

# **IRAS e-Tax Guide**

GST: Fringe Benefits  
(Fifth Edition)



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## Fringe Benefits

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### 1 Introduction

- 1.1 This is a guide on the GST treatment for fringe benefits provided to employees.

### 2 Input Tax Recovery

- 2.1 A taxable person is entitled to claim input tax credit for GST incurred on *supplies of goods and services made to him, which are used for the purpose of his business in the making of taxable supplies*.
- 2.2 A taxable person is one that is registered or is required to be registered under the GST Act.
- 2.3 If the taxable person acquires any goods or services and provides them as fringe benefits to the employees, the goods and services so acquired are considered as used "*for the purpose of business*". Therefore, GST incurred on these purchases may be claimed by the taxable person as input tax except in respect of those specifically disallowed under Regulations 26 and 27 of the GST (General) Regulations 2008.
- 2.4 In addition, a taxable person is also not allowed to claim GST incurred on goods and services, where the goods and services are acquired solely for the private use by:
- (i) sole-proprietor as the taxable person;
  - (ii) partners in the partnership registered as the taxable person;
  - (iii) directors of company registered as the taxable person; and
  - (iv) persons connected to the GST-registered sole proprietor, partnership or company, as the case may be.

This is because the input tax incurred on these supplies will not be considered as used "*for the purpose of business*".

- 2.5 Further, for the taxable person to claim the GST incurred on the purchase of goods and services as input tax, this supply of goods and services must be contractually made to that taxable person. Hence, as prima facie evidence to prove that the supply is contractually made to the taxable person, he must maintain tax invoices addressed or simplified tax invoices given to him.
- 2.6 Where the tax invoice is addressed to the taxable person's employee, the taxable person may nonetheless claim the GST incurred as his input tax provided he is able to prove that:
- (i) the supply is contractually made to the taxable person; or
  - (ii) the employee is acting as an agent of the taxable person in receiving the supply of goods or services. For example, meal expenses billed in the name of employee when entertaining clients for the company's business purpose.

### 3 Input Tax Disallowed

3.1 Generally, input tax incurred for the purposes of business and supported by relevant tax invoices is claimable. However, a taxable person is not entitled to claim input tax under Sections 19 and 20 of the GST Act in the following situations:

- (i) The supply of goods or services made by the taxable person is an exempt supply under the GST Act (for example, residential properties or financial services). The taxable person is not entitled to claim input tax incurred in the making of such supplies; or
- (ii) The goods or services purchased have been charged with GST but the GST so incurred is disallowed as input tax under Regulations 26 and 27 of the GST (General) Regulations 2008.

3.2 **Under Regulations 26 and 27 of the GST (General) Regulations 2008**, a taxable person is not allowed to claim input tax credit for GST incurred on the following:

- (i) club subscription fee;
- (ii) medical and accident insurance premium\* (excluding that where the insurance or the payment of compensation is obligatory under the Work Injury Compensation Act<sup>1+</sup> or the insurance is obligatory under any collective agreement within the meaning of the Industrial Relations Act);
- (iii) medical expenses (excluding those that are obligatory under the Work Injury Compensation Act<sup>+</sup> or any collective agreement within the meaning of the Industrial Relations Act);
- (iv) family benefits;
- (v) any transaction involving betting, sweepstakes, lotteries, fruit machines or games of chance;
- (vi) Q-plate motor car with COE issued on or after 1 Apr 1998 (including purchase and running expenses like petrol, maintenance, parking fees);
- (vii) SZ-plate motor car rented on or after 1 Jul 1999 (including running expenses); and
- (viii) Non-Q-plate motor car (including purchase and running expenses).

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<sup>+</sup> Work Injury Compensation Act replaces Workmen's Compensation Act with effect from 01 Apr 2008.

\* With effect from 01 Oct 2010, the definition of "medical and accident insurance premium" under Regulation 25 of the GST (General) Regulations 2008 had been amended to include medical and accident insurance premium for insurance where the payment of compensation is obligatory under the Work Injury Compensation Act.

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- 3.3 The definition of “**club subscription fee**”, “**medical and accident insurance premium**”, “**medical expenses**”, “**family benefits**” and “**motor car**” are stated in Regulation 25 of the GST (General) Regulations 2008. Please refer to Appendix A for details.
- 3.4 For input tax that is disallowed under Regulations 26 and 27, the GST incurred will be a deductible expense under Income Tax if the expense on which GST is imposed is allowable under the normal rules of deduction for Income Tax.

## 4 Accounting of Output Tax

- 4.1 Generally, a taxable person is required to account output tax on fringe benefits given to employees for their private or personal consumption purposes.

### **Provision of free services to employees**

- 4.2 For services provided free to employees, the taxable person is not required to account output tax as no supply is treated as being made by him. For example, a carpet cleaning company provides free carpet cleaning service to the homes of his employees.

