

GOODS AND SERVICES TAX

GENERAL GUIDE ON GST GROUP REGISTRATION



**INLAND REVENUE
AUTHORITY
OF SINGAPORE**

General Guide on GST Group Registration

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1 INTRODUCTION.

- 1.1 This handbook explains the mechanism and qualifying criteria for GST Group Registration. It also updates on the legislative changes relating to GST Group Registration that take effect from 1 May 2008.
- 1.2 Regulation 3 of the GST (General) Regulations provides for 2 or more GST-registered persons to be treated as members of a group under section 30 of the GST Act and registered in the name of a representative member.

2 SCOPE OF GST GROUP REGISTRATION

- 2.1 GST group registration is a facility that allows several companies to group and centralise their administration for GST reporting purposes. One of the companies is then nominated by the proposed group as the “representative member” subject to Comptroller’s approval. On successful application, the Comptroller will register the group in the name of the representative member.
- 2.2 The purpose of group registration is to help maintain the integrity of the existing groups of companies and provide a GST system, which does not discriminate against any particular corporate structure or encourage the restructuring of groups of companies to avoid the tax. In other words, it is not meant to facilitate tax planning by companies.
- 2.3 With effect from 1 May 2008, the legislation has been amended¹ to allow person not resident in Singapore or not having an established place of business in Singapore to be part of the group, if certain criteria are satisfied. Where the group comprises person not resident in Singapore or not having an established place of business in Singapore, the representative member must satisfy additional criteria. Please refer to paragraph 3 for details.
- 2.4 Advantages of GST Group Registration
 - 2.4.1 GST group registration helps to reduce the GST administration costs because supplies made between member companies would be disregarded for GST purposes. The timing problems of intra-group supplies would be avoided and the compliance costs would also be reduced.
 - 2.4.2 Group registration can also result in better cash flow management for the group if goods and services are regularly supplied between member companies. This will especially be true where large assets are transferred within the group.

¹ Regulation 3, 4 and 6 of the Goods and Services Tax (General) Regulations

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2.4.3 Existing companies with centralised group accounting functions would benefit from GST group registration, as it does not have to break up its present structure for GST reporting purposes. The administrative convenience is reinforced as supplies of goods or services made by or to any member of the group can be treated as being made by or to the representative member and accounted for by this member.

2.5 Requirements under GST Group Registration

2.5.1 Submission of single return

The GST transactions of the whole group are to be accounted under a single GST return which must be submitted within the statutory time limits. **All members of the group are required to keep proper accounting records pertaining to the GST transactions declared in the group return.**

2.5.2 Joint and Several Liability

- All the members of a GST group shall be liable jointly and severally for tax due from the representative member.
- A former member will be held liable for tax due during its period of membership even after it has left the GST group. It is very important that the representative member ensures that all group members are aware of this liability.

2.5.3 *De Minimis Limit*

A GST group is treated as one taxable person for the purpose of applying the partial exempt De Minimis limit. This limit may be exceeded as a result of group registration.

2.5.4 *Offsetting GST Refunds Against Other Tax Arrears*

If any member of the GST group owes any tax besides GST, the Comptroller of GST may be appointed to collect the outstanding tax. In such an event, all members of the GST group are required to authorise the representative member to transfer any GST credit that may be due to the GST group to pay the outstanding tax of any member of the GST group. If such authorisation is not made, the Comptroller of GST will apportion any GST credit that may be due equally and transfer an amount equal to the member's share to pay its outstanding tax.

2.6 Invoicing Requirements

2.6.1 A new GST registration number will be issued to the group. This number identifies the group as a whole and will remain unchanged even if the membership is varied or the representative member is changed.

2.6.2 The GST group registration number must be quoted by all members on the tax invoices. They are not allowed to use their individual GST registration

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numbers that were allotted to them prior to joining the group. However they should use their individual names for easy identification.

2.7 Accounting for Intra-group Supplies

2.7.1 Supplies of goods or services made between group members are disregarded for GST purposes. In other words, no GST will be imposed on intra-group supplies.

