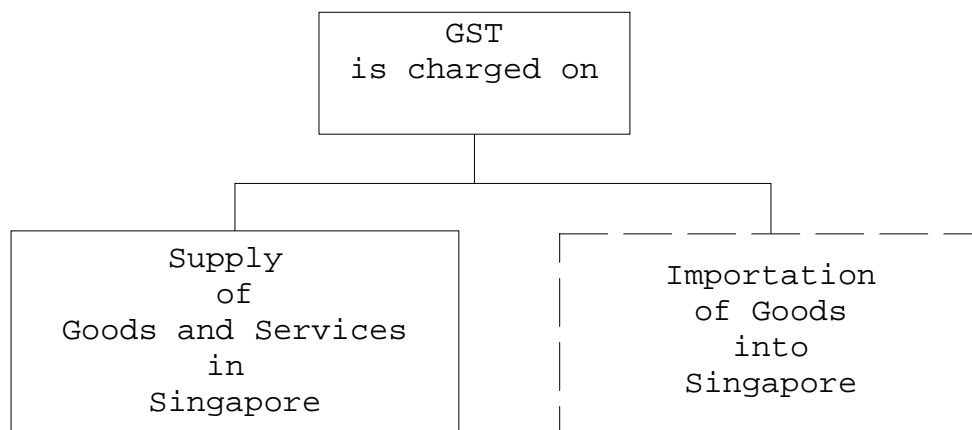
For importation of goods, GST will be collected by the Singapore Customs on behalf of the Comptroller of GST at the point of importation.

Taxable supply refers only to the supply of goods or services made in Singapore, other than an exempt supply. The importation of goods into Singapore will be discussed separately under

3.2 "Imports in General".

Chart 3

Charging Scope of GST



Meaning of Supply: The Act defines the term as including "all forms of supply but not anything done otherwise than for a consideration".

The forms of supply are either tangible goods or intangible services.

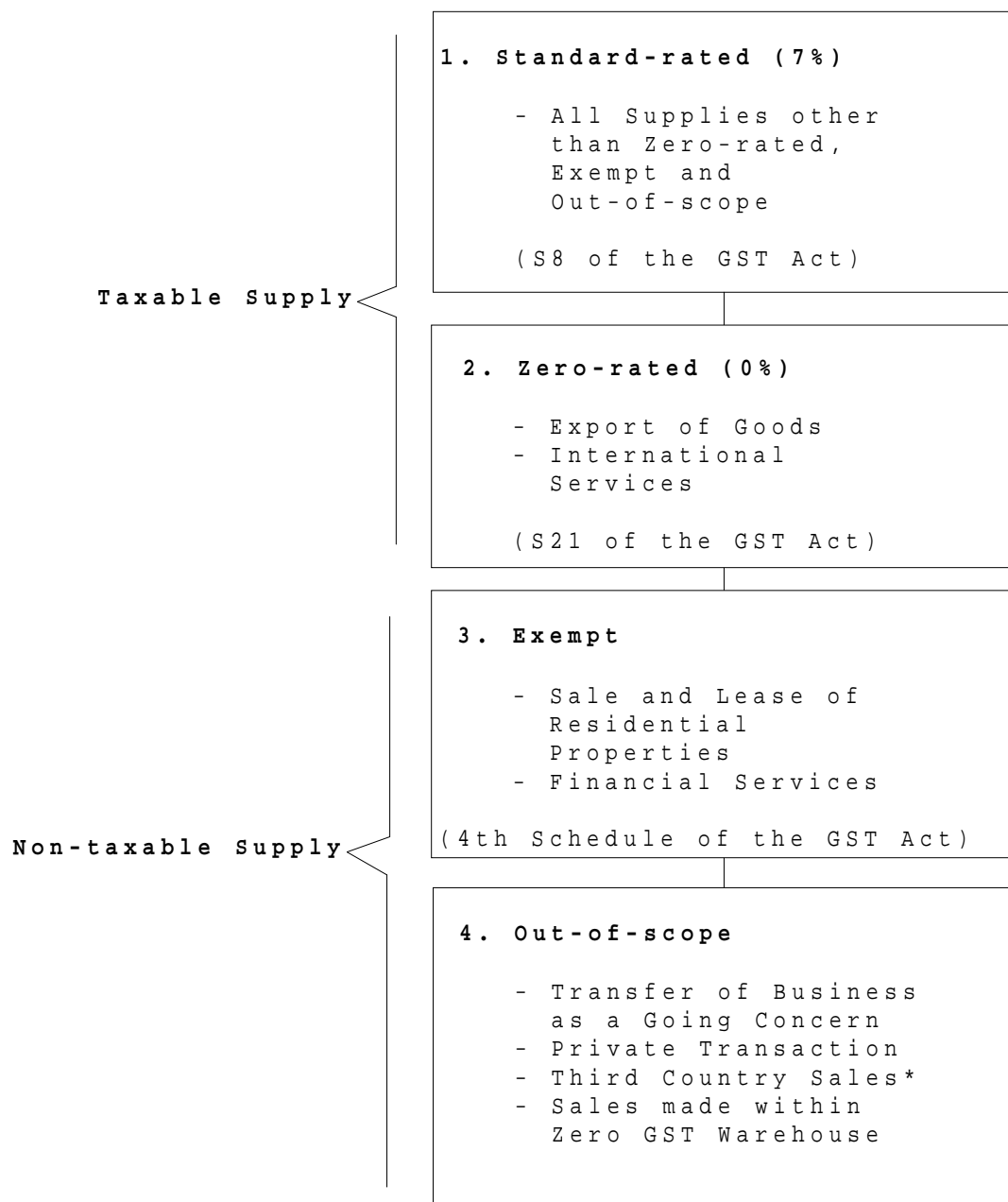
Examples:

- A seafood restaurant makes a supply of goods when it provides food and drinks to a customer.
- A cinema makes a supply of services when it provides movie entertainment to cinema-goers.
- An entertainment club makes a supply of goods and services when it sells liquor and provides karaoke facilities with live band to its customers.
- An Orchard Road hotel makes a supply of goods when it provides accommodation and food to its guests.
- A petrol station makes a supply of goods when it fills a customer's car tank with petrol.
- A cigarette manufacturer makes a supply of goods when he exports licensed brand-name cigarettes to Vietnam.

ii) Types of Supply

Chart 4

Types of Supply



* Note: Third Country Sales refers to the sale of goods from a place outside Singapore to another place outside Singapore

b) Place, Time and Value of Supply

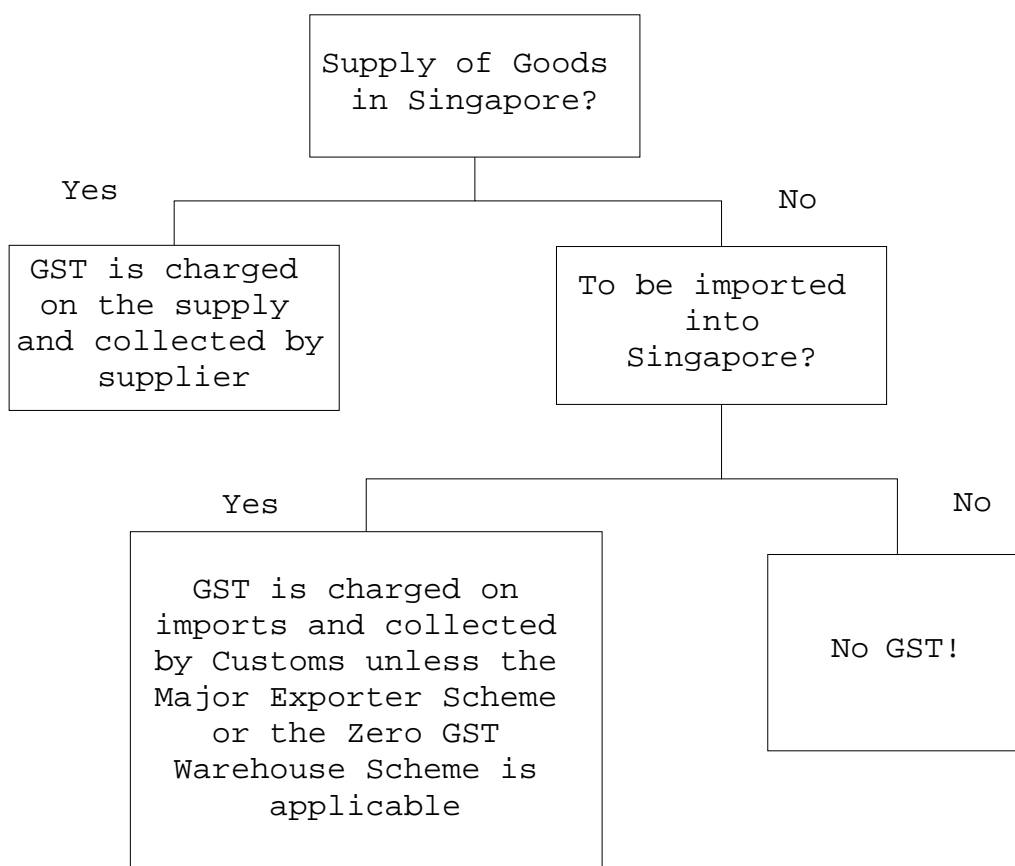
i) Place of Supply

The place of supply is important because GST is charged on the supply of goods or services if it is made in Singapore (see charts 5 and 6).

Supply of Goods: If the supply is made outside Singapore, GST will not be charged on the supply. On their entry into Singapore, GST is charged at the point of importation and collected by the Singapore Customs.

Chart 5

Place of Supply of Goods



Section 13

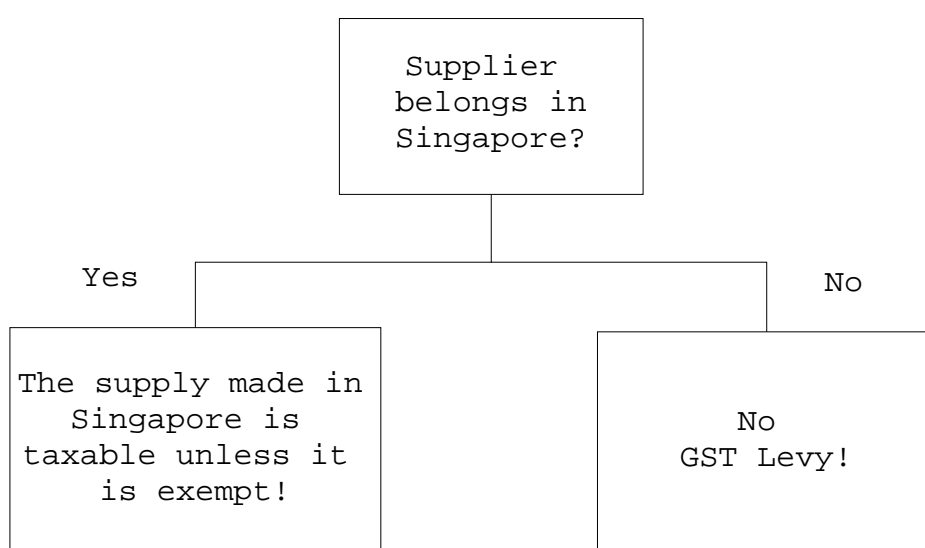
Supply of Services: A supply of services shall be treated as made in Singapore if the supplier belongs in Singapore.

If the supplier has a business establishment or fixed establishment only in Singapore, he will then belong in Singapore. However, even if the supplier does not have any business establishment, he will belong in Singapore if his usual place of residence is in Singapore.

