

IRAS e-Tax Guide

GST: Time of Supply Rules



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GST: Time of Supply Rules

1 Aim

- 1.1 This e-Tax Guide¹ explains the general rules determining the time of supply², including changes made to the rules which took effect from 1 January 2011. It also explains the special time of supply rules³ applicable to exceptional transactions.
- 1.2 This guide is applicable to all GST-registered businesses.

2 At a glance

- 2.1 The time of supply determines when a supply is treated as taking place for GST purposes, specifically, when a supply is to be reported and when the liability to account for tax on a supply arises.
- 2.2 Before 1 January 2011, generally, a supply is treated as taking place at the earliest of:
- a) when goods are removed or made available, or when services are performed (“Basic Tax Point”);
 - b) when payment in respect of the supply is received; and
 - c) when a tax invoice in respect of the supply is issued.
- 2.3 With effect from 1 January 2011, the Basic Tax Point is no longer applicable to most transactions. That is, a supply shall be treated as taking place at the earlier of when an invoice is issued or when payment is received.
- 2.4 The Basic Tax Point is retained for certain transactions where due to their unique characteristics, the Basic Tax Point remains relevant. The Basic Tax Point is also retained for transactions where the Comptroller needs to safeguard tax revenue.

3 Glossary

3.1 Basic Tax Point

For a supply of goods, the Basic Tax Point refers to the time when the goods are delivered. If the goods are not to be delivered (for example, goods such as a building where delivery is not possible), the Basic Tax Point refers to the time when the goods are made available.

¹ This e-Tax guide replaces the IRAS’ e-Tax guide, “GST: Time of Supply Rules” published on 16 Dec 2010.

² The general rules are provided for under section 11 of the GST Act.

³ The special rules are provided for under sections 11A, 11B and 12 of the GST Act.

For a supply of services, the Basic Tax Point will be when the services are performed

3.2 Consideration

Consideration refers to any payment, whether monetary or non-monetary, made in return for goods or services provided. Non-monetary payments will include any benefit in kind that possesses commercial value.

3.3 Immovable property

Immovable property refers to any building or structure (e.g. office building, factory, shopping mall and warehouse) that is permanently affixed to the land. Building or structure will also include the fixtures that are permanently attached to it (e.g. lift, escalator, built-in cabinets and mounted air-conditioners).

3.4 Invoice

Invoice for the purpose of GST means any document that serves as a bill for payment for supplies made by a GST-registered supplier. It includes a tax invoice and a debit note.

Documents such as sales order, pro-forma invoice, statement of accounts and letter/statement of claims are not considered as invoices for GST purposes. These documents are often not billing for payments and therefore, are not treated as invoices under normal commercial practices.

3.5 Payment

For the purpose of this e-tax guide, payment refers to the payment of anything that constitutes a consideration.

3.6 Supply

A supply refers to anything that is done for a consideration⁴. Hence, the provision of any goods or services (including the grant, assignment or surrender of any right) in return for a consideration is a supply.

Something that is not done for a consideration can still be a supply if it is treated as such under the Second Schedule to the GST Act. An example is the disposal of business asset without consideration that is treated as a supply of goods under paragraph 5(1) of the Second Schedule.

⁴ Section 10(2) of the GST Act provides that “supply” includes “all forms of supply, but not anything done otherwise than for a consideration”.

4 Background

- 4.1 A GST-registered business is required to charge GST on all his taxable supplies of goods and services made in Singapore. Whenever such supplies are made, the GST-registered business is required to report these supplies and account for GST in his GST return. In order to know when supplies are treated as being made for GST purposes, the GST-registered business will need to apply the time of supply rules.
- 4.2 The time of supply rules have been amended with effect from 1 January 2011 so as to align these rules to commercial practice, while maintaining the integrity of the GST system. As businesses generally recognise sales based on invoice or payment dates, the Basic Tax Point was thus removed from the general time of supply rules. That is, with effect from 1 January 2011, the time of supply is triggered only by the issuance of an invoice or the receipt of payment for the supply, whichever happens earlier.
- 4.3 The change in the time of supply rules reduces compliance costs for businesses, as they are no longer required, purely for GST purposes, to track events (such as when goods are delivered or when services are performed).

5 Time of Supply Rules Before 1 January 2011

General time of supply rules

- 5.1 Before 1 January 2011, a supply was considered to be made at the earliest of the following three events:
- a) Basic Tax Point;
 - b) when payment in respect of the supply was received; or
 - c) when a tax invoice in respect of the supply was issued.
- 5.2 The above rules applied to transactions in general. These rules were referred to as the general time of supply rules.

14-day rule

- 5.3 The general time of supply rules were subject to the “14-day” rule – that is, if a tax invoice was issued within 14 days after the Basic Tax Point, the time of supply would be the date of issuance of tax invoice.
- 5.4 However, if the payment for the supply was received before the Basic Tax Point, the “14-day” rule would not apply. For such cases where payment was received before the Basic Tax Point and issuance of tax invoice, the time of supply should be the date that payment was received.

Special time of supply rules

- 5.5 Special time of supply rules, which superceded the general rules, applied to certain transactions such as construction services, continuous supplies of services, etc. (see the list of services under Appendix 2). Most of these special rules did not take into account the Basic Tax Point.

6 Time of Supply Rules With Effect From 1 January 2011

General time of supply rules

- 6.1 The time of supply for most transactions will be triggered by the earlier of the following:
- a) when payment in respect of the supply is received; or
 - b) when an invoice in respect of the supply is issued.

When Payment is considered as Received

- 6.2 The rules governing when payment is received for various modes of payment remain unchanged. The following are some examples:
- **Cash**
Payment is treated as received on the date that you receive the cash from your customer;
 - **AXS & SAM Machines/NETS Facility/Credit Card etc.**
Payment is treated as received on the date when these establishments transfer the money to you;
 - **Telegraphic Transfer**
Payment is treated as received on the date when your bank receives the money; and
 - **Cheques**
Payment is treated as received on the date when you present the cheque to the bank (i.e. the bank-in date). For a cheque that is dishonoured, payment is treated as received on the date that you present the new cheque to the bank.
- 6.3 Payment to stakeholders is not considered as received until the monies are released. Notwithstanding this, the time of supply may still be triggered by the issuance of invoice, as explained below.

