



# GST BULLETIN

## Welcome to the 11<sup>th</sup> Issue of the GST Bulletin!

This biannual newsletter is published every June and December. It features key changes in GST law and tax treatment on GST issues commonly encountered by GST-registered businesses.

Website: <http://www.iras.gov.sg>

## CONTENTS

### 1. GST Updates

- Summary of updates for 2015
- E-appointment
- Revamped GST e-Learning Courses

### 2. Knowledge Sharing

- Input tax claiming conditions
- Unlawful Collection of GST
- Register for GST on time, avoid penalties – Common misconceptions, case study

## 1 GST Updates

### Summary of updates for 2015

#### Pre-Registration GST Claims

To ease compliance for businesses the rules for claiming pre-registration GST have been simplified for businesses registered for GST on or after 1 July 2015.

[GST: Pre-Registration Claims on Goods and Services \(for Business Registered for GST on or after 1 July 2015\)](#)

#### Price Display (from 1 Apr 2015)

If both GST-inclusive and GST-exclusive prices are displayed, the GST-inclusive price must be at least as prominent as the GST-exclusive price.

[Price Display and Record Keeping](#)

#### Fixed Rates for Charities

##### (for periods on/after 30 Jun 2015)

GST-registered charities can choose to use an annual “fixed rate” to compute the claimable input tax for all GST returns in a financial year.

[GST: Guide For Charities and Non-profit Organisations](#)

#### Major Exporter Scheme (MES)

Qualifying businesses now enjoy 5 years validity (instead of 3 years) when they renew their MES statuses with a certified ASK.

[GST: Major Exporter Scheme \(Third Edition\)](#)

#### Professional Membership Fees and Educational Courses for Employees

As a concession, GST-registered businesses will be allowed to claim the GST incurred on employees’ professional membership fees and educational courses, if certain conditions are met.

[GST: Fringe Benefit](#)

#### Non legal entities [NLEs] (from 1 Jan 2015)

GST-registered NLEs (eg. partnerships, charities) claim input tax for the GST incurred on properties acquired through its bare trustee, if certain conditions are met.

[Property Transactions by Non-Legal Entities](#)

#### Claiming of GST on Re-Import of Goods (from 1 Jan 2015)

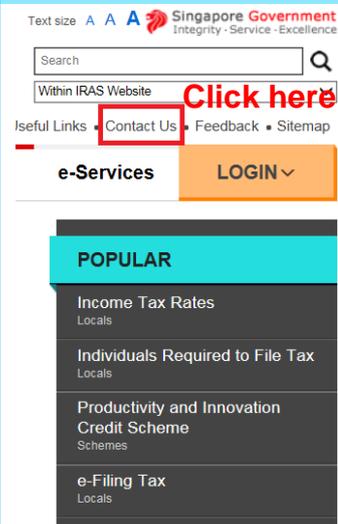
New Section 33B allows a GST-registered business to claim the full GST incurred on the re-import of goods belonging to its local customers or GST-registered overseas customers, which were previously sent abroad for value-added activities.

[GST: Guide on Imports \(Forth Editions\)](#)

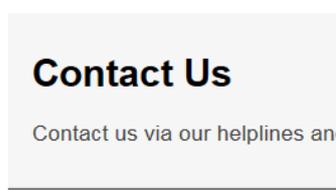
## e-Appointment

### How to make an e-appointment

Visit [www.iras.gov.sg](http://www.iras.gov.sg)



Select "Make an Appointment"



- [Call Us](#)
- [Email Us](#)
- [Visit Us](#) [Click here](#)
- [Make an Appointment](#)
- [Report Tax Evasion](#)

From Nov 2015, you can make an online appointment before visiting us at the Taxpayer Service Centre to reduce your waiting time.

Arrive on time and we will attend to you within **15 minutes\***.

\*If you visit us without an appointment, you may need to wait up to 2 hours.

Please book your appointment at least **2 working days** in advance. You can also change your appointment, up to two times.

## Revamped GST e-Learning Courses

Two enhanced e-learning courses

"Registering for GST"

"Overview of GST"

Visit [www.iras.gov.sg](http://www.iras.gov.sg)

How to access the E-learning courses

Select "Goods and Services Traders"

- Employers
- Employees
- Self-Employed / Partners
- [Goods and Services Traders](#)

Record-Keeping Introduction

Learn about the record-keeping requirements for Income Tax and GST purposes.

GST Registering for GST

Find out your roles and responsibilities as a GST registered business. Businesses that plan to register for GST voluntarily must complete this course and its quiz before registering.

