

IRAS e-Tax Guide

GST: Supply of Electricity to Master-Metered and Sub-Metered Consumers



INLAND REVENUE
AUTHORITY
OF SINGAPORE

Published by
Inland Revenue Authority of Singapore

Published on 30 Sep 2013

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1 Aim

- 1.1 This e-Tax Guide¹ explains the GST treatment relating to the supply of electricity in the retail market under the en-bloc electricity purchase arrangement in the National Electricity Market of Singapore.

2 At a glance

- 2.1 Under the en-bloc electricity purchase arrangement, the licensed electricity retailer sells electricity to the landlord of a building with master-metered account (i.e. master-metered consumer). The landlord in turn sells electricity to the tenants (i.e. sub-metered consumers).
- 2.2 The GST-registered electricity retailer needs to charge the master-metered consumer GST on all the electricity used in the entire building. Subsequently, the GST-registered master-metered consumer needs to charge GST to each sub-metered consumer on the portion of the electricity used by them.
- 2.3 The retailer may issue invoices and collect payment on behalf of the master-metered consumer from the sub-metered consumers. The master-metered consumer is still liable to account for GST on the portion of electricity charged to the sub-metered consumers in its GST returns.

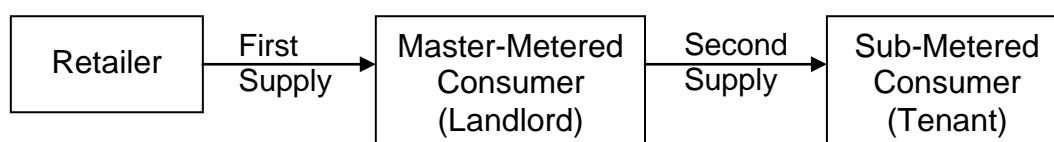
¹ This e-Tax Guide replaces the IRAS' e-Tax Guide on "GST Treatment on the Supply of Electricity" published in Feb 2006.

3 Background of En-bloc Electricity Purchase Arrangement

- 3.1 With the liberalisation of the electricity retail market, contestable² consumers at non-residential premises have a choice of buying electricity from any of the licensed electricity retailers³ or from the wholesale electricity market⁴.
- 3.2 The landlords of commercial buildings⁵ with master-metered accounts can apply to the competent authority⁶ for en-bloc contestability status if:
- they meet the contestability threshold of electricity consumption for the entire building; and
 - they obtain 100% consent from all their sub-metered tenants to buy electricity en-bloc on their behalf.
- 3.3 Under the en-bloc electricity purchase arrangement, there are two separate contractual relationships:
- one between the electricity retailer and the master-metered consumer; and
 - another between the master-metered consumer and the sub-metered consumers. This can either be bundled with the principal agreement under the first contractual relationship or separately entered into between the master-metered consumer and their respective sub-metered consumers.
- 3.4 Some retailers also undertake value-added services for their master-metered consumers, i.e. billing the sub-metered consumers for purchase of electricity under the en-bloc electricity purchase arrangement.

4 GST treatment of supply of electricity under the en-bloc electricity purchase arrangement

- 4.1 There are two separate supplies of electricity under the en-bloc electricity purchase arrangement. The first supply is made from the electricity retailer to the master-metered consumer, and the second supply is from the master-metered consumer to the sub-metered consumer.



² A consumer's contestability status is determined based on a qualifying quantum of electricity consumed.

³ Instead of buying electricity at regulated tariff, the contestable consumer can negotiate with licensed electricity retailer on electricity supply packages or price plans based on its needs.

⁴ For electricity bought from the wholesale market, the electricity consumption will be billed at spot prices.

⁵ E.g. shopping malls, multi-storey factories, industrial complexes, etc.

⁶ This refers to the Energy Market Authority.

