

IRAS e-Tax Guide

**GST: General Guide for Businesses
(Sixth edition)**



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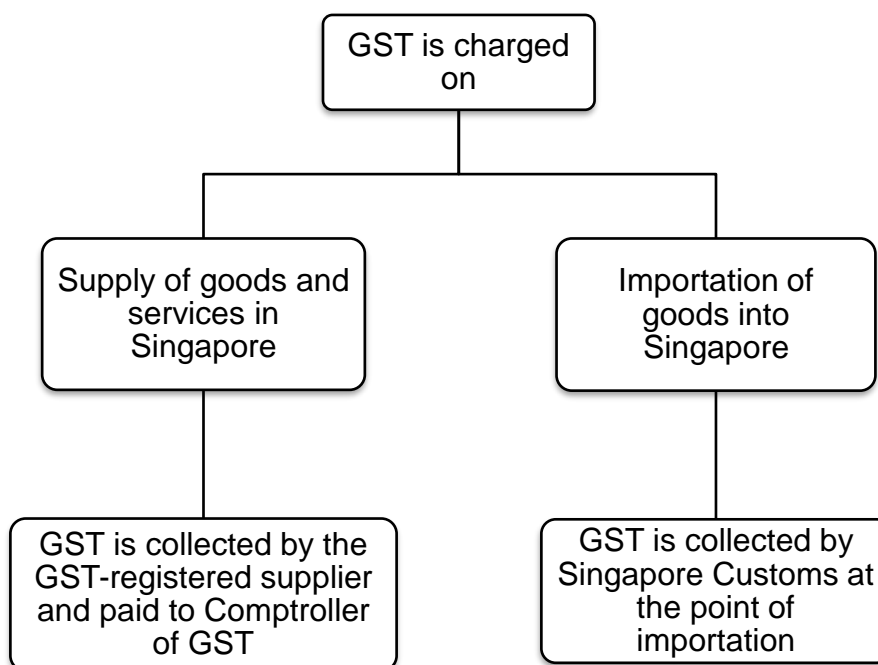
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1 Aim

- 1.1 This guide provides an overview of the Goods and Services Tax (GST)¹ in Singapore. It covers three broad categories: GST Concepts and Principles, GST Administration and GST Schemes.
- 1.2 You should read this guide if you are new to the GST system or plan to register for GST.
- 1.3 For more information on GST, you may also access our free online e-learning courses "Registering for GST" and "Overview of GST", available at www.iras.gov.sg > Quick links > e-Learning > Goods and Services Traders.

2 At a Glance

- 2.1 GST was introduced in 1994 to allow Singapore to shift its reliance from direct taxes to indirect taxes. Since 1 Jul 2007, the GST rate is 7%. Only GST-registered businesses can charge GST².
- 2.2 GST is a broad-based consumption tax levied on nearly all supplies of goods and services in Singapore, as well as the importation of goods into Singapore (refer to flowchart below). GST is paid whenever customers buy taxable goods or services from GST-registered businesses. The suppliers effectively act as GST collection agents.



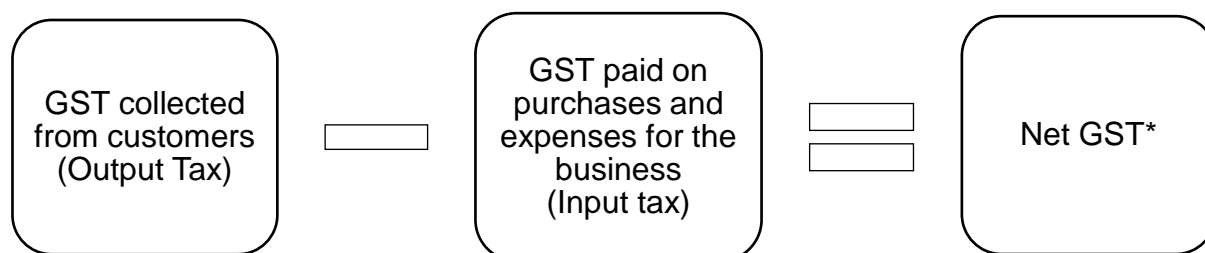
¹ This e-Tax Guide replaces the IRAS's e-Tax guide "GST: General Guide for Businesses (Tenth Edition)" published on 02 Jan 2013.

² Whether a business is GST-registered can be verified via the IRAS website (www.iras.gov.sg > GST > Checking if a Business is GST-registered).

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2.3 Output tax is the GST that is charged and collected by GST-registered businesses from their customers and is to be paid to IRAS. Input tax is the GST that businesses incurred on their purchases from GST-registered suppliers or when they import goods into Singapore. GST-registered businesses can claim the input tax if they are able to satisfy the input tax claiming conditions (refer to paragraph 6 of this guide for more information). This credit mechanism ensures that only the value added amount is taxed at each stage of a supply chain. (Refer to Annex A, Figure 1: Output and Input Tax for an illustration.)

2.4 To calculate the GST to be paid to or refunded from the Comptroller of GST:



* If net GST is positive (i.e. Output tax > Input tax), this will be the amount that is payable by you to IRAS.

If net GST is negative (i.e. Output tax < Input tax), this will be the amount that is to be refunded to you by IRAS.

GST Concepts and Principles

3 Scope of GST

The scope of GST is provided for under Section 7 of the GST Act. GST is imposed on: 1) the supply of goods and services in Singapore and 2) the importation of goods into Singapore.

3.1 GST on the Supply of Goods and Services in Singapore

3.1.1 For GST to be chargeable on a supply of goods or services, the following four conditions must be satisfied:

- 1) The supply must be made in Singapore;
- 2) The supply is a taxable supply;
- 3) The supply is made by a taxable person; and
- 4) The supply is made in the course or furtherance of any business carried on by the taxable person.

A supply of goods or services

3.1.2 A “supply” includes anything done for a consideration. It can be in the form of provision of tangible goods or the provision of services.

Examples

- A restaurant makes a supply of goods and services when it provides food, drinks and services to a customer.
- A cinema makes a supply of services when it provides movie entertainment to cinema-goers.
- An entertainment club makes a supply of goods and services when it sells liquor and provides karaoke facilities to its customers.
- A hotel makes a supply of goods when it provides accommodation and food to its guests.
- A petrol station makes a supply of goods when it provides petrol to its customer.
- A manufacturer makes a supply of goods when he exports manufactured goods to its overseas customer.

3.1.3 There are transactions that are treated as neither a supply of goods nor a supply of services even though it is done for a consideration. For example, the transfer of business as a going concern (refer to paragraph 7.8). These are treated as excluded transactions for GST purposes.

3.1.4 However, there are “transactions” that are treated as supplies for GST purposes even though there is no consideration involved. These supplies are known as deemed supplies. Private use of goods and giving away of business goods as gifts or samples are considered as deemed supplies. (Refer to paragraph 4.5 for more information.)

Supply is made in Singapore

3.1.5 For GST to be applicable, the place of supply must be in Singapore. If the place of supply is outside Singapore, the supply will be an out-of-scope supply.

3.1.6 For goods, the place of supply is in Singapore when the goods are physically located in Singapore when the ownership of the goods is being transferred. Hence, for goods sold and delivered in Singapore, the place of supply is in Singapore. Similarly, goods in Singapore that are exported, the place of supply is in Singapore.

Example

A local GST-registered company (A) sells goods to an overseas company (B) and is instructed to deliver the goods to B's customer in Singapore. In this case, although the goods are sold to an overseas customer, A has to charge GST to B because the goods are located in Singapore when the ownership of the goods is transferred to B.

Example

A local GST-registered company (C) stores its goods in a warehouse in Malaysia. Subsequently, it sells goods to an overseas company (D). The goods are delivered from C's Malaysian warehouse directly to a place outside Singapore. In this case, C does not have to charge GST as the goods are located outside Singapore when the ownership of the goods is transferred. Hence the place of supply is outside Singapore. This supply is an out-of-scope supply (i.e. third country sales) which does not attract GST.