GST Overview of GST

Learn about the basic GST concepts and principles. Businesses that plan to register for GST voluntarily must complete this course and its quiz before registering.



Easily accessible on desktops/laptops and mobile devices (mobile phones, tablets) and it is **FREE**

QUICK LINKS

- Calculators
- [e-Learning](#) [Click here](#)
- e-Tax Guides
- Exchange Rates

From Sep 2015, the company director, sole-proprietor or partner is required to **complete both e-learning courses before applying for voluntary GST registration.**

[Applying for GST Registration](#)



Information presented in a **fun and interactive** manner – engaging graphics, case studies and quizzes



**Comprehensive guidance** on GST concepts, treatment for common business scenarios and responsibilities as a GST registered business

## Input tax claiming conditions

1. You are GST-registered;
2. Goods or services must have been supplied to you or the goods have been imported by you;
  - For local purchases > Supported by valid tax invoices addressed to you, or simplified tax invoices
  - For imports > Supported by import permits which show you as the importer of the goods.
3. The goods or services are used or to be used for the purpose of your business;
4. The input tax is directly attributable to taxable supplies (i.e. standard-rated supplies and zero-rated supplies), or out-of-scope supplies which would be taxable supplies if made in Singapore; and
5. The input tax claims are not disallowed under Regulation 26 and 27 of the GST (General) Regulations.

Under Regulation 26 of the GST (General) Regulations, GST incurred on club subscription fees (including transfer fees) charged by sports and recreation clubs is disallowed.



“**Club subscription fee**” is any:

- joining fee,
- subscription fee,
- membership fee,
- transfer fee, or
- other consideration charged by any club, association, society or organisation established principally for **recreational or sporting purposes**

## Frequently Asked Questions

Can my Company claim the GST that is charged on subscription fee paid to professional bodies whereby the membership is to facilitate the employee's access to professional updates, knowledge and networking?

Admission fees and annual subscription fees that are charged by any club, association, society or organisation established principally for **business purposes** (e.g. Institute of Singapore Chartered accountant, Singapore Institute of Accredited Tax Professionals) and not for **recreational or sporting purposes** are **not** disallowed under Regulation 26. As such, the company may claim the GST incurred on the subscription fees, if the other input tax claiming conditions are satisfied.

If the membership is under the employee's name, as an administrative concession from 1 Jan 2014, input tax is allowed if the employee is acting as an agent in incurring the fees where:

- the employee is fully reimbursed by his employer; and
- there is evidence of the reimbursement; and
- there are conditions/limitations or prior approval from the employer on the type of membership the employee can acquire.

My company incurred GST on country club membership fees and other costs for use of the club's golfing facilities when we entertain business clients at the club. Can my company claim the GST incurred since it is for business purpose?

The GST incurred on country club membership fees is disallowed under Regulation 26 and is not claimable.

The company may claim the GST incurred on the other costs for use of the club facilities (e.g. green fees, buggy fees, rental of golf bag locker) if the other input tax claiming conditions are satisfied.



## Unlawful Collection of GST

Only **GST registered** businesses can charge and collect GST on their supplies of goods and services that is made in Singapore. It is a serious offence for businesses that are not GST-registered to charge GST on their sales. Offenders face a maximum penalty of 3 times the amount of tax collected without authorisation and a fine of up to \$10,000 for each offence.

Members of the public can check if a business is GST-registered on IRAS' website using the business name or business registration number and report businesses' malpractices by writing to [gst@iras.gov.sg](mailto:gst@iras.gov.sg).

IRAS urges businesses that have wrongfully collected GST to voluntarily disclose the errors by emailing to [gst@iras.gov.sg](mailto:gst@iras.gov.sg). Businesses that voluntarily disclose their past errors would have their penalties waived or reduced.



### Misconceptions!



- ✗ Successful submission of "Application for GST Registration" to IRAS means that my business is GST-registered and can start charging GST
- ✓ The business will be notified by IRAS in writing on its effective date of GST registration and GST registration number and is only allowed to start charging GST from the effective date.
- ✗ IRAS will backdate my voluntary GST registration to the date when I first charged GST on my supply
- ✓ For voluntary registration, the effective date of GST registration is usually 2 to 3 weeks after the date of approval of the registration application. If GST had been collected prior to the effective date, it will be considered as an unauthorized collection.

### GST-Registered businesses

Before claiming input tax on the GST charged by your supplier, you need to check that your supplier is GST-registered. You **cannot claim** any input tax on purchases made from non-GST registered suppliers. You can **check if a business is GST-registered** via IRAS' website.

