INLAND REVENUE AUTHORITY OF SINGAPORE

IRAS e-Tax Guide

GST: Guide for Property Developer (Eighth Edition)

Published by
Inland Revenue Authority of Singapore

Published on 30 Jan 2026

First edition on 6 Feb 2015
Second edition on 1 Jan 2018
Third edition on 19 Mar 2018
Fourth edition on 18 Sep 2019
Fifth edition on 1 Aug 2022
Sixth edition on 1 Jan 2023
Seventh edition on 1 Jan 2024

Disclaimers: IRAS shall not be responsible or held accountable in any way for any damage, loss or expense whatsoever, arising directly or indirectly from any inaccuracy or incompleteness in the Contents of this e-Tax Guide, or errors or omissions in the transmission of the Contents. IRAS shall not be responsible or held accountable in any way for any decision made or action taken by you or any third party in reliance upon the Contents in this e-Tax Guide. Except where specific contents carry legal force, this information aims to provide a better general understanding of taxpayers' tax obligations and is not intended to comprehensively address all possible tax issues that may arise. While every effort has been made to ensure that this information is consistent with existing law and practice, should there be any changes, IRAS reserves the right to vary its position accordingly.

© Inland Revenue Authority of Singapore

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, including photocopying and recording without the written permission of the copyright holder, application for which should be addressed to the publisher. Such written permission must also be obtained before any part of this publication is stored in a retrieval system of any nature.

Table of Contents

Page

1 Aim 1

2 At a glance 1

3 Glossary 3

4 Basic GST Concepts on property transactions 5

5 Supplies made in the course of property development 8

6 Input tax claims relating to property development 11

7 Input tax claims relating to construction of mixed development 12

8 De-registration for GST 17

9 Contact Information 18

10 Updates and Amendments 19

Annex A – Illustration of the application of LBC formula 21

Annex B – Illustration of the application of Longer Period Adjustment 23

1 Aim

1.1 This guide explains the GST treatment on the supplies made in relation to the sale of properties by you as a developer and the claiming of GST on the construction of properties.

1.2 For the GST treatment on the lease of properties, please refer to our e-Tax guide on "GST: Guide for Property Owners and Property Holding Companies".

2 At a glance

2.1 The sale of a non-residential property is subject to GST while that of a residential property is exempt from GST. If you are registered for GST, you have to charge GST on the sale of non-residential properties and account for the GST as output tax in your GST returns. Where the sale relates to a property approved for mixed-use (i.e. residential and non-residential use), GST is chargeable on that part of the property that is approved for non-residential use while the part of the property that is approved for residential use is exempt from GST.

2.2 You may claim the GST incurred on the construction of non-residential properties. Input tax incurred on the construction of residential properties is not claimable. Where input tax is incurred on the construction of a mixed development comprising both non-residential and residential properties, you can claim only the portion of input tax relating to the construction of the non-residential properties.

Reverse charge

2.3 From 1 Jan 2020, if you are a GST-registered person who procures services from overseas suppliers (“imported services”), you may be subject to reverse charge if you are not entitled to full input tax credit or if you belong to a GST group that is not entitled to full input tax credit.

2.4 From 1 Jan 2023, a GST-registered person who is subject to reverse charge, will be required to perform reverse charge on all purchases of imported low-value goods (“LVG[1]”), except those directly attributable to taxable supplies. This includes all LVG purchased from local and overseas suppliers, electronic marketplace operators and redeliverers, regardless of whether they are GST-registered or not.

2.5 The application of reverse charge will mean that you have to account for GST on the imported services and the LVG imported as if you are the supplier,

[1] For definition of LVG, please refer to the e-Tax Guide GST: Taxing imported low-value goods by way of the overseas vendor registration regime.

except where they are specifically excluded from the scope of the reverse charge. You will also be entitled to claim the corresponding GST as your input tax, subject to the normal input tax recovery rules.

2.6 For more information on reverse charge, please refer to the e-Tax Guide "GST: Reverse Charge.

3 Glossary

3.1 Completed properties

For the purpose of this guide, completed properties refer to properties that have obtained the Temporary Occupation Permit ("TOP").

3.2 Developer

The developer refers to the person who owns the land on which the property is constructed.

3.3 GST

GST is a tax on the supply of goods or services made in Singapore by a taxable person in the course or furtherance of any business carried on by him and on the importation of goods into Singapore.

3.4 Input tax

Input tax refers to the GST paid/payable on:-

(i) supplies of goods and/or services; and

(ii) importation of any goods into Singapore

where the goods or services are used or to be used by a taxable person for the purpose of his business.

3.5 Invoice

Invoice includes any document that serves as a bill for payment for supplies made by a GST-registered supplier. An example would be a debit note.

3.6 Output tax

Output tax refers to the GST charged on taxable supplies of goods and/or services made in Singapore.

3.7 Properties under development

For the purpose of this guide, properties under development refer to properties that have not obtained the Temporary Occupation Permit ("TOP").

3.8 Tax invoice

Tax invoice refers to an invoice that is required under section 41 of the GST Act. For more information on tax invoice, please refer to our e-Tax guide on "GST: General Guide for Businesses".

3.9 Time of supply

Time of supply will determine when a taxable person is required to charge and account for GST on the supply of goods and/or services made.

3.10 Temporary Occupation Permit ("TOP")

When the building works are completed, the applicant and the Qualified Person shall apply to the Commissioner of Building Control for a Certificate of Statutory Completion ("CSC") or a Temporary Occupation Permit ("TOP"). The building can only be occupied when a CSC or TOP is granted.