### **Deemed supply where goods are given free as gifts to or for temporary use by employees**

- 4.3 Where the taxable person lets his business goods be temporarily used by, or gives away the goods to, his employees free of charge, the taxable person is required to account output tax if he is entitled to claim input tax credit for those goods under sections 19 and 20 of the GST Act . This requirement to account for output tax applies even if the taxable person:
- (i) does not claim the input tax credit which he is entitled to;
  - (ii) did not pay GST on the goods imported as the tax is suspended under specific GST schemes or import reliefs (for examples, goods imported under the Major Exporter Scheme, the GST (Import Relief) Order 2001, etc).

Paragraphs 4.4 to 4.13 contain more information on such deemed supplies.

### **Business goods supplied for temporary private use by employees**

- 4.4 Where business goods are temporarily used free of charge by employees for their private purposes, the taxable person is deemed to be making a supply of services to the employees if he is entitled to input tax credit on the goods (see paragraph 4.3 above). He is required to account for output tax on the supply.

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### 4.5 Example – Deemed supply of services for business goods used by employees

A carpet cleaning company allows its employees to use its carpet cleaning equipment free of charge for their private usage. The taxable person is required to account output tax on that deemed supply of services. The value of the supply is the full cost<sup>2</sup> to the taxable person for providing the services.

### **Business goods given free to employees**

- 4.6 For goods given free (that is, gifts) to employees and the taxable person is entitled to input tax credit on the goods (see paragraph 4.3 above), except in the situations described in paragraphs 4.7 and 4.8, the taxable person is deemed to be making a supply of goods. Hence, he is required to account for output tax on the gifts.
- 4.7 Where the goods given free to the employees have been purchased without GST (for example, purchased from non-GST registered businesses), there is no need to account for output tax.
- 4.8 If the cost of the gift given free to an employee is not more than \$200 and the gift does not form a series or succession of gifts given to the same employee, no supply is treated as being made by the taxable person and there is no need to account output tax. A “series or succession of gifts” is considered to be given when three or more gifts are given to the same person within a period of three months.
- 4.9 In determining whether there is a “series or succession of gifts”, the taxable person should take into consideration the gifts purchased without GST (e.g. purchased from non-GST registered traders). Hence, if the total number of gifts purchased with and without GST is equivalent to 3 or more gifts, it will be considered as a “series or succession of gifts”. However, the taxable person need not account output tax on the gifts purchased from non-GST registered traders.
- 4.10 The three months’ time frame for taxable persons with the standard prescribed accounting period of three months shall be his prescribed accounting period. For example, for a taxable person with a prescribed accounting period ending Apr, his three months’ time frame is from 1 Feb to 30 Apr.
- 4.11 Accordingly, for taxable persons with a prescribed accounting period of six months, the three months’ time frame relate to the months covered by his prescribed accounting period. For example, for a taxable person with prescribed accounting period ending Jun, the three months’ time frame refers to 1 Jan to 31 Mar and 1 Apr to 30 Jun.
- 4.12 As for taxable persons with a prescribed accounting period of one month, the three months’ time frame refers to:
- (i) 1 Jan to 31 Mar
  - (ii) 1 Apr to 30 Jun
  - (iii) 1 Jul to 30 Sep
  - (iv) 1 Oct to 31 Dec

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<sup>2</sup> Refer to paragraph 5.4 of page 6 for a method to calculate “full cost”.

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### 4.13 Illustration

This illustration shows whether output tax should be accounted when a gift or a series of gifts of various costs to the taxable person is given to an employee.

Company XYZ buys the following types of gifts:

A - \$20 (GST \$1.40\*); B - \$201 (GST \$14.07\*); C - \$30 (No GST - purchased from a non-GST registered trader)

The table shows the various combinations of the above gifts, which the taxable person may give to an employee during a three-month period and the output tax that should be accounted for each combination:

COMBINATION OF GIFTS	SERIES OF GIFT?	OUTPUT TAX ACCOUNTED *
A	No	N.A.
B	No	14.07
C	No	N.A.
A + A	No	N.A.
A + B	No	14.07
A + C	No	N.A.
A + A + A	Yes	$1.40 + 1.40 + 1.40 = 4.20$
A + B + C	Yes	$1.40 + 14.07 = 15.47$
A + C + C	Yes	1.40
C + C + C	Yes	N.A.

\* 7% GST applicable with effect from 1 Jul 2007

## 5 Value of Supply

- 5.1 When the taxable person provides fringe benefits to his employees at a subsidised or discounted price, the value of supply on which output tax is accounted should be the subsidised price or discounted price. The ensuing paragraphs 5.2 to 5.4 explain what should be the value of supply where a fringe benefit is given to the employee free of charge.

### **Business goods given free to employees**

- 5.2 When goods (new or used) are given free to the employees:

- (i) the value of supply on which output tax is accountable would be the amount that the taxable person would pay if he were to purchase identical goods, taking into account the age and condition of the goods which are given free; or
- (ii) if the value of (a) cannot be determined, the value of supply will be the amount that the taxable person would pay if he were to purchase similar goods (taking into account the age and condition of the goods which are given free; or
- (iii) if both (a) and (b) cannot be determined, then the value of supply would be the cost of producing the goods which are given free.

### Catering of food or beverages and accommodation to employees

- 5.3 The value of supply shall be taken to be nil (that is, charge GST at nil value) when the taxable person gives the following items free to his employees :
- (i) Catering of food or beverages;
  - (ii) Accommodation in a hotel, inn, boarding house or similar establishment.