- If your supplier is not GST registered,
- **inform IRAS immediately** that your supplier is charging GST unlawfully;
  - **do not pay any GST** to your supplier as it will not be claimable; and
  - request for a revised invoice from your supplier.



### TIPS!

#### Non GST-Registered businesses

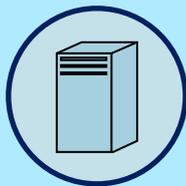
If you are not GST registered, please ensure that your sales invoice or receipts do not contain any phrase (e.g. "amount payable includes GST" or "GST \$0") that may give the wrong impression that you are charging GST on your sales.

## Register for GST on time, avoid penalties

### Did You Know?

IRAS regularly sends educational mailers to non-GST registered taxpayers whose business turnover is close to \$1 million to remind them to review their GST registration liability and register for GST on time.

#### Cases



On average, IRAS reviews

# 902

cases each year

#### Backdating



Approximately

# 12.6%

or an average of 114 cases are back-dated every year

#### Recovery



The average tax recovery and penalty per case is

# \$118,752

### Consequences for late registration:

- Effective date of GST registration will be backdated
- Required to account for GST on past sales even though no GST was collected from customers
- Fine of up to \$10,000, a penalty equal to 10% of the GST due and prosecution action

## Common Misconceptions !

I only need to monitor my taxable turnover on a yearly basis (e.g. Financial year, calendar year)

I am a sole-proprietor and my businesses are all assessed separately for GST registration

I have two partnerships with the same partner. The turnover is not added together as they are of different nature

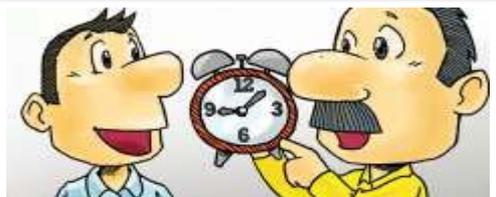
The threshold for GST registration liability is calculated based on profit

GST registration is transferable (e.g. sole-proprietor to partnership)

Zero-rated supplies are not considered as taxable turnover

## Compulsory registration under the retrospective view

You are required to sum up the taxable turnover for the **past four quarters** at the end of **Mar, Jun, Sep or Dec** to ascertain if your taxable turnover has exceeded S\$1 million. This applies even if your financial year does not end in Mar, Jun, Sep or Dec.



**Assess your GST registration liability now!**



Download our [GST registration calculator](#) today!

## Register for GST on time, avoid penalties

## Late notification of liability for GST registration: Case Study - Partnerships

Mdm C ("C") set up a childcare business under a partnership with Mdm D ("D"). The taxable turnover of the childcare business was S\$950,000. Subsequently, C registered a learning centre under a different partnership business with D. The taxable turnover of the learning centre was S\$100,000.

C and D were unaware that the taxable turnover of partnerships with the **same composition** of partners – C and D – must be combined to determine the partnerships' liability to register. In view that the turnover for each of the partnerships did not exceed S\$1 million, C and D did not register for GST.

Mdm C



Mdm D



Childcare  
Business  
(\$950,000)



Learning  
centre  
(\$100,000)



Combined  
turnover  
(\$1,050,000)

Since the combined turnover of the two partnerships exceeded S\$1 million, the 2 partnerships were liable for GST registration. Consequently, IRAS backdated the GST registration of the two partnerships and recovered a GST amount of S\$97,050.

## Important information for partnership and sole-proprietorship businesses



Partnership

- Combine the taxable turnover of **all partnership businesses** with the **same composition of partners** to determine whether it has exceeded S\$1 million
- Once the partners are GST-registered, future businesses carried on by the same composition of partners will be required to charge and account GST on their sales



Sole-proprietorship

- Combine the taxable turnover of **all sole-proprietorship businesses** as well as **income derived from any trade, profession or vocation** (e.g. as an insurance agent, multi-level marketing agent, accountant with own business practice, etc.) to determine whether it has exceeded S\$1 million

## Frequently Asked Questions

Do I calculate the S\$1 million threshold for GST registration based on my profit? Should I include the value of my sales that qualify for zero-rating?

The S\$1 million threshold for compulsory registration is not based on profit. You should assess your liability to register based on your annual taxable turnover which refers to the total value (excluding GST) of all taxable supplies made in Singapore. This includes the value of all standard-rated and zero-rated supplies but excludes exempt supplies, out-of-scope supplies and sale of capital assets.

I have a GST-registered partnership and have changed the constitution of my business from a partnership to a private limited company. Can I use the same GST registration number?

GST registration is not transferable. The transferee (i.e. the Company) would have to apply for GST registration in its own name if it is liable to be GST-registered or wishes to register for GST voluntarily.