4 Basic GST Concepts on property transactions

4.1 The sale and lease of a **non-residential property** is a taxable supply subject to GST while the sale and lease of a residential property is an exempt supply not subject to GST. Where the sale or lease involves mixed-use properties (i.e. properties partially approved for residential and non-residential use respectively), GST is chargeable on that part of the property that is approved for non-residential use.

4.2 Generally, when you enter into a contract to sell or lease a non-residential or mixed-use property which is your business asset, you will expect to make a taxable supply of the property. The property's sale price or rental proceeds should be included in the value of any other taxable supplies derived from your other business activities in your assessment of whether you are liable for GST registration. If you are liable for GST registration, after you are GST-registered, you have to charge GST on the sale and lease of such properties and account for the GST as output tax in your GST returns. If the property that you are selling or leasing is a residential property, you do not need to include the sale price or rental proceeds in the value of your other taxable supplies (if any), in assessing whether you are liable for GST registration. For more information on when to register for GST and when the GST registration liability arises, you may refer to our IRAS website at www.iras.gov.sg > Home > GST > GST Registration/Deregistration > Do I Need to Register for GST.

4.3 For the sale of a completed non-residential property, you would normally receive an option fee, followed by a deposit when the option is exercised. You will have to account for GST on both the option fee and the deposit at the earlier of when payment is received or when an invoice is issued. When the property is transferred to the buyer, you have to account for GST on the remaining sum at the earliest of the following events:

(i) when payment is received;

(ii) when an invoice is issued;

(iii) when the title of the property is transferred upon legal completion; or

(iv) when the property is made available to the buyer for occupation.

4.4 The issuance of any type of invoice will be an event that triggers the time of supply. This includes a tax invoice as well as any document that serves as a bill for payment for supplies made by a GST-registered supplier. An example of such a document would be a debit note.

4.5 In general, documents such as sales order, pro-forma invoice, statement of accounts and letter/statement of claims are not considered as invoices for GST time of supply purposes. This is because these documents are often not billing for payments and would therefore not be treated as invoices based on normal commercial practices.

4.6 For more details, please refer to the e-Tax Guide on "GST: Time of Supply Rules".

4.7 For the sale of a property under development, you would normally collect progressive payments from time to time 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 ("TOP"). You have to account for GST on each progressive payment at the earlier of the following events:

(i) when payment is received for each progressive payment; or

(ii) when an invoice is issued for each progressive payment.

4.8 Once the property is made available or transferred to the buyer, you have to account for GST on the remaining sale proceeds (regardless of whether the remaining sum for the property has been received in full) at the earliest of events (i) to (iv) in paragraph 4.3.

4.9 On the other hand, if you are selling or leasing **residential** properties, you cannot charge nor collect GST on the sale or lease because they are exempt from GST. If you are registered for GST, you have to report this supply as an exempt supply in your GST return and the value of any furniture and fittings that are sold or leased with this property as your taxable supplies. If you are not registered for GST, you will have to include the value of the furniture and fittings that are sold or leased with the residential property as your taxable supplies when assessing your liability for GST registration.

4.10 As for the provision of estate management and maintenance services, it is a taxable supply regardless of whether or not the properties are residential properties. Therefore, if you are involved in managing the maintenance fund and in the running of a completed development as required under the Building Maintenance and Strata Management Act before a management corporation is formed, you have to charge and account for GST on the maintenance fees and sinking funds collected if you are GST-registered. If you are not GST-registered, you have to include the value of the maintenance or service charges and sinking funds in your other taxable supplies when assessing whether you are liable for GST registration. If you are liable for GST registration, you should start to charge and account for GST on the maintenance fees and sinking funds collected after you have registered for GST.

4.11 For GST purposes, a **residential** property refers to:

(a) a vacant land which is zoned "Residential" in the Master Plan under the Planning Act 1998 and the land is approved for residential or condominium development; or

(b) a vacant land or land with existing building (which is required by the Government or such relevant public authority[2] to be demolished) which is supplied by the Government or such relevant public authority and approved exclusively for residential or condominium development; or

(c) any land or part of any land with any building on the land or part, being a building which is used or to be used principally for residential purposes, but not if the land or part is one supplied by the Government or such relevant public authority and is not approved exclusively for residential or condominium development and the building on the land or part is required to be demolished

4.12 All other types of properties that do not fall within the definition of residential properties above are **non-residential properties**.

4.13 If your transaction involves land with a building or structure on it, whether this property is a residential or non-residential property depends on the approved use[3] of the building or structure during the relevant period in which the supply occurs. The zoning of land is disregarded in this instance. If the building or structure is not used or to be used principally for residential purposes, you should charge GST on the sale of this property.

4.14 More information on the types of residential and non-residential properties can be found in our e-Tax guide on "GST: Guide for Property Owners and Property Holding Companies".

4.15 If you are registered for GST, you can claim GST incurred on the purchase of land and development of non-residential properties as your input tax if the properties are:-

(a) used for the conduct of your business;

(b) let out for the purpose of business; or

(c) developed into non-residential properties for the purpose of sale or lease.

4.16 Your business must be making wholly taxable supplies upon which you charge and account for GST. The input tax claimable includes the GST incurred on the purchase of property, conveyance expenses, construction and development costs, professional fees, etc.

[2] Relevant authority refers to any public authority as approved by the Minister or such other person as the Minister may appoint.