2.7.2 Supplies of goods and services by or to any member are treated as supplies by or to the representative member. Also, any GST paid or payable by any member on the importation of any goods is treated as paid or payable by the representative member.

3 **QUALIFYING CRITERIA FOR GST GROUP REGISTRATION**

3.1 Businesses must satisfy all the following criteria before they are allowed to be grouped (this includes new member to be included to the group):

3.2 Each member in the proposed group must be individually registered for GST.

3.3 Each member in the proposed group must possess at least one of the following attributes:

- (i) Is resident in Singapore or has an established place of business in Singapore; or
- (ii) Has an annual turnover of at least S\$1 million; or
- (iii) Is listed on a securities exchange established in or outside Singapore; or
- (iv) Is a subsidiary of a body corporate that fulfils (ii) or (iii); or
- (v) Is financed by an entity (as part of its venture capital investment business) who fulfils (ii) or (iii).

3.4 The representative member in the proposed group must be a corporate body resident in Singapore or a corporate body with an established place of business in Singapore.

3.5 Where a proposed group comprises overseas person who does not fulfill (i), the representative member must also fulfill (ii), (iii), (iv) or (v) in para 3.3.

3.6 To be considered a “resident” in Singapore for GST group purposes, the control and management of the corporate body must be exercised in Singapore. This is similar to our definition for income tax purposes.

3.7 A company has an “established place of business” in Singapore if:

- it has a place at which it carries on business; and

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- its physical presence is connected to a particular premise; and
- the place of business is intended to have a degree of permanence.

3.8 Each member in the proposed group must satisfy the control requirements.

3.9 The control requirements for group membership are specified in Regulation 4 of the GST (General) Regulations. These are:

- one of the members controls each of the others; or
- one non-member (whether a body corporate or an individual) controls all the member; or
- two or more individuals (non-member) carrying on a business in partnership control all of the members.

The Comptroller has no discretion to accept applications where these requirements are not met.

3.10 Final approval for group registration is at the discretion of the Comptroller. He can refuse an application if it appears to him necessary to do so for the protection of revenue.

3.11 Meaning Of Control

3.11.1 A body corporate is said to control another body corporate if it is that body's holding company within the meaning of section 5 of the Companies Act;

or

An individual is said to control a body corporate, if he were a company, he would be that body's holding company within the meaning of the Companies Act.

3.11.2 For control to exist, there must be a holding company-subsidary company relationship. In other words, control exists if any of the following conditions is satisfied:

- the holding company **controls** the composition of the board of directors of the other corporate body;
- the holding company **controls** more than half of the voting power of the other corporate body;
- the holding company **holds** more than half of the issued share capital of the other corporate body (preference shares excluded).

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4 PARTIALLY-EXEMPT COMPANIES & INPUT TAX RECOVERY

4.1 All group members are treated as one GST entity after group registration.

4.2 In general, input tax recovery is made on a group basis using the standard method as follows:

- input tax directly attributable to the making of taxable supplies will be claimable;
- input tax directly attributable to the making of Regulation 33 exempt supplies will be claimable if he is not carrying on a Regulation 34 business and the Regulation 35 test is satisfied. Otherwise, input tax attributable to such exempt supplies is not claimable;
- input tax directly attributable to the making of non-Regulation 33 exempt supplies is not claimable;
- residual input tax, i.e. input tax that is not directly attributable to the making of taxable or exempt supplies, shall be apportioned in the following manner:-

(a) if the trader is not carrying on a Regulation 34 business and the Regulation 35 test is satisfied –

$$\text{Recoverable residual input tax} = \text{Total residual input tax} \times \frac{\text{Value of taxable supplies} + \text{Value of Regulation 33 exempt supplies}}{\text{Value of total supplies}^{\#}}$$

(b) otherwise –

$$\text{Recoverable residual input tax} = \text{Total residual input tax} \times \frac{\text{Value of taxable supplies}}{\text{Value of total supplies}^{\#}}$$

[#] The value of total supplies includes the value of taxable supplies and exempt supplies (Regulation 33 and non-Regulation 33 exempt supplies). If you have obtained prior approval from the Comptroller to treat certain exempt supplies as incidental exempt supplies under Regulation 29(3), you can deduct such exempt supplies from the value of total supplies.