3.1.7 Services will be treated as made in Singapore if the supplier "belongs" in Singapore. A supplier will be considered to belong in Singapore if:

- He has a business establishment (BE) or fixed establishment (FE) in Singapore and no such establishment elsewhere;
- He has BE or FE both in Singapore and elsewhere and the establishment most directly concerned with this supply is in Singapore; or
- He has no BE or FE but his usual place of residence (for company, it is the place where it is legally constituted) is in Singapore.

3.1.8 A supplier shall be treated as having a business establishment (BE) in Singapore if:

- his main seat of economic activity is in Singapore;
- he carries on his business through a branch in Singapore; or
- he carries on his business through an agency in Singapore.

The main seat of economic activity refers to the place where the essential decisions concerning the general management of the company are made and where the functions of its central administration are carried out. It usually refers to the head office, headquarters or principal place of business.

3.1.9 Fixed establishment (FE) is an establishment, other than a BE, that has both the technical and human resources necessary to provide or receive services on a permanent basis.

Example

A local GST-registered company (E) provides repair services on a building located overseas for an overseas company (F). E does not have any BE or FE overseas. The services are conducted wholly outside of Singapore. In this case, although the services are conducted wholly outside Singapore, it is a taxable supply provided by E as E belongs in Singapore. This taxable supply can be zero-rated (GST charged at 0%) if it qualifies as an international service.

Supply is a taxable supply

- 3.1.10 Taxable supply includes all supply of goods and services except those that have been specifically exempted under the GST Act (known as exempt supplies). The main exempt items are the provision of financial services, the sale or lease of residential properties and the supply of investment precious metals³. Paragraph 4 of this guide provides more explanation for each category of supplies.

Supply is made by a taxable person

- 3.1.11 A taxable person refers to a GST-registered person or a person who is liable to register for GST. This means that GST is only charged on taxable supplies supplied by a GST-registered person or a person liable to register for GST.

Supply is made in the course or furtherance of his business

- 3.1.12 GST will be chargeable if the sale is carried on in the normal course of the business of the taxable person. However, if the supply is made by the taxable person in his personal capacity, GST is not chargeable on this personal transaction. For example, if a GST-registered trader sells his personal stamp collection, GST is not chargeable on this sale.

3.2 **GST on the Importation of Goods into Singapore (Import GST)**

- 3.2.1 GST is chargeable on all imported goods (whether for domestic consumption, sale, or re-export), regardless of whether the importer is GST-registered or not. The importer is required to take up the appropriate import permit and pay GST upon importation of the goods into Singapore.
- 3.2.2 At the point of importation, GST is charged on the value of import. The value of import will be the CIF (Cost, Insurance and Freight) value, all duties payable (as assessed by Singapore Customs), commission and other incidental charges.

Example

Cost of goods	\$10,000.00
Insurance and freight	\$ 2,000.00

³ With effect from 1 Oct 2012, the supply of investment precious metals is exempt from GST. This is provided for under paragraph 1A of Part I of the Fourth Schedule to the GST Act.

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CIF ⁴ Value	\$12,000.00
Customs Duty	\$ 3,600.00
Value of import	\$15,600.00
GST at 7%	\$ 1,092.00

3.2.3 Import GST is not chargeable under the following circumstances:

- 1) Importation of investment precious metals⁵
- 2) Importation of goods that are specifically given GST reliefs⁶ under the GST Act:

- a) Imports by parcel post

GST need not be paid for goods imported by parcel post (except for dutiable products) if the CIF value is not more than S\$400. When the CIF value is more than S\$400, the entire sum is subjected to GST.

- b) Temporary imports

You can apply to Singapore Customs for GST relief on goods (other than liquor and tobacco) that are temporarily imported for repair, modification, treatment or other approved purposes, subject to certain conditions.

For more information on the above GST reliefs, please visit Singapore Customs' webpage (www.customs.gov.sg) or contact Singapore Customs at (+65) 6355 2000.

- 3) Importation of goods into Zero-GST/Licensed warehouses administered by Singapore Customs
- 4) Importation of goods by GST-registered businesses that are under Major Exporter Scheme or other approved schemes. (Refer to paragraph 14 and 16 for the various GST schemes.)

3.2.4 If the imported goods are kept in the Free Trade Zones⁷, they are not treated as having been imported into Singapore and therefore import GST will not be charged. (Refer to Annex A, Figure 2: GST Treatment on Imported Goods for a diagrammatic summary.)

⁴ Where the goods were supplied prior to being removed from customs control, import GST is calculated based on the value of the last supply (also usually known as the last selling price) and all other costs, charges and expenses incidental to the sale and delivery of the goods up to the port and place of importation.

⁵ For more information on the importation of investment precious metals, please refer to the e-Tax Guide "GST: Guide on Exemption of Investment Precious Metals (IPM)", available at www.iras.gov.sg > Quick links > e-Tax-Guides > GST.

⁶ A list of the GST Reliefs is available in the GST (Imports Relief) Order.

⁷ A list of Free Trade Zones (FTZ) is available in the Free Trade Zones Act.

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- 3.2.5 If import GST is charged and you are a taxable person, you may recover the import GST in your GST F5 return provided all the conditions for claiming of tax are met (refer to paragraph 6 for the conditions). The claiming of import GST in the GST F5 return is similar to claiming on GST incurred on local purchases i.e. the import value is to be included in Box 5: Total value of taxable purchases and the import GST paid to be included in Box 7: Input tax and refunds claimed.
- 3.2.6 If you have over-declared the value of your imported goods and GST has been overpaid, you can claim the higher amount of the GST paid as input tax from IRAS.
- 3.2.7 If you have under-declared the value of your imported goods and GST has been short-paid, you must take up a supplementary payment permit to make good the shortfall. The supplementary payment permit will be used as a proof for input tax claim.
- 3.2.8 For more information on rectifying mistakes in your import declarations, please refer to the webpage “Mistakes in import declarations”, available at www.iras.gov.sg > GST > GST-registered businesses > Working out your taxes > Can I claim GST (input tax) > Mistakes in import declarations.

Importing goods belonging to another person

- 3.2.9 As a GST-registered person, you may import and supply goods on behalf of a non-GST registered overseas company (overseas principal) as its Section 33(2) agent. Under Section 33(2) of the GST Act, you will be deemed as the principal of the goods and will be held responsible for all the goods imported. You are entitled to claim the GST paid (subject to the conditions for claiming input tax). Any subsequent supply of the goods is treated as made by you as if you are the principal. If you sell the goods locally, you need to standard-rate the supply (i.e. charge GST at the prevailing rate). If you export the goods and maintain the required export documents, you may zero-rate the supply (i.e. charge GST at 0%).
- 3.2.10 If you import goods belonging to a non-GST registered overseas company and subsequently export the goods without making a subsequent supply of the goods, you may claim the GST paid at importation on behalf of the overseas person under section 33A of the GST Act as its Section 33A agent if certain requirements are satisfied.
- 3.2.11 From 1 Jan 2015, you can also claim the full GST incurred on the re-import of goods belonging to your local customers or GST-registered overseas customers, which you have previously sent abroad for value-added activities (such as testing, repair and manufacturing). This is provided for under section 33B of the GST Act.
- 3.2.12 For more information on imports, you can refer to the e-Tax Guide “GST: Guide on Imports” and the webpage “Importing of Goods”, available at

www.iras.gov.sg > GST > GST-registered businesses > Working out your taxes > Importing of Goods.

4 Types of Supply

Supplies for GST purposes can be broadly classified into two categories: taxable supply and non-taxable supply. Taxable supply can be further classified into standard-rated supply and zero-rated supply. Non-taxable supply can be classified into exempt supply and out-of-scope supply. It is necessary to distinguish the different types of supply as it determines if a supply is subject to GST and the rate at which GST is chargeable. (Refer to Annex A, Figure 3: Types of Supply.) It also determines whether any input tax incurred to make such supplies is claimable. There are also deemed supplies which are treated as supplies even though there is no consideration involved.

4.1 Standard-rated Supply

GST is charged at the prevailing rate of 7% by GST-registered businesses on all sales of goods and services made in Singapore.

4.2 Zero-rated Supply

GST is charged at 0%. There are two categories of zero-rated supply: 1) exports of goods; 2) provision of international services.