[3] As shown in the 'Written Permission", "Temporary Permission" or "Provisional Permission" issued by the Urban Redevelopment Authority ("URA") or letters issued by the Housing & Development Board ("HDB"), Singapore Land Authority ("SLA") or Jurong Town Corporation ("JTC").

5 Supplies made in the course of property development

5.1 Do I have to charge GST on reimbursements of expenses?

5.1.1 Sometimes you may claim reimbursements from your main contractor for clerk-of-works' overtime, loan of workers, use of utilities on site, etc. As these are supplies made by you to your main contractor, you have to charge and account for GST on these reimbursements.

5.2 Do I have to apply reverse charge on imported services (e.g. architectural services from overseas company)?

5.2.1 If you are GST-registered and not entitled to full input tax credit or if you belong to a GST group that is not entitled to full input tax credit, you are required to apply reverse charge on the imported services. This means that you have to account for GST on the value of the services procured from the overseas supplier, as if you are the supplier. For example, GST-registered property developers that import services e.g., architectural services in relation to the residential or mixed developments will be affected by reverse charge as they would not be allowed to claim input tax incurred to make exempt supplies.

5.2.2 If you have fluctuating exempt supplies, you may be liable to apply reverse charge in one accounting period but not so in the next accounting period. For administrative ease, you may elect to apply reverse charge on the imported services only at the end of the longer period, instead of each accounting period.

5.2.3 If you are not GST-registered, you may become liable to register for GST by virtue of the reverse charge rules if you import or expect to import services and low-value goods[4] exceeding $1 million in a 12-month period and is not entitled to full input tax credits

5.2.4 For more information on the reverse charge and the registration rules under reverse charge, please refer to the e-Tax Guide “GST: Reverse Charge”.

5.3 Do I have to charge GST on “counter-supplies”?

5.3.1 To enjoy the advantage of bulk purchase, you may buy some materials such as cement and steel and supply them to your main contractor for use on the project. The supply made by you to your main contractor is commonly referred to as a “counter-supply”. For GST purpose, you cannot deduct the value of these materials from the amount of progressive payments due to

[4] With effect from 1 Jan 2023, the scope of reverse charge will be extended to include imported low-value good (“LVG”) purchased. Hence, the value of LVG will count towards the registration threshold in determining if the developer is liable for GST registration from 1 Jan 2023. For definition of LVG, please refer to our e-Tax Guide: GST: Taxing imported low-value goods by way of the overseas vendor registration regime.

your main contractor. These supplies are made by you to your contractor. They are separate from the construction work that your main contractor supplies to you under the contract. Hence, you have to issue tax invoices on these supplies and charge your contractor GST on these supplies accordingly.

5.4 Do I have to charge GST on rectification of defects?

5.4.1 When the purchasers take possession of the properties after the issuance of TOP, there may be defects in the new units that need rectification. Under the contract, the main contractor is required to carry out such rectification works during the defect liability period. However, if the main contractor does not perform the rectification works, you may engage another contractor to do the job and subsequently deduct such costs from any payment due to the main contractor. At times, the purchaser may engage his own contractor to do the rectification and claim compensation for the costs or deduct the amount from any payment due to you. You in turn deduct such amount from any payment due to the main contractor. In either situation, you are making a supply of rectification works to the main contractor. You have to charge and account for GST on the amount you have claimed or deducted from the main contractor.

Example 1

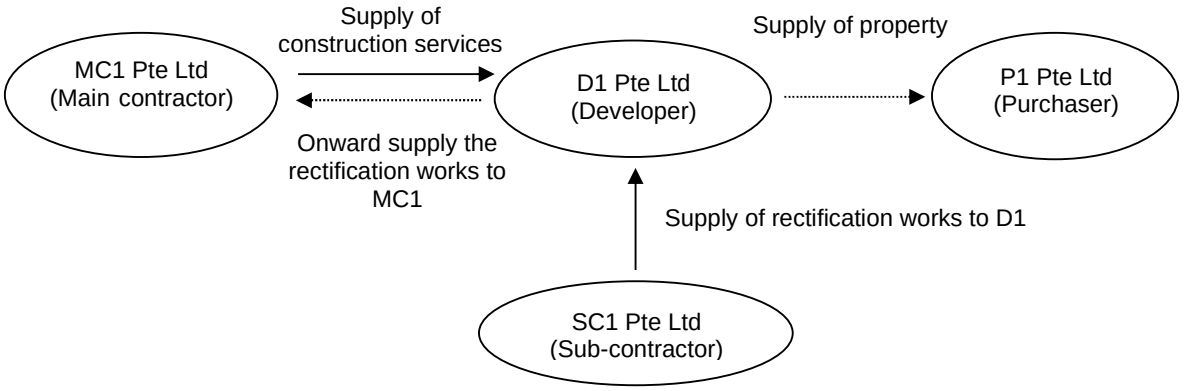
A main-contractor, MC1 Pte Ltd, was engaged by a GST-registered developer, D1 Pte Ltd, to construct a two-storey residential property at Hillview. Under the agreement, MC1 Pte Ltd was required to rectify any defects in the property during the defect liability period.

D1 Pte Ltd subsequently sold the property to a purchaser, P1 Pte Ltd.

Upon the issuance of TOP, P1 Pte Ltd took over the possession of the property and notified D1 Pte Ltd of the defective works in the property within one week from the date of TOP.