[Note: Any GST incurred on expenses specifically disallowed under Regulations 26 and 27 of the GST (General) Regulations, or for non-business purpose, is not claimable at all.]

5 COMPANIES WITH SPECIAL SCHEME

5.1 Companies under the Major Exporter Scheme will be removed from the scheme once group registration is granted. The representative member would have to apply for any such scheme on behalf of the GST group.

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- 5.2 For companies under the Zero GST Warehouse Scheme or Approved Third Party Logistics Company Scheme, the Comptroller will assess whether the said scheme can be allowed to continue after group registration. If the scheme cannot be continued, then the representative member would have to apply for any such scheme on behalf of the group.

6 COMPTROLLER'S POWERS

- 6.1 The Comptroller will consider each application on its own merits.
- 6.2 The Comptroller is empowered to de-register a group or remove any member of an existing group if:
- (a) The group or any member has at any time ceased to satisfy any of the control requirements (as explained in para 3.8 above);
 - (b) The group or any member has failed to comply with any conditions or requirements imposed by the Comptroller as he may think fit;
 - (c) The group or any member has provided any false, misleading or inaccurate declaration or information in its application;
 - (d) The representative member of the group has ceased to satisfy any of the requirements for eligibility to be a representative member;
 - (e) None of members of the group is eligible to be a representative member; or
 - (f) It is necessary for the protection of the revenue.

7 APPLICATION FOR GST GROUP REGISTRATION

- 7.1 Before applying for GST group registration, the group should nominate a "representative member" who belongs to the proposed group. All members of the proposed group must already be registered for GST individually.
- 7.2 GST-G-1: Application for Group Registration
- All members of the group must make a joint application to the Comptroller using Form GST-G-1. In the application, they should specify the name of the member nominated by them as their representative member.
 - The application must be made **at least 90 days** before the proposed effective date of the group registration.
 - The Comptroller reserves the right to allow grouping on a date later than that requested if application is not made at least 90 days before the requested date of the group registration.

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- 7.3 GST-G-2: Application for Inclusion/Removal of Member To/From the GST Group
Application Form GST-G-2 must be submitted to include new members in the group or when a member leaves/ is removed from the group. The Comptroller can refuse the application if he thinks fit.
- 7.4 GST-G-3: Application for Deregistration of Group
Application Form GST-G-3 must be submitted to deregister the group. Once the group is deregistered, the group GST registration number will be cancelled. All members, henceforth on their own, will use their individual GST registration number that were allotted to them before the group registration.
- 7.5 GST-G-4: Application for Change of Group Representative Member
Application Form GST-G-4 must be submitted to change the group representative member. The Comptroller has the right to refuse the application if he thinks it is necessary to do so.
- 7.6 The application forms can be downloaded from our website at www.iras.gov.sg > Quick links > Tax forms > GST.

8 OBLIGATIONS UNDER GROUP REGISTRATION

- 8.1 The Comptroller must be informed when any member switches from making taxable supplies to exempt supplies;
- 8.2 The control requirements for every member must be satisfied at all times;
- 8.3 Every member of the group and its representative member must continue to satisfy the required criteria (as explained in paragraph 3) at all times;
- 8.4 The representative member must be a Singapore resident or has an established place of business in Singapore at all times;
- 8.5 The representative member must inform the Comptroller in writing within 30 days if there are changes to the above conditions. The Comptroller shall have the right to remove that affected member from the group or deregister the group altogether;
- 8.6 On notification and subsequent review, the Comptroller may decide to de-register the group or remove any member from the group where appropriate; and
- 8.7 Notwithstanding the above, the Comptroller has the power to de-register a group or remove any member of an existing group as explained in 6.2.