### Business goods supplied for temporary private use by employees

- 5.4 Where business goods are temporarily used free of charge by the employees for their private purposes, the value of supply on which output tax is accounted should be the **full cost** to the taxable person in providing the services.
- 5.5 If the taxable person lets his employee use his business asset<sup>3</sup> and receives nothing in return, to work out the cost in letting his employee use the asset free of charge, he is to:
- take the amount that the item reduces in value during the year (yearly depreciation);
  - work out how much of the year the item is used privately; and
  - apply that figure to the yearly depreciation figure.

$$\text{i.e. Output tax} = \frac{\text{Private use}}{\text{Total use}} \times [\text{Amount of depreciation} + \text{any other cost}] \times 7\%$$

### 5.6 Example – GST on the temporary private usage of goods

Company ABC purchases a refrigerator for \$4,900 and it reduces in value by \$700 a year for 7 years (the depreciation). Company ABC lets an employee use it privately for 6 months in the 1<sup>st</sup> year. Hence, the output tax that Company ABC has to account for on the private usage of the refrigerator by its employees is:

$$\text{Output tax} = \underbrace{6/12 \times \$700}_{\$350} \times 7\% = \$24.50$$

(\$350 is the cost to Company ABC in providing the services)

- 5.7 For Q-plate cars (COE purchased before 01 Apr 1998), where GST incurred on the purchase of the vehicle and the running expenses is allowed as input tax claim, output tax should be accounted for using the following method:

$$\text{Output tax} = \frac{A}{B} \times \left[ \frac{C}{10} \times \frac{D}{12} + E \right] \times 7\%$$

Where,

A = Private mileage for one vehicle in one prescribed accounting period

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<sup>3</sup> Refers to goods owned by the taxable person.

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- B = Total mileage for one vehicle in one prescribed accounting period
- C = Purchase price of vehicle
- D = Number of months in one prescribed accounting period
- E = Running expenses incurred in one prescribed accounting period

### 6 Flowchart and Table

- 6.1 Appendix B shows the flow chart summary for input tax recovery while Appendix C shows the flow chart summary for charging output tax when fringe benefits are given free to employees.
- 6.2 The table in Appendix D shows the GST treatment for some of the fringe benefits that are commonly given free to employees. It should be emphasised that the table does not show an exhaustive list of fringe benefits.
- 6.3 As there are various combinations of methods to give fringe benefits to employees, the table has been prepared based on certain assumptions to avoid a long and repetitive table.

The assumptions are:

- (i) The fringe benefits are given free to employees.
- (ii) The fringe benefits are not given solely to the sole-proprietor, partners, directors or persons connected to the aforementioned persons for their private use.
- (iii) The supply is contractually made to the taxable person (that is, the tax invoice is addressed to the taxable person or where the tax invoice is addressed to the employee, the taxable person is able to prove that the supply is contractually made to the taxable person or the employee is merely acting as agent of the taxable person in receiving the supply of goods or services.)

### 7 Contact Information

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

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Email: [gst@iras.gov.sg](mailto:gst@iras.gov.sg)

### 8 Updates and Amendments

	<b>Date of amendment</b>	<b>Amendments made</b>
1	1 Jul 2007	Change in GST rate from 5% to 7%
2	1 Aug 2008	Revised paragraph 3.2, Appendix A and Appendix D
3	14 Oct 2009	Inserted paragraph 12 and Appendix D
4	22 Sep 2011	(i) Revised paragraphs 3.2(ii), 3.2(iii), 4.3, 4.4, 4.6, 5.4, 5.5, 5.6 and 5.7; (ii) Amended definition for “Medical and accident insurance premium” in Appendix A; (iii) Inserted paragraph 2c in “(H) Medical” of Appendix D; and (iv) Made editorial amendments.

### Definition in Regulation 25

**“Club subscription fee”** means any joining fee, subscription fee, membership fee, transfer fee or other consideration charged by any club, association, society or organisation established principally for recreational or sporting purposes or by the transferor of the membership of such club, association, society or organisation, as the case may be;

**“Family benefits”** means any benefits (including hospitality of any kind) provided by the taxable person for the benefit of any person who is the wife, husband, child or relative of any person employed by the taxable person for the purposes of any business carried on or to be carried on by the taxable person;

**“Medical and accident insurance premium”** means any payment or contribution towards any of the following insurance contracts:

- (i) a contract for the provision of insurance for indemnifying the taxable person against the cost of medical treatment to any person;
- (ii) a contract for the provision of insurance against the cost of medical treatment in which the insured is any person employed by the taxable person;
- (iii) a contract for the provision of insurance against any personal accident in which the insured is any person employed by the taxable person,

but does not include any insurance contract against any liability which the taxable person may incur to any person employed by him –

- (i) under the provisions of the Work Injury Compensation Act<sup>+</sup> (Cap. 354)<sup>+</sup> where
  - 
  - (A) such insurance is obligatory under that Act; or
  - (B) the payment of compensation is obligatory under that Act; or
- (ii) under any collective agreement within the meaning of the Industrial Relations Act (Cap. 36). ;

**“Medical expenses”** means any of the following medical expenses in connection with the provision of medical treatment to any person employed by a taxable person:

- (i) expenses incurred in or in connection with the provision of maternity health care, natal care, and preventive and therapeutic treatment;
- (ii) expenses incurred in or in connection with the provision of a medical clinic by the taxable person,

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<sup>+</sup> Work Injury Compensation Act replaces Workmen’s Compensation Act with effect from 01 Apr 2008.