4.2.1 The general principle for zero-rating a supply of goods is that you must be certain, at the point of supply (based on the time of supply rules in paragraph 5), that:

- 1) The goods supplied will be or has been exported, and
- 2) You have or will have the required documents to support zero-rating.

For more information on zero-rating of goods and the required supporting documents, please refer to the e-tax guide “GST: Guide on Exports” and the webpage “Exporting of Goods” available at www.iras.gov.sg > GST > GST-registered businesses > Working out your taxes > When to charge 0% GST (zero-rate) > Exporting of Goods.

4.2.2 You may zero-rate your supply of services if it falls within the description of international services under Section 21(3) of the GST Act. It should be noted that not all services provided to overseas customers can be zero-rated.

For more information, please refer to the webpage “Providing International Services”, available at www.iras.gov.sg > GST > GST-registered businesses > Working out your taxes > When to charge 0% GST (zero-rate) > Providing International Services.

4.3 Exempt Supply

These are supplies that are specifically exempted from GST under the Fourth Schedule to the GST Act. They include the provision of financial services, sale and lease of residential properties and local supply of investment precious metals (IPM). No GST needs to be charged on exempt supplies.

For more information, please refer to the webpage “Supplies Exempt from GST”, available at www.iras.gov.sg > GST > GST-registered businesses > Working out your taxes > When is GST not charged > Supplies Exempt from GST.

4.4 Out-of-scope Supply

4.4.1 Out-of-scope supplies refer to supplies which are outside the scope of the GST Act. They also include supplies where the place of supply is outside of Singapore (refer to paragraph 3.1.5). No GST needs to be charged on out-of-scope supplies and they need not be reported in the GST return (you only need to report them in “Box 13: Revenue” of the GST F5 return if they are part of your revenue).

4.4.2 Examples of out-of-scope supplies:

- Salaries paid to employees for their services
- Sales where goods are delivered from a place outside Singapore to another place outside Singapore, e.g. third country sales where the goods do not enter Singapore
- Sales of overseas goods within Free Trade Zone (FTZ)
- Sales of overseas goods within Zero GST/Licensed warehouse
- Private transactions

4.4.3 For more information, please refer to the webpage “Out-of-scope Supplies”, available at www.iras.gov.sg > GST > GST-registered businesses > Working out your taxes > When is GST not charged > Out-of-scope Supplies.

4.5 Deemed Supply

Goods which are assets of the GST-registered person are sometimes permanently disposed of, transferred, or applied to non-business use. Although there is no consideration received, for GST purposes, supplies are considered to be made and hence such supplies are considered as “deemed supplies”. The rationale behind this is that if supplies were not deemed, the goods are being enjoyed by the recipient tax free, while input tax incurred on the purchase of the goods would have been claimed by the business.

The following are examples of deemed supplies:

4.5.1 Benefits provided to employees

Goods and services that are given free to employees are known as fringe benefits.

(i) Goods

Generally, you are required to account for output tax on the goods given to your employees or for temporary use by employees except when it relates to:

- Free food or beverage catered for employees or the provision of free accommodation in a hotel, inn, boarding house or similar establishment;
- Gifts with value of not more than \$200 each (exclusive of GST); or
- Goods for which no credit for input tax has been allowed on its purchase. That is, if the taxable person chooses not to claim input tax credit for the GST incurred on the goods, he needs not account for output tax when he subsequently gives away those goods for free or lets his employees use them temporarily.

Example

A local GST-registered company (G) supplies his employees with free meals on a regular basis. The cost of these supplies in one quarter is \$2,600. In this case, GST is to be accounted to the Comptroller of GST for providing free food to the employees. However, as it relates to free food or beverage catered for employees, no GST is to be accounted for on the free meals provided.

Example

A local GST-registered company (H) purchased 2 hampers from a GST-registered supplier on 1 Oct 2013 at \$210 (exclusive of GST, inclusive of GST price is $\$210 \times 1.07 = \224.70). H chose not to claim input tax on its purchases. H subsequently gave both hampers to one employee during a company function for free to reward him for his good performance. Under the gift rule, H is required to account for output tax on the hampers since the gift exclusive of GST costs more than \$200. However, since H did not claim input tax on its purchase of the hampers, H is not required to account for output tax. If H has claimed the input tax incurred on its purchase of the 2 hampers, H would need to account for GST on these 2 hampers (i.e. output tax to be accounted for = $\$14.70$ ($\$210 \times 0.07$)).

Referring to the above paragraph, assuming that the scenario has changed such that the 2 hampers cost \$180 (exclusive of GST, inclusive of GST price is $\$180 \times 1.07 = \192.60) and H claimed the input tax of \$12.60 incurred on its purchases. Since H claimed the input tax, H is required to account for output GST of \$12.60. However, under the gift rule, as the gift exclusive of GST costs less than \$200, H is not required to account for output tax on the hampers even though it has claimed the input GST.

Example

A local GST-registered company (I) lets its employee use the company's S-plate registered vehicle for free for a period. The cost to the company for the use of the car for that period is \$1,000. In this case, GST is to be accounted to the Comptroller of GST for this private usage of business car. However, as I is not entitled to any input tax claims on the business asset (in this case an S-plated motor car), I is not required to account for GST on the deemed supply (private or non-business usage).

(ii) Services

The provision of free services by a taxable person to his employees is not subject to GST as no supply is treated as being made by him. For example, if a carpet cleaning company provides free carpet cleaning service to the homes of his employees, this service is not subjected to GST.

When providing fringe benefits (goods or services), you can claim the GST incurred in providing them if they have a close nexus to your business activities, except in cases where:

- 1) The expense is a disallowed expense (refer to paragraph 6.1.6) listed under Regulations 26 and 27 of the GST (General) Regulations.
- 2) The fringe benefit is given only to the sole proprietor, partners or directors of the company. GST incurred on such expenses is not claimable.

For more information on fringe benefits, please refer to the e-tax guide "GST: Fringe Benefits" and the webpage "Employee Benefits", available at www.iras.gov.sg > GST > GST-registered businesses > Working out your taxes > Common scenarios - Do I charge/ deem/ claim GST > Employee > Employee Benefits.

4.5.2 Gifts to customers

When you give away goods for free, you are treated as making a supply to the recipient. You need not charge GST to the recipient since the goods are given for free. However, you are required to account for output tax based on the Open Market Value⁸ (OMV) of the goods except when:

- The cost of the gift is not more than \$200 (exclusive of GST); or
- No credit for input tax was claimed on the purchase or import of those goods. That is, if you have purchased this gift from a non-GST registered business or you choose not to claim input tax credit for the GST incurred

⁸ Open market value is explained in Section 17(5) of the GST Act. Basically, the open market value is the GST-exclusive price that the goods or services would fetch at that time if they were supplied between two unrelated persons.

on the goods, you will not need to account for output tax when you give them to your customers for free.

The GST treatment is similar to gifts given to employees under paragraph 4.5.1, e.g. the example on hampers.

4.5.3 Disposal of assets for free

Generally, you have to account for GST (i.e. output tax) when you sell or dispose of your business assets. If your assets have market value and you received consideration (e.g. money) for its sale or disposal, you have to account for output tax based on the consideration you received. If your assets have market value and you disposed or transfer (i.e. give) it for free, it will be considered as a deemed supply. The GST treatment will follow that of paragraph 4.5.1, and you are required to account for output tax based on the OMV of the goods if you have claimed the input tax previously and the goods were purchased at a cost of more than \$200 (exclusive of GST). For disposal or transfer of assets without consideration, you must account for GST on the date you dispose of or transfer (i.e. give) the assets.

If your assets are obsolete with no market value and you disposed of them for free, you need not account for output tax.

5 Time of Supply and Value of Supply

5.1 Time of Supply

5.1.1 For each transaction, you need to determine when the supply has been made by applying the time of supply rules. You are required to report the supply and account for GST (i.e. output tax) in your GST return based on the time of supply.

5.1.2 The time of supply for most transactions is triggered by the earlier of the following two events:

- 1) When payment is received
- 2) When an invoice is issued

Example

A local GST-registered company (J) sold toys to a retailer, delivered the goods on 15 Aug 2013 and invoiced the customer on 1 Sep 2013. The customer made payment on 12 Sep 2013. The time of supply is 1 Sep 2013. If J's prescribed accounting period is Jan-Mar, Apr-Jun, Jul-Sep and Oct-Dec, J should account for GST in the period from Jul to Sep.