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9 APPENDIX A

NOTES FOR COMPLETING GST-G-1: Application for Group Registration

These notes and the General Guide on GST Group Registration must be read jointly when completing the application form.

Please fill in all particulars as required as an incomplete form may delay processing of your application.

CONDITIONS

(a) Registration for GST

Members wishing to be group registered must first be registered individually for GST.

The Comptroller reserves the right to allow grouping on a date later than that requested.

(b) Time for filing application

You are required to submit your application to the Comptroller at least 90 days before the proposed effective date of the group registration. (Please ensure that the group's accounting and administrative system is ready on the proposed date.)

(c) Proposed Group Structure

Please attach the organisational chart of the proposed group together with the application form. The organisation chart must highlight the following particulars:

- (i.) the name of the person controlling the group;
- (ii.) the names of all members in the proposed group;
- (iii.) how the person in paragraph (i) controls each member mentioned in paragraph (ii), stating the percentage of voting power, or the issued share capital, or the basis of control over the composition of the board of directors of each member;
- (iv.) indicate the position of the nominated representative member in the organisational chart; and
- (v.) indicate all partially-exempt members.

An example of the above is illustrated in [Appendix B](#).

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(d) **Members applying for group registration**

All members applying for group registration must declare and sign in this application form. They will all be liable jointly and severally for any tax due from the proposed representative member.

Notes for APPLICATION FORM

(a) **Particulars of Nominated Group Representative Member**

The representative member will have to be nominated by the proposed group members.

The nominated representative member must be a Singapore resident or has an established place of business in Singapore.

The representative member's address will be the address as filed with the Accounting And Corporate Regulatory Authority (ACRA). If this is different from the address filed with the Comptroller, please enclose the latest ACRA Business Profile.

All correspondences will be forwarded to the above-mentioned address, unless a separate address is indicated in the Postal Address box.

Please complete the nominated representative member's GST registration number.

The Comptroller reserves the right to appoint another member of the proposed group as the representative member.

(b) **Major Exporter Scheme / Zero GST Warehouse Scheme / Approved Third Party Logistics Company Scheme**

Please indicate if there are members who are in the above schemes.

(c) **Particulars of Member(s) to be grouped**

Please state the name and the GST registration number of every proposed group member.

If space is insufficient, please give details in a separate attachment.

(d) **Proposed Grouping Date**

It is the requested date for GST grouping to be effective.

(The application must be made **at least 90 days** before the proposed effective date of the GST group registration.)

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(e) **Qualifying conditions**

Each member in the proposed group must possess at least one of the following attributes:

- (i.) Is resident in Singapore or has an established place of business in Singapore; or
- (ii.) Has an annual turnover of at least S\$1 million; or
- (iii.) Is listed on a securities exchange established in or outside Singapore; or
- (iv.) Is a subsidiary of a body corporate that fulfils (ii) or (iii); or
- (v.) Is financed by an entity (as part of its venture capital investment business) who fulfils (ii) or (iii).

The nominated representative member must be a resident in Singapore or has an established place of business in Singapore*.

- *A body corporate is a resident in Singapore if the control and management is exercised in Singapore.
- A body corporate has an established place of business in Singapore if it has a business in Singapore, its physical presence is connected to a premise and the place has a degree of permanence.

Where a proposed group comprises overseas person who does not fulfil (i), the representative member must also fulfil (ii), (iii), (iv) or (v) in para (e).

Each member in the proposed group must satisfy the control requirements.

Please indicate the list of members making supplies involving the sales or lease of residential properties in a separate attachment, if any. State the value of such supplies made by each member in the attachment.

Please refer to [3 Qualifying Criteria for GST Group Registration](#) for full list of conditions.

(f) **Partially Exempt Trader**

If there are partially-exempt members in the group, please list these members.

(g) **Group Control**

Person controlling the group

- i. Type of person who controls the group
Please tick the relevant box.
- ii. Details of person controlling the group
The name of the controlling person will be the name as mentioned herein. In this case of a controlling partnership, please state the name

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of the partnership. Attach separately the name and Tax Reference Number of each partner.

