

IRAS e-Tax Guide

GST: Guide on GST Divisional Registration
(3rd Edition)



INLAND REVENUE
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OF SINGAPORE

Guide to GST Divisional Registration

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1 BACKGROUND

- 1.1 A registered taxable person under the Goods and Services Tax (GST) Act is required to submit a return to the Comptroller of GST not later than one month after the end of his prescribed accounting period. Big companies with many independent divisions might have difficulty consolidating and submitting a single GST return within one month from the end of the prescribed accounting period. Divisional registration may be allowed to ease the GST administration for taxable persons carrying on businesses, which are varied and independent.
- 1.2 This e-Tax Guide explains the qualifying conditions, how to apply for divisional registration and the common queries about divisional registration.

2 WHAT IS DIVISIONAL REGISTRATION

- 2.1 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. If the Comptroller agrees, each division would be given a separate GST registration number and would submit its own GST return.
- 2.2 A registered person does not have to apply for separate registration for all his divisions; he can retain some divisions under the parent body's registration number. The \$1 million turnover registration limit applies to the registered person in its entirety and not to each separately registered division. For example, a registered person may have an annual turnover of \$5 million. After divisionalising, each division has a turnover of \$1 million or less. Each division must still charge and account for GST since the turnover of the registered person, as a whole, is more than \$1 million. All the divisions, whether separately registered or retained under the parent body's registration, will have to charge GST on taxable supplies made.
- 2.3 Divisional registration does not alter a taxable person's GST liability. GST is chargeable only on supplies made by a division or business to persons outside the entity. Supplies made by a division or business to another division or business of the same entity should be ignored for GST accounting purposes. Similarly, GST is not chargeable on allocation of expenses to the various divisions.

3 APPLYING FOR DIVISIONAL REGISTRATION

- 3.1 You can apply for divisional registration by sending in the 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.
- 3.2 However, if you are not registered as a taxable person yet, you have to submit a GST F1 “Application for GST Registration” form and a GST F11 “Application for Divisional Registration” form. Your application for divisional registration will only be considered after you have been registered as a GST trader.

4 CONDITIONS FOR DIVISIONAL REGISTRATION

- 4.1 An applicant must satisfy the following conditions before divisional registration is allowed:
- (a) the applicant must be a registered taxable person;
 - (b) it is likely to cause real difficulty for the taxable person to submit a single return in respect of all the businesses or divisions;
 - (c) each division or business maintains an independent system of accounting;
 - (d) each division or business is separately identifiable by reference to the nature of the activities carried on or by reference to the location; and
 - (e) each division or business has the same prescribed accounting period.
- 4.2 The Comptroller of GST has the discretion to impose additional conditions or requirements before he approves an application.
- 4.3 Please note that corporate bodies approved for group registration will not be allowed separate registration for their divisions since group treatment and divisional registration are incompatible.
- 4.4 The conditions (a) to (e) are explained in the following section.

5 EXPLANATION OF QUALIFYING CONDITIONS FOR DIVISIONAL REGISTRATION

5.1 Condition 1: The applicant must be a registered taxable person

5.1.1 Before you can apply for divisional registration, you must be registered with the Comptroller of GST as a taxable person. If you are not registered with GST yet, you should complete and submit the GST F11 “Application for Divisional Registration” form together with the GST F1 “Application for GST Registration” form. You should refer our e-Tax Guide “Do I Need to Register?” for information on registration as a taxable person.

5.1.2 If you are already registered, you must quote your GST registration number when applying for separate registration of any of your divisions or businesses.

5.2 Condition 2: It is likely to cause real difficulty for the taxable person to submit a single return in respect of all the businesses or divisions

5.2.1 You must attach a separate sheet of paper to the GST F11, stating the problems that you would most likely face if divisional registration is not approved. The problems highlighted should be supported by reasons and you should satisfy the Comptroller that you have difficulty in submitting a consolidated GST return of all your divisions or businesses within a month after the end of a prescribed accounting period.

5.3 Condition 3: Each division or business maintains an independent system of accounting

5.3.1 The accounting system of your division or business would be considered as independent if:

- (a) the books of accounts and business records of your division or business are kept separate from those of the other divisions or businesses; and
- (b) the taxable person is already preparing accounts on a division basis before consolidating the accounts.

5.4 Condition 4: Each division or business is separately identifiable by reference to the nature of the activities carried on or by reference to the location

5.4.1 A division or business should be carrying on different activities or operating in different locations. It need not be selling different goods or providing different services. This condition is satisfied if the division or business is operating at a different location.

5.5 Condition 5: Each division or business has the same prescribed accounting period

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- 5.5.1 A division or business should have the same accounting year-end as the other divisions or businesses of the taxable person. Once divisional registration is approved, all the separately registered divisions or businesses would submit their GST returns based on the same prescribed accounting period as the taxable person..
- 5.5.2 A division or business cannot request for a prescribed accounting period that differs from those of the other divisions or businesses. If the taxable person as a whole expects to receive regular GST repayments, he can request for monthly prescribed accounting period. Once the Comptroller has approved the application, the monthly accounting period would be applicable to all the taxable person's divisions and businesses.

6 QUESTIONS ON DIVISIONAL REGISTRATION

This section is intended to answer common queries on divisional registration.