5.1.3 The issuance of any type of invoice will trigger the time of supply (if the invoice is issued before payment is received). 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 is a debit note.

- 5.1.4 In general, documents such as sales order, pro-forma invoice, statement of accounts and letter or statement of claims are not considered as invoices for purposes of determining the time of supply. This is because these documents are not billings for payments and would therefore not be treated as invoices under normal commercial practices.
- 5.1.5 In the event that a tax invoice was not issued earlier, GST-registered businesses are still required to issue a tax invoice within 30 days from the time of supply for standard-rated supplies made to taxable persons. GST-registered customers would require tax invoices to support their input tax claims.
- 5.1.6 For more information, please refer to the e-tax guide “GST: Time of Supply Rules” and the webpage “When to report supplies in GST returns”, available at www.iras.gov.sg > GST > GST-registered businesses > Working out your taxes > When to report supplies in GST returns.

5.2 Determining Taxability of Supplies Straddling Registration Date

- 5.2.1 You may make supplies that straddle the GST registration date. In other words, you may supply your service/goods before your GST registration date but issue invoice and receive payment only after your GST registration date. As your supply is treated as being made after the GST registration date based on the time of supply rules, you have to charge and account for GST on such a supply.
- 5.2.2 However, upon request from your customer, you may determine the time of supply based on the earliest of the following three events:
- 1) When an invoice is issued;
 - 2) When payment is received; or
 - 3) When goods are removed or made available or when services are performed (known as the Basic Tax Point).

Therefore, if the Basic Tax Point is the earliest date, it will be taken as the time of supply. Hence if the time of supply is before the GST registration date, you do not need to charge GST to your customers.

- 5.2.3 However, this is only applicable if:
- Your customer is not GST-registered; or

- Where your customer is GST-registered, he is a partial exempt trader (refer to paragraph 6.3) or he is unable to claim back the input tax as it is a disallowed expense (refer to paragraph 6.1.6).

5.2.4 To seek for this relief, the qualifying customer and supplier must complete and sign the “Request for relief of GST on goods or services supplied prior to supplier’s GST registration date” form. The form can be found at www.iras.gov.sg > Quick links > Forms > GST > Others > Request for relief of GST on goods or services supplied prior to supplier’s GST registration date.

5.3 Time of Supply for Supplies Spanning De-registration

5.3.1 If you make supplies that straddle your GST de-registration date, that is, the Basic Tax Point takes place before the business becomes de-registered and the invoice is issued and payment is received after the de-registration date, the supply will be treated as taking place on the day immediately before you cease to be registered for GST and GST has to be accounted for on the whole supply.

5.3.2 For more information, please refer to the e-tax guide “GST: Time of Supply Rules” and the webpage “When to report supplies in GST returns”, available at www.iras.gov.sg > GST > GST-registered businesses > Working out your taxes > When to report supplies in GST returns.

5.4 Cash Accounting Scheme

5.4.1 The Cash Accounting Scheme is a scheme available to GST-registered businesses whose annual sales do not exceed S\$1 million. Businesses under this scheme do not need to account for output and input tax based on the normal time of supply rules. This helps to alleviate the cash flow of small businesses.

5.4.2 The Cash Accounting Scheme allows you to account for output tax upon receipt of payment from your customers. Similarly, when you claim your input tax, you will only do so upon payment to your suppliers. You only need to keep track of when you receive and make payments for your GST reporting.

5.4.3 For more information on how to apply for this scheme, please refer to the webpage “Cash Accounting Scheme”, available at www.iras.gov.sg > GST > GST-registered business > GST Schemes > General GST Schemes > Cash Accounting Scheme.

5.5 Value of Supply

5.5.1 GST is charged on the value of the supply of goods and services at the time of supply. The value of the supply may be for a consideration in money or the open market value of the supply.

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- 5.5.2 If the supply is for a consideration wholly in money, the equation of the value of supply is as follows:

$$\text{Value of Supply} + \text{GST} = \text{Money Consideration}$$

Example

A local GST-registered supermarket (K) sells a bottle of wine for \$40 before the addition of GST. The value of supply is \$40. The GST will be 7% of the value of supply, which is \$2.80. The consideration in money will be the addition of the value of supply and the GST which is \$42.80.

- 5.5.3 If the supply is not for a consideration or is for a consideration not wholly consisting of money, then the value of supply is the Open Market Value (OMV) of the supply i.e. Value of Supply = OMV.
- 5.5.4 You may choose to absorb GST payable by your customer to maintain competitiveness or out of customer goodwill. In doing so, you have to treat the sum of money received from your customer as inclusive of GST and account for GST based on the tax fraction, 7/107.

Example

Using the same example under paragraph 5.5.2, the local GST-registered supermarket (K) decided to absorb the GST on the bottle of wine. Hence it will need to account for output GST of \$2.62 (i.e. \$40 x 7/107) based on the tax fraction 7/107. The value of supply will be \$37.38 (\$40 x 100/107).

The tax invoice should still show GST as a separate amount. If you issue receipts or simplified tax invoices, you can state the GST-inclusive prices and indicate with the words "Price payable is inclusive of GST".

- 5.5.5 For a supply to a related person⁹, GST is to be accounted for based on the OMV of the supply and not on the transaction price.

Example

Mr Lee, a GST-registered person, owns a furniture shop and sells a table to his sister for \$535 (including GST of \$35). The OMV of the table is \$1000. In this case, the GST that Mr Lee should account for should be based on the OMV of \$1000, and not the transaction price of \$500. The amount payable to the Comptroller of GST should be:

$$\begin{aligned} \text{Output Tax} &= \$1000 \times 7/100 \\ &= \$70 \end{aligned}$$

⁹ Definition of a related person is available in the Third Schedule to the GST Act.

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If Mr Lee chooses to absorb the GST, i.e. to treat the OMV as inclusive of GST, the amount of GST to be accounted for will be:

$$\begin{aligned}\text{Output Tax} &= \$1000 \times 7/107 \\ &= \$65.42\end{aligned}$$

5.6 Discounted Sale Price Scheme

5.6.1 When you sell a second-hand or used vehicle using the Discounted Sale Price Scheme, you can charge GST on 50% of the selling price. You do not need to seek prior approval from the Comptroller of GST to use the scheme.

Example

You sell a motor vehicle for \$25,000 (excluding GST). GST is chargeable at 50% of the selling price.

$$\text{GST} = \$25,000 \times 50\% \times 7\% = \$875$$

For GST reporting purposes

Value of standard-rated supply: \$25,000

Output tax due: \$ 875

5.6.2 For more information, please refer to the webpage “Discounted Sale Price Scheme”, available at www.iras.gov.sg > GST > GST-registered business > GST Schemes > General GST Schemes > Discounted Sale Price Scheme.

5.7 Gross Margin Scheme

5.7.1 Under the Gross Margin Scheme (GMS), GST is accounted for on the gross margin (i.e. selling price less purchase price) instead of full value of the goods supplied.

5.7.2 You will need to fulfil the following conditions to use the GMS:

- 1) You are in the business of selling used goods (e.g. second-hand motor vehicles, electrical appliances, furniture and jewellery). You should not use the scheme if you make once-off or occasional sale of used goods such as disposal of business assets.
- 2) The used goods were purchased free of GST from:
 - a. Non-GST registered supplier (e.g. an individual); or
 - b. GST-registered supplier who had used GMS (and you have not been issued with a tax invoice when you purchased the goods and have not claimed any input tax).

- 5.7.3 For more information, please refer to the webpage “Gross Margin Scheme”, available at www.iras.gov.sg > GST > GST-registered business > GST Schemes > General GST Schemes Gross Margin Scheme.

6 Claiming of Input Tax

6.1 Claiming of Input Tax after GST registration

- 6.1.1 GST-registered businesses may incur GST on their purchases (i.e. input tax). You can claim the GST incurred when you submit your GST return to the Comptroller of GST by deducting the total input tax you have paid on your business purchases from the total output tax you have collected from your customers. The difference, called the net GST payable or net GST refundable, is what you will either pay to or be refunded by the Comptroller of GST.