The registered address of the business or body corporate will be the latest address as in the Accounting And Corporate Regulatory Authority (ACRA) Business Profile.

All correspondences will be forwarded to the above-mentioned address, unless a separate address is indicated in the Postal Address box.

Please quote the controlling person's Tax Reference Number in the Identification Number Box

iii. Control

Please tick (yes) if the person controls all the members in any of the 3 criteria stipulated.

If, however, there is a case in which the person does not control a member in any of the 3 criteria stipulated, please tick (no).

A member who fails to satisfy the control criteria will not be allowed in the group.

(h) **Contact Person**

The person should be an authorised officer of the nominated local representative member and he/she will answer queries on GST matters pertaining to the group.

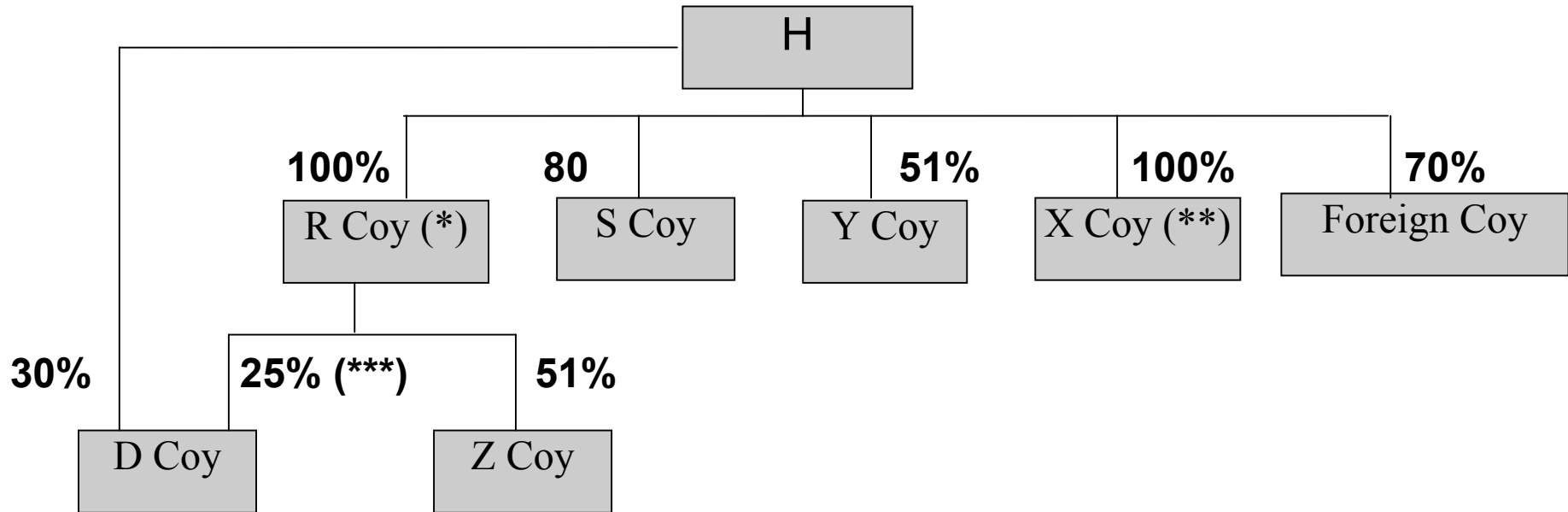
(i) **Declaration**

All members in the proposed group must declare and sign in this application form. The company representative who signs on behalf of each member must be a director, a company secretary or an official appointed by its board of directors. Please state the name and designation of the company representative signing the application and name of the member he is representing.

If space is insufficient, please give details in separate attachment.

10 APPENDIX B

EXAMPLE OF PROPOSED GROUP STRUCTURE



Note: -

Person controlling the group is H

*Nominated Group Representative Member

** Partially exempt member

*** Through R Coy, H controls the composition of the Board of Directors of D Coy