4.2 In this arrangement, the GST treatment of each supply will be:

Retailer supplies electricity to the master-metered consumer

The GST-registered retailer has to issue a tax invoice to the master-metered consumer and account for GST on the supply of electricity for the entire building, including those consumed by the sub-metered consumers.

Onward supply of electricity to the sub-metered consumers

- ***If the master-metered consumer is GST-registered***

The GST-registered master-metered consumer is entitled to claim the GST charged by the retailer, subject to the rules for claiming input tax. The GST-registered master-metered consumer is also required to issue tax invoices to charge and account for GST on the portion of electricity consumed by the sub-metered consumer.

- ***If the master-metered consumer is not GST-registered***

The master-metered consumer is not entitled to claim the GST charged by the retailer. The master-metered consumer also does not have to charge GST to the sub-metered consumers.

- ***Sub-metered consumer***

Only a GST-registered sub-metered consumer is entitled to claim the GST charged by the GST-registered master-metered consumer, subject to the rules for claiming input tax.

5 Billing and collection of payment by electricity retailers on behalf of GST-registered master-metered consumers

5.1 Some retailers may issue invoices and/or collect payment on behalf of the master-metered consumers from the sub-metered consumers. For instance, the retailers may invoice the sub-metered consumers on the portion of the electricity used by them.

5.2 Although the retailer is taking on the role of billing for its master-metered consumer, it does not take on the latter's role in GST accounting in respect of its supply of electricity made to the sub-metered consumers.

5.3 The GST-registered master-metered consumer has to keep records and account for the GST charged on the portion of electricity consumed by the sub-metered consumers in its GST returns.

5.4 The retailer issuing tax invoices on behalf of the GST-registered master-metered consumers has to ensure the following:

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- (i) The retailer is authorised by the master-metered consumer to issue the tax invoices on its behalf.
- (ii) The retailer has to keep proper records and maintain an audit trail on those tax invoices issued on behalf of the master-metered consumers.
- (iii) The retailer has to provide the master-metered consumer with sufficient information and/or documents required for the master-metered consumer to account for output tax on the electricity consumed by the sub-metered consumers.
- (iv) The tax invoices contain the particulars required under Regulation 11 of the GST (General) Regulations⁷.
- (v) If the retailer uses its letterhead to bill the sub-metered consumer, the retailer is required to state the following on the invoice:
 - The invoice is issued on behalf of the master-metered consumer; and
 - The master-metered consumer's name and GST registration number must be shown.

5.5 If the master-metered consumer is not GST-registered, the words "tax invoice" and the GST amount should not be shown on the invoice issued to the sub-metered consumer. This is so even though the retailer is GST-registered.

6 Contact information

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

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⁷ Please refer to Annex A for the information required on a tax invoice under Regulation 11 of the GST (General) Regulations.

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7 Updates and amendments

	Date of amendment	Amendments made
1	30 Sep 2013	This guide replaces the IRAS' e-Tax Guide on "GST Treatment on the Supply of Electricity". Editorial amendments are made.

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Annex A – Information required on a tax invoice under Regulation 11 of the GST (General) Regulations

A tax invoice must show the following:

- (a) the words "tax invoice" in a prominent place;
- (b) an identifying number;
- (c) the date of issue of the invoice;
- (d) the name, address and registration number of the supplier (in this instance, it will be the respective master-metered consumer);
- (e) the name and address of the person to whom the goods or services are supplied;
- (f) a description sufficient to identify the goods or services supplied and the type of supply;
- (g) for each description, the quantity of the goods or the extent of the services and the amount payable, excluding tax;
- (h) any cash discount offered;
- (i) the total amount payable excluding tax, the rate of tax and the total tax chargeable shown as a separate amount;
- (j) the total amount payable including the total tax chargeable; and
- (k) any amount referred to in sub-paragraphs (i) and (j), expressed in a currency, other than Singapore currency, shall also be expressed in Singapore currency in accordance with paragraph 11 of the Third Schedule to the Act.