- 6.1.2 Before making an input tax claim, you have to ensure that all the following conditions for the claiming of input tax are satisfied:

- 1) You are GST-registered;
- 2) The goods or services must have been supplied to you or the goods have been imported by you;
- 3) For local purchases: The input tax claims must be supported by tax invoices addressed to you or simplified tax invoices (refer to paragraph 6.1.3);

For imports: The input tax claims must be supported by import permits that show you as the importer of the goods;

- 4) The goods or services are used or will be used for the purpose of your business;
- 5) The input tax is directly attributable to the making of 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
- 6) The input tax claims are not disallowed under Regulations 26 and 27 of the GST (General) Regulations (refer to paragraph 6.1.6).

- 6.1.3 To be eligible to claim input tax, you must maintain:

- (a) a tax invoice addressed to you; or
- (b) a simplified tax invoice¹⁰ for:

¹⁰ A receipt or debit note can double up as a simplified tax invoice if it contains all the information required in a simplified tax invoice.

- (i) any purchase of value (including GST) of \$1000 or below; and
- (ii) entertainment expenses incurred on food and drinks, regardless of the purchase value. You must also keep alternative evidence of payment and information on the entertainment details (such as name of person entertained, purpose of entertainment, person incurring the expenses, etc).

This concession applies from 1 Feb 2014 and only on entertainment expenses on food and drinks. If the expenses comprise items other than food and drinks (e.g. rental of yacht), a full tax invoice is still required to support your input tax claim.

- 6.1.4 Input tax should be claimed in the accounting period corresponding to the date shown in the tax invoice, simplified tax invoice or import permit. You can claim input tax for your purchases before you actually make a sale or supply of such goods or services. In other words, it is not necessary to match the input tax claim (for purchases) with output tax charged (for the sale or supply) in the same prescribed accounting period.

For example, you imported a machine and will sell it to your customer three months later. You can claim the input tax in the accounting period in which the machine was imported.

- 6.1.5 Alternatively, you may claim input tax based on the date that you post or process the tax invoice or import permit into your accounting system. However, you should comply with the following:

- 1) Your basis of claiming input tax based on the date of posting or processing of the suppliers' tax invoices or import permits in the accounting system is applied consistently in all your GST returns;
- 2) You have the original tax invoices and import permits at the time of claiming your input tax; and
- 3) There are internal controls in place to ensure that there is no double claiming of input tax.

- 6.1.6 The following are disallowed as input tax claims under Regulations 26 and 27 of the GST (General) Regulations:

- 1) Club subscription and membership fees (including transfer fees) charged by sporting and recreational clubs;

- 2) Medical expenses incurred by your staff unless they are mandatory under the Work Injury Compensation Act¹¹ or under any collective agreement within the meaning of the Industrial Relations Act;
 - 3) Medical and accident insurance premiums incurred for your staff unless the insurance or payment of compensation is mandatory under the Work Injury Compensation Act or under any collective agreement within the meaning of the Industrial Relations Act;
 - 4) Benefits provided to the family members or relatives of your staff;
 - 5) Costs and running expenses incurred on motor cars that are either:
 - registered under the business' or individual's name, or
 - hired for business or private use.
 - 6) Any transaction involving betting, sweepstakes, lotteries, fruit machines or games of chance.
- 6.1.7 For more information on input tax claiming conditions and the disallowed input tax claims, please refer to the webpage “Conditions for claiming input tax”, available at www.iras.gov.sg > GST > GST-registered businesses > Working out your taxes > Can I claim GST (input tax) > Conditions for claiming input tax.

6.2 Pre-registration Input Tax

- 6.2.1 Pre-registration input tax is GST incurred by businesses on goods and services acquired before they are registered for GST. Based on the general input tax claiming conditions, such GST incurred before registration is not claimable since the business is not GST-registered at the time of supply. However, a special relief is available to allow businesses to claim pre-registration input tax in their first GST F5 return. This is provided that all the conditions in the “Pre-registration GST: Checklist for Self-Review of Eligibility of Claim form” are satisfied. The form can be obtained from www.iras.gov.sg > GST > GST-registered businesses > Working out your taxes > Can I claim GST (input tax) > Claiming GST Incurred Before Registration/Incorporation
- 6.2.2 If you are registered for GST on or after 1 July 2015, you can claim in full the GST incurred on the following goods and services acquired within 6 months before your GST registration date:
- a) Goods held by your business at the point of GST registration; and
 - b) Property rental, utilities and services, which are not directly attributable to any supply made by your business before GST registration.

¹¹ Please visit Ministry of Manpower (MOM) website at www.mom.gov.sg or contact MOM at (+65) 6438 5122 for more information. Alternatively, you may contact your insurance agent to determine if the insurance is obligatory under WICA.

- 6.2.3 For all other goods and services acquired before your GST registration date which are partially consumed before registration or used to make supplies straddling GST registration (i.e. supplies made before and after registration), you need to apportion the GST incurred. Only the portion of GST that is attributable to the supplies made after GST registration is claimable.
- 6.2.4 For more information on the pre-registration input tax rules and the apportionment methods, please refer to the e-tax guide “GST: Pre-Registration Claims on Goods and Services (For Businesses Registered for GST on or after 1 July 2015)” and the webpage “Claiming GST incurred before GST registration/incorporation”, available at www.iras.gov.sg > GST > GST-registered business > Working out your taxes > Can I claim GST (input tax) > Claiming GST incurred before GST registration/incorporation.

6.3 Partially Exempt Trader

- 6.3.1 A GST registered person is a partially exempt trader if he makes both taxable and exempt supplies. Based on the input tax recovery rule that input tax can only be claimed if it is incurred for the making of taxable supplies, the input tax attributable to the making of exempt supply cannot be claimed.
- 6.3.2 However, it is recognized that most businesses carrying on a taxable business will inevitably make some exempt supplies (e.g. interest from deposit of money in a local bank, exchange gain/loss arising from transacting in foreign currencies, issuance of shares to raise capital) in the ordinary course of business. Therefore, concessions have been made to allow GST-registered businesses making mostly taxable supplies to claim some input tax incurred on exempt supplies.
- 6.3.3 Exempt supplies are classified into Regulation 33 exempt supplies and non-Regulation 33 exempt supplies. Regulation 33 exempt supplies are supplies listed under Regulation 33 of the GST (General) Regulations and are considered to be necessary and integral to the making of taxable supplies. Any exempt supply that is not a Regulation 33 exempt supply will be a non-Regulation 33 exempt supply.
- 6.3.4 For a partially exempt trader, if the De Minimis Rule is satisfied, he may claim all the input tax incurred, including input tax attributed to the making of exempt supplies (both Regulation 33 and non-Regulation 33 exempt supplies). The De Minimis Rule is as follows:

Value of exempt supplies is less than or equals to:

- 1) Average of \$40,000 per month; and
- 2) 5% of the total value of all taxable and exempt supplies made in that accounting period.

- 6.3.5 If a GST registered business does not satisfy the De Minimis Rule and only makes Regulation 33 exempt supplies (i.e. does not make any non-Regulation 33 exempt supplies), he may still claim input tax that is attributed to the making of Regulation 33 exempt supplies. This is not applicable to partially exempt traders carrying on the business listed under Regulation 34 of the GST (General) Regulations (referred to as “Regulation 34 businesses”).
- 6.3.6 If a business does not satisfy the De Minimis Rule and makes both Regulation 33 and non-Regulation 33 exempt supplies, input tax attributed to the making of Regulation 33 exempt supplies will only be claimable if the test in Regulation 35 of the GST (General) Regulations (henceforth referred to as “Regulation 35 test”) is satisfied:
- Value of non-Regulation 33 exempt supplies is less than or equals to 5% of the total value of all taxable and exempt supplies (Regulation 33 and non-Regulation 33 exempt supplies) made in that period.
- If the Regulation 35 test is not satisfied, input tax attributed to the making of Regulation 33 exempt supplies are not claimable.
- Regardless of whether Regulation 35 test is satisfied, input tax attributed to the making of non-Regulation 33 exempt supplies are not claimable except when the De Minimis Rule is satisfied.
- 6.3.7 In cases where the input tax cannot be directly identified as incurred in the making of either taxable or exempt supplies (for example, general business overheads), this input tax, commonly called residual input tax, has to be apportioned. This is known as Input Tax Apportionment.
- 6.3.8 As the input tax claims are only allowed provisionally at the end of each prescribed accounting period, the partially exempt trader is required to perform a Longer Period Adjustment in respect of the input tax that he has claimed during the longer period.
- 6.3.9 Refer to Annex A, Figure 4: Input Tax Apportionment for a diagrammatic summary of the above. For more details on Regulation 33 exempt supplies and the input tax apportionment rules, please refer to the e-tax guide “GST: Partial Exemption and Input Tax Recovery” and the webpage “Claiming input tax incurred to make exempt supplies”, available at www.iras.gov.sg > GST > GST-registered business > Working out your taxes > Can I claim GST (input tax) > Claiming input tax incurred to make exempt supplies.