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Issuance of an Invoice

- 6.4 Prior to 1 January 2011, the issuance of a tax invoice⁵ – and not any other type of invoice – will trigger the time of supply. With effect from 1 January 2011, the issuance of any type of invoice will trigger the time of supply.

Issuance of Tax Invoice Within 30 days of Time of Supply⁶

- 6.5 The changes to the time of supply rules with effect from 1 January 2011 will not affect the existing requirement for GST-registered businesses to issue a tax invoice for a supply made to another GST-registered person within 30 days of the time of supply. For example, if the time of supply is triggered by the receipt of payment, a tax invoice has to be issued within 30 days from the date the payment is received. This is because GST-registered customers require a tax invoice to support their input tax claims.

Exceptions to the general rule

- 6.6 Exceptions to the general time of supply rules mentioned in paragraph 6.1 above will apply to specific scenarios. These scenarios are covered in paragraphs 7 to 10 below.

⁵ For more information on tax invoice, please refer to the e-Tax Guide “GST: General Guide for Businesses”

⁶ Regulation 10(5) of the GST (General) Regulations

7 Exceptional Time of Supply Rule for Instalment Payment⁷

7.1 This rule applies to a supplier who supplies goods or services together with financing services to his customer (such a transaction is referred to as “instalment payment transaction” for the purpose of this guide). An example of an instalment payment transaction is the supply of goods under a hire purchase.

7.2 The rule was introduced together with the change in the general time of supply rules on 1 Jan 2011 to ensure that output tax accountable on instalment payment transactions will not be unduly delayed with the removal of the Basic Tax Point.⁸ The rule requires the supplier cum financier to account for output tax on the full value of the supply when he first issues an invoice to or receives the first payment from his customer.

Example 1:

Co. A sold machinery to Co. B under an instalment credit financing arrangement to finance the purchase amount of \$3,000 excluding 7% GST. Under the terms of the financing arrangement, Co. B was to make monthly payment of \$267.50 starting from 1 Mar. Invoice for the first instalment payment was issued on 15 Feb. Co. B took delivery of the machinery on 1 Feb.

The table below shows the time of supply for the sale of machinery under the time of supply rules before and rules with effect from 1 Jan 2011:

	Rules before 1 Jan 2011	Rules with effect from 1 Jan 2011
Event Triggering time of supply	Delivery of goods on 1 Feb	Tax invoice issued on 15 Feb
Value of supply	\$3,000	\$3,000

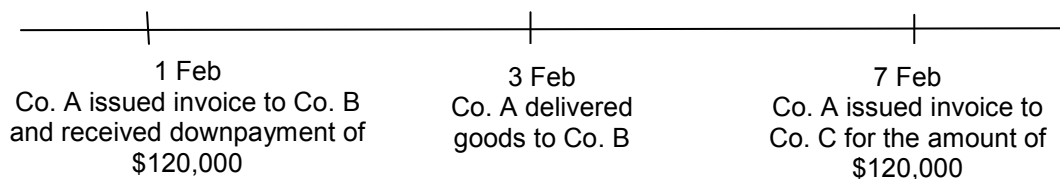
⁷ Section 11B(5) of the GST Act.

⁸ Prior to 1 Jan 2011, the supplier would have to account for output tax in full upon delivery of the goods (the Basic Tax Point) even if at that point in time, he only received part payment or issued a tax invoice for part payment.

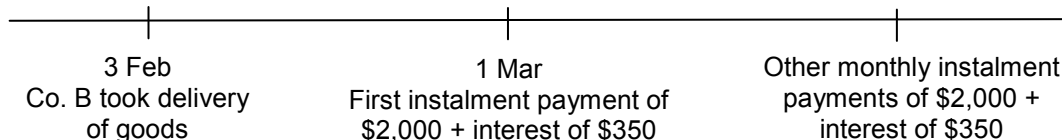
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Example 2:

Supply by Co. A:



Supply by Co. C:



Co. A sold a motor car to Co. B for a total price of \$240,000 including 7% GST. Co. B made a downpayment of \$120,000 and received an invoice from Co. A for that amount on 1 Feb. At the same time, Co. B also entered into a hire-purchase agreement with Co. C, a finance company, to seek financing for the remaining amount. Co. B took delivery of the motor car on 3 Feb. The terms of the hire-purchase were as follows:

Amount:	\$120,000
Term:	5 years (or 60 months)
Interest rate:	3.5% per annum
Monthly Interest:	\$350 (i.e. \$120,000 x 5 years x 3.5% / 60 months)
Monthly payment:	\$2,000 (exclude interest)

In this case, there were two suppliers for the supply of the motor car, namely Co. A and Co. C. The table below shows the time of supply for the supplies made by Co. A and Co. C under the time of supply rules before and wef 1 Jan 2011.

Rules before 1 Jan 2011

Supplier / Type of supply	Time of supply triggered by:			Time of supply	Value of supply including GST	Remarks
	Invoice	Delivery	Payment date			
Company A						
Supply of motor car	√		√	1 Feb	\$120,000	Output tax to be accounted for on deposit
		√		3 Feb	\$120,000	Output tax to be accounted for on the balance amount
Company C						
Supply of motor car		√		3 Feb	\$120,000 (including GST)	Output tax to be accounted on the entire supply upon delivery (i.e. this example assumes that tax invoice for the full supply has not been issued)
Supply of credit			√	1 Mar	\$350	Interest received*

* The provision of credit is an exempt supply. The time of supply for the remaining interest amount

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Continuation of Example 2:

Rules with effect from 1 Jan 2011

Supplier / Type of supply	Time of supply triggered by:			Time of supply	Value of supply including GST	Remarks
	Invoice	Delivery	Payment date			
Company A						
Supply of motor car	√		√	1 Feb	\$120,000	Output tax to be accounted for on deposit
	√			7 Feb	\$120,000	Output tax to be accounted for on the balance amount
Company C	Invoice	Delivery	Payment date	Time of supply	Value of supply	Remarks
Supply of motor car			√	1 Mar	\$120,000 (including GST)	Output tax to be accounted on the entire supply upon the invoice or payment of the first instalment
Supply of credit			√	1 Mar	\$350	Interest received*

* The provision of credit is an exempt supply. The time of supply for the remaining interest amount will be triggered periodically by the receipt of payment (or issue of invoice where applicable, whichever is the earlier).