<sup>\*</sup> With effect from 01 Oct 2010, the definition of “medical and accident insurance premium” under Regulation 25 of the GST (General) Regulations had been amended to include medical and accident insurance premium for insurance where the payment of compensation is obligatory under the Work Injury Compensation Act.

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but excludes expenses incurred under the provisions of the Work Injury Compensation Act<sup>+</sup> to any workman employed by him where such expenses is obligatory under that Act or any collective agreement within the meaning of the Industrial Relations Act;

“**Medical treatment**” includes all forms of treatment for, and procedures for diagnosing, any physical or mental ailment, infirmity or defect;

“**Motor car**” means a motor car which is constructed or adapted for the carriage of not more than seven passengers exclusive of the driver and the weight of which unladen does not exceed 3,000 kilograms but excludes -

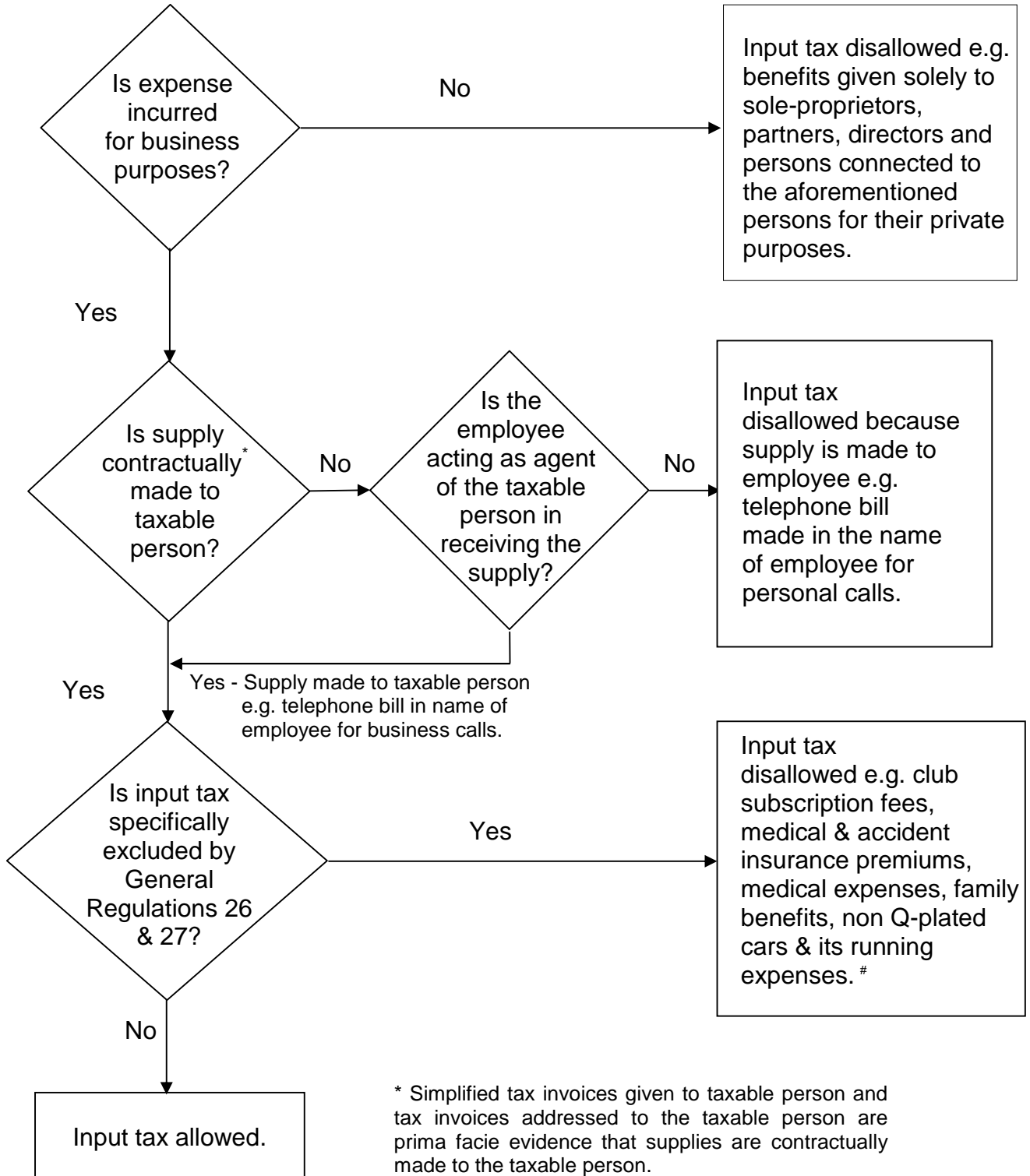
- (i) a motor car registered before 01 Apr 1998 as a business service passenger vehicle for the purposes of the Road Traffic Act;
- (ii) a taxi;
- (iii) a motor car registered as a private car (school transport);
- (iv) an unused motor car which has not been previously registered under the Road Traffic Act supplied or imported for purpose of being let on hire or sold;
- (v) a motor car supplied to a financial institution for purposes of making a supply of that motor car by financial institution under a hire purchase contract;
- (vi) a motor car supplied to or imported by a taxable person for the purposes of being let on hire or sold by that taxable person who is a dealer of motor cars licensed under the Second-hand Dealers Act; and
- (vii) a motor car used for instructional purposes for reward and registered under Paragraph IX (1) of the Second Schedule to the Road Traffic (Motor Vehicles, Registration & Licensing) Rules by a person who holds a driving school license issued under the Road Traffic Act.