GST Administration

This section provides an overview of GST administration, including determining if you are liable to register for GST, the GST registration process and obligations of a GST-registered business.

7 GST Registration and De-Registration

7.1 Compulsory Registration

7.1.1 It is **compulsory** to register for GST under the following circumstances:

	(A) Retrospective View	(B) Prospective View
You are liable for GST registration when:	At the end of any quarter, the total value of all your taxable turnover in that quarter and the previous three quarters is more than S\$1million. Quarter refers to a period of 3 months ending on the last day of Mar, Jun, Sep or Dec.	At any time, if there are reasonable grounds (e.g. signing of a sales contract or business agreement) to believe that the taxable turnover in the next 12 months will be more than S\$1m.
You are required to apply for GST registration:	Within 30 days of the end of that relevant quarter. For example, if your liability arises at the end of Jun, you are required to inform the Comptroller by 30 Jul.	Within 30 days from the date on which you made a forecast that your taxable turnover for the next 12 months will be more than S\$1m. For example, if your date of forecast is 15 Jun, you are required to inform the Comptroller by 15 Jul.
Your date of registration will be from:	End of the month following the month in which the 30th day falls. For example, if your liability arose at the end of Jun, you are required to apply for registration by 30 th Jul and 30 days from this day is 29 th Aug. As such, you will be registered on 1 Sep.	End of 30 days from the date of your forecast. For example, if your date of forecast is 15 Jun, you will be registered on 16 Jul.

7.1.2 You should monitor your taxable turnover for the current and past 3 quarters at the end of every quarter and you are encouraged to use the **GST Registration Calculator** which is available at IRAS website to assist you. You should also continuously monitor whether your taxable turnover for the next 12 months will exceed S\$1million.

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7.1.3 If at the end of any quarter, your taxable turnover for that quarter and the past 3 quarters has exceeded S\$1million but you are certain that your taxable turnover for the next 12 months will not exceed S\$1 million due to the specified circumstances below, you will not be liable for GST registration. This is provided that you maintain:

- (a) Documentary evidences to prove that the specified circumstances had occurred (examples shown below are not exhaustive); and
- (b) Detailed computation showing how the projected taxable turnover for the next 12 months was determined to be S\$1million or less.

	Specified circumstances	Examples of supporting documents
1.	Expiry/termination of high-value sales contract from a major customer and you are unlikely to enter into new sales contracts in the next 12 months	<ul style="list-style-type: none"> • Sales contracts with details on the commencement dates and expiry/termination dates • Correspondences with customers on early termination of sales contract and evidence of payment of early termination fees, if any • Correspondences with customers to show that any new sales contracts entered into in the subsequent 12 months were unsolicited and unexpected
2.	Large-scale downsizing of business such as divestment of certain business lines, cessation of manufacturing activities, closure of retail shops/outlets, or relocation of business activities to overseas	<ul style="list-style-type: none"> • Notes of Board of Directors' meeting/directors' resolution (for corporate businesses) or management meetings (for non-corporate businesses) on the decision to divest, cease manufacturing activities, close retail shops, or relocation of business activities to overseas • Notification to employees or correspondences with third parties informing them of divestment, closure of retail shops or relocation of business activities to overseas • Termination of lease of property arising from divestment, cessation of manufacturing activities, closure of retail shops or relocation of business activities to overseas
3.	Revocation of business licence or termination of sales distribution rights that caused you to be unable	<ul style="list-style-type: none"> • Notification from external parties on the revocation of your business

	to carry on part/all of your business activities	<p>licence or termination of distribution rights</p> <ul style="list-style-type: none"> Records showing past revenue brought in by these activities that require business licence or distribution rights
4.	Cessation of all business activities or preparation to wind up, dissolve or strike-off business	<ul style="list-style-type: none"> Notes of Board of Directors' meeting/directors' resolution (for corporate businesses) or management meetings (for non-corporate businesses) on the decision to cease, wind up, dissolve or strike-off business ACRA business profile showing that business has ceased, wound up, dissolved or struck-off Notification to employees, suppliers/customers or correspondences with third parties informing them of cessation, winding up, dissolving or striking-off of business Termination of lease of property arising from cessation, winding up, dissolving or striking-off of business

7.1.4 Refer to Annex A, Figure 5: Determining Liability to Register for a diagrammatic summary of the above.

7.1.5 Taxable turnover refers to the total value (excluding GST) of all taxable supplies made in Singapore. It includes the value of all standard-rated and zero-rated supplies but excludes exempt supplies, out-of-scope supplies and sale of capital assets.

7.1.6 For more information, please refer to the e-tax guide "GST: Do I need to register?" and the webpage "Do I need to register for GST", available at www.iras.gov.sg > GST > Non-GST registered businesses > Registering for GST > Do I need to register for GST.

7.2 Exemption from GST

7.2.1 You can apply to the Comptroller of GST for exemption from registration if you make or intend to make wholly or mainly zero-rated supplies even if your taxable turnover exceeds S\$1 million.

7.2.2 If after being exempted from GST registration, there is a material change in the nature of the supplies made by you, you are required to inform the Comptroller of GST:

- Within 30 days of the date on which the change occurs; or
- Within 30 days of the end of the quarter in which it occurs if no particular date is identifiable.

7.2.3 To apply for exemption from GST, please complete and submit the form GST F2 “Application for Exemption from GST Registration”. The form can be obtained from IRAS website at www.iras.gov.sg > Quick links > Forms > GST > GST registration/ de-registration > Application for Exemption from GST Registration.

7.3 Voluntary Registration

7.3.1 You may register for GST voluntarily even if your annual taxable turnover is less than S\$1million.

7.3.2 Before submitting your application to register, the company director / sole-proprietor/ partner/ trustee must complete two e-Learning courses - "Registering for GST" and "Overview of GST" – and pass the quiz. These e-learning courses are not required if:

- The company director/ sole-proprietor/ partner of the business has the experience of managing other existing GST registered businesses; or
- The person who prepares your GST returns is an Accredited Tax Advisers (ATA) or Accredited Tax Practitioners (ATP); or
- The person who prepares your GST returns has completed both e-learning courses within the last two years.

Both e-Learning courses are available at IRAS’s website, www.iras.gov.sg > Quick links > e-Learning > Goods and Services Traders.

7.3.3 After your application is approved, you must remain registered for **at least two years**. In addition, you are required to comply with the following conditions:

- 1) Use GIRO for GST payment and/or refund;
- 2) Comply fully with the responsibilities of a GST registered business; and
- 3) Make taxable supplies within two years if you have not started making taxable supplies at the point of applying for GST registration;

7.3.4 The Comptroller may also impose other conditions for your GST registration and may cancel your GST registration if you fail to comply with any of the conditions. You are advised to do a cost and benefit analysis before submitting your application.