If the supplier has establishments in more than one country, he then belongs in the location of the establishment most directly concerned with the particular supply.

Chart 6

Place of Supply of Services



Section 13

Examples:

- Q1. I sell goods to an overseas company and was instructed to deliver the goods to his customer in Singapore. Do I have to charge the overseas company with GST?
- A1. Yes, GST is chargeable because the goods are delivered locally.
- Q2. My company has a business establishment only in Singapore and provides consultation services to my customer in Singapore. Is GST chargeable for the services rendered?
- A2. GST is chargeable because the supplier belongs in Singapore.

ii) Time of Supply Prior to 1 Jan 2011

The time of supply of the goods or services is important because it determines when the taxable person should charge GST on the supply made. The rules prior to 1 Jan 2011 are as explained below:

A. General Rules

- In most cases, the supply is treated as taking place at the earliest of the following events - see Chart 7:

- (1) the goods are removed or are made available, or the services are performed;
- (2) the supplier issues a tax invoice for that supply;
- (3) the supplier receives payment for that supply.

Exception: If the supplier issues a tax invoice within 14 days after the event in (1), then the time of supply is the date of the tax invoice. This is known as the 14 days rule.

This rule will not be applicable if the event in (3) occurred the earliest. If payment is received before the events in (1) and (2), the time of supply is the date of the payment.

- If the supply is on sale or return terms, the time of supply is the earliest of the following events - see Chart 8:

- (1) the date when supply status is known;
- (2) 12 months after removal of the goods;
- (3) the tax invoice date.

Exception: If the supplier issues a tax invoice within 14 days after the event in (1) or (2), whichever is the earlier, then the time of supply is the date of the tax invoice.

Chart 7

Time of Supply For General Cases

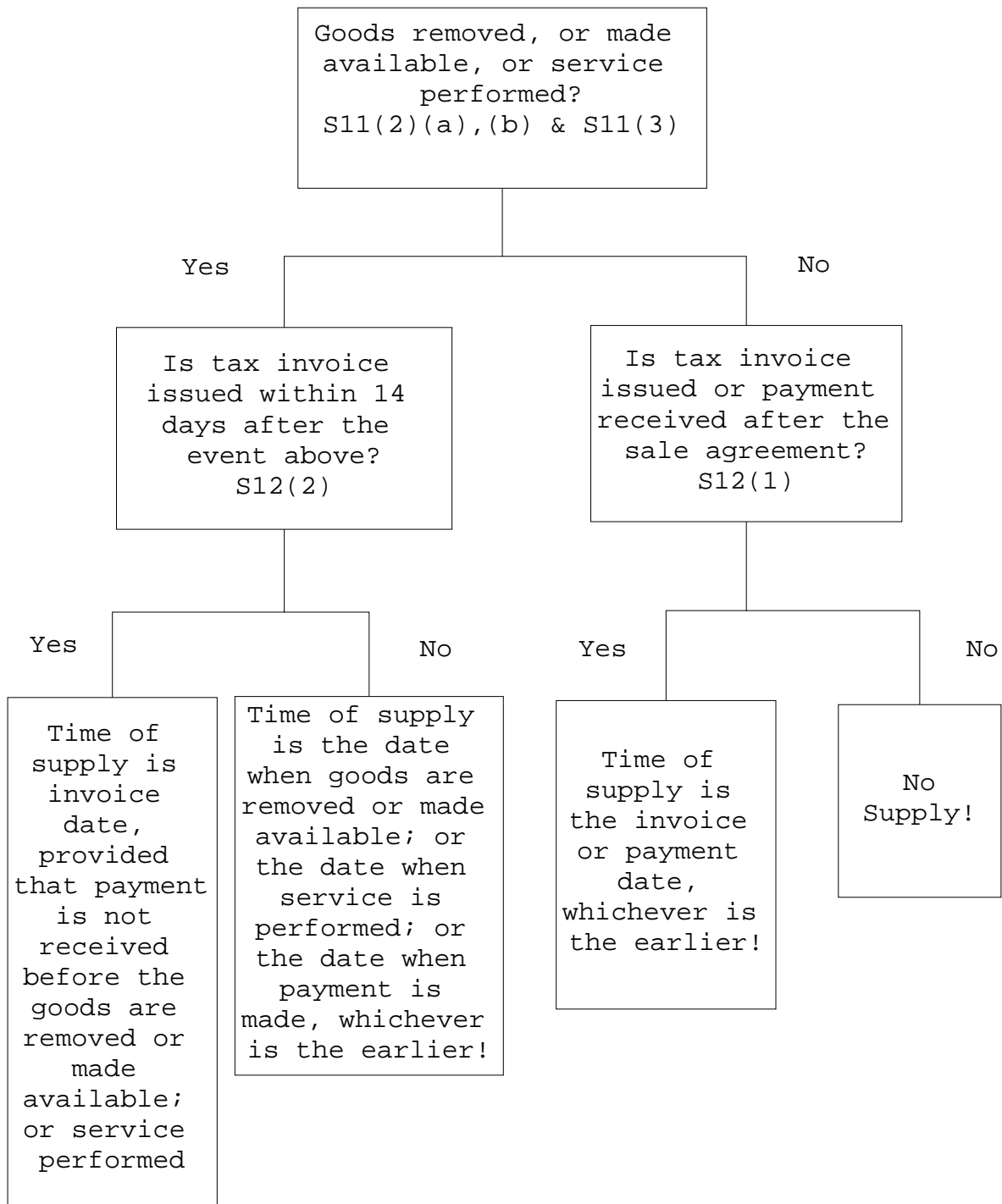
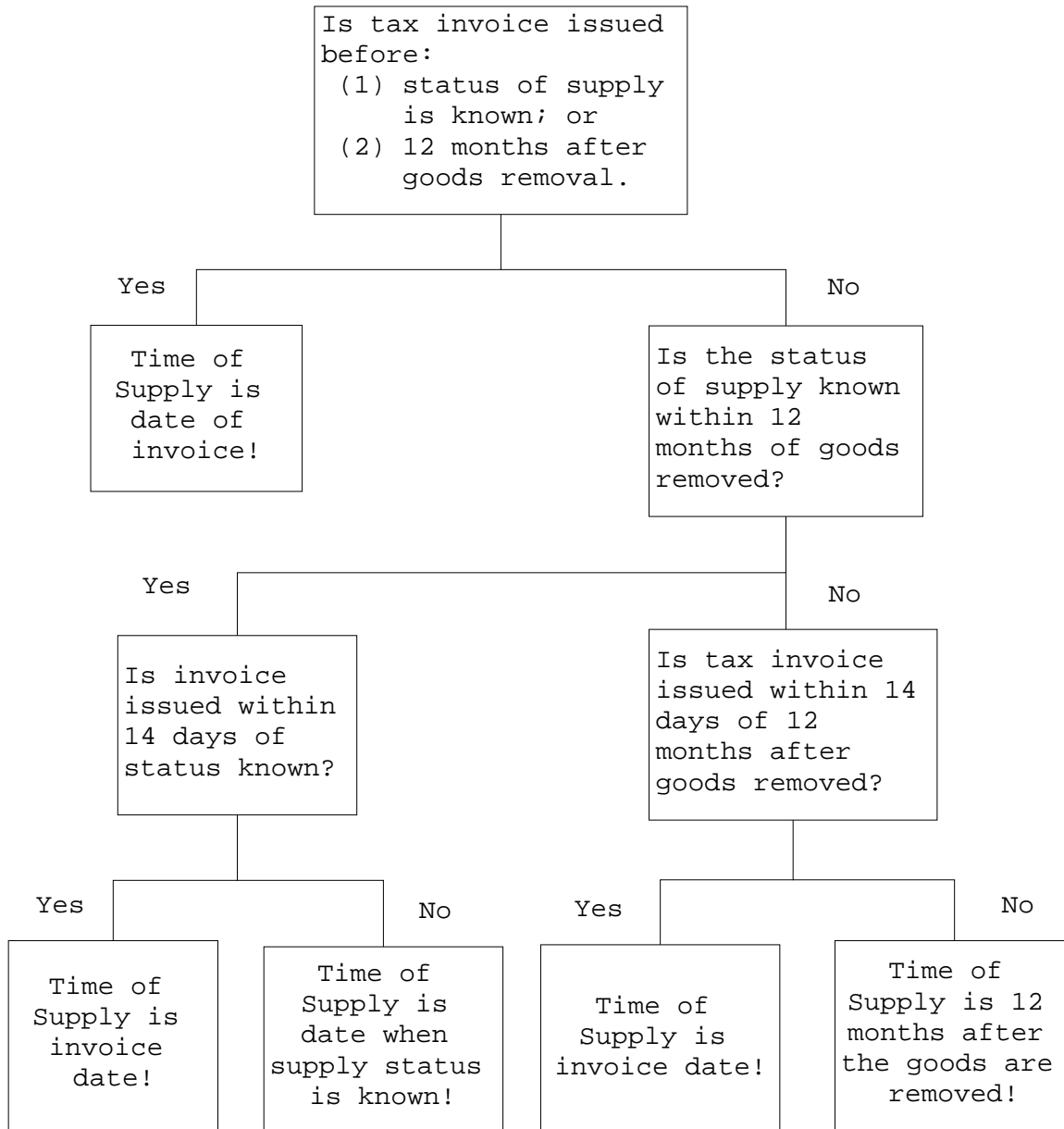


Chart 8

Time of Supply on Sale or Return Terms



S11(2)(c) and S12(2)

Examples:

- Q1. Health Concern Trading is a GST registered person with a prescribed accounting period ending 31 March. On 29 March, it sold 5 cartons of premium Cuban cigars to a customer, Mr C T Yeo. Payment, inclusive of GST, was made at the time of the sale. The cartons were delivered to Mr Yeo's retail outlet in Lifestyle Plaza on 3 April. When was the time of supply?
- A1. The time of supply was 29 March when Mr Yeo made his payment. Health Concern Trading must account for the output tax to the Comptroller of GST in the return ending 31 March.
- Q2. Guanxi Hotel in Orchard Road is a GST registered person with a prescribed accounting period ending 30 September. On 25 September, it checked in a guest from China for 3 days on the account of Trade Hopeful (S) Pte Ltd. An invoice was issued by the hotel and charged to Trade Hopeful on 3 October. Payment was made on 31 October. When was the time of supply?
- A2. The time of supply was 3 October as the invoice was issued within 14 days from the date the supply was made. Guanxi Hotel will account for output tax to the Comptroller for the prescribed accounting period ending 31 December.

B. Business goods put to private use

The supply of goods for private use is taxable. It is treated as being supplied on the last day of the supplier's prescribed accounting period, or of each prescribed accounting period, in which the goods are used.

Examples:

- Q1. The owner of a restaurant, a GST registered person, supplies his family with free meals on a regular basis. Cost of these supplies in one quarter is \$2,600. How much should he account for GST on these supplies and when would be the time of supply to account for them to the Comptroller of GST?
- A1.
$$\begin{aligned} \text{GST} &= \$2,600 \times 7\% \\ &= \$182.00 \end{aligned}$$

The owner must record the amount of \$182.00 as output tax payable to the Comptroller of GST.

He is accountable to the Comptroller of GST on the last day of the prescribed accounting period in which his GST return is to be submitted. If the period ends on 30 September, the time of supply would be 30 September.