8 Situations where Businesses will Continue to Track Basic Tax Point

8.1 Regardless of the changes to the general time of supply rules effective from 1 January 2011, businesses are still required to track the Basic Tax Point for the following:

- a) Determining Taxability of Supplies Straddling Registration Date;
- b) Supplies Spanning De-Registration;
- c) Sale of Immovable Properties;

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- d) Supplies Made by a Section 33(2) Agent;
- e) Business Assets Put To Private Use/ Transferred/ Disposed Of Without Consideration; and
- f) Supplies Between Connected Persons.

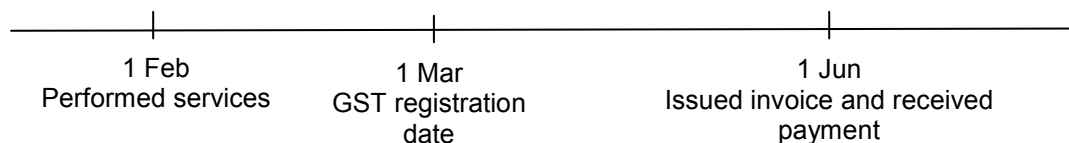
Determining Taxability of Supplies Straddling GST Registration Date

- 8.2 Supplies made by a newly GST-registered business may straddle its GST registration date. For example, the business may perform a supply of service before its GST registration date but issues an invoice and receives payment for that service only after its GST registration date.
- 8.3 Based on the general time of supply rules effective from 1 Jan 2011, if the invoice is issued and payment is received after the date of GST registration, the supply is treated as made after the date of GST registration. Hence, GST is chargeable on the supply.
- 8.4 If the Basic Tax Point takes place before the business is, or is required to be GST-registered, customers of the business can request the business to treat the supply as taking place based on the Basic Tax Point⁹. Consequently, no GST is chargeable on the supply since it is made before the business is registered for GST. Only customers who are not entitled to claim input tax credit for the whole or part of the tax on the supply can seek this GST relief. Examples are customers who are not registered for GST, whose input tax is partly disallowed by virtue of them being a partially exempt business, or whose input tax is blocked by regulations 26 or 27.
- 8.5 To seek the relief, the customer and the supplier must complete and sign the "Request for relief of GST on goods or services supplied prior to supplier's GST registration date" form. A copy of the form can be downloaded from IRAS' website. Both parties have to ensure that the declarations made in the form are correct to avoid the possibility of penalties being imposed. In addition, the supplier has to ensure that the various checks mentioned in the form are duly performed.

⁹ Section 11B(2) of the GST Act.

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Example 3:



Co. A performed its services on 1 Feb prior to its GST registration date. Co. A issued invoice for the supply on 1 Jun and received payment on the same day.

	Rules before 1 Jan 2011	Rules wef 1 Jan 2011
Event Triggering time of supply	Performance of services on 1 Feb	Invoice and payment on 1 Jun

Based on the time of supply rules before 1 Jan 2011, the supply is treated as taking place before Co. A became GST-registered. Therefore, the supply would not be subject to GST.

With effect from 1 Jan 2011, the time of supply for the services is treated as taking place on 1 June, after Co. A became GST-registered. Therefore, the supply would be subject to GST. However, Co. A need not charge GST on this supply if its non-GST-registered customer requested for relief of GST on the services performed prior to registration.

[Note: In cases where Co A is not required to charge GST on his supply, Co. A will not be allowed to claim the input tax claims incurred to make that supply.]

Time of Supply for Supplies Spanning De-Registration

- 8.6 Supplies made by a business that has cancelled its GST registration may straddle its GST de-registration date. For example, the business may supply a service before its de-registration date but issues an invoice and receives payment for that service only after it ceases to be registered for GST.
- 8.7 In cases where the Basic Tax Point (i.e. delivery of goods or performance of services) takes place before the business de-registers from GST and full output tax on the supply has not been accounted for at the date of de-registration, the supply of goods or services shall to the extent that it is not covered by any invoice or payment, be treated as taking place on the day immediately before it ceases to be registered for GST¹⁰.

¹⁰ Section 11B(6) of the GST Act.

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Example 4:



Co. A sold and delivered goods worth \$10,000 + 7% GST on 1 Feb before it de-registered from GST.

Rules before 1 Jan 2011

Co. A had to account for GST on the full value (\$10,000) of supply at the time when the goods were delivered (i.e. 1 Feb).

Rules with effect from 1 Jan 2011

Co. A had to account for GST on the part payment of \$3,000 received on 1 Mar. Though the time of supply for the remaining balance had not been triggered by invoice or payment before the de-registration date, Co. A would still have to account for GST on the remaining balance of \$7,000 on the day immediately before Co A ceased to be GST-registered (i.e. 30 May).

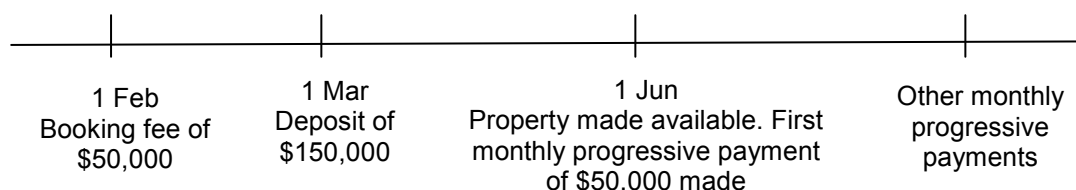
Time of Supply for Sale of Land and Immovable Property¹¹

- 8.8 The Basic Tax Point remains applicable to the sale of land and immovable properties even after 1 January 2011. That is, a GST-registered seller has to account for GST at the earliest of the following events:
- when payment is received;
 - when **an invoice** is issued;
 - when the title of the property is transferred upon legal completion; or
 - when the property is made available to the buyer for occupation.
- 8.9 The application of the time of supply rules to the sale of a completed non-residential property and a non-residential property under development is explained further in the paragraphs below.
- 8.10 In a typical sale of a completed non-residential property, the seller normally receives a 5% booking fee, followed by a 15% deposit when the option is exercised. The property is usually transferred to the buyer upon completion of the sale. In this case, the GST-registered seller will have to account for GST on both the 5% booking fee and the 15% deposit at the earlier of receipt of payment or issuance of invoice. GST on the remaining sum will be accounted for at the earliest of the events (a) to (d) in paragraph 8.8 above.