For the purposes of the definitions of “family benefits”, “medical and accident insurance premium” and “medical expenses”,

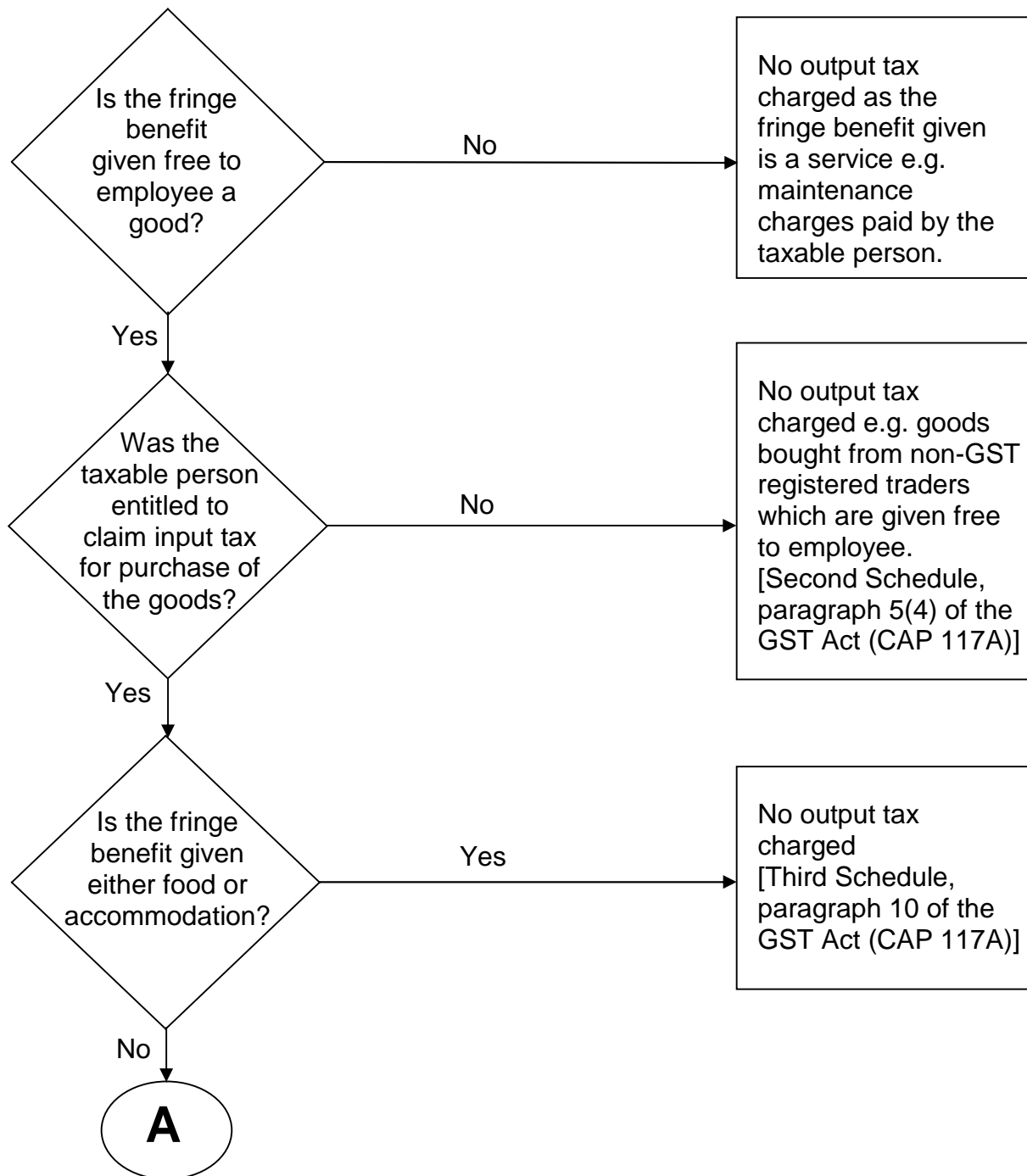
- (i) directors and officers of a company
- (ii) persons engaged in the management of a company
- (iii) the directors, officers or employees of a related corporation as defined in section 4 of the Companies Act

shall be construed as persons employed by the company.