- Q2. An employee of a GST-registered company was given free use of a company registered vehicle for 7 days in December. The cost to the company for the use of the car would be \$1,000. Will GST be accountable to the Comptroller of GST for this private usage of business car? If accountable, what is the time of supply and how much is the tax?
- A2. When the company is not entitled to any input tax claims on the business asset, for instance, a non-Q-plate motor car, the company is not required to account for any GST on the private or non-business usage.

iii) Time of Supply With Effect from 1 Jan 2011

With effect from 1 Jan 2011, the GST rule for time of supply will be changed to be in line with commercial practices. This is to help businesses comply with the rules easily. For most transactions, output tax will be accounted for based on the **earlier** of the following:

- When an invoice is issued
- When payment is received

If the supply is **on sale or return terms**, the time of supply will be treated as taking place at the earliest of:

- When any payment in respect of the supply is received;
- When invoice in respect of the supply is issued; and
- 12 months after the removal of the goods.

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.

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.

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 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

iv) Value of Supply

GST is charged on the value of the supply of goods and services whenever time of supply is recognised.

The value of the supply can be for a consideration in either

- money; or
- open market value of the supply.

If the value is for a consideration in money, the equation of the value of supply is as follows:

Value of Supply + GST = Money Consideration

If the supply is not for a consideration or is for a consideration not wholly consisting of money, then the value of supply is the Open Market Value (OMV), i.e.

Value of Supply = OMV

Open market value is explained in Section 17(5). Basically, the open market value is the GST-exclusive price that the goods or services would fetch at that time if they were supplied between two unrelated persons.

GST General Guide For Businesses

Examples:

Q1. What will be the consideration in money when a Jurong supermarket outlet, a registered person, sells a bottle of scotch whisky for \$40 before adding the GST?

A1. Consideration = Value of Supply + GST
= \$40 + [\$40 x 7%] = \$42.80

Q2. George Lee, a registered person dealing in upmarket furniture, sold a rare and beautifully crafted dining table to his sister for \$5,350 inclusive of GST. The open market value for the table is \$13,000. George made an output tax payable on this transaction to the Comptroller of GST on the price \$5,350, i.e. $5,350 \times (7/107)$ or \$350.00. Should the Comptroller of GST accept this amount as payable?

A2. No. Mr Lee is making a supply to a related person, his sister. The consideration should be the open market value, not the transaction price. The amount payable to the Comptroller of GST should be:

Output Tax = \$13,000 x 7/107
= \$850.47

3.2 Imports

a) Imports in General

All your imported goods (whether for domestic sale or re-export), are taxable unless they are specifically given GST relief by the Comptroller of GST. (A list of the GST Reliefs is available in the GST (Imports Relief) Order). For more information, please contact Singapore Customs at 6355 2000.

If your goods are kept in the Free Trade Zones (Changi Airport and the seaports of Pasir Panjang, Keppel, Jurong and Sembawang), they are not treated as imports and GST is not charged - see Chart 9.

When you import goods, you will have to pay GST to Singapore Customs at the point of importation, irrespective of whether you are a trader or a final consumer.

If you are a taxable person, you may recover the GST from the Comptroller of GST but only if the imports are to be used for your taxable activity. Otherwise, the GST paid to Singapore Customs cannot be recovered by you – see Chart 10.

GST General Guide For Businesses

At the point of importation, GST is charged on the landed CIF value inclusive of actual duty (if dutiable and as assessed by Singapore Customs) as shown below:

CIF value of imports ¹	\$10,000
Actual Customs Duty	\$ 2,000

Value of imports	\$12,000
GST payable	= \$ 12,000 x 7%
	= \$840

Documents issued by the Singapore Customs for the GST paid must be available to support a claim of GST credits from the Comptroller of GST. However, you are not required to submit these documents with your GST returns.

¹ Where the goods were supplied prior to being removed from customs control, import GST is to be calculated based on the value of the last supply (also usually known as the last selling price) and all other costs, charges and expenses incidental to the sale and delivery of the goods up to the port and place of importation.

Chart 9

GST Treatment on Imported Goods

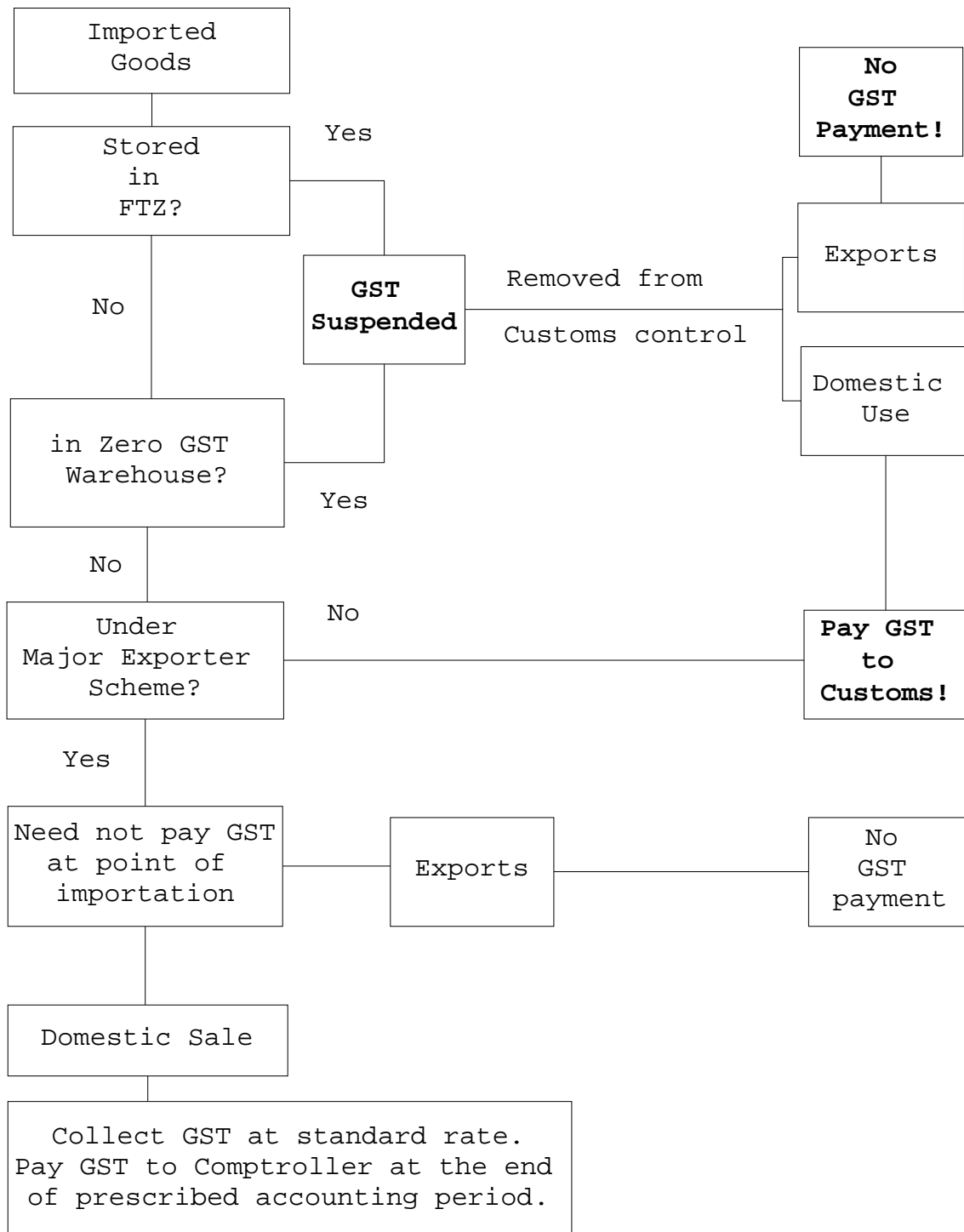
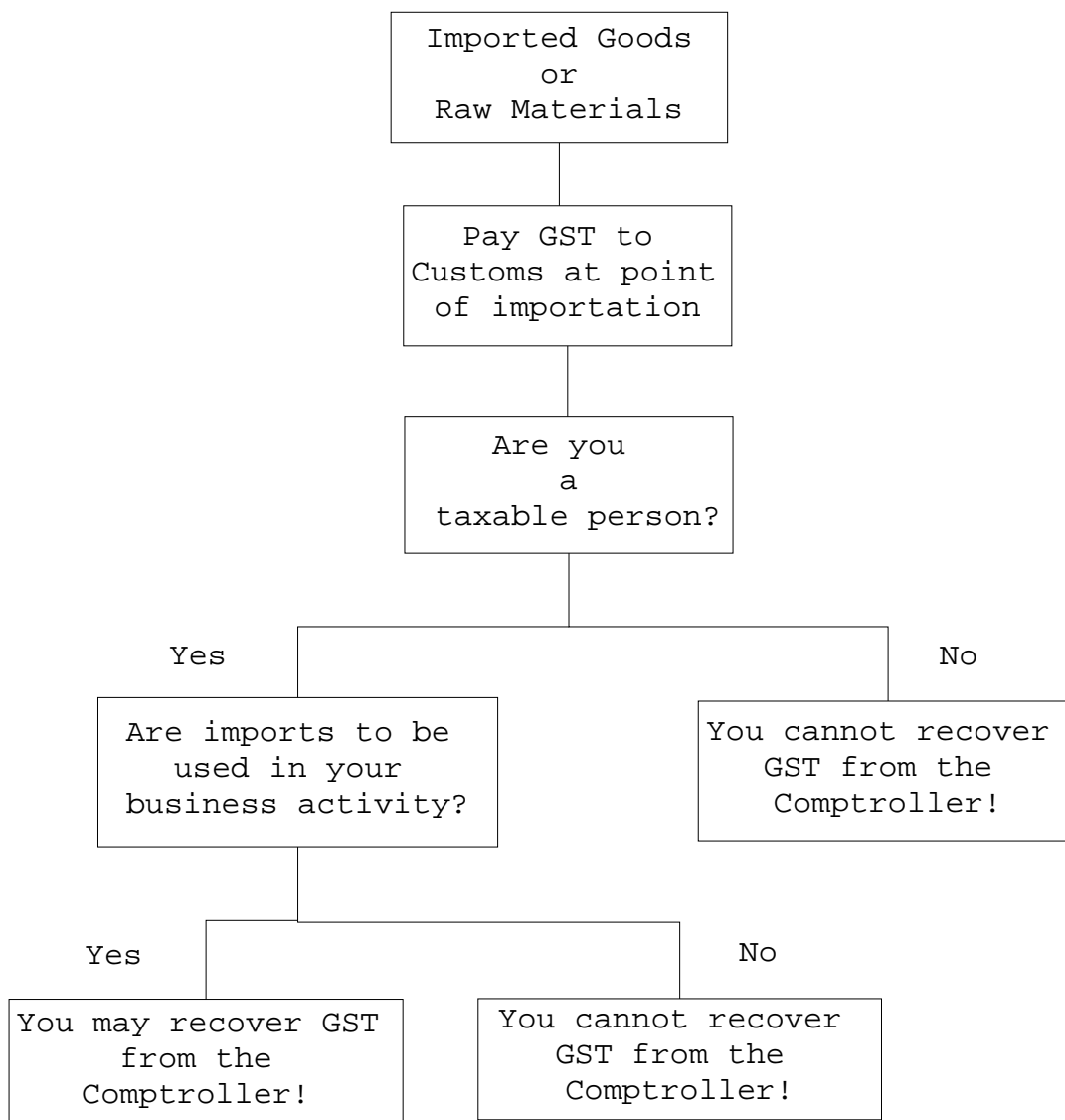


Chart 10

GST Refund from Importation of Goods or Raw Materials

Can I recover GST from my imports?