Scenario (a)

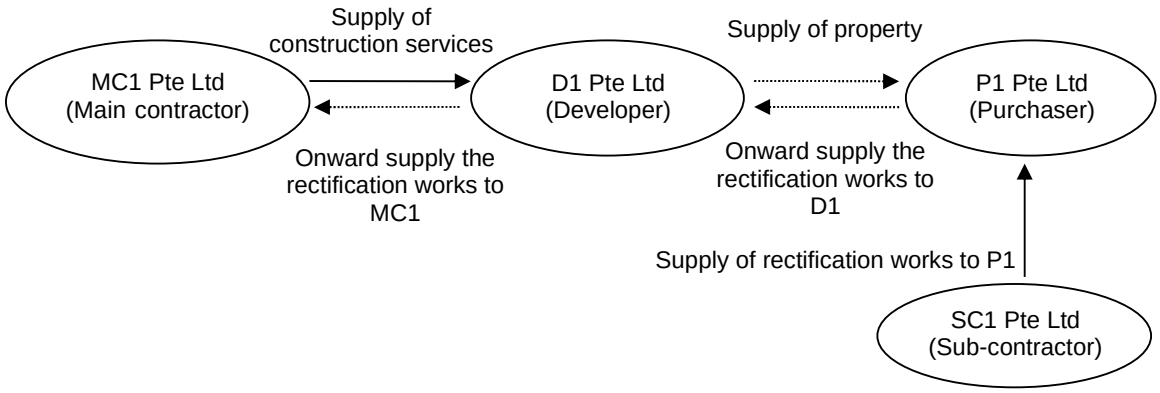
D1 Pte Ltd hired a GST-registered sub-contractor, SC1 Pte Ltd, to rectify the defects in the property and deducted the amount charged by SC1 Pte Ltd from the payment due to MC1 Pte Ltd.



In this case, D1 Pte Ltd is making good the defects that should have been done by MC1 Pte Ltd. Therefore, D1 Pte Ltd has to charge GST on the payment deducted from MC1 Pte Ltd, which is the consideration for the supply of rectification works.

<u>Scenario (b)</u>

P1 Pte Ltd hired a GST-registered sub-contractor, SC1 Pte Ltd to rectify the defects in the property and deducted the amount charged by SC1 Pte Ltd from the balance payment due to D1 Pte Ltd. D1 Pte Ltd in turn deducted the amount from the balance payment due to MC1 Pte Ltd.

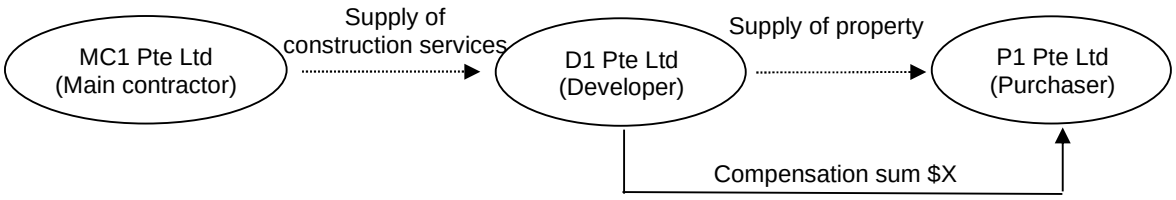


In this case, P1 Pte Ltd is making good the defects that should have been done by D1 Pte Ltd. Therefore, P1 Pte Ltd has to charge GST on the amount deducted from the payment due to D1 Pte Ltd, which is the consideration for the supply of rectification works.

Similarly, D1 Pte Ltd is making good the defects that should have been done by MC1 Pte Ltd. Therefore, D1 Pte Ltd will have to charge GST on the amount deducted from the payment due to MC1 Pte Ltd, which is the consideration for the supply of rectification works.

Scenario (c)

P1 Pte Ltd claimed compensation from D1 Pte Ltd for the defective works in the property.



As there is no actual work done by P1 Pte Ltd to receive the compensation, P1 Pte Ltd does not have to charge GST on the compensation received from D1 Pte Ltd.

5.5 Do I have to charge GST on maintenance funds?

5.5.1 Before the formation of the management corporation ("MC"), you may collect maintenance charges from the purchasers of the units that have been sold ("sold units") and put them into the maintenance funds. The maintenance charges in respect of the units that have not been sold ("unsold units") will be borne by you as a developer. As a GST-registered developer, you have to charge and account for GST on the maintenance charges payable by the purchasers of the sold units as well as that payable by yourself in respect of the unsold units.

5.5.2 After the formation of the MC, you will transfer the balance money in the maintenance funds to the MC. This transfer of balance money in the maintenance funds to the MC will not attract GST since GST has already been accounted for by you.

6 Input tax claims relating to property development

6.1 Can I claim input tax on maintenance charges and marketing fees incurred on the unsold non-residential units?

6.1.1 You may claim the GST incurred on the maintenance charges payable to the maintenance funds for the unsold units if it is directly attributable to taxable supplies made or to be made and if all the other conditions for claiming input tax are satisfied.

6.1.2 Similarly, if you have incurred GST on the fees charged by property agents for marketing the sale or lease of unsold non-residential units, you may claim the GST incurred if it is directly attributable to taxable supplies made or to be made and if all the other conditions for claiming input tax are satisfied.

6.2 For the imported services (e.g., architectural services procured from overseas firm) that I applied reverse charge on, i.e., account GST to IRAS, can I claim input tax?

6.2.1 You may claim the GST on the imported services as your input tax in the same prescribed accounting period when reverse charge is applied, subject to the normal input tax recovery rules.

6.3 Can I claim input tax on the purchase of land?

6.3.1 Where the land is purchased for non-residential development, you are allowed to claim the GST incurred on the purchase of the land for the making of taxable supplies.