¹¹ Section 11(3) and 11(4) of the GST Act.

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Example 5:



Co. A sold a completed commercial shophouse to Co. B for \$1,000,000 + 7% GST. Co. B paid a 5% booking fee of \$50,000 + 7% GST on 1 Feb, followed by payment of a deposit of \$150,000 + 7% GST on 1 Mar when the option was exercised. For the remaining amount of \$800,000 + 7% GST, Co. A provided financing and Co. B would make progressive payments of \$50,000 every month until the full amount was repaid.

Co. A is required to account for output tax as follows:

Time of supply triggered by	Time of supply	Value of supply (\$)
Receipt of booking fee	1 Feb	50,000
Receipt of deposit	1 Mar	150,000
Property made available	1 Jun	800,000*

* Full output tax on the remaining balance would have to be accounted for. This is despite that full payment had yet to be received.

- 8.11 In a typical sale of a non-residential property under development, the seller collects progressive payments according to the schedule of payments specified in the agreement. The property is usually made available to the buyer for occupation after the issuance of Temporary Occupation Permit.
- 8.12 In this case, the GST-registered seller has to account for GST on each progressive payment based on the earlier of receipt of payment or issuance of invoice. Once the property is made available or transferred to the buyer, the GST-registered seller has to account for GST on the remaining sale proceeds in full (regardless of whether the entire remaining sum for the property has been received).
- 8.13 Please refer to our e-Tax Guides, “GST Guide for Property Owner and Property Holding Company” or “GST Guide for Property Developer” for more information on the GST treatment of property transactions.

Time of Supply for Supplies Made by a Section 33(2) Agent¹²

- 8.14 An agent who imports goods on behalf of an overseas person who is not registered for GST will have to account for GST on the supply of such goods at the earliest of the following:

¹² Section 11(3) and 11(4) of the GST Act.

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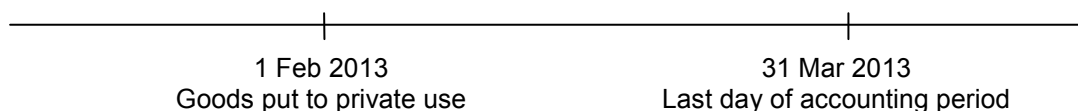
- a) when payment is received;
- b) when an invoice is issued; or
- c) when the goods are made available or removed.

Time of Supply for Business Assets Put To Private Use / Transferred / Disposed Of Without Consideration¹³

- 8.15 When a GST-registered business transfers or disposes of goods forming part of the assets of its business without consideration, it is making a supply of goods for GST purposes¹⁴. There is no change in the time of supply rules for such transfers or disposals. In other words, the supply of goods is treated as taking place when the goods are transferred or disposed of.
- 8.16 When a GST-registered business uses its business assets for a private purpose or makes them available to any person for use other than for a purpose of the business without receiving any payment in return, the business is treated as making a supply of services for GST purposes. There is no change in the time of supply rules for such supply of services. That is, the supply is treated as taking place on the last day of the supplier's prescribed accounting period in which the assets are made available or used.

Example 6:

Co. A's goods were put to private use on 1 Feb 2013. Co. A was on quarterly filing (i.e. Jan – Mar, Apr – Jun, Jul – Sep, Oct – Dec).



In this case, the time of supply was 31 Mar 2013 (i.e. the last day of the prescribed accounting period in which the goods were used for private purposes).

Time of Supply for Supplies Between Connected Persons¹⁵

- 8.17 For supplies made between connected persons¹⁶, the supply is treated as taking place at the earliest of the following:
- a) when invoice is issued;
 - b) when payment is received; and

¹³ Section 11A(4) and 11A(5) of the GST Act.

¹⁴ Provided for under paragraphs 5(1) and 5(3) of the Second Schedule to the GST Act.

¹⁵ Section 11B(3) and 11B(4)

¹⁶ See Appendix 1 for details on connected persons.

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c) 12 months after the Basic Tax Point (i.e. the 12-month rule).

8.18 The 12-month rule does not apply to supplies listed in Appendix 2 which are continuous in nature.

Example 7:



Co. A entered into an agreement to supply goods to its parent company, Co. B. Co. A delivered the goods on 1 Feb 2013. There was no payment received or invoice issued thereafter.

	Rules before 1 Jan 2011	Rules wef 1 Jan 2011
Event Triggering time of supply	Delivery of goods	12 months after Basic Tax Point (i.e. delivery)

Under the time of supply rules effective from 1 Jan 2011, since neither payment is received nor invoice issued within 12 months after the Basic Tax Point (i.e. the delivery of the goods on 1 Feb 2013), the time of supply will be 12 months after the delivery of goods (i.e. 1 Feb 2014).

9 Option to Use the Basic Tax Point¹⁷

9.1 Businesses that wish to use the Basic Tax Point after 1 Jan 2011 will have to seek approval from IRAS. Once approval is granted, businesses shall apply the time of supply rules based on the earliest of the following three events:

- a) Basic Tax Point
- b) when payment in respect of the supply is received; or
- c) when an invoice in respect of the supply is issued.

9.2 Businesses seeking to use the above time of supply rules should take note that:

- a) the 14-day rule will no longer apply; and
- b) the time of supply rule is dependent on invoice, instead of tax invoice.