Example:

Q1. What if the value of the imported goods is wrongly declared?

A1. After the goods have been cleared from Singapore Customs control, the importer discovered that:

- i) the value of the imported goods is over-declared and GST has been over-paid. The importer can claim the higher amount of GST paid as input tax from IRAS.
- ii) the value of the imported goods is under-declared and GST has been short-paid. The importer will have to take up a supplementary payment permit to make good the shortfall. The supplementary payment permit will be used as a proof for input tax claim.

In both instances, the importer should claim input tax based on the amount paid as reflected in the payment permit and declare the actual value of the goods imported in his GST returns.

b) Schemes introduced to help Exporters

Major Exporter Scheme and Zero GST Warehouse Scheme are introduced to alleviate cash flow problems faced by exporters when they import goods into Singapore. Please refer to sections 5.3 and 5.4 for more details.

3.3 Partially-exempt Trader

A partially-exempt trader is a trader who makes taxable as well as exempt supplies. Input tax paid for making taxable supplies can be claimed as credits but that paid for making exempt supplies is not allowed as credits.

However, a trader can be treated as fully taxable, that is, all input tax could be claimed if he makes only the following exempt supplies:

- (a) the deposit of money;
- (b) the exchange of currency other than the supply of a note or a coin as a collector's item, investment article or item of numismatic interest;
- (c) the issue, allotment or transfer of ownership of a debt security by the person who makes the first issue of such security;
- (d) the issue, allotment or transfer of ownership of an equity security by the person who makes the first issue of such security;
- (e) the provision of any loan, advance or credit to his employees.

It is recognised that traders are engaging in other financial activities that are necessary and integral to the making of taxable supplies. Therefore,

changes were made to treat input tax incurred in the making of the following exempt supplies for the prescribed accounting periods or longer periods beginning **on or after 1 Apr 2008**, as input tax attributable to the making of taxable supplies:

- (f) the assignment of trade receivables;
- (g) the issue of units under any unit trust;
- (h) prescribed hedging activities²;
- (i) the interest received from bonds;
- (j) the provision of trade credit.

This concession is not applicable to traders who carry on predominantly businesses of making exempt supplies. With effect from **1 Apr 2008**, this group of traders would include:

- (1) a full bank, wholesale bank or offshore bank required to be licensed under the Banking Act;
- (2) a merchant bank required to be approved as a financial institution under section 28 of the Monetary Authority of Singapore Act;
- (3) a life insurance company or a general or life reinsurance company required to be registered under the Insurance Act or a reinsurance broker;
- (4) a finance company required to be licensed under the Finance Companies Act;
- (5) a moneylender required to be registered under the Moneylenders Act; a money changer or remitter required to be licensed under the Money-changing and Remittance Business Act or a currency trader;
- (6) pawnbroker required to be licensed under the Pawnbrokers Act;
- (7) debt factor;
- (8) a credit card, charge card or other payment card company;
- (9) an investment trust or unit trust excluding any Real Estate Investment Trust (REIT), REIT special purpose vehicle (SPV), business trust or business trust SPV³

The concession does not apply if the trader makes any exempt supplies other than those listed above unless those other exempt supplies satisfy the De Minimis rule. This concession is for the purposes of input tax recovery only and in no way changes the exempt supplies listed above into taxable supplies.

As stated, traders who make exempt supplies may be able to claim all his input tax under the De Minimis rule. Specifically, if in any prescribed accounting period or in any longer period, the total value of all his exempt supplies does not exceed an average of \$40,000 per month and an amount equal to 5% of the total value of all his taxable and exempt supplies, then all his exempt input tax

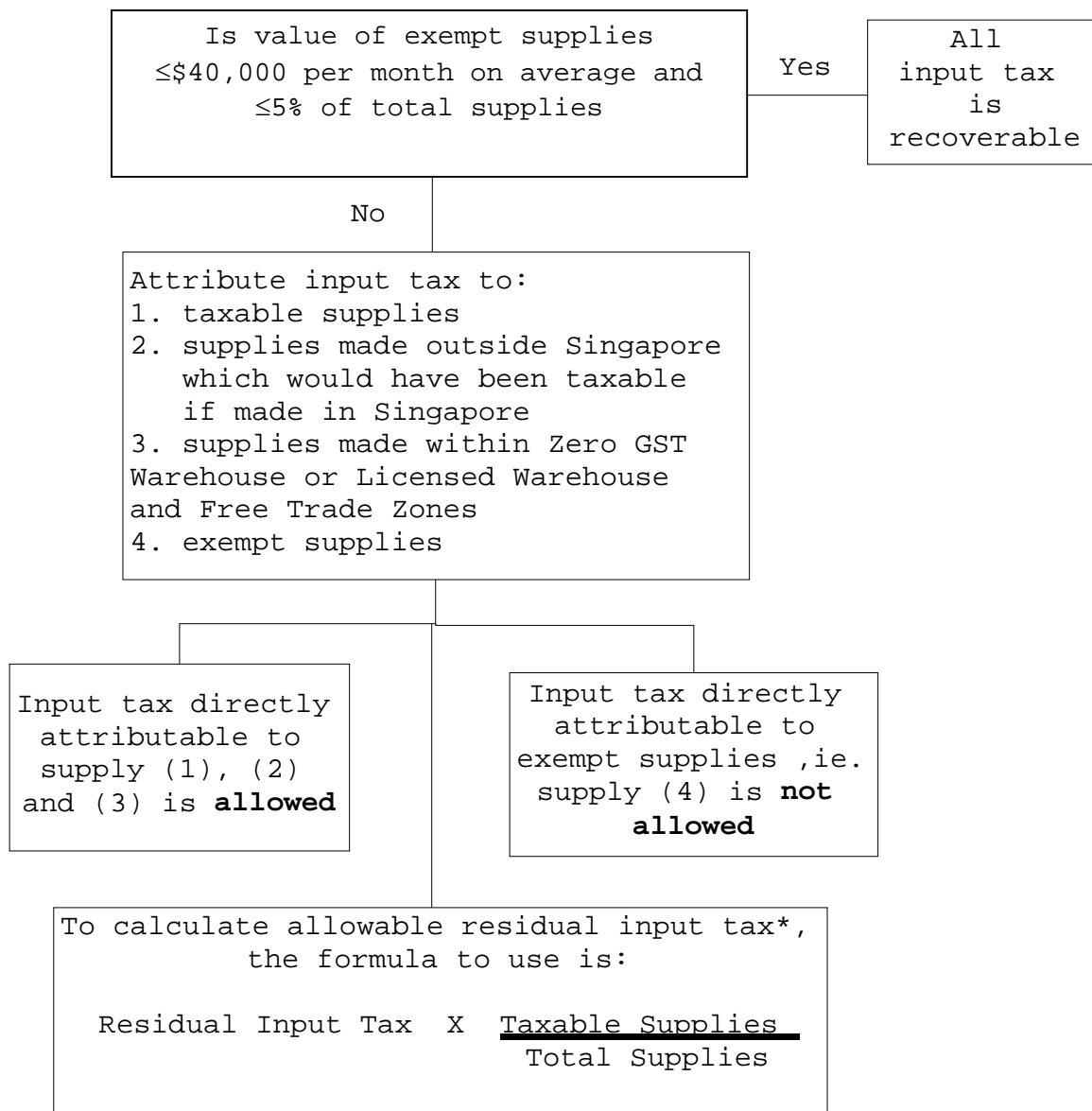
² For more information on partial exemption, please refer to our e-Tax Guide "Partially Exempt Traders and Input Tax Recovery", which may be downloaded from www.iras.gov.sg > Quick Links > e-Tax Guides > GST.

³ This change will take effect from 1 May 2008. As an administrative concession, GST registered traders are allowed to apply the new rules retrospectively from 1 Apr 2008.

incurred can be fully recovered from the Comptroller of GST. If the De Minimis rule is not satisfied, the partially-exempt trader can only recover the input tax that is attributable to his taxable supplies. Chart 11 shows the procedure for determining the attributable input tax by the trader.

Chart 11

Input Tax Claims of Partially-exempt Trader



* Residual input tax

- Input tax which cannot be directly attributable to the taxable supplies and exempt supplies.

3.4 Fringe Benefits

GST is to be accounted for as the benefits are consumed by employees. When the employer is entitled to input tax claim, GST is chargeable on the costs of these goods when:

- (i) goods are given free to the employees; or
- (ii) goods held for business purposes are put to private use by the employees.

However, GST is not chargeable on the free supply of goods if:

- (i) the cost of the gift is not more than \$200 and it does not form a series of gifts (i.e. 3 or more gifts are given to the same person within a period of 3 months); or
- (ii) the employer is providing free food or accommodation (in a hotel, inn, boarding house or similar establishment) to his employees.

In addition, when the employer is not entitled to input tax claim, no output tax is chargeable when business goods are given free to employees or put to private use by employees. A taxable person is not entitled to claim input tax credit when:

- (a) the goods are purchased from traders who are not registered for GST;
- (b) the supply of goods is an exempt supply under the GST Act; or
- (c) the GST incurred is disallowed as input tax credit under regulations 26 and 27 of the GST (General) Regulations. These includes:
 - club subscription fees including joining fees, membership fee, transfer fee and other consideration charged by clubs established principally for recreational or sporting purposes;
 - medical expenses and medical and accident insurance premium, excluding those covered under the Work Injury Compensation Act⁺ or under any collective agreements within the meaning of Industrial Relations Act;
 - purchase price and maintenance/running expenses of a motor car, e.g. petrol, parking fees.
Exception: GST incurred on Q plate cars (with COE issued before 01/04/1998) or business registered vehicles can be claimed.
 - benefits provided to family members or relatives of your staff; and

⁺ Work Injury Compensation Act replaces Workmen's Compensation Act with effect from 1 Apr 2008.

- any transaction involving betting, sweepstakes, lotteries, fruit machines or games of chance.

4 Registration

4.1 Compulsory Registration (see Chart 12)

You are liable to register for GST if your annual turnover of taxable supply exceeds or is expected to exceed S\$1 million. If you are liable to register, you are known as a taxable person.

- a) A taxable person may be a:
 - sole-proprietor;
 - partnership/limited liability partnership;;
 - company;
 - club, association, Management Corporation or organisation;
 - non-profit organisation;
 - statutory board;
 - government body.
- b) Taxable supplies:
 - include standard-rated and zero-rated supplies;
 - exclude exempt and out-of-scope supplies;
 - must be made in the course or furtherance of business.
- c) Annual turnover is:
 - the total turnover for the current and last three quarters as determined at the end of any quarter of the calendar year. In other words, you have to determine the figure four times a year, i.e. on 31 March, 30 June, 30 September or 31 December. This is called the Retrospective basis of determination.
 - the total turnover for the next 12 months as determined at any time. This is called the Prospective basis of determination.

For registration purposes, the turnover figure:

GST General Guide For Businesses

- includes the value of standard-rated and zero-rated supplies;
- excludes the value of exempt and out-of-scope supplies;
- excludes the value of exempt supplies that are deemed to be international services under Section 21(3) of the GST Act;
- excludes the value of capital assets/transactions;
- is the amount before adding GST.

Example: Turnover Determination

If you want to know whether you are required to register for GST, you will have to work out your turnover figure on two bases. They are the Retrospective and Prospective bases.

A. Retrospective Basis

The table below shows your actual turnover for the various accounting periods.