6.3.2 If the land is purchased for residential development, you are not allowed to claim the GST as it is incurred for the making of exempt supplies. However, an exceptional relief is granted for you to claim the GST incurred on land purchased for residential development under regulation 41(1) of the GST (General) Regulations.

6.3.3 For more details, please refer to our e-Tax guide on "GST Incurred on Purchase of Land for Residential Development".

6.4 Can I claim input tax if a non-residential building is converted to residential use?

6.4.1 You may buy a non-residential building and decide to convert it to residential use. If the building is not demolished, you can claim the GST incurred on only the land cost. This relief is provided for under regulation 41(2) of the GST (General) Regulations.

6.5 Do I have to return the input tax previously allowed to me?

6.5.1 You have previously been allowed input tax on the purchase of a non-residential building. If you plan to demolish the building for a residential development because the land has been rezoned as "Residential", you do not have to repay to the Comptroller the input tax previously allowed to you.

6.5.2 However, if you plan to only convert the existing building to residential use, you are required to repay to the Comptroller the input tax which you have previously claimed.

7 Input tax claims relating to construction of mixed development

7.1 How do I claim input tax on purchases incurred in a mixed development?

7.1.1 If you are constructing a mixed development of residential and non-residential properties, you can only claim the GST incurred attributable to the

non-residential part of the building. You have to segregate your purchases into the following categories:-

(a) those directly for the construction of the non-residential part of the development;

(b) those directly for the construction of the residential part of the development;

(c) those for both the residential and non-residential parts of the development. Such costs are termed as common costs.

The GST incurred in category (a) is claimable in full. The GST incurred in category (b) cannot be claimed at all. The GST incurred in category (c) is termed as residual input tax. You can claim only a portion of it based on the apportionment formulae as shown in paragraph 7.3 below.

7.1.2 However, if your quantity surveyor is able to identify every cost item in the development and allocate each item to the ultimate supply (i.e. either residential or non-residential), there will be no common cost. Hence, you do not have to apply the apportionment formulae for residual input tax.

7.2 <u>What are the common costs incurred for the residential and non-residential part of the development?</u>

7.2.1 Examples of common development cost items are site clearance, temporary site offices, driveway and piling for a mixed-use building, as well as professional fees payable to the architect and quantity surveyor. Common overheads for the mixed development include the site office running costs, costs of show units and marketing costs.

7.3 <u>How to apportion residual input tax?</u>

7.3.1 During the **development stage**, all residual input tax shall be apportioned by the Land Betterment Charge ("LBC") [5] formula[6] as shown below:

[5] With effect from 1 Aug 2022, the Land Betterment Charge Act 2021 is enacted to provide for the introduction of the Land Betterment Charge (LBC), to replace the Differential Premium ("DP"), Development Charge ("DC") and Temporary Development Levy ("TDL"). Following this, the LBC rates will replace the DC rates in the LBC formula for computing the recoverable residual input tax.

[6] The LBC rates are updated every 1 Mar and 1 Sep of the year and the LBC Table of Rates that is operative at the end of each prescribed accounting period must be used. For input tax incurred during the development stage and in relation to prescribed accounting periods ending before 1 Aug 2022, the residual input tax should be apportioned using the same formula in paragraph 7.3.1 but using the DC rates obtained from the URA website instead of the LBC rates. For input tax incurred during the development stage in relation to prescribed accounting periods ending on or after 1 Aug 2022, the LBC rates operative at the end of the prescribed accounting period should be used. For example, to claim input tax on construction costs for prescribed accounting period from Jul to Sep 2022, the LBC rates published on 1 Sep 2022 should be used in the LBC formula.

LBC Formula: $\frac{\text{GFA}^{7}\text{ (Non-residential}^{8}\text{) x LBC Rate}^{9}\text{ (Non-residential)}}{\text{[GFA (Non-residential) x LBC Rate (non-residential)] + [GFA (Residential) x LBC Rate (Residential)]}}$ X Residual Input Tax

7.3.2 Where there are more than 2 components in different use groups with different LBC rates in a mixed development, the LBC formula has to be modified to take into account all use groups. Please refer to the working example of input tax apportionment in Annex A.

7.3.3 **After TOP** has been issued, if you have any remaining progressive billings from the main contractor and professionals, you will continue to use the LBC formula to apportion the residual input tax for construction costs**.**

7.3.4 If you undertake a mixed development jointly with other developers, you may also apply the LBC formula (based on the GFA for the entire development) to apportion the residual input tax to determine the recoverable residual input tax.

7.3.5 As for administrative overheads and marketing costs incurred after TOP, the residual input tax shall be apportioned based on the ratio of taxable supplies to total supplies (referred to as the "ratio formula") as shown below. You have to apply the ratio formula from the accounting period in which TOP is obtained.

Ratio Formula: $\frac{\text{Value of taxable supplies}^{10}}{\text{Value of total supplies}^{11}}$ X Residual input tax

7.3.6 Please note that the value of relevant supplies received from your supplier that are subject to customer accounting, imported services and LVG[12] that are subject to reverse charge should be excluded from both the numerator and denominator of the ratio formula.

---

[7] GFA – the current Gross Floor Area approved by the URA.

[8] For common areas, apportionment has to be performed to allocate these common areas into non-residential and residential portions.

[9] LBC Rate – the fixed rate for the time being specified in Part 1 of the Second Schedule to the Land Betterment Charge (Table of Rates and Valuation Method) Regulations 2022, corresponding to the appropriate geographical sector of the building and the use group within which such purpose falls.