9.3 Businesses who have obtained approval to use the Basic Tax Point should apply the time of supply rules in paragraph 9.1 consistently. Should these

¹⁷ Section 12 of the GST Act.

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businesses subsequently decide to use a different time of supply rule, they will have to write in to IRAS for approval, stating the reasons for the change.

10 Prescribed Time Of Supply Rules

10.1 Specific time of supply rules have been prescribed for the circumstances and transactions listed below. These prescribed time of supply rules apply to all businesses, including those who have opted to use the Basic Tax Point.

Time of supply based on the earlier of invoice or consideration

- a) Determining Registration Liabilities;
- b) Determining When Supplies Are Made to Claimant for Purchases Straddling GST Registration Date;

Special time of supply rules

- c) Goods Supplied On Approval, "Sale Or Return" Or Similar Terms;
- d) Licence, Tenancy And Lease;
- e) Continuous Supplies Of Services; and
- f) GST Schemes and Special Transactions:
 - Approved Third Party Logistic Company Scheme
 - Approved Contract Manufacturer and Trader Scheme
 - Customer Accounting
 - Cash Accounting
 - Supply of Gold Jewellery
 - Coin-Operated Machines
 - GST Rate Change

Determining Registration Liabilities

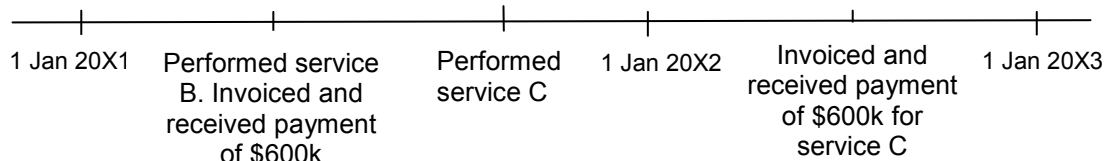
10.2 Businesses that make or expect to make taxable supplies of goods and/or services exceeding S\$1 million annually are required to register with the Comptroller of GST. Therefore, there is a need for businesses to determine the period in which their supplies are made (or are expected to be made), so as to compute whether their turnovers for a particular year (or 12-month period) have exceeded the S\$1 million threshold.

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10.3 With effect from 1 January 2011, the time of supply rules for the purposes of determining GST registration liabilities¹⁸ (regardless of the type of transactions carried out) will be based on the earlier of the following:

- a) when payment in respect of the supply is received; or
- b) when invoice in respect of the supply is issued

Example 8:



Co. A made two supplies of services, namely service B and service C. The agreements were such that Co. A would receive \$600k for each of the two supplies of services. On 31 Dec 20X1, Co. A assessed whether its turnover for the year of 20X1 had exceeded S\$1 million:

Rules before 1 Jan 2011

Nature of services	Time of supply	Value of supply made in 20X1
Service B	Year 20X1 based on performance, invoice and payment	\$600k
Service C	Year 20X1 based on performance	\$600k

Co. A's turnover had exceeded S\$1 million in Year 20X1. Therefore, Co. A's liability to register had arisen on 1 Jan 20X2.

Rules with effect from 1 Jan 2011

Nature of services	Time of supply	Value of supply made in 20X1	Value of supply made in 20X2
Service B	Year 20X1 based on invoice and payment	\$600k	\$0
Service C	Year 20X2 based on invoice and payment	\$0	\$600k

Co. A's turnover did not exceed S\$1 million in Year 20X1. Therefore, Co. A's liability to register had not yet arisen on 1 Jan 20X2

[Note: The above example is a simplified one to illustrate the time of supply rules. Please refer to our e-Tax Guide, "Do I Need to Register" for more information on determining registration liabilities.]

¹⁸ Section 11A(2) of the GST Act

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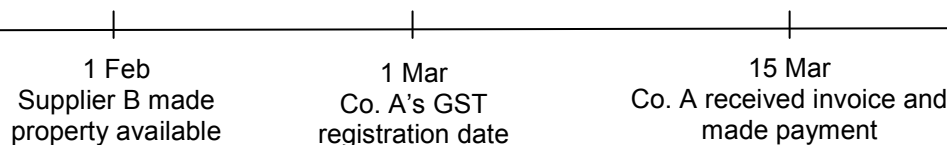
Determining When Supplies Are Made To A Claimant for Purchases Straddling GST Registration Date

- 10.4 Supplies that are acquired by a newly-registered business may straddle its GST registration date. For example, services acquired by a business may be performed before its GST registration date but it may receive an invoice and make payment for that service only after its GST registration date. In such cases, the business will have to determine whether the supplies are made to him before or after he is registered for GST. If the supplies are made to him before he is registered for GST, the GST incurred on the supplies will be treated as claims made before GST-registration. Additional conditions will have to be satisfied before such GST claims can be allowed. Please refer to our e-Tax Guide, "GST: Pre-Registration Claims on Goods and Services" for more information.
- 10.5 Prior to 1 January 2011, businesses had to rely on the time of supply rules applicable to the supplier to determine when supplies were made to them (i.e. whether supplies were made before or after registration).
- 10.6 With effect from 1 January 2011, businesses will have to rely on the time of supply rules below instead for all types of supplies (i.e. regardless of the time of supply rules applicable to the supplier) to determine when supplies are made to them¹⁹. This set of time of supply rules is based on the earlier of the following:
- a) when payment in respect of the supply is received by the supplier; and
 - b) when invoice in respect of the supply is issued by the supplier.

¹⁹ Section 11A(3) of the GST Act

GST: Time of Supply Rules

Example 9:



Co. A purchased a shophouse from Supplier B. The shophouse was to be used by Co A to make taxable supplies after it registered for GST. Supplier B made the property available to Co. A on 1 Feb. Company A received invoice for the supply on 15 Mar and made payment on the same day.

Rules before 1 Jan 2011

The supply from Supplier B would be treated as made to Co. A based on the time of supply rules applicable to Supplier B. As the property was made available to Co A before payment and invoice, the supply would be treated as made to Co. A on 1 Feb (i.e. before Co. A registered for GST).