Table 1

Determination Date	Period under review (current and last three quarters)	Actual Turnover	Registration Required ?
31 Mar 06	1 Apr 05 to 31 Mar 06	\$900,000	No
30 Jun 06	1 Jul 05 to 30 Jun 06	\$920,000	No
30 Sep 06	1 Oct 05 to 30 Sep 06	\$980,000	No
31 Dec 06	1 Jan 06 to 31 Dec 06	\$1,200,000	Yes

On 31 Mar 06, your actual turnover from 1 Apr 05 to 31 Mar 06 - i.e. the present quarter plus past three quarters - is \$900,000.

Since this is below S\$1 million, you do not have to register for GST.

On 30 Jun 06 (the second determination date), you must make another retrospective computation. Your turnover from 1 Jul 05 to 30 Jun 06 was \$920,000. Since the figure is below S\$1 million, you are not required to register for GST.

GST General Guide For Businesses

On 30 Sept 06, your turnover from 1 Oct 05 to 30 Sep 06 was \$980,000. You are not required to register for GST.

However, on 31 Dec 06, your turnover of \$1,200,000 during the period 1 Jan 06 to 31 Dec 06 has crossed the S\$1 million threshold figure. You must therefore register for GST within 30 days after 31 Dec 06 unless you can show to the Comptroller of GST that your turnover in the next 12 months will be less than S\$1 million.

Note: In the first three determination dates above, you may not be required to register for GST using the Retrospective basis. However, you may still be caught under the Prospective basis well before 31 Dec 06 as illustrated on the following page.

B. Prospective Basis

The table below shows your expected 12-month turnover during different times of the year.

Table 2

Determination Date	Period under review (next 12 months)	Expected Turnover	Registration Required ?
01 Apr 06	01 Apr 06 to 31 Mar 07	\$901,000	No
30 Jun 06	30 Jun 06 to 29 Jun 07	\$925,000	No
08 Dec 06	8 Dec 06 to 7 Dec 07	\$1,150,000	Yes

On 01 Apr 06, your expected turnover in the next 12 months is \$901,000. As this is well below the S\$1 million threshold, you do not have to register for GST.

On 30 Jun 06, you expect the turnover to be \$925,000. As this is still below S\$1 million, you do not have to register for GST.

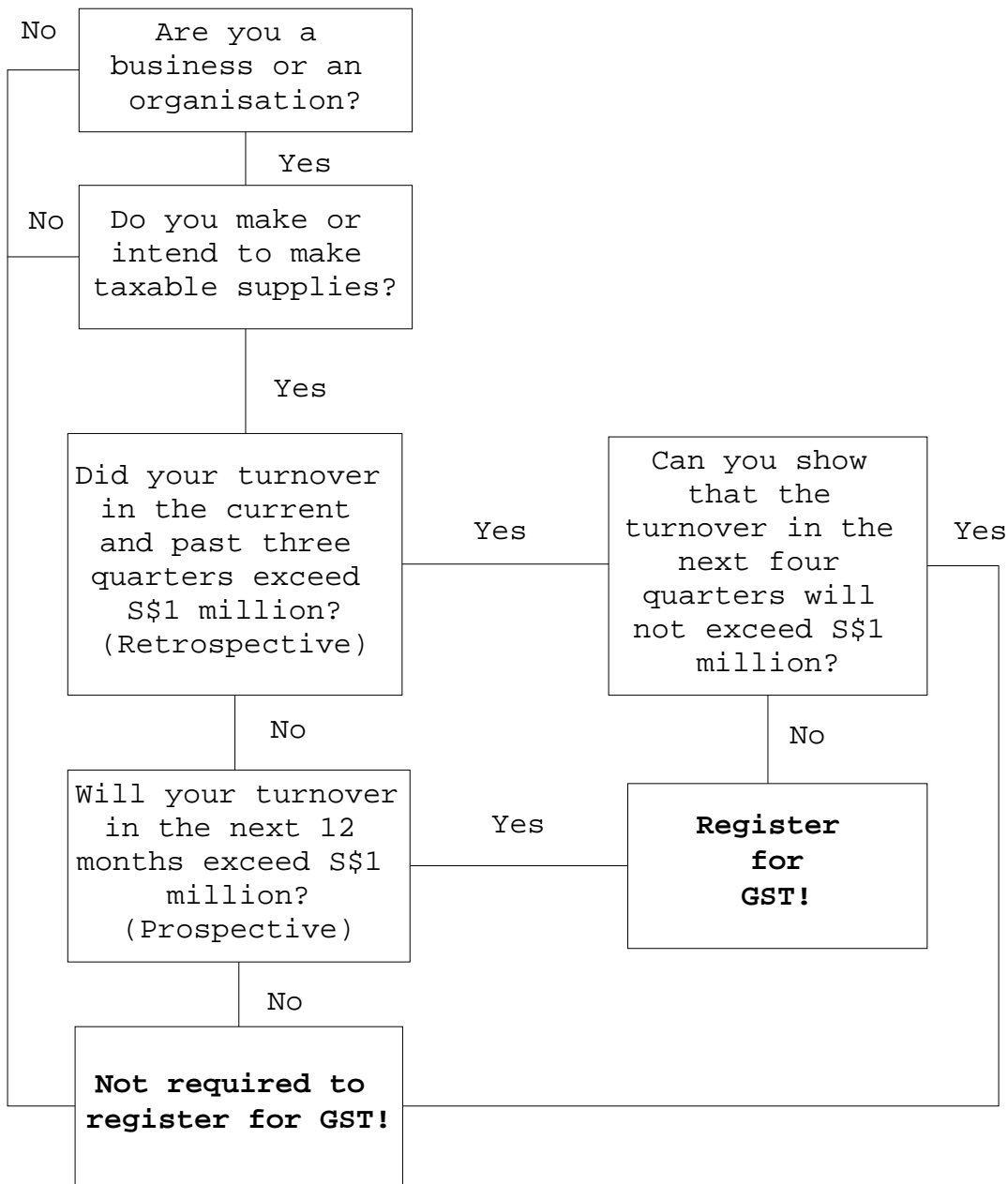
On 8 Dec 06, you sign a business contract which will boost your turnover in the next 12 months to \$1,150,000. As 8 Dec 06 comes before 31 Dec 06 (the retrospective determination date), you must therefore register for GST within 30 days from 8 Dec 06.

Note: If, in the quarter in which you determine your registration liability, you sold your van and factory, the proceeds from such sale, being proceeds from capital and asset transactions, are excluded from the computation of the turnover figure.

Chart 12

Procedure to determine Registration liability

Am I liable to register?



4.2 Voluntary Registration

4.2.1 Traders making taxable supplies below S\$1 million or have not started making taxable supplies

If your annual taxable turnover is below the threshold of S\$1 million or you have not started making taxable supplies but expect your taxable turnover to exceed \$1 million in the next 12 months, you may apply for voluntary registration provided:

- (a) you make or intend to make taxable supplies; and
- (b) you carry on a business and intend to make such supplies in the course or furtherance of that business.

However, once you have voluntarily registered, you must remain registered for at least 2 years. The Comptroller of GST may also impose other conditions when reviewing your application, e.g. the requirement of security deposits on a case-by-case basis.

Thus, you are advised to do a cost and benefit analysis before submitting your application. The benefit would be that you are entitled to claim the GST incurred on your business expenses. The requirement under the GST Act to maintain all records for at least 5 years⁴ and the quarterly submission of GST returns may result in additional cost for your business.

4.2.2 Traders making exempt supplies that are deemed to be international services under the GST Act

With effect from 1 Jun 2003, you may also apply for voluntary registration if you make wholly exempt supplies of financial services specified in paragraph 1 of the Fourth Schedule, where the financial services are also international services under section 21(3) of the GST Act. This is provided:

- (1) you are a corporate body⁵;
- (2) you do not make or intend to make taxable supplies; and
- (3) you are currently making the abovementioned exempt supplies of financial services.

Each application will be reviewed on a case-by-case basis.

⁴ With effect from 1 Jan 2007, you are required to keep for 5 years, records pertaining to prescribed accounting periods ending on or after 1 Jan 2007. However, you are required to keep for 7 years, records pertaining to prescribed accounting periods ending before 1 Jan 2007.

⁵ If you are not a corporate body, you can also apply for registration provided you are carrying on a business that is licensed by a regulatory authority such as the Monetary Authority of Singapore ("MAS")

After your application has been approved, if you:

- (1) cease to make or cease to have the intention to make exempt supplies of financial services that are international services; or
- (2) make or have the intention to make taxable supplies in Singapore;

you must inform the Comptroller of GST within 30 days.

4.2.3 Traders Making Out-of-Scope Supplies

You may also apply for voluntary registration if you make certain out-of-scope supplies, provided:

- (1) you have a business establishment in Singapore or if your usual place of residence is in Singapore;
- (2) you do not make or intend to make taxable supplies; and
- (3) you are carrying on a business and make or intend to make:
 - (a) supplies outside Singapore which would be taxable supplies if made in Singapore; or
 - (b) supplies within a Zero GST Warehouse Scheme.

You will be registered with effect from the date agreed between you and the Comptroller of GST. However, approval for registration under such circumstances are not automatic. Each application is reviewed on a case-by-case basis.

After your registration has been approved, if you:

- (1) cease to make or have the intention of making supplies outside Singapore which would be taxable supplies if made in Singapore or supplies within a Zero GST Warehouse; or
- (2) make or have the intention to make taxable supplies in Singapore;

you must inform the Comptroller of GST within 30 days.

4.3 Exemption from Registration

You can apply to the Comptroller of GST for exemption from registration if you make or intend to make wholly or mainly zero-rated supplies even if your turnover exceeds S\$1 million.

If after being so exempted, there is a material change in the nature of the supplies made by you, you are required to inform the Comptroller of GST:

- within 30 days of the date on which the change occurs; or
- within 30 days of the end of the quarter in which it occurs if no particular date is identifiable.

4.4 Deregistration

You may cease to be liable for registration if the value of your taxable supplies in the next 12 months will not exceed S\$1 million or you have ceased to make taxable supplies.

To apply for deregistration, you have to submit the GST F9 “Application for Cancellation of Registration” form.

If you are a voluntary taxable person, you have to remain registered for at least 2 years before you can apply for deregistration. However, you may apply for deregistration if you cease making taxable supplies or your business is dormant indefinitely.

You may also wish to note that once your application for deregistration is approved, you will be issued a final GST return (GST F8). If you e-file, the Form GST F8 will be displayed at “myTax portal” for your completion. In the final return, you are required to account for deemed output tax if the value of your taxable assets on hand including stock and non-residential properties (*for which input tax has been allowed previously*) exceeds S\$10,000. The deemed output tax is also applicable to goods imported using the Major Exporter Scheme/Approved Third Party Logistics Company Scheme.

If you are in the process of disposing any non-residential (e.g. commercial or industrial) property, (for example, you have entered into an agreement to sell the non-residential property or the property is under mortgagee sale), the Comptroller of GST may delay the effective date of de-registration until the sale of the property is completed. You are then required to account for output tax on the transfer of the property and declare the transaction in your GST return for the relevant accounting period.

4.5 Special Cases

a) Sole-proprietorship

If you are a sole-proprietor who has various businesses under different names, you may be a taxable person. If the total of the annual turnover of your various businesses exceeds or is expected to exceed S\$1 million, you are required to register for GST. GST registration will be in the name of the sole-proprietor.

b) Partnership

Unless otherwise decided by the Comptroller of GST, the registration of your partnership will be made in the name of the partnership.

In some situations where the same partners have more than one partnership, registration of the partnerships is required if the combined annual turnover of all the partnerships under the same body of persons exceeds or is expected to exceed S\$1 million.