- 6.1 *Who can apply for divisional registration?*
- 6.1.1 Any registered person can apply for divisional registration. Applicants need not be corporate bodies. They can be partnerships, non-profit organisations, etc. However, it should be noted that corporate bodies approved for group registration cannot be allowed separate registration for their divisions. Group registration means submission of one periodic GST return for all the members of the group whereas for divisional registration, each division or business has to submit one periodic return. Therefore, group and divisional registration are incompatible.
- 6.2 *Can I apply if I am a partially exempt trader?*
- 6.2.1 Divisional registration will not be granted to traders who are partially exempt. A trader is considered as partially exempt if he makes taxable and exempt supplies and:
- (a) The value of his exempt supplies is above the De Minimis rule (Regulation 28):
\$40,000 per month on average and 5% of total supplies.
- And
- (b) The trader carries on business of making exempt supplies (Regulation 34):
 - (i) a full bank, wholesale bank or offshore bank required to be licensed under the Banking Act;
 - (ii) a merchant bank required to be approved as a financial institution under section 28 of the Monetary Authority of Singapore Act;

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- (iii) a life insurance company or a general or life reinsurance company required to be registered under the Insurance Act or a reinsurance broker;
- (iv) a finance company required to be licensed under the Finance Companies Act;
- (v) 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;
- (vi) pawnbroker required to be licensed under the Pawnbrokers Act;
- (vii) debt factor;
- (viii) a credit card, charge card or other payment card company;
- (ix) an investment trust or unit trust excluding any Real Estate Investment Trust (REIT), REIT special purpose vehicle (SPV), business trust or business trust SPV.

Or

- (c) He makes exempt supplies other than the following exempt supplies (Regulations 33 and 35):
 - (i) deposit of money;
 - (ii) exchange of currency other than the supply of a note or a coin as a collector's item;
 - (iii) issue, allotment or transfer of ownership of debt security issued in the name of the trader's company;
 - (iv) issue, allotment or transfer of ownership of the trader's own equity security;
 - (v) provision of any loan, advance or credit to his staff;
 - (vi) assignment of trade receivables;
 - (vii) issue of units under any unit trust;
 - (viii) prescribed hedging activities¹;
 - (ix) the interest received from bonds;
 - (x) the provision of trade credit.

6.2.2 You should refer to our e-Tax Guide “Partially Exempt Traders and Input Tax Recovery” for more details on partial exemption.

6.3 *Will the GST registration number of a separately registered division differ from that of the company?*

6.3.1 Yes. Each separately registered division or business will have its own GST registration number.

6.4 *Whose registration number and business name must a tax invoice show for supplies made by a division to outside persons?*

¹ 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.

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- 6.4.1 The tax invoices issued by a division should bear the division's GST registration number and name. This will be different from the registration number given earlier to the taxable person as a whole.
- 6.5 *If one of my divisions has a taxable turnover of less than \$1 million, must it charge GST?*
- 6.5.1 You have to aggregate the turnover of all the divisions and businesses in order to determine the taxable turnover. If your taxable turnover is more than \$1 million or if voluntary registration is granted, you are required to charge GST on the taxable supplies made by all your divisions or businesses.
- 6.6 *Are transactions between divisions or businesses of the same taxable person subject to GST?*
- 6.6.1 Divisional registration does not alter a taxable person's GST liability. Where a taxable supply is made between divisions, that supply should be ignored for GST accounting purposes. Similarly, GST is not chargeable on allocation of expenses to the various divisions. GST is chargeable only on supplies made by a division or business to persons outside the entity.
- 6.7 *Who is responsible for the payment of tax due by a division?*
- 6.7.1 Divisional registration is an administrative facility and does not alter the liability or entity that is liable for GST. The taxable person (including all its divisions) remains legally responsible for any tax or penalty due under the GST Act. The separately registered divisions do not become separate taxable persons due to divisional registration. Therefore, the Comptroller may withhold any repayments to a separately registered division and use them to satisfy another division's outstanding tax or penalty.
- 6.8 *What must I do if I want to apply for separate registration for a new division or business?*
- 6.8.1 A request for a further division or business to be separately registered could be made by the completion of the GST F11.
- 6.8.2 However, if you wish to include into or remove new division(s) from your existing divisional registration, you will need to complete the GST F12 "Application for Inclusion/Removal of Division to/from existing Divisional Registration / Deregistration of Divisional Registration" form.
- 6.9 *What must I do if I want to deregister a division?*
- 6.9.1 You should note that once divisional registration is approved, a division or business shall remain separately registered for a period of not less than two years or such other shorter period as the Comptroller may determine. If the condition is met, you may apply in writing to cancel such a registration by

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completing the GST F12. On the approval of the application, cancellation of divisional registration will be effective from the date of application or a later date agreed between the Comptroller and yourself.

6.9.2 Similarly, the Comptroller may by notice in writing cancel your divisional registration if any of the qualifying criteria are no longer satisfied or where the Comptroller thinks it is necessary for the protection of revenue. The effective date of the cancellation of divisional registration will be the date of cancellation or a later date agreed between the Comptroller and yourself.

6.10 *Where can I obtain the GST F1, F11 and F12 forms?*

6.10.1 The forms can be downloaded from our website at www.iras.gov.sg > Quick links > Tax forms > GST.