Rules with effect from 1 Jan 2011

For the purposes of claiming of input GST only, the supply from Supplier B would be treated as made to Co. A on 15 Mar based on invoice and payment. That is, the supply would be treated as made to Co. A after it registered for GST. Therefore, Co. A would be able to claim the input tax incurred on the supply, subject to the normal input tax claiming conditions.

Goods Supplied On Approval, "Sale Or Return" Or Similar Terms

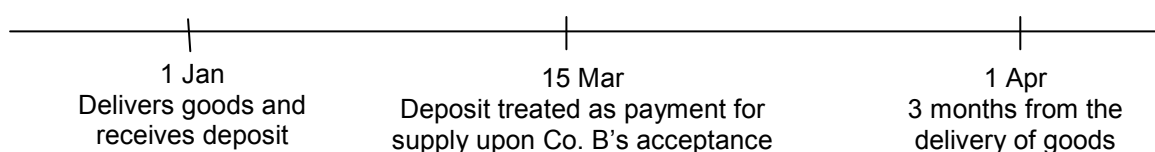
- 10.7 Businesses may supply goods under approval, or sale or return, or similar terms to their customers. In such cases, although the goods have been sent to a customer, no sale takes place until the customer approves the goods and confirms the sale. Prior to 1 January 2011, the time of supply is treated as taking place at the earliest of:
- a) the time when it becomes certain that the supply has taken place;
 - b) when a tax invoice in respect of the supply is issued; or
 - c) 12 months after the removal of the goods.
- 10.8 With effect from 1 January 2011, the time of supply²⁰ will be treated as taking place at the earliest of:
- a) when any payment in respect of the supply is received;
 - b) when invoice in respect of the supply is issued; or
 - c) 12 months after the removal of the goods.

²⁰ Section 11A(6) of the GST Act

GST: Time of Supply Rules

- 10.9 On subparagraph (a) above, the payment must be to settle an existing debt that has arisen from the customer's confirmation/acceptance of the sale. The mere receipt of payment will not trigger the time of supply if the payment is held as security pending the confirmation of the sale. That is, the deposit will only trigger the time of supply when it is used as payment (whether in part or in full) for the supply, following the confirmation of the sale.
- 10.10 Once a payment is received or an invoice is issued, GST has to be accounted for based on the full selling price of the goods.

Example 10:



Co. A entered into an agreement to supply goods to Co. B on "sale or return" terms for a total price of \$1,000 + 7% GST. Under these terms, Co. B would get to retain the goods and decide subsequently whether to buy or reject the goods. The agreement also provided that:

- Co. B was to make a deposit of \$500. The deposit would be refunded in full, should Co. B decide to reject the goods;
- Co. A would treat a sale as having taken place if Co. B accepted the goods or did not reject the goods within 3 months; and
- If a sale had taken place, the deposit made by Co. B would be treated as part payment for the supply. The remaining payment was to be settled within 1 month from the date of sale.

Rules before 1 Jan 2011

The time of supply was triggered on 15 Mar following Co. B's confirmation of the sale. The GST to be accounted for would be based on the full selling price of \$1,000.

Rules with effect from 1 Jan 2011

The time of supply was triggered on 15 Mar when the deposit was treated as payment for the supply. The GST to be accounted for would be based on the full selling price of \$1,000, despite that full payment had not been received.

[Note: While the supply may be treated as taking place on the same date under both rules based on this example, the events that trigger the time of supply differ.]

Licence, Tenancy And Lease

- 10.11 With the exception of the changes to the tax points based on invoice (instead of a tax invoice) and payment (see paragraph 6 above), the time of supply rules for a supply comprising the letting of property remain the same. That is,

GST: Time of Supply Rules

the time of supply is based on the earlier of when payment is received or when invoice is issued.

10.12 However, special time of supply rule²¹ applies to the letting of commercial property where the GST-registered business issues a tax invoice covering an advance period not exceeding 3 years. If that GST-registered business also states the following information in its invoice, in addition to the particulars required of a tax invoice:

- a) the due date of each rental payment;
- b) the amount payable (excluding tax) on each due date; and
- c) the rate of tax and the corresponding GST chargeable,

then GST shall be accounted for at the earlier of:

- a) the due date of each rental payment; or
- b) the date the rental payment is received.

10.13 If the invoice issued does not contain all the information in paragraph 10.12 above, GST is to be accounted for at the earlier of the following:

- a) when payment in respect of the supply is received; or
- b) when invoice in respect of the supply is issued.

Example 11:



Co. A rents an office unit to Co. B for a period of 2 years from 1 Jun 2013 to 31 May 2016. On 1 May 2013, Co. A issued a tax invoice stating the monthly rental payments of \$2,000, are due on the first day of each month during the entire rental period. Co. B pays the first monthly payment only on 1 Jul 2013.

The issue of the tax invoice will not trigger the time of supply. Instead, time of supply will be triggered by the earlier of payment due date or the receipt of the payment. In this case, the time of supply for the first payment will be triggered by the payment due date on 1 Jun 2013. The time of supply for the subsequent payments will be based on the earlier of payment due date or when payment is received.

²¹ Regulation 16(2) of the GST (General) Regulations

GST: Time of Supply Rules

Continuous Supplies Of Services

- 10.14 With the exception of the changes to the tax points based on invoice (instead of tax invoice) and payment (see paragraph 6 above), the time of supply rules for a continuous supply of services²² remain the same. That is, the time of supply for a continuous supply of services is based on the earlier of when payment is received or when an invoice is issued.
- 10.15 However, special time of supply rule²³ applies to a continuous supply of services where the GST registered business issues a tax invoice for an advance period not exceeding 12 months. If that invoice also contains, in addition to the particulars required of a tax invoice, the following particulars:
- a) the due dates of each payment;
 - b) the amount payable (excluding tax) on each due date; and
 - c) the rate of tax and the corresponding GST chargeable,
- then GST shall be accounted for at the earlier of:
- a) the due date of each periodic payment; or
 - b) the date each periodic payment is received.
- 10.16 If the invoice issued does not contain all the information in paragraph 10.15 above, GST is to be accounted for at the earlier of the following:
- a) When payment in respect of the supply is received; or
 - b) When invoice in respect of the supply is issued.

