Close to $12 million recovered by IRAS in GST audits of non-residential property sales

Between 2012 and 2017, IRAS has audited 144 businesses that had failed to charge and/or account for GST collected on the sale of non-residential properties in their GST returns. The total amount of tax and penalty recovered from these businesses was $11.9 million.

GST-registered businesses must account for GST

IRAS reminds GST-registered businesses to charge GST on the sale of non-residential properties and account for the GST as output tax in their GST returns.

It is a serious offence to omit or understate output tax in any GST returns made. Offenders face a penalty that is up to 3 times the amount of tax undercharged, and a fine not exceeding $10,000 or imprisonment not exceeding 7 years or to both.

With reference to the case of *PP v Kho Foong Kuin* (media release attached), this is the first time a taxpayer is being convicted of wilfully evading GST by not reporting the GST collected from the sale of a non-residential property.

Common GST issues noted from audits relating to sales of non-residential properties

Businesses sometimes fail to charge or account for GST on the sale of non-residential properties due to an inadequate understanding of GST rules, for example by not recognising that the sale of the property is regarded as part of their business. Businesses (including sole-proprietors and partnerships) must charge and account for GST on the sale of non-residential properties that are owned by them. For more examples of common GST mistakes made for the sale of non-residential properties, please refer to **Annex A.**