[10] You may add Regulation 33 exempt supplies to the numerator if you are not a Regulation 34 trader and you satisfy Regulation 35 of the GST (General) Regulations. Please refer to our e-Tax guide on "GST: Partial Exemption and Input Tax Recovery" for more information on Regulations 33, 34 and 35. For a mixed property developer, the value of your exempt supplies from the sale/lease of the residential units in each accounting period would most likely exceed the limit under Regulation 35. If so, you cannot claim input tax incurred on your Regulation 33 exempt supplies (if any) and you cannot add your Regulation 33 exempt supplies (if any) to the numerator of the ratio formula.

[11] Total supplies = Standard-rated supplies + Zero-rated supplies + Exempt supplies. You may deduct from the denominator the value of exempt supplies approved by the Comptroller as incidental exempt supplies.

[12] With effect from 1 Jan 2023.

7.3.7 The residual input tax recovery rate computed using either the LBC formula or ratio formula must be rounded off to the nearest whole number.

7.3.8 In situations where there will be more than one TOP issued for the development, you can apply the ratio formula to apportion the residual input tax after you have obtained all the TOPs for the development.

7.4 Which GFA shall I use?

7.4.1 You should adopt the latest gross floor area ("GFA") approved by Urban Redevelopment Authority to compute the portion of residual input tax claimable. However, as a concession, if there are subsequent changes in the GFA, you do not have to make retrospective adjustments for input tax claims already made.

7.4.2 If you receive a new written permission ("WP") during your prescribed accounting period, the GFA to be used for that period will be based on the approved GFA in the new WP.

7.4.3 If there is more than one building in a development, you can aggregate the GFA of all the buildings to compute the portion of residual input tax claimable.

7.4.4 If you undertake more than one development at the same time, you will have to attribute the residual input tax incurred. If the residual input tax can be attributed to a single development, you will have to apply the GFA of that development to compute the portion of recoverable residual input tax. If the residual input tax cannot be attributed to a specific development and is incurred for the purpose of the business, you can aggregate the GFA of all your developments to compute the recoverable residual input tax.

7.5 How do I claim the input tax on construction costs relating to the carparks?

7.5.1 If the GFA submitted to URA does not include the carpark areas, you can apportion the construction costs of carparks by the number of carpark lots.

7.5.2 You can claim the portion of input tax incurred on the number of carpark lots reserved for the office and shop tenants, but not those specifically reserved for residents.

7.5.3 As for the unreserved carpark lots, you should treat the cost as common costs and claim a portion of the cost based on the LBC formula.

7.5.4 The following example illustrates how you can claim input tax relating to the construction of basement carparks.

Example 2

A GST-registered developer, D2 Pte Ltd has incurred GST on the construction of carparks in respect of a mixed development comprising office, retail outlets and residences.

Based on the development plan, 40 carpark lots are reserved for the office tenants and the remaining 60 lots at Basement 1 are to be used by shoppers, office/retail tenants, residents and visitors of the residents.

100 carpark lots at Basement 2 are reserved for the residents. When determining the amount of input tax to be claimed in respect of the non-residential development, apportionment should be performed using the number of carpark lots. As the 60 lots at Basement 1 are unreserved carpark lots, D2 Pte Ltd should treat the costs to construct Basement 1 as common and claim a portion of the input tax on the construction costs based on the LBC formula.

Basement 1	40 lots reserved for office tenants
	60 lots for shoppers / office & retail tenants / residents / visitors to residents
Basement 2	100 lots reserved for residents

Construction costs relating to the 2 basement carparks (e.g. excavation, concrete works, waterproofing, sawn formwork)	$1.6 million
Total number of carpark lots on basements 1 and 2	200

Input Tax directly attributable to the making of taxable supplies (Office tenants)

$$= \$1.6 \text{ million} \times \frac{40}{200} \times 9\% \text{ GST}$$

$$= \$28{,}800$$

Residual Input Tax

$$= \$1.6 \text{ million} \times \frac{60}{200} \times 9\% \text{ GST}$$

$$= \$43{,}200 \text{ (to be apportioned using LBC formula)}$$

7.6 Can I defer residual input tax claims until when I make taxable supplies?

7.6.1 If you do not make any taxable supply in any prescribed accounting period after TOP has been granted, you can claim input tax incurred in relation to the non-residential properties only. You cannot claim any portion of residual input tax incurred on common administrative overheads and marketing costs because there is no taxable supply made and the recovery rate derived from the ratio formula is zero. You cannot defer the claims to the next accounting period.

7.7 Do I need to make a longer period adjustment?

7.7.1 Before TOP is granted, you will apply the LBC formula to apportion all the residual input tax. If the LBC rate or GFA changes, as a concession, you do not have to perform longer period adjustment to re-compute the input tax claimable.

7.7.2 However, after TOP has been granted, you will apply the ratio formula to apportion the residual input tax incurred on common administrative overheads and marketing costs. As your supplies fluctuate from quarter to quarter, the residual input tax recovery rate varies. Hence, you are required to make a longer period adjustment on the residual input tax after the end of every longer period to make adjustments to the input tax provisionally allowed (please refer to paragraph 7.8 for the definition of longer period).

7.7.3 You will use the ratio formula to re-compute the residual input tax claimable for each longer period. The difference in the amount claimable for the longer period and the amount previously claimed during the longer period (whether an over-claim or under-claim) should be adjusted in the first GST return immediately **after** the longer period.