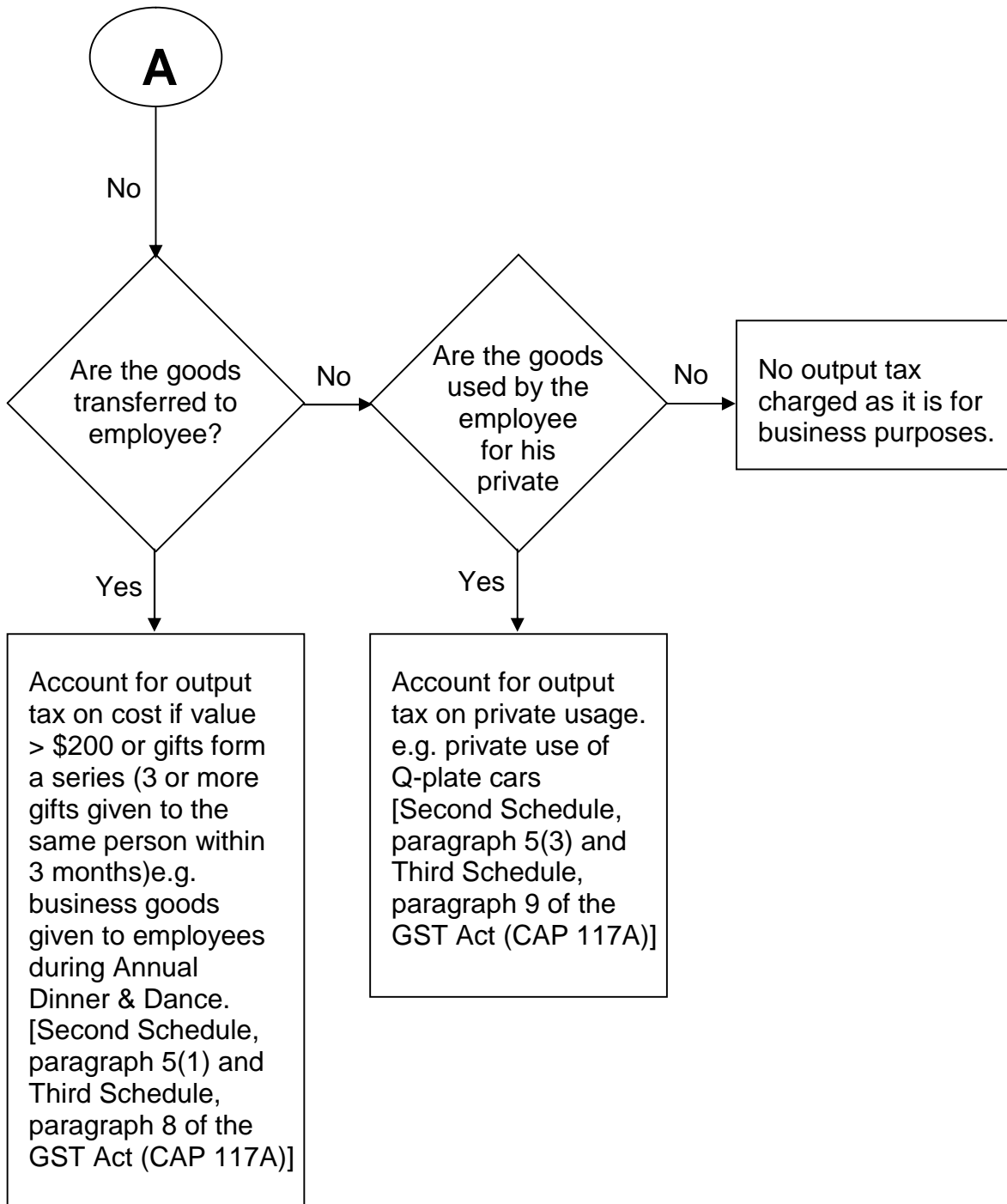
**FRINGE BENEFITS (GIVEN FREE)  
FLOWCHART SUMMARY  
INPUT TAX RECOVERY**



**FRINGE BENEFITS (GIVEN FREE)  
FLOWCHART SUMMARY  
CHARGING OUTPUT TAX**



**FRINGE BENEFITS (GIVEN FREE)  
FLOWCHART SUMMARY  
CHARGING OUTPUT TAX  
(CONTINUED)**



**TABLE ON FRINGE BENEFITS**

**NOTE :** The fringe benefits listed in the following are based on these assumptions:

- (i) The fringe benefits are given free to employees.
- (ii) The fringe benefits are not given solely to the sole-proprietor, partners, directors or persons connected to the aforementioned persons for their private use.
- (iii) The supply is contractually made to the taxable person.