7.4 Registration Procedures

- 7.4.1 To register, you can apply for GST registration online at mytax.iras.gov.sg if you have been authorised to use other IRAS' e-services (e.g. e-Filing Corporate Tax returns/ Tax Clearance returns/ e-Submission of employment income). Please refer to the table on paragraph 8.5.3, No. 9 for the user guide on applying for GST registration online.
- 7.4.2 Alternatively, you can complete and submit the form GST F1 "Application for GST Registration" together with the required documents (as stated in the documentation checklist) to the Comptroller of GST. Please read the explanatory notes carefully before completing the form. The form can be obtained from IRAS website at www.iras.gov.sg > Quick links > Forms > GST > GST registration/ de-registration > Application for GST Registration.
- 7.4.3 For partnership businesses, you must submit an additional form, GST F3 "Notification of Liability to be Registered: Details of All Partnerships and Partners" together with the form GST F1 and the required documents to the Comptroller of GST.

7.5 Determining GST Registration Liability for Sole Proprietor

- 7.5.1 A sole-proprietorship is a business owned by one person or one company.
- 7.5.2 As a sole-proprietor, you have to add up the taxable turnover of all your sole-proprietorship businesses to determine whether they exceed S\$1 million. You also have to include income from any trade, profession or vocation you are engaged in (for example, as a hawker, insurance agent, commission agent, etc.).
- 7.5.3 If your total taxable turnover in the current and the past three quarters is more than S\$1 million or is expected to be more than S\$1 million in the next 12 months you are required to register for GST.
- 7.5.4 GST registration for sole-proprietorship businesses will be in the name of the sole-proprietor. In other words, one GST registration number will be issued for all the businesses owned by a sole-proprietor.
- 7.5.5 If you subsequently set up a new sole-proprietorship business, you should inform the Comptroller of the new sole-proprietorship business in writing together with a copy of the latest ACRA Business Profile. You should use the same GST registration number to charge GST on the taxable supplies of your new sole-proprietorship business.
- 7.5.6 Similarly, you should also use the same GST registration number to charge GST on the supplies made by your trade, profession or vocation.

7.5.7 For more information, please refer to the e-tax guide “GST: Do I need to register?” and the webpage “Do I need to register for GST”, available at www.iras.gov.sg > GST > Non-GST registered businesses > Registering for GST > Do I need to register for GST.

7.6 **Determining GST Registration Liability for Partnership**

7.6.1 For partnerships, the taxable turnover of all partnerships with the same composition of partners will be added up to determine your liability to register for GST. If the same partners set up, for example, two partnership businesses, the total taxable turnovers of these two businesses have to be summed up to determine if they are required to register for GST.

7.6.2 If the total taxable annual turnover is more than or is expected to be more than S\$1 million, the partnerships are required to register for GST. For ease of administration, GST registration will be in the name of the respective partnerships.

7.6.3 Once a partnership is registered for GST, all other partnerships with the same composition of partners will also be required to register. Thus, if you set up a new partnership with the same composition of partners and the existing partnership is already GST-registered, you are required to submit another Form GST F1, GST F3 and a copy of the latest ACRA Business Profile of the new partnership with the same composition of partners before the commencement of the business. The new partnership will then be assigned a new GST registration number for the charging of GST to its customers when it commences business.

7.6.4 For more information, please refer to the e-tax guide “GST: Do I need to register?” and the webpage “Do I need to register for GST”, available at www.iras.gov.sg > GST > Non-GST registered businesses > Registering for GST > Do I need to register for GST.

7.7 **De-registration**

7.7.1 You must cancel your GST registration within 30 days if::

- You stopped making taxable supplies and do not intend to make taxable supplies in future; or
- Your business has ceased; or
- Your business is transferred as a whole to another person (*the new entity needs to determine if it is required to register for GST*); or
- Your business constitution has changed (e.g. sole-proprietorship business converted to a partnership or vice versa, partnership converted to limited liability partnership, etc). The new entity needs to determine if it is required to register for GST.

7.7.2 You may also choose to cancel your GST registration if

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- You are certain that your taxable turnover for the next 12 months will be S\$1 million or less; and
 - If you are under voluntary registration, you have been registered for at least two years.
- 7.7.3 To apply for cancellation of GST registration, you can submit the “Application for Cancellation of Registration” online via mytax.iras.gov.sg.
- 7.7.4 Once your application for cancellation of GST registration is approved, you will be notified of the effective date of cancellation of GST registration (i.e. date of de-registration), the day when you must stop collecting GST.
- 7.7.5 You have to continue to fulfil your obligations as a GST-registered person (e.g. charge GST, submit GST returns) until the last day of the GST registration, one day before your effective date of cancellation of your GST registration.
- 7.7.6 A final GST return (GST F8) will be issued to you to file and account for GST up till the last day of the GST registration. You are required to submit the GST F8 and account for GST within 30 days from the end of the prescribed accounting period stated on the return.
- 7.7.7 In instances where there are no business transactions being carried out, you are still required to e-File the returns indicating zero in all boxes of the returns.
- 7.7.8 In your GST F8, you are required to account for GST (output tax) on any goods then forming part of the taxable assets of the business unless:
- The business is transferred as a going concern to another GST-registered person;
 - The business is carried on by another person who is deemed to be a taxable person in the case where the company is under liquidation, receivership or where the taxable person has died or is incapacitated; or
 - The value of the business assets (which you have claimed input tax previously) is not more than S\$10,000.
- 7.7.9 For used motor vehicles, you need only account for output tax based on 50% of the Open Market in your GST F8.
- 7.7.10 The above does not apply to any goods which you can prove to the satisfaction of the Comptroller that:
- 1) No input tax had been previously claimed on these goods; and

- 2) The goods were not acquired as part of the assets of a business which was transferred to you as a going concern by another GST-registered person.

7.8 Transfer of Business as a Going Concern

7.8.1 If a business is transferred to you, you have to include the taxable turnover of your transferor (previous owner) to determine your liability to register for GST.

7.8.2 In the quarter when the business is transferred to you, you are liable to register if the taxable turnover of that quarter and the past 3 quarters (including your transferor's taxable turnover) is more than S\$1 million. If you are liable for registration, your date of GST registration will be from the date of transfer of the business. The exceptional circumstances where you may not be liable for GST registration are explained in paragraph 7.1.3.

7.8.3 When a business is transferred, there will usually be a transfer of the business assets. Regardless of whether there is consideration (e.g. money) passing, the transferor is treated as making a taxable supply to the transferee. The GST-registered transferor has to account for GST on the supply. It is similar to a sale or disposal of business assets.

7.8.4 However, if the business (whole or part thereof) is transferred as a going concern, the supply of the related assets can be treated as an excluded transaction. To qualify as an excluded transaction, the transfer of business assets must satisfy all the following conditions:

- 1) The supply of assets is made in relation to a transfer of the business or part thereof to the transferee. A mere transfer of the assets would not satisfy this condition unless it has the effect of putting the transferee into the possession of a business. In general, this condition is satisfied where the transferee takes over all assets and liabilities of the business;
- 2) The assets to be transferred must be intended for use by the transferee in carrying on the same kind of business of the transferor;
- 3) In the case where only part of the business is transferred, that part must be capable of being operated independently;
- 4) The business or part thereof must be a going concern at the time of the transfer. In other words, there must be no closure of the business immediately after the transfer, except for such temporary closure as may be necessary to put the business in operation under the new ownership;
- 5) The transferee must be a GST registered person at the time of the transfer. If the annual value of the taxable supplies of the transferee exceeds or is reasonably expected to exceed S\$1million immediately after the transfer, the transferee has the liability to register for GST. In such instances, the

transferee is required to notify the Comptroller of his liability to register 30 days before the date of the transfer; and

- 6) Both the transferor and transferee must maintain sufficient records on the transferred assets. The records should provide information on the description and value of each asset or class of assets transferred. In addition, both transferor and transferee must be able to reconcile the difference of the values of assets before and immediately after the transfer of business with the value of the transferred assets.

7.8.5 For more information, please refer to the e-tax guide, “Transfer of Business as a Going Concern and other Excluded Transactions” and the webpage “Transferring businesses”, available at www.iras.gov.sg > GST > GST-registered businesses > Working out your taxes > Common Scenarios – Do I charge/ deem/ claim GST > Related company and other third party > Transferring businesses.

7.9 Group Registration

7.9.1 Group registration allows two or more companies within a group to file GST returns as a group instead of individually. One of the companies in the group will be the “representative member” while the others are members. On successful application, the Comptroller will register the group in the name of the representative member.