7.7.4 Please refer to Annex B for an illustration of a longer period adjustment.

7.8 How to determine longer period?

7.8.1 For the purpose of adjusting the residual input tax relating to a mixed development, the first longer period shall be taken to commence from the accounting period in which TOP was obtained to the end of your tax year. All subsequent longer periods shall correspond to your tax years. Your tax year commences from 1 Apr, 1 May or 1 Jun, depending on the prescribed accounting period allocated to the company.

For example:

Your Prescribed Accounting Periods:	**Your Tax Year covers:**
Jan-Mar, Apr-Jun, Jul-Sep & Oct-Dec	1 Apr to 31 Mar of subsequent year
Feb-Apr, May-Jul, Aug-Oct & Nov-Jan	1 May to 30 Apr of subsequent year
Mar-May, Jun-Aug, Sep-Nov & Dec-Feb	1 Jun to 31 May of subsequent year

8 De-registration for GST

8.1 If you have a non-residential property on which input tax has been allowed and claimed on its purchase, you have to deem a supply on this property when you de-register from GST. You have to account for output tax at the prevailing GST rate based on the open market value of the property. The deemed supply must be accounted in your final GST return, GST F8.

9 Contact Information

9.1 For enquiries on this e-Tax guide, please contact the Goods and Services Tax Division at www.iras.gov.sg (select “Contact Us).

10 Updates and Amendments

	Date of amendment	Amendments made
1	1 Jan 2018	• Amended paragraphs 4.2, 4.3 and 4.6 to reflect the amendments to the time of supply rules with effect from 1 Jan 2011. • Amended paragraphs 4.9 and 7.4.1 on the definition of residential properties. • Inserted paragraph 7.1 on eligibility of input tax claims incurred on maintenance charges and marketing fees. • Updated examples in Annexes A and B. • Editorial amendments.
2	19 Mar 2018	• Amended paragraphs 4.1, 4.2, 4.9 and 4.10 on the liability for GST registration. • Amended paragraph 9 on contact information.
	12 Oct 2018	• Editorial amendments to paragraphs 7.1.1, 7.7.2, Annex A and Annex B.
3	16 Sep 2019	• New paragraphs 2.3, 2.4, 5.2, 5.2.1, 5.2.2, 5.2.3, 5.2.4, 6.2, 6.2.1 and 7.3.6 on imported services. • Updated examples in Annexes A and B.
4	1 Aug 2022	• Inserted paragraphs 2.4 and 2.5 to explain the requirement to apply reverse charge to imported low-value goods. • Amended paragraph 5.2.3 on the requirement to include the value of imported low-value goods in determining the liability to register for GST under reverse charge with effect from 1 Jan 2023. • Amended paragraph 7.3.6 to explain that value of imported low-value goods should be excluded from both the numerator and denominator of the residual input tax apportionment formula with effect from 1 Jan 2023. • Amended paragraphs 7.3.1 to 7.3.4, 7.3.7, 7.5.3 and 7.7.1 to replace the reference to Development Charge with that of the Land Betterment Charge with effect from 1 Aug 2022.

		• Inserted footnotes 5 and 6 respectively on the introduction of the Land Betterment Charge with effect from 1 Aug 2022 and the claiming of input tax incurred on the development of land and construction of a building for the prescribed accounting periods prior to 1 Aug 2022. • Amended footnote 9 to replace the definition of DC rate with that of LBC rate with effect from 1 Aug 2022. • Updated examples in Annexes A and B. • Editorial amendments to paragraphs 2.6, 4.2, 4.11 and 5.2.4.
5	1 Jan 2023	• Amended Example 2 for GST rate change.
6	1 Jan 2024	• Amended Example 2 for GST rate change.

Annex A – Illustration of the application of LBC formula

ABC Development Pte Ltd [13] is developing a mixed-use building consisting of both residential and non-residential units. The details of the development are as follows:

(a) Proposed Development: Erection of a 10-storey building comprising hotel, shops, offices and residential units

(b) Master Plan: Land Zoning - Commercial and Residential
Geographical Sector - 113

(c) Applicable DC/ LBC Rates[14]:

Period (w.e.f.)	Non-residential DC/ LBC Rate		Residential DC/ LBC Rate[15]
	Shops and offices (Use Group A)	Hotel (Use Group C)	Residential units (Use Group B2)
1 Mar 2022	9450	5320	6650
1 Sep 2022	9850	5250	6720

(Note: The LBC rates used for period with effect from 1 Sep 2022 are for illustrative purposes only.)

(d) Approved Gross Floor Area:
Non-residential (hotel) = 4500m^2
Non-residential (shops, offices) = 5500m^2
Residential = 8500m^2
Total = 18500m^2

(e) Input Tax Incurred on Construction Costs:

Quarter ended	Input Tax Attributable to		Residual Input Tax ($)
	Taxable Supply ($)	Exempt Supply ($)	
31 Mar 2022	600,000	400,000	50,000
30 Sep 2022	800,000	500,000	15,000

Calculation of the Recovery Rate[16] for Residual Input Tax

(Application of LBC Formula per paragraph 7.3.1)

(i) For prescribed accounting periods from 1 Jan 2022 to 30 Jun 2022

$$\frac{(4500 \times 5320) + (5500 \times 9450)}{(4500 \times 5320) + (5500 \times 9450) + (8500 \times 6650)} \times 100\%$$

= 57% (rounded off to nearest whole number)

[13] Assume that ABC Development Pte Ltd's GST filing cycle begins on 1 Jan, 1 Apr, 1 Jul and 1 Oct.