<b>TRANSACTION</b>	<b>INPUT TAX CLAIMABLE?</b>	<b>ACCOUNT FOR OUTPUT TAX?</b>	<b>REMARKS</b>
<p>(A) <u>ACCOMMODATION</u></p> <p>1) Hotel or holiday chalet charges</p> <p>2) Housing – Premises owned or rented by employer</p> <p style="padding-left: 20px;">a. Rented premises – unfurnished</p> <p style="padding-left: 20px;">b. Rented premises – furnished</p> <p style="padding-left: 40px;">i. Furniture &amp; Fittings (owned by taxable person)</p> <p style="padding-left: 40px;">ii. Furniture &amp; Fittings (rented by taxable person<sup>4</sup>)</p> <p>3) Utilities Charges</p> <p>4) Telecom charges</p>	<p>Claimable.</p> <p>No GST incurred.</p> <p>Claimable.</p> <p>Claimable.</p> <p>Claimable.</p>	<p>No.</p> <p>N.A.</p> <p>Yes.</p> <p>Yes.</p> <p>Yes.</p> <p>No.</p>	<p>Sale or rental of residential property is an exempt supply</p> <p>Sale or rental of furniture &amp; fittings is a taxable supply. GST incurred may be claimed.</p>

<sup>4</sup> On the assumption that the furniture and fittings were originally held or used for the purpose of the taxable person's business, the taxable person is entitled to the input tax incurred on his rental of the furniture and fittings. Hence, there is a deemed supply of services for which output tax is accountable. The cost will be the rental cost and other cost in letting the employee use the furniture and fittings. Where the goods are specifically hired for the employees' private usage, the taxable person is not entitled to claim input tax credit and hence, there is no deemed supply of service, the taxable person needs not account for output tax.

TRANSACTION	INPUT TAX CLAIMABLE?	ACCOUNT FOR OUTPUT TAX?	REMARKS
5) Maintenance service charge  6) Cleaning services a. Provided by a GST-registered cleaning service company b. Provided by a non GST-registered individual	Claimable.  Claimable.  No GST incurred.	No.  No.  N.A.	
<p><b>(B) CLUB SUBSCRIPTION</b></p> 1) Entrance fee and subscription fee a. Recreational / sporting club  b. Professional bodies - sole-proprietors & partners - employees  <p><b>(C) CREDIT CARD</b></p> 1) Credit card subscription (corporate card)	Non-claimable.  Claimable.  Non-claimable.	No.  No.  No.	Input tax claim disallowed under (General) Regulation 26.  Input tax is disallowed in the case of an employee as the grant of membership in the professional association is made to the employee in his personal capacity and not as agent of the taxable person.

TRANSACTION	INPUT TAX CLAIMABLE?	ACCOUNT FOR OUTPUT TAX?	REMARKS
<p>(D) <u>EDUCATION</u></p> <p>1) Education for employees' family members</p>	<p>Non-claimable.</p>	<p>No.</p>	<p>Input tax claim disallowed by (General) Regulation 26.</p>
<p>(E) <u>INSURANCE</u></p> <p>1) Insurance or the payment of compensation is obligatory under Work Injury Compensation Act<sup>+</sup></p> <p>2) Insurance or the payment of compensation is not obligatory under Work Injury Compensation Act<sup>+</sup>:</p> <p>a. Medical or accident insurance for employee (employee or company as beneficiary)</p> <p>b. Life insurance policy for employee (employee or company as beneficiary)</p>	<p>Claimable.</p> <p>Non-claimable.</p> <p>No GST incurred.</p>	<p>No.</p> <p>No.</p> <p>N.A.</p>	<p>Input tax claim disallowed by (General) Regulation 26.</p>

<sup>+</sup> Work Injury Compensation Act replaces Workmen's Compensation Act with effect from 01 Apr 2008.

<sup>\*</sup> With effect from 01 Oct 2010, the definition of "medical and accident insurance premium" under Regulation 25 of the GST (General) Regulations had been amended to include medical and accident insurance premium for insurance where the payment of compensation is obligatory under the Work Injury Compensation Act.

TRANSACTION	INPUT TAX CLAIMABLE?	ACCOUNT FOR OUTPUT TAX?	REMARKS
<p>(F) <u>LOANS</u></p> <p>1) Interest free loans given by company to employees</p> <p>a. Housing loan</p> <p>b. Housing renovation loan</p> <p>c. Car loan</p> <p>d. Study loan/grant</p> <p>e. Personal loan</p>	<p>}</p> <p>}</p> <p>}</p> <p>} No GST incurred.</p> <p>}</p> <p>}</p> <p>}</p>	<p>}</p> <p>}</p> <p>} No.</p> <p>}</p> <p>}</p> <p>}</p>	<p>No GST incurred as the provision of loan is an exempt supply.</p>
<p>(G) <u>MEALS</u></p> <p>1) Food/Beverage catered for employees at company functions (e.g. annual dinner &amp; dance)</p> <p>2) Food/Beverage catered for spouse / child / relative at company functions (e.g. annual dinner &amp; dance)</p> <p>3) Provision of food/beverage in staff cafeteria/canteen</p> <p>4) Provision of food/beverage in the workplace or pantry</p>	<p>Claimable.</p> <p>Non-claimable.</p> <p>Claimable.</p> <p>Claimable.</p>	<p>No.</p> <p>No.</p> <p>No.</p> <p>No.</p>	<p>Input tax claim disallowed by (General) Regulation 26.</p>