²² To mean the provision of services over a continuous period of time, for which payment is received periodically or from time to time

²³ Regulation 20(2) of the GST (General) Regulations

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Example 12:



Co. A provides cleaning services to Co. B for a period of 2 years from 1 Jun 2013 to 31 May 2015. On 1 May 2013, Co. A issues an invoice stating the monthly cleaning fees of \$2,000, are due on the 15th day of each month covering the period from 1 Jun 2013 to 31 May 2014. Co. B pays the first monthly payment in advance on 30 May 2013.

The issue of tax invoice for a 12 month period on 1 May 2013 does not trigger the time of supply. The time of supply for the first payment will be triggered by the receipt of payment on 30 May 2013. The time of supply for the subsequent payments will be based on the earlier of payment due date and when payment is received.

GST Schemes/ Special Transactions

10.17 There is no change to the time of supply for the various GST schemes and the special transactions below.

- Approved Third Party Logistic Company Scheme
- Approved Contract Manufacturer and Trader Scheme
- Customer Accounting / Recipient Accounting
- Cash Accounting
- Supply of Gold Jewellery
- Coin-Operated Machines
- GST Rate Change

10.18 Please refer to the respective guides for more details.

11 Applying the Time of Supply Rules during the Transitional Period²⁴

Time of Supply Rules Before 1 January 2011 Apply

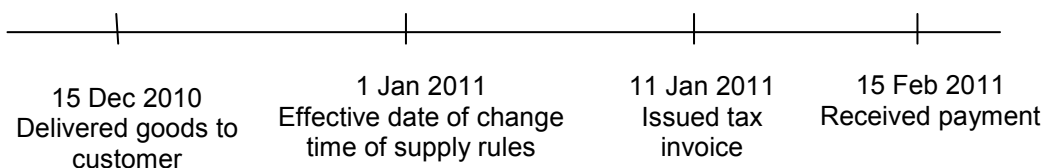
11.1 In cases where any of the following 3 events took place before 1 January 2011, the time of supply rules before 1 January 2011 will apply:

- a) Basic Tax Point, other than supplies falling within Appendix 2;
- b) when payment in respect of the supply is received; or
- c) when tax invoice in respect of the supply is issued.

²⁴ Section 12A of the GST Act.

GST: Time of Supply Rules

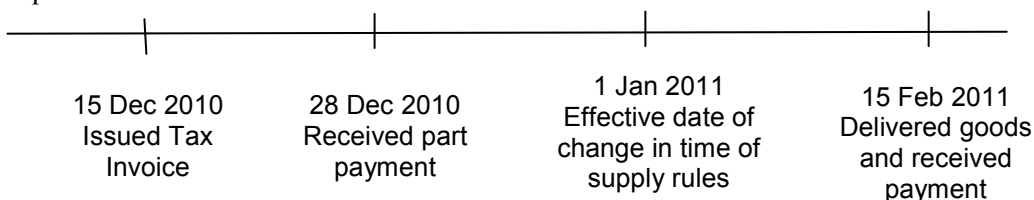
Example 13:



Co. A entered into a contract to supply goods to Co. B. Co. A delivered the goods on 15 Dec 2010 and issued the tax invoice on 11 Jan 2011 (after 14 days from date of delivery). Cash payment from Co. B was received by Co. A on 15 Feb 2011.

The delivery of goods to the customer on 15 Dec 2010 triggered the time of supply based on the time of supply rules before 1 Jan 2011.

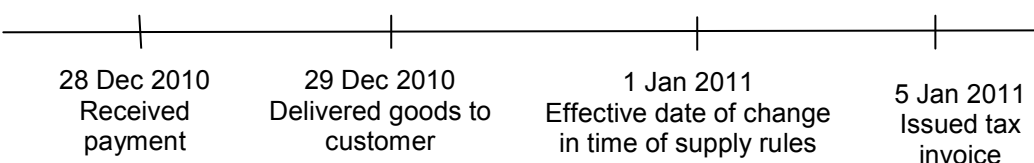
Example 14:



Co. A entered into a contract to supply goods to Co. B. Co. A issued a tax invoice for the full contract sum on 15 Dec 2010. Co. A received part payment on 28 Dec 2010. The remaining amount was received when Co. A delivered the goods to Co. B on 15 Feb 2011.

The issuance of the tax invoice for the full contract sum on 15 Dec 2010 triggered the time of supply based on the time of supply rules before 1 Jan 2011.

Example 15:



Co. A entered into an agreement to supply goods to Co. B. Co. A delivered the goods on 29 Dec 2010 and issued the tax invoice within 14 days to Co. B on 5 Jan 2011. Cash payment from Co. B was received by Co. A on 28 Dec 2010 prior to the issuance of tax invoice.

The receipt of payment on 28 Dec 2010 triggered the time of supply based on the time of supply rules before 1 Jan 2011. The 14-day rule was not applicable given that the time of supply was triggered earlier by the receipt of payment.

GST: Time of Supply Rules

Time of Supply Rules Effective from 1 January 2011 Apply

11.2 In cases where all 3 events listed below take place on or after 1 January 2011, the time of supply rules effective from 1 January 2011 will apply:

- a) Basic Tax Point, other than supplies falling within Appendix 2;
- b) when payment in respect of the supply is received; and
- c) when tax invoice in respect of the supply is issued.

Example 16:

1 Jan 2011 Effective date of change in time of supply rules	11 Jan 2011 Delivered goods to customer	15 Feb 2011 Issued tax invoice	1 Mar 2011 Received payment
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Co. A entered into an agreement to supply goods to Co. B. The contract was signed before 1 January 2011. The delivery of the goods, issuance of the invoice to Co. B, and receipt of payment from Co. B took place after 1 Jan 2011.

The date in which the contract was signed would not affect the time of supply. As the time of supply was not triggered before 1 Jan 2011, the time of supply rules effective from 1 Jan 2011 would apply. Accordingly, the issuance of the tax invoice on 15 Feb 2011 would trigger the time of supply.