[14] With effect from 1 Aug 2022, the LBC will replace the DC. LBC rates are updated every 1 Mar and 1 Sep of the year. The DC/ LBC Table of Rates that is operative at the end of each prescribed accounting period must be used.

[15] Assume it is a non-landed residential building. Thus, the LBC rate for use group B2 is used.

[16] The computed residual input tax recovery rate must be rounded off to the nearest whole number as provided for under regulation 29(4) of the GST (General) Regulations.

(ii) For prescribed accounting periods from 1 Jul 2022 to 31 Dec 2022

$$\frac{(4500 \text{ X } 5250) + (5500 \text{ X } 9850)}{(4500 \text{ X } 5250) + (5500 \text{ X } 9850) + (8500 \text{ X } 6720)} \text{ X } 100\%$$

= 58% (rounded off to nearest whole number)

Based on the above, ABC Development Pte Ltd is allowed to claim 57% of the residual input tax incurred in the periods from 1 Jan 2022 to 30 Jun 2022 and 58% of the residual input tax incurred in the periods from 1 Jul 2022 to 31 Dec 2022.

Calculation of Total Input Tax Recoverable

(i) For prescribed accounting period from 1 Jan 2022 to 31 Mar 2022

Residual Input Tax Recoverable	=	57% X $50,000
	=	$28,500
Total Input Tax Recoverable	=	$600,000 + $28,500
	=	$628,500

(ii) For prescribed accounting period from 1 Jul 2022 to 30 Sep 2022

Residual Input Tax Recoverable	=	58% X $15,000
	=	$8,700
Total Input Tax Recoverable	=	$800,000 + $8,700
	=	$808,700

Annex B –Illustration of the application of Longer Period Adjustment

ABC Development Pte Ltd[17] has developed a mixed-use building consisting of both residential and non-residential units and obtained TOP for the building on 15 Aug 2022. The company only makes taxable supplies from the sales of the commercial units and its exempt supplies relate only to the sales of the residential units. The tax year of ABC Development Pte Ltd is 1 Apr 2022 to 31 Mar 2023. The first longer period after TOP is 1 Jul 2022 to 31 Mar 2023.

Supplies made in the Tax Year

First longer period after TOP

Period ending	30 Jun 2022	30 Sep 2022	31 Dec 2022	31 Mar 2023	Total (For Longer Period)
Standard-rated supplies	$ 250,000	-	$ 400,000	$ 550,000	$ 950,000
Zero-rated supplies	-	-	-	-	-
Exempt supplies	-	$ 650,000	$ 800,000	$ 750,000	$2,200,000
Total Supplies	**$ 250,000**	**$ 650,000**	**$1,200,000**	**$1,300,000**	**$3,150,000**

Residual Input Tax

TOP 15 Aug 2022

Period ending	30 Jun 2022	30 Sep 2022	31 Dec 2022	31 Mar 2023	Total (For Longer Period)
(A) Construction Costs					
(i) Before apportionment	$20,000	$15,000	-	$25,000	$40,000
Residual Input Tax Recovery Rate computed based on LBC Formula under regulation 29(2)(d)(ii) [18]	57%	58%	58%	60%	
(ii) Residual Input Tax claimable (After apportionment)	$11,400	$8,700[19]	-	$15,000	$23,700
(B) Non-Construction Costs					
(i) Before apportionment	$5,000	$3,500	$7,000	$4,500	$15,000
Residual Input Tax Recovery Rate computed based on Ratio Formula under regulation 29(2)(d)(i) [20]	N.A. *	0%	33%	42%	30%
(ii) Residual Input Tax provisionally allowed (After apportionment)	$2,850 *	0[21]	$2,310	$1,890	$ 4,500

Total Residual Input Tax provisionally claimed in GST returns: (Aii) + (Bii)	**$14,250**	**$8,700**	**$2,310**	**$16,890**	**$27,900**

[17] Assume that ABC Development Pte Ltd's GST filing cycle begins on 1 Jan, 1 Apr, 1 Jul and 1 Oct.

[18] Refer to Annex A for computation of recovery rates for periods ending 30 Jun 2022, 30 Sep 2022 and 31 Dec 2022.

[19] Allowable Residual Input Tax on construction costs after TOP continues to be apportioned using the LBC formula.

[20] Application of Ratio Formula per paragraph 7.3.5 whereby the recovery rate is calculated using: (standard-rated supplies + zero-rated supplies) / total supplies.

[21] Allowable Residual Input Tax on non-construction costs have to be apportioned using the ratio formula for the period in which TOP is obtained, and for subsequent periods.

***** Before obtaining TOP, all residual input tax (including those incurred on general overheads) must be apportioned using the LBC formula, provided that there are no other types of supplies in addition to the construction of the mixed development. Hence, the residual input tax claimable in the period ending 30 Jun 2022 is $2,850 (being $5,000 X 57%).

Application of Longer Period Adjustment on Non-Construction Costs

(1) $\frac{\text{Taxable Supplies}}{\text{Total Supplies}} = \frac{\$\ 950{,}000}{\$3{,}150{,}000}$ = 30% (rounded off to nearest whole number)

(2) Allowable Residual Input Tax on Non-Construction Costs = 30% x ($3,500 + $7,000 + $4,500) = $4,500

(3) Additional input tax to be claimed in the GST return immediately following the end of the longer period i.e. in the period ending 30 Jun 2023

= $4,500 – ($2,310 + $1,890)

= $300 (Under-claimed)