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### Appendix D

TRANSACTION	INPUT TAX CLAIMABLE?	ACCOUNT FOR OUTPUT TAX?	REMARKS
<p>(H) <u>MEDICAL</u></p> <p>1) Medical expenses</p> <p>a. Maternity health care, natal care, preventive and therapeutic treatment, medical consultation, medical examinations, hospitalisation, dental treatment;</p> <p>b. Medicine</p> <p>2) Medical expenses required under Work Injury Compensation Act<sup>+</sup> or under a collective agreement made under the Industrial Relations Act:</p> <p>a. Maternity health care, natal care, preventive and therapeutic treatment, medical consultation, medical examinations, hospitalisation, dental treatment;</p> <p>b. Medicine (including those billed separately from medical services)</p> <p>c. Annual medical examination</p>	<p>Non-claimable.</p> <p>Non-claimable.</p> <p>Claimable.</p> <p>Claimable.</p> <p>Claimable</p>	<p>No.</p> <p>No.</p> <p>No.</p> <p>No.</p> <p>No.</p>	<p>Input tax claim disallowed by (General) Regulation 26.</p> <p>Input tax claim disallowed by (General) Regulation 26.</p>

<sup>+</sup> Work Injury Compensation Act replaces Workmen's Compensation Act with effect from 01 Apr 2008.

<sup>\*</sup> With effect from 01 Oct 2010, the definition of "medical and accident insurance premium" under Regulation 25 of the GST (General) Regulations had been amended to include medical and accident insurance premium for insurance where the payment of compensation is obligatory under the Work Injury Compensation Act.

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TRANSACTION	INPUT TAX CLAIMABLE?	ACCOUNT FOR OUTPUT TAX?	REMARKS
3) Medical examinations undergone by candidates as part of taxable person's pre-employment assessment process	Claimable	No	
(I) <u>TRAINING</u> 1) Training expenses for courses that enhance employees' performance	Claimable.	No.	
(J) <u>TRANSPORT</u> 1) Driver/Chauffeur services a. Provided by GST-registered transport company b. Provided by a non GST-registered individual 2) Cost of purchase of privately registered vehicle and running expenses e.g. petrol, parking, repair & maintenance, insurance 3) Transport Allowance 4) Rental and running expenses for rented cars incurred on or after 01 Jul 1999	Claimable.  No GST incurred.  Non-claimable.  No GST incurred.  Non-claimable.	No.  N.A.  No.  N.A.  No.	Input tax claim disallowed by (General) Regulation 27.

TRANSACTION	INPUT TAX CLAIMABLE?	ACCOUNT FOR OUTPUT TAX?	REMARKS
5) Running expenses for rented vehicles other than motor cars. e.g. vans & lorries	Claimable.	No.	Only the portion of input tax in relation to business use will be claimable.
6) Cost of purchase of motorcycle and running expenses. e.g. petrol, parking, repair & maintenance, insurance	Claimable.	Yes.	Output tax must be charged for company vehicle temporarily used free of charge by the employees for their private usage. (Please see page 8 for method of charging output tax)
7) Cost of purchase of company registered vehicle and running expenses. e.g. petrol, parking, repair & maintenance, insurance.			
a. With COE issued before 1 April 1998	Claimable.	Yes.	Output tax must be charged for company registered vehicle temporarily used free of charge by the employees for their private usage. (Please see page 8 for method of charging output tax)
b. With COE issued on or after 01 Apr 1998	Non-Claimable.	No.	

TRANSACTION	INPUT TAX CLAIMABLE?	ACCOUNT FOR OUTPUT TAX?	REMARKS
<p>(K) <u>OTHERS</u></p> <p>1) Business entertainment expenses</p> <p>2) Awards/Prizes given</p> <p>3) Cash or Gift vouchers given</p> <p>4) Holidays</p> <p style="padding-left: 20px;">a. Tour Packages (Inbound Tours)</p> <p style="padding-left: 40px;">i. For employees</p> <p style="padding-left: 40px;">ii. For employee's family members.</p> <p style="padding-left: 20px;">b. Cash subsidy</p>	<p>Claimable.</p> <p>Claimable.</p> <p>No GST incurred.</p> <p>Claimable.</p> <p>Non-Claimable.</p> <p>No GST incurred.</p>	<p>No.</p> <p>Yes.</p> <p>N.A.</p> <p>No.</p> <p>No.</p> <p>N.A.</p>	<p>Exception: Not required to charge output tax where the cost of the goods is ≤ \$200 and less than 3 gifts are given to the same person within 3 months.</p> <p>Input tax claim disallowed by (General) Regulation 26. However, if cost incurred for family members is marginally increased, input tax will be allowed as a concession.</p>



## Fringe Benefits

### Appendix D

TRANSACTION	INPUT TAX CLAIMABLE?	ACCOUNT FOR OUTPUT TAX?	REMARKS
11) Clothing and uniforms a. Given to employee	Claimable.	Yes.	Exception: Not required to charge output tax where the cost of the goods is ≤ \$200 and less than 3 gifts are given to the same person within 3 months.
b. Returnable to employer	Claimable.	No.	
12) Preparation of employee's income tax returns	Claimable (subject to conditions – see remarks)	No.	Input tax will be allowed if the benefits are provided for in the employment letter or contract as part of the company's contractual obligations to the employees.