Example 17:

28 Dec 2010 Issued invoice	1 Jan 2011 Effective date of change in time of supply rules	5 Jan 2011 Delivered goods to customer	15 Feb 2011 Received payment
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Co. A entered into an agreement to supply a motor car under the gross margin scheme to Co. B. Co. A issued a commercial invoice on 28 Dec 2010 (as tax invoice is not required for supplies made under the gross margin scheme) and delivered the goods to Co. B on 5 Jan 2011. Cash payment from Co. B was received by Co. A on 15 Feb 2011.

Based on the time of supply rules before 1 Jan 2011, the issuance of a commercial invoice on 28 Dec 2010 would not trigger the time of supply. As the time of supply was not triggered before 1 January 2011, the time of supply rules effective from 1 Jan 2011 would apply. Accordingly, the receipt of payment on 15 Feb 2011 would trigger the time of supply.

(Note: If the commercial invoice was issued on or after 1 Jan 2011, it will trigger the time of supply under the time of supply rules wef 1 Jan 2011.)

12 Contact Information

12.1 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

Connected persons²⁵

Individuals

A person (i.e. an individual) is connected with an individual if he is the:

- a) individual's wife or husband;
- b) individual's relative;
- c) wife or husband of a relative of the individual; and
- d) wife or husband of a relative of the individual's wife or husband

Trustee

A person in his capacity as trustee of a settlement is connected with:

- a) any individual who in relation to the settlement is a settlor;
- b) any person who is connected with such an individual referred to in (a) above; and
- c) a body corporate which is connected with that settlement

Partnership

Except in relation to acquisitions or disposals of partnership assets pursuant to bona fide commercial arrangements, a person is connected with:

- a) any person with whom he is in partnership, and
- b) the wife or husband or relative of any individual with whom he is in partnership.

Company

A company is connected with another company if:

- a) the same person has control of both; or
- b) a person has control of one and persons connected with him, or he and persons connected with him, have control of the other; or
- c) a group of 2 or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person with whom he is connected.

²⁵ Paragraph 3 of the Third Schedule to the GST Act.

GST: Time of Supply Rules

A company is connected with another person if:

- a) that person has control of it; or
- b) that person and persons connected with him together have control of it.

Any 2 or more persons acting together to secure or exercise control of a company shall be treated in relation to that company as connected with:

- a) one another; and
- b) any person acting on the directions of any of them to secure or exercise control of the company.

Meaning of Control²⁶

A person (or a group of 2 or more persons) shall be taken to have control of a company if he exercises, or is able to exercise or is entitled to acquire, direct or indirect control over the company's affairs. In particular, a person (or group of persons) would generally have direct or indirect control over the company's affairs if that person (or group) possesses or is entitled to acquire —

- a) the greater part of the share capital or issued share capital of the company or of the voting power in the company;
- b) such part of the issued share capital of the company as would, if the whole of the income of the company were in fact distributed among the participators (without regard to any rights which he or any other person has as a loan creditor), entitle him to receive the greater part of the amount so distributed; or
- c) such rights as would, in the event of the winding up of the company or in any other circumstances, entitle him to receive the greater part of the assets of the company which would then be available for distribution among the participators.

For the above purpose of establishing control, the rights or powers of a person (or group of persons) shall include any rights or powers of a nominee for him, that is to say, any rights or powers which another person possesses on his behalf or may be required to exercise on his direction or behalf.

In this Appendix —

"business trust" has the same meaning as in the Business Trusts Act (Cap. 31A)

"company" includes any body corporate or unincorporated association, but does not include a partnership. It will also apply in relation to any unit trust scheme as if the scheme were a company and as if the rights of the unit holders were shares in the company;

²⁶ Paragraph 4 of the Third Schedule to the GST Act.

GST: Time of Supply Rules

"relative" means brother, sister, ancestor or lineal descendant;

A "participator" is, in relation to any company, a person having a share or interest in the capital or income of the company. This generally includes —

- a) any person who possesses, or is entitled to acquire, share capital or voting rights in the company;
- b) any loan creditor of the company;
- c) any person who possesses, or is entitled to acquire, a right to receive or participate in distributions of the company or any amounts payable by the company (in cash or in kind) to loan creditors by way of premium on redemption; and
- d) any person who is entitled to secure that income or assets (whether present or future) of the company will be applied, directly or indirectly, for his benefit.

"entitled to acquire" will include anything which a person is entitled to acquire at a future date, or will at a future date be entitled to acquire.

SUPPLIES NOT SUBJECT TO 12-MONTH RULE

- (a) a supply of goods under paragraph 4 of the Second Schedule to the Act²⁷ consisting of the grant of a licence, tenancy or lease where the whole or part of the consideration for that grant is payable periodically and attributed to separate periods of the term of the licence, tenancy or lease;
- (b) a supply of any form of power (including electricity), gas (excluding gas supplied in cylinders), water, light, heat, refrigeration, air-conditioning, ventilation, telephone, telex, telepac and similar telecommunications services;
- (c) a supply of goods under an arrangement where the supplier retains the property therein until the goods or part of them are appropriated under the agreement by the buyer and in circumstances where the whole or part of the consideration is determined at that time;
- (d) a supply of goods or services after 1st April 1994 under a contract which provides for the retention of any part of the consideration by one party pending full and satisfactory performance of the contract, or any part of it, by the other party;
- (e) a supply of services for a period for a consideration the whole or part of which is determined or payable periodically or from time to time;
- (f) a supply of services comprising the right to use a benefit where the whole of the consideration for the supply (being in the nature of royalties or other similar payments) cannot be ascertained at the time the services are performed but only subsequently by a person other than the supplier of the services upon the use of the benefit; and
- (g) supplies of goods or services in the course of the construction, alteration, demolition, repair or maintenance of a building or of any engineering work under a contract which provides for payments for such supplies to be made periodically or from time to time.

²⁷ To mean a supply of goods comprising the grant, assignment or surrender of any interest in or right over land or of any licence to occupy land