If you ceased to be a partner of the partnership, you shall still be regarded as a partner for GST purposes and shall remain liable for the tax on the partnership until the date you write to the Comptroller of GST informing him of your cessation.

c) Unincorporated Body or Personal Representative

Unincorporated Body: The Comptroller of GST will decide which person (or persons) is responsible for carrying out the requirements of the Act where your business is carried on in partnership or by a club, association, society or organisation whose affairs are managed by its members or a committee or committees of members.

Registration may be in the name of the club, association, society or organisation. A change in its members will not affect the registration status of the entity.

Personal Representative: If you are a personal representative who manages the estate or continues the business of a taxable person who has passed away, become bankrupt or incapacitated, or gone into liquidation or receivership, you are deemed to be the taxable person for GST purposes until such time when another person is registered or the incapacity ceases.

The personal representative must write to the Comptroller of GST within 21 days of the date of the event.

d) Agents (see Chart 13)

If you are an agent, you will have to register for GST if your annual turnover exceeds or is expected to exceed S\$1 million. The turnover figure includes:

- your agency commissions;
- value of your taxable supplies which you trade in your own name;

However, the turnover figure will not include the taxable supplies which you made on behalf of your principals.

If you act on behalf of your principal for the latter's purchases, you will not be legally liable to pay GST on his purchases. Your principal will have to pay the GST instead. However, if you, the agent, pay the GST up-front on behalf of your principal, you can seek reimbursement only from the principal. Only the taxable principal is entitled to claim input tax from the Comptroller of GST.

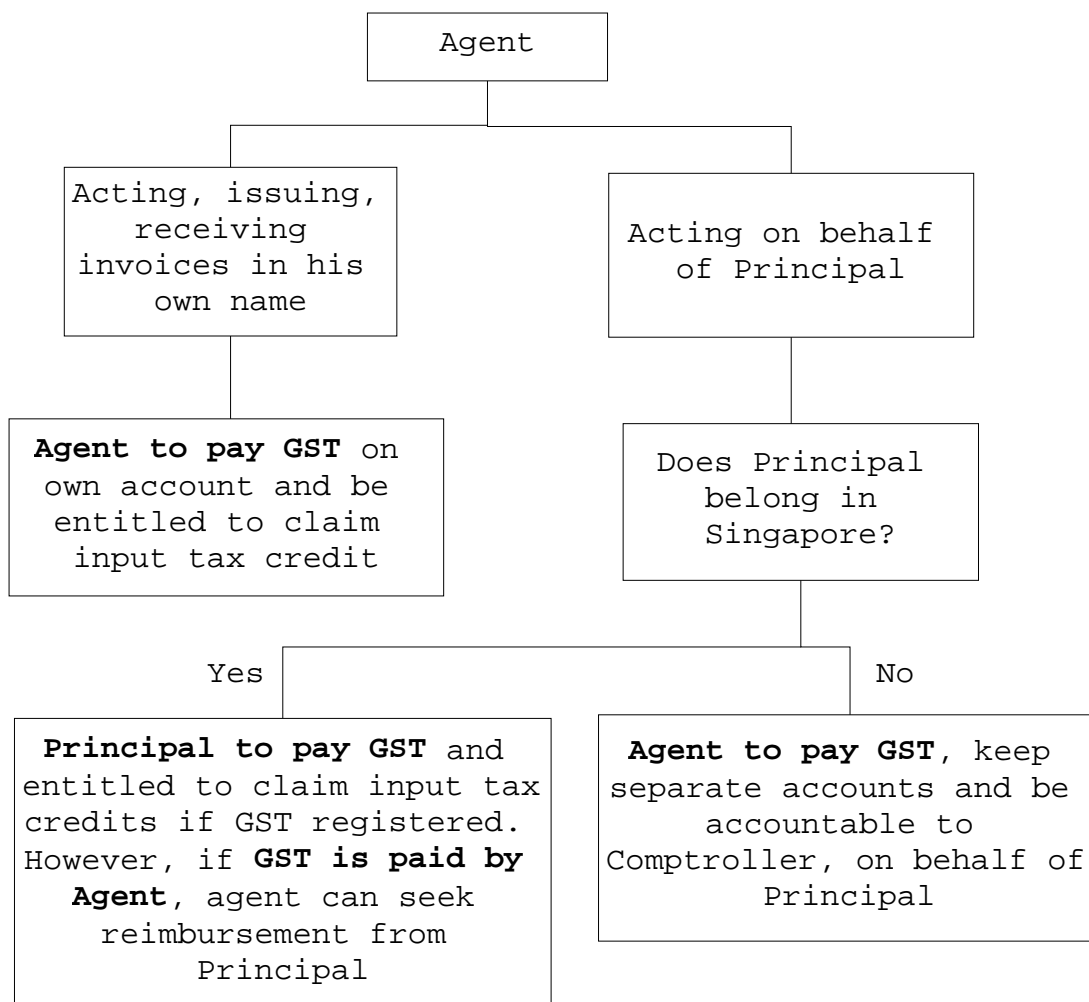
In the case where goods and services are supplied through an agent who acts in his own name, the supply shall be treated as a supply to the agent and as a supply by the agent. In this case, the taxable agent is able to claim input tax from the Comptroller of GST on the supplies made to him. He should then charge GST on the supplies made by him.

If you are an agent importing goods on behalf of an overseas non-taxable person who does not have any business establishment in Singapore, you may be treated as the principal importing the goods, irrespective of whether you call yourself an agent or not. In other words, you have to pay the tax to Singapore Customs.

If you are an agent acting on behalf of a non-resident person who is liable for GST, you may be required to account for GST on behalf of that non-resident. You will then have to be substituted to be accountable for discharging the obligations of the GST registered overseas person. In other words, you will have to keep separate accounts for the taxable non-resident. Registration will be in the name of the non-resident person.

Chart 13

Imports and Supplies through Agents



e) Transfer of Business as a Going Concern

When there is a transfer of business, for example, from a sole-proprietorship (transferor / previous owner) to a limited company (transferee / new owner), the parties involved must inform the Comptroller of GST of the transfer in writing within 30 days before the date of transfer. The limited company is *not allowed* to use the GST registration number of the sole-proprietor. The limited company must apply for GST registration separately if it is required under the Act to register or it can opt to register for GST on a voluntary basis. The sole-proprietor will have to deregister for GST if he ceases to make any taxable supplies.

The transfer of the assets will not be treated as a supply and the transferor will not need to charge the transferee GST if all the conditions listed below are satisfied:

- (i) The supply of assets is made in relation to a transfer of the business or part thereof to the transferee. A mere transfer of the assets would not satisfy this condition unless it has the effect of putting the transferee into the possession of a business. In general, this condition is satisfied where the transferee takes over all assets and liabilities of the business.
- (ii) The assets to be transferred must be intended for use by the transferee in carrying on the same kind of business of the transferor.
- (iii) In the case where only part of the business is transferred, that part must be capable of being operated independently.
- (iv) The business or part thereof must be a going concern at the time of the transfer. In other words, there must be no closure of the business immediately after the transfer, except for such temporary closure as may be necessary to put the business in operation under the new ownership.
- (v) The transferee must be a GST registered person at the time of the transfer. If the annual value of the taxable supplies of the transferee exceeds or is reasonably expected to exceed S\$1million immediately after the transfer, the transferee has the liability to register for GST¹. In such instances, the transferee is required to notify the Comptroller of his liability to register 30 DAYS before the date of the transfer.
- (vi) Both the transferor and transferee must maintain sufficient records on the transferred assets. The records should provide information on the description and value of each asset or class of assets transferred. In addition, both transferor and transferee must be able to reconcile the difference of the values

of assets before and immediately after the transfer of business with the value of the transferred assets.

5 Various Schemes

5.1 Group Registration

Group registration is a facility that allows several companies to group and centralise their administration for GST reporting purposes.

The facility may help to reduce the GST administration costs and results in better cash flow management for the group. This is because supplies made between member companies would be disregarded for GST purposes.

If a group of persons come under group registration:

- (a) supplies made between member companies can be disregarded;
- (b) any business carried on by a member of the group shall be treated as carried on by the representative member;
- (c) any other supply of goods or services by or to a member of the group shall be treated as a supply by or to the representative member;
- (d) any tax paid or payable by a member of the group on the importation of any goods shall be treated as paid or payable by the representative member;
- (e) all members of the group must adopt the same prescribed accounting period and the same accounting basis;
- (f) each member must be registered in its own right;
- (g) every member is required to keep records;
- (h) tax invoices issued by any group member should bear the registration number that is issued to the group; and
- (i) the group is treated as one person for the purposes of applying the “De Minimis limit”.

You can make an application for group registration to the Comptroller of GST by completing the GST G1 “Application for Group Registration” form and furnish the required documents.

5.2 Divisional Registration

Where a registered person carries on his business through separate divisions or where he carries on different businesses, he may apply to the Comptroller of GST to register any of the divisions or businesses separately. Upon approval, each division or business would be given a separate GST registration number and would submit its own GST return.

You can apply for divisional registration by sending in GST F11 “Application for Divisional Registration” form. You have to list the required details of each business or division that you are applying for separate registration.

Please refer to the eTax Guides downloadable from IRAS website on Group Registration and Divisional Registration for more details with regards to the qualifying criteria for the respective scheme.

5.3 Major Exporter Scheme

If you are a major exporter, you will not be required to pay GST on the imports at the point of importation if you have been granted approval under the Major Exporter Scheme (MES). To be eligible, your zero-rated supplies must account for more than 50% of the total supplies or the value of your zero-rated supplies is more than S\$10 million for the past 12 months.

You can make an application to the Comptroller of GST by applying for MES online via *myTax Portal* or downloading the GST F10 “Application for Major Exporter Scheme” form and furnish the supporting documents as required.

A letter of guarantee may be required for the granting or renewing of Major Exporter Scheme status where the Comptroller of GST thinks fit. We will notify you in writing when a letter of guarantee is required.

If your application is successful, your MES status will be valid until the Comptroller of GST notifies you in writing that your eligibility of MES status is due for review, which is usually 3 years from the date of approval.

At any time, if you fail to satisfy any of the qualifying conditions, you are required to inform the Comptroller and your MES status may be revoked.

5.4 Zero GST Warehouse Scheme

The Zero GST Warehouse Scheme (ZGS) which is administered by the Singapore Customs came into effect on 1 Jan 2006. A Zero GST (ZG) warehouse is a designated area approved for the storing of imported goods with GST suspended. No GST is charged on any goods transferred directly to a ZG Warehouse after importation. GST is only charged when the goods are removed from the warehouse for the local market.

You may contact Singapore Customs at 6355 2000 or visit their website at www.customs.gov.sg for the qualifying criteria and application procedures.

5.5 Approved Contract Manufacturer & Trader Scheme

The Approved Contract Manufacturer & Trader (ACMT) Scheme is introduced to help local contract manufacturers, whose businesses are substantially with overseas clients, to remain competitive as well as to relieve their GST burden. Under this scheme, approved contract manufacturers (or traders who face the similar situation as the contract manufacturers) need not charge GST on the local supply as the local

customers of the overseas clients will account the tax by way of 'customer accounting'. At the same time, this GST can be claimed as input tax by the customers. In addition, processing fees for the value-added activities performed on the consigned goods will be deemed to be outside the scope of GST and GST will not be chargeable.

To apply for the ACMT scheme, you will have to complete and submit the GST F14 "Application Form for the ACMT scheme" form with supporting documents to:

- EDB, if you are a manufacturer; or
- IESINGAPORE, if you are a trader.

For more information, you may contact EDB at 6832 6971 or IESINGAPORE at 6433 4702.

Please refer to the eTax Guides downloadable from IRAS Website on MES and ACMT for more details with regards to the qualifying criteria for the respective scheme.

5.6 Waiver of GST for goods removed from Zero GST (ZG) Warehouse by a Major Exporter Scheme Trader

To encourage logistics companies to expand their business in Singapore and use Singapore as a base for their operations, the Minister for Finance has decided to waive the GST chargeable on goods removed by traders approved under the Major Exporter Scheme or the Approved Third Party Logistics (A3PL) Company Scheme from ZG warehouse.

The waiver of GST for goods removed from a ZG warehouse is applicable only to approved logistics companies who are involved in the business of freight forwarding, transportation and warehousing providing value-added services, such as inventory management and control, packing and re-packing, consolidation and re-consolidation, kitting or 'pick and pack' and labelling and operating a ZG Warehouse.

GST traders with MES status or the A3PL Company Scheme who engage these approved logistics companies can remove their goods from a ZG warehouse without having to pay GST. This would have the same effect as the MES or the A3PL Company Scheme traders importing the goods directly from its overseas suppliers.

With effect from 1 July 2006, under the enhancement made to the MES and the A3PL Company Scheme, prior approval of the Comptroller of GST is not required for the suspension of GST.

5.7 Tourist Refund Scheme

The Tourist Refund Scheme is set up for tourists to make claims for the GST paid on goods purchased in Singapore. These purchases must be eventually carried out of

GST General Guide For Businesses

Singapore through Changi International Airport or Seletar Airport within 2 months from the date of purchase.

Under this scheme, the retailer or the Central Refund Agency (CRA) will make a GST refund to the tourist. The retailer or CRA may then recover the refunds made from the Comptroller of GST.

For more information on the tourist refund scheme, you can contact the following;

Central Refund Agency

1. Global Refund - 6225 6238
2. Premier Tax Free - 6293 3811

For more information, please refer to our e-Tax Guide "Guide to Retailers Operating Tourist Refund Scheme", which is available at www.iras.gov.sg > Quick Links > e-Tax Guides > GST.

6 Accounting for GST

6.1 Tax Invoices and Receipts

i) Tax Invoices

When you make input tax claims in the GST return, you must have tax invoices, simplified tax invoices or some other documents acceptable to the Comptroller of GST to support the claims.

You need not send the invoices or documents to the Comptroller of GST, but they must be available for inspection when requested.

A tax invoice is required to have the following particulars:

- the words "Tax Invoice" in a prominent place;
- an identifying number;
- the date of issue of the invoice;
- your name, address and GST registration number;
- your customer's name (or trading name) and address;
- the types of supply e.g. credit sale, hire purchase, loan;
- a description of goods or services supplied;
- for each description, the quantity of goods or extent of services and the amount payable (excluding tax);

GST General Guide For Businesses

- any cash discount offered;
- the total amount payable excluding tax, the rate of GST, the total tax chargeable and the total amount payable including tax shown separately (any amount expressed in a currency, other than Singapore currency, shall also be expressed in Singapore currency); and
- if applicable, the breakdown of exempt, zero-rated or other supply, stating separately the gross amount payable in respect of each.

(see specimen copy of tax invoice next page)

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.

Simplified Tax Invoices: If the total amount stated in the invoice plus GST does not exceed \$1,000, you may issue a simplified tax invoice. The following particulars should appear on the simplified tax invoice:

- your name, address and GST registration number;
- an identifying number, e.g. invoice number;
- the date of issue of the invoice;
- description of the goods or services supplied;
- the total amount payable including tax; and
- the word "Price Payable includes GST".

It is not a requirement under the Act to issue a tax invoice for zero-rated supplies. You may issue either a tax invoice or a commercial invoice for zero-rated supplies.

(see specimen copy of simplified tax invoice next page)

ii) Receipts

When payment has been made to you, you must issue a serially printed receipt to the payer if a tax invoice or simplified tax invoice has not been issued by you. You need to retain a duplicate of each receipt issued as well.

If you issue a receipt for any supply of goods or services which you made, you have to show the following particulars on the receipt:

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

However, if you use a computer or other machines for recording taxable supplies, the requirement to issue receipts may be dispensed with by the Comptroller of GST if he is satisfied that the recording can be done accurately. Please refer to the eTax Guide on Waiver of Requirement to Seek IRAS' Approval when Not Issuing Receipts downloadable from IRAS website for more information.

A specimen copy of simplified tax invoice

Gallery Photo Supplier 888 Lorong Jalan Singapore 560009	
GST Reg No: M2-1234567-K	Invoice No:1234
Date: 01/07/2007	
<u>Description</u>	<u>Subtotal</u>
Fiji200 (3-pack)	12.00
Energy battery (AA 8-pack)	9.00
	<hr/>
Grand Total	21.00*
Amount received	50.00
Change	29.00
*Amount payable includes GST	
Thank You	

6.2 Price Display

As a GST registered person, you are required to show and quote the GST-inclusive prices on all prices displayed, advertised, published or quoted for any supply of goods or services made by you. Quotation is not restricted only to written form but also verbal quotation to customers. Similarly, all prices published on the advertisement, price list and web pages should be inclusive of GST. Failure to display GST-inclusive prices is an offence and could be fined up to \$5000.

However, we understand that for the Hotel and F&B industries, there will be operational difficulties in computing GST-inclusive prices because of the imposition of service charge⁶.

Therefore, for hotels, restaurants and public houses, you may display GST-exclusive prices for goods and services that are subject to service charge. In such instances, there must be a clear statement to show customers that prices are exclusive of service charge and GST. Please note that price display for other goods and services that are not subject to service charge would have to be GST-inclusive.

⁶ MTI and STB have reduced CESS to 0% with effect from 1 Jul 2007.

GST General Guide For Businesses

The following illustration shows the contrast between an acceptable price display format and one that is not.

Price Display	Acceptable?
\$107	Yes
\$107 (including GST)	Yes
\$100 +	No
\$100 + GST	No
\$100 + 7% GST	No
\$100 + \$7 GST	No

Please also take note of the following pointers for price display in the following circumstances:

Quotation

All written and verbal quotations must include the GST component.

Advertisement

All prices stated on the advertisements should be inclusive of GST. The following clauses are not acceptable:

- "Prices stated are subject to GST"
- "Prices stated are exclusive of GST"
- "Prices stated are before GST"

Price List

All Prices published on price list must be inclusive of GST. Where price list is prepared by your supplier for distribution to your customers, you are to ensure that the price stated is GST-inclusive.

E-commerce

Prices published on web pages must include the GST component.

Retail Price Subject to Bargaining

In cases where retail price is subject to bargaining, the price displayed or quoted should still be the GST-inclusive price. The amount of GST to be accounted by the retailer will be the tax fraction (i.e. 7/107) of the final price paid by the customer.

Example

The price displayed is \$107 for a given product. The product is subsequently sold at \$90 after much bargaining.

GST to be accounted = $7/107 \times \$90 = \5.89

6.3 Input Tax Credit

GST is a multi-stage tax. It is collected at every stage of the production and

distribution chain. As it is a tax on final consumption, a registered trader like yourself will be able to claim credits for GST paid on:

- goods or services supplied to you;
- your importation of any goods.

The recoverable credits are called input tax. The total input taxes paid are then deducted from the total output taxes that you have collected from your sales/turnover during the same accounting period.

The net GST amount is the tax which you would either pay to or claim as refund from the Comptroller of GST. If the output tax is more than input tax, the net GST amount is payable to the Comptroller of GST. If the output tax is less than input tax, the amount is recoverable as refund from him - see Chart 2.

To be able to claim input tax credits:

- you must be a taxable person;
- the input tax is paid for supplies of goods and services used for the making of taxable supplies;
- tax invoices, simplified tax invoices or import / payment permits for all claimable credits are available when claims are made;
- output tax and input tax need not involve matching supplies for the reporting period.

The Comptroller of GST may withhold refund due to you if your GST returns are not submitted, reasonable queries by the Comptroller of GST are not answered or any tax/penalty for any period is not paid.

A. The Input Tax Computation:

* GST paid on supplies and imports

If you are a registered trader and have paid GST to your supplier for taxable supplies made to you or paid GST to Singapore Customs on your imports, you can claim input tax deduction in your GST returns submitted to the Comptroller of GST.

* Bad debts written off

You can claim GST relief on your bad debts if you meet the conditions and requirements under the GST (General) Regulations. 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 IRAS website at www.iras.gov.sg.

- * Debit Note Adjustments

- * Disallowance of Input Tax

Input tax incurred in respect of club subscriptions, medical and insurance expenses for employees not covered under the Work Injury Compensation Act⁺ or Industrial Relations Act and motor car expenses cannot be claimed as credits against the output tax collected.

B. The Output Tax Computation

- * GST charged on taxable supplies

If you are a registered trader and have charged or accounted for GST on your taxable supplies⁷, you must include the tax in your GST returns.

- * Bad debts recovered

When your bad debts (which have been written off with GST credits and refunded by the Comptroller of GST) are subsequently recovered, you must repay the GST portion of this recovery to the Comptroller of GST.

The GST has to be repaid to the Comptroller of GST in the accounting period that the debt is recovered. If you recover only part of the debt, the amount of GST that has to be returned to the Comptroller of GST is computed as follows:

GST claimed previously	X	$\frac{\text{Amount of debt recovered}}{\text{Outstanding consideration}}$
------------------------	---	--

- * Repayment of unpaid input tax

You are required to repay to the Comptroller of GST the input tax you have claimed and for which you have not paid to your supplier for 12 months from the due date of payment.

- * Credit Note Adjustments

⁺ Work Injury Compensation Act replaces Workmen's Compensation Act with effect from 01 April 2008.

⁷ These include the supply of goods and services made in Singapore to your customers, private usage and disposal of business goods.

6.4 Accounting Periods

You are required to submit returns and account for GST to the Comptroller of GST at regular intervals. The prescribed accounting period is the period covered by the GST return.

The due date for the GST return is one month after the end of your accounting period.

Quarterly Return: The standard period is 3 months, which will coincide with your financial year-end (FYE). (See Table 3)

Table 3

FYE - JAN, APR, JUL, OCT	Quarter 1	NOV-JAN, FEB-APR, MAY-JUL, AUG-OCT
FYE - FEB, MAY, AUG, NOV	Quarter 2	DEC-FEB, MAR-MAY, JUN-AUG, SEP-NOV
FYE - MAR, JUN, SEP, DEC	Quarter 3	JAN-MAR, APR-JUN, JUL-SEP, OCT-DEC

Monthly Return: The Comptroller of GST may allow you to furnish returns on a monthly basis. To apply for monthly filing of returns, you have to write in with your reason(s) and seek the Comptroller of GST's approval.

Special Accounting Periods: Some company may have accounting periods which are not based on the calendar month. For example, some may end on a fixed date (other than the last day) of the month; some may end on every 4 or 5 weeks. In this case, the company may apply to the Comptroller of GST for the special GST accounting period which coincides with the accounting period. The due date for the GST return is one month after the end of your special accounting period.

6.5 Submission of GST Return and Payment of Tax

GST e-filing will become compulsory in phases starting from January 2007. Once you have started to e-file your GST F5, your next GST return will be made available online by the end of each accounting period. You can e-file your GST F5 one day after the end of the accounting period.

If you have not been informed of compulsory e-filing or you have not tried e-filing before, the GST F5 will be sent to you at regular intervals. You must complete each return and submit it to The Comptroller of GST on or before the due date.

You must ensure that IRAS receive your return not later than one month after the end of your prescribed accounting period. For example, IRAS must receive the GST return for the quarter ending March 2007 by 30 April 2007. If there is no tax due for the said period, you must still submit a 'nil' return.

If there is a net GST amount payable, you must pay the net GST not later than the last day on which you are required to submit your return, that is, within 1 month after the end of your accounting period. The due date for payment is the same for both paper filing and e-filing. If you are under the GIRO Scheme, the payment will only be deducted 15 days after the due date.

You can pay by GIRO, cheque, electronic funds/telegraphic transfer or cash.

If there is a net GST amount to be claimed, GST refund will usually be made within 3 months for quarterly prescribed accounting period and 1 month for monthly prescribed accounting period from the date of receipt of your GST return.

You may wish to note that if the net GST amount is less than \$5, the payment or refund is waived. However, the GST F5 form must still be completed and submitted to the Comptroller of GST on or before the due date. Even if there are no transactions during the accounting period, a "nil" return is still required to be submitted to the Comptroller of GST.

Do not send tax invoices, receipts, or documents to the Comptroller of GST. You should keep these for at least 5 years⁸ for reference or audit purposes.

6.6 Obligations of the Taxable Person

Upon registration, you have the following obligations:

- i) To keep records so as to enable the Comptroller of GST to readily assess your GST liability. The records must be kept for 5 years⁹ and include the following:
 - your business and accounting records;
 - copies of serially printed receipts, tax invoices and simplified tax invoices issued by you;
 - tax invoices, simplified tax invoice and receipts received by you;
 - your import/export documents, if any;
 - all credit and debit notes;
 - any other documents that verify your taxable transactions.

⁸ With effect from 1 Jan 2007, you are required to keep for 5 years, records pertaining to prescribed accounting periods ending on or after 1 Jan 2007. However, you are not required to keep for 7 years, records pertaining to prescribed accounting periods ending before 1 Jan 2007.

⁹ With effect from 1 Jan 2007, you are required to keep for 5 years, records pertaining to prescribed accounting periods ending on or after 1 Jan 2007. However, you are not required to keep for 7 years, records pertaining to prescribed accounting periods ending before 1 Jan 2007.

- ii) To provide a tax invoice within 30 days of the supply being made or a longer period as allowed by the Comptroller of GST, to a taxable person whenever you make a supply to him.
- iii) To complete and submit the GST returns and pay the Comptroller of GST the amount of tax not later than one month after the end of the accounting period.
- iv) To provide all information as required by the Comptroller of GST and to assist in any audit on your GST accounts.
- v) To apply for cancellation of GST when you ceased making taxable supplies.
- vi) To inform Comptroller of GST of the transfer of your business in writing within 30 days prior to the date of transfer.
- vii) To remain registered for at least two years if you are a voluntary registrant.
- viii) To show GST-inclusive amount on all prices displayed, advertised, published or quoted for any supply of goods or services made by you.
- ix) To reflect your GST registration number on all tax invoices, simplified tax invoices and receipts.

6.7 Deeming of Supply for Goods Transferred or Disposed of at No Consideration and Goods Held on Hand at the Time of De-registration

A supply of goods is **deemed to be made by the taxable person when he transfers or disposes goods forming part of his business assets¹⁰, even if he does not receive consideration for the transfer or disposal of the goods¹¹.**

Similarly, when a taxable person cancels his GST registration, the goods forming part of his business assets, which are on hand as at the effective date of his de-registration, is deemed to be a supply made by him¹².

As there is no monetary consideration, the value of deemed supply will be determined based on the following:

- (i) Open Market Value (OMV)

The value of deemed supply of the used goods shall be the price of the goods which the taxable person would have to pay if he were to

¹⁰ The goods are not confined to trading stocks but also include other business assets such as non-residential properties and fixed assets used for business purposes

¹¹ Paragraph 5(1) of the Second Schedule to the Goods and Services Tax Act

¹² Paragraph 7(1) of the Second Schedule to the Goods and Services Tax Act

purchase them (identical in every aspect) at the time of the transfer, disposal or de-registration, taking into account the age and condition, ie. open market value¹³. The taxable person concerned has to account for output tax based on this value.

(ii) Price of Similar Goods

In the event that the OMV is not readily available, the value of the deemed supply shall be the price payable if the taxable person were to purchase goods similar to, and of the same age and condition, as the goods concerned, at the time of transfer, disposal or de-registration¹⁴.

(iii) Costs of Producing the Goods

If the value stated in paragraph (i) and (ii) above are not available, the value of the goods concerned shall be the cost of producing the goods if they were produced at the time of transfer, disposal, or de-registration¹⁵.

For the purposes of paragraphs (i) to (iii) above, the price payable by any person if he were to purchase any goods shall be the purchase price of the goods exclusive of GST¹⁶.

7 Offences and Penalties

7.1 Penalties provided in the Act include the following:

- i) For general penalties in respect of offences not specified under the Act, you are liable on conviction to:
 - a fine not exceeding \$5,000; and
 - an imprisonment term not exceeding 6 months in default of payment.
- ii) For submission of incorrect return without reasonable excuse, you are liable on conviction to:
 - a penalty equal to double the amount of tax undercharged; and
 - a fine not exceeding \$5,000 or an imprisonment term not exceeding 3 years; or
 - both fine and imprisonment.

¹³ Paragraph 8(2)(a) of the Third Schedule to the Goods and Services Tax Act

¹⁴ Paragraph 8(2)(b) of the Third Schedule to the Goods and Services Tax Act

¹⁵ Paragraph 8(2)(c) of the Third Schedule to the GST Act.

¹⁶ Paragraph 8(3) of the Third Schedule of the GST Act.

- iii) For failure to pay any outstanding tax, you are liable to:
- a penalty equal to 5% of tax payable; and
 - an additional penalty of 2% per month on tax remaining unpaid after 60 days from the due date of the prescribed accounting period (subject to a maximum total of 50% of the outstanding tax).
- iv) For failure to make returns within prescribed periods, you are liable on conviction to:
- a penalty of \$200 per month for each month the return remains outstanding. This penalty is subject to a maximum total of \$10,000.
- v) For failure to register, you are liable on conviction to:
- a fine not exceeding \$10,000; and
 - a penalty equal to 10% of the tax due in respect of each year or part thereof commencing from the date on which you are required to make the notification or to apply for registration.
- For a continuing offence, you are liable on conviction to:
- a further penalty not exceeding \$50 for every day during which the offence continues after conviction.
- vi) For evasion cases, in which you wilfully evade, or assist other persons to evade, you are liable on conviction to:
- 3 times the amount of tax evaded; and
 - a fine not exceeding \$10,000 or an imprisonment term not exceeding 7 years; or
 - both fine and imprisonment.
- vii) For fraudulently obtaining refund, you are liable on conviction to:
- a penalty of 3 times the amount of excess refund; and
 - a fine not exceeding \$10,000 or an imprisonment term not exceeding 3 years; or
 - both fine and imprisonment.

- viii) For offences in relation to goods and services (when you know that tax on the supplies has been or will be evaded), you are liable on conviction to:
 - a fine not exceeding \$5,000; and
 - a penalty of 3 times the amount of tax evaded.
- ix) For offences in relation to invoices (for which you issue a tax invoice when you are not authorised under the Act), you are liable on conviction to:
 - a fine not exceeding to \$10,000; and
 - a penalty of 3 times the amount of tax shown on the invoice.
- x) For obstructing the Comptroller of GST in carrying out his duties, you are liable on conviction to:
 - a fine not exceeding \$5,000; or
 - an imprisonment term not exceeding 6 months; or
 - both fine and imprisonment.
- xi) For failure to submit GST returns electronically when required to, you are liable to:
 - a fine not exceeding \$5,000; and
 - an imprisonment term not exceeding 6 months in default of payment.

8 Objections and Appeal Procedure

8.1 The Comptroller of GST

If you have any objection against the Comptroller of GST's decision, you may apply to him for a review. The objection may involve any of the following decisions:

- registration or deregistration of your business;
- the tax on the supply of goods and services or on the importation of any of your goods;
- the amount of input tax credit or refund allowed;

- the proportion of supplies liable for GST;
- the claim for, or the amount of, refunds under Section 25;
- the direction or supplementary direction made under Paragraph 2 of the First Schedule to the Act to treat separate businesses as one for the purposes of registration;
- the declaration to be an agent of another person under Section 79;
- the requirement of any security under Section 81(2).

If you wish to lodge your objection against the Comptroller of GST's decision, you must do so within 30 days after you have been notified of the Comptroller of GST's decision.

8.2 The Board of Review

If you do not agree with the Comptroller of GST's decision, you may appeal to the GST Board of Review.

You must lodge your notice of appeal within 30 days after the Comptroller of GST's decision has been communicated to you. Within the next 30 days of your notice of appeal, a statement stating the reasons for the appeal should be submitted to the Board.

The onus of proof that the Comptroller of GST's decision is incorrect is on you.

The Board may confirm, vary or annul the decision of the Comptroller of GST.

If the Board confirms the Comptroller of GST's decision, it may be determined that the appeal is vexatious or frivolous. In such an instance, you will be ordered to pay cost to the Board and any costs to the Comptroller of GST for a sum not exceeding \$1,000 plus the tax charged.

8.3 The High Court

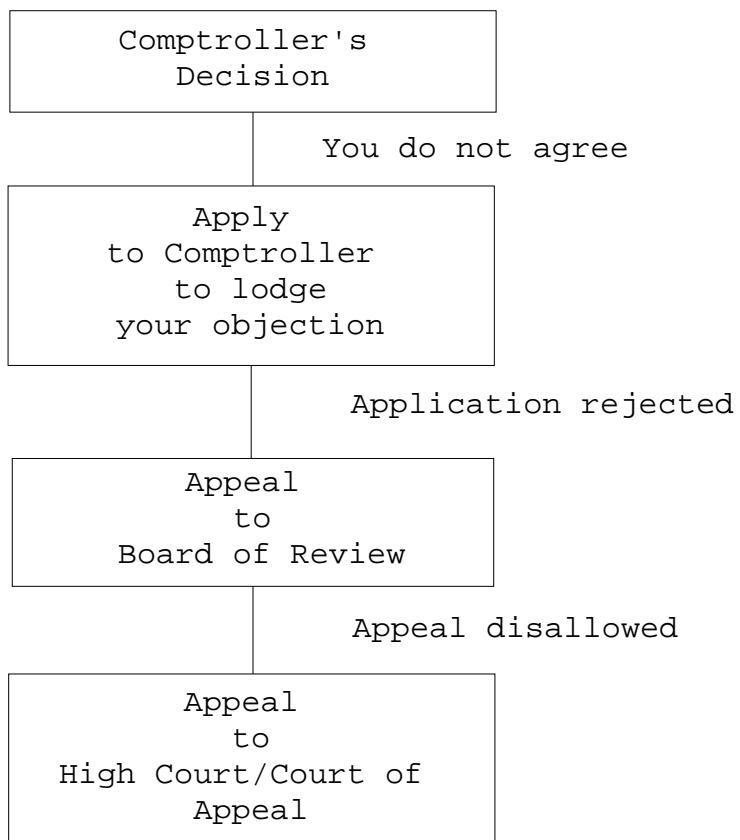
If the Comptroller of GST or you do not agree with the decision of the Board, either party may appeal to the High Court.

The High Court may confirm, vary or annul the decision of the Board.

Further right of appeal to the Court of Appeal may exist.

Chart 15

Appeal Procedures



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