7.9.2 Supplies of goods or services made by or to any member of the group shall be treated as being made by or to the representative member¹² and accounted for by the representative member.

7.9.3 The purpose of group registration is to reduce administration cost of groups of companies in GST reporting. It is not meant to facilitate tax planning by companies.

7.9.4 Supplies made between members of the group are disregarded for GST purposes and this helps to reduce compliance costs as well as improve cash flow for the group.

7.9.5 You can make an application for group registration to the Comptroller of GST by completing the GST G1 “Application for Group Registration” form and furnish the required documents which can be obtained at www.iras.gov.sg > Quick links > Forms > GST > GST registration/ de-registration > Application for Group Registration.

7.9.6 For more information, please refer to the e-tax guide “GST: General Guide on Group Registration” and the webpage “Group registration”, available at www.iras.gov.sg > GST > Non-GST registered businesses > Registering for GST > Group Registration.

¹² Section 30(1)(c) of the Goods and Services Tax Act

7.10 Divisional Registration

- 7.10.1 Where a registered person carries on his business through separate divisions or where he carries on different businesses, he may apply to the Comptroller of GST to register any of the divisions or businesses separately. Upon approval, each division or business will be given a separate GST registration number and will then submit its own GST return.
- 7.10.2 A GST-registered person¹³ that carries on business through independent divisions or separate businesses¹⁴ may find it difficult to consolidate the accounts of all its divisions or businesses to file a single GST return periodically (monthly or quarterly filing frequency). Divisional registration eases the GST administration of such a business structure by allowing the submission of GST returns by divisions or businesses.
- 7.10.3 A GST-registered person can choose to apply for separate registration for all his divisions, or just some of them. On successful application, the Comptroller will issue each division or business with a separate GST registration number and allow each division or business to submit its own GST return.
- 7.10.4 GST is chargeable only on supplies made by a division or business to persons outside the entity. Supplies made between the divisions or businesses of the same entity are disregarded for GST accounting purposes. Similarly, GST is not chargeable on allocation of expenses to the various divisions.
- 7.10.5 Divisional registration does not alter the GST-registered person's GST liability. The parent body is still legally liable for the divisions.
- 7.10.6 You can apply for divisional registration by submitting the GST F11 "Application for Divisional Registration" form which can be obtained at www.iras.gov.sg > Quick links > Forms > GST > GST registration/ de-registration > Application for Divisional Registration. You have to list the required details of each business or division that you are applying for separate registration.
- 7.10.7 For more information, please refer to the e-tax guide "GST: Guide on Divisional Registration" and the webpage "Divisional Registration", available at www.iras.gov.sg > GST > Non-GST registered businesses > Registering for GST > Divisional Registration.

¹³ He can be a corporate body, sole-proprietor, partnership or others.

¹⁴ For example: (i) a sole-proprietor owns a few sole-proprietorship businesses of different business activities; (ii) a corporate body has a few independent divisions running businesses in different locations.

8 GST F5 Return Submission

8.1 Accounting Period

8.1.1 As a GST-registered person, you are required to submit GST returns and account for GST to the Comptroller of GST at regular intervals. The prescribed accounting period is the period covered by the GST return.

8.1.2 The prescribed accounting period can be monthly or quarterly (to file every three months). However, when you register for GST, you will automatically be given quarterly accounting periods. There are three cycles under quarterly accounting, and you will be given the cycle which will coincide with your financial year-end (FYE):

Cycles	If your FYE is of the following:	Quarterly accounting periods
Cycle 1	Jan, Apr, Jul, Oct	Nov-Jan, Feb-Apr, May-Jul, Aug-Oct
Cycle 2	Feb, May, Aug, Nov	Dec-Feb, Mar-May, Jun-Aug, Sep-Nov
Cycle 3	Mar, Jun, Sep, Dec	Jan-Mar, Apr-Jun, Jul-Sep, Oct-Dec

8.1.3 If there is a change of your FYE, you need to write in to inform IRAS of the change and align your accounting cycle to coincide with your new FYE.

8.1.4 You can write to the Comptroller of GST to request to be on monthly accounting period if you are likely to receive GST refunds regularly. The request is subject to the Comptroller's approval.

8.1.5 Some companies may have accounting periods which are not based on the calendar month. For example, some may end on a fixed date (other than the last day) of the month; some may end on every 4 or 5 weeks. In this case, the company may apply to the Comptroller of GST for the Special GST Accounting Period which coincides with its accounting period. The due date for the GST return is one month after the end of your special accounting period. For example, if the GST return is for the special accounting period from 5 Apr 2012 to 5 Jul 2012, the due date to submit your return is 5 Aug 2012.

8.2 Filing and Preparation of the GST F5 Return

8.2.1 It is compulsory to e-file GST returns. Your GST return will be made available online at myTax Portal on the day after the end of your prescribed accounting period.

8.2.2 The GST F5 return consists of 13 boxes. If there is no transaction during the prescribed accounting period, you are still required to e-File a nil return (i.e. fill in '0' for all boxes).

8.2.3 For more information on how and what to fill in the 13 boxes, please refer to the e-tax guide “GST: How Do I Prepare My GST Return” and the webpage “Completing GST return”, available at www.iras.gov.sg > GST > GST-registered businesses > Filing your taxes > How to file tax > Completing GST return.

8.3 Due Dates and Penalties

8.3.1 Both the submission of the GST return and the payment (if any) of GST are due one month after the end of the accounting period covered by the return. For example, IRAS must receive the submission of the GST F5 return and the GST payment for the quarter ending Mar 2014 by 30 Apr 2014.

8.3.2 You can pay the net GST due by GIRO, cheque, electronic funds/telegraphic transfer or cash. If you are posting in a cheque to make payment, please post early to ensure it reaches IRAS by the due date. If you are on GIRO plan for GST payment, deductions will be made on the 15th day of the month after the submission due date. Using the example in paragraph 8.3.1, the GIRO deduction of the net GST amount will be on 15 May 2014.

8.3.3 If you fail to pay the GST amount payable in your F5 submission by the due date, a 5% late payment penalty will be imposed. A demand note will be issued to you to make the outstanding payment. If the tax remains unpaid after 60 days from the date of the demand note, an additional 2% penalty may be imposed. The 2% additional penalty is calculated immediately after the due date of each accounting period and is imposed for each completed month that the tax remains outstanding. The total additional penalty can be up to 50% of tax outstanding. In other words, total maximum penalties can be up to 55% (5% + 50%).

8.3.4 If you fail to file the F5 return by the due date, IRAS will issue an estimated Notice of Assessment and impose a 5% late payment penalty on the estimated tax. A late submission penalty of \$200 will be imposed for every completed month that a GST F5 Return remains outstanding. The maximum late submission penalty for each GST F5 is \$10,000.

Example

Company L submitted the GST F5 Returns for the period ending 31 Mar 13 on 20 Jul 13. The late submission penalties will be \$400 (May and Jun – two completed months that the return remains unsubmitted).

8.3.5 If there is a net GST amount to be refunded, the GST refund will usually be made within one month and three months from the date of submission of your GST return for monthly and quarterly prescribed accounting periods, respectively. However, this will not apply if:

- You have outstanding GST returns not filed;

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- You are under audit by the Comptroller and have not complied with our requests for information; or
 - You have outstanding taxes or penalties due.
- 8.3.6 If the net GST amount is less than \$5, the payment or refund is waived. It will not be carried forward to the next return.

8.4 Errors made in GST Return

8.4.1 If you have made errors in your submitted GST F5/F7/F8, you should file a GST F7 to correct the errors. The GST F7 form is identical to the GST F5 form. You should fill in the F7 as though it is a new GST return for the accounting period as the F7 that you submit will replace the GST F5/F7/F8 that was submitted previously.

8.4.2 However, as a concession, you may choose to adjust for the errors made in an earlier GST F5 return(s) in your next GST F5 if you meet both the following criteria:

- 1) The net GST amount in error (i.e. output tax error – input tax error) for all the affected prescribed accounting periods is not more than \$1,500; and
- 2) The summation of non-GST amounts in error for (each of) the affected accounting periods is not more than 5% of the total value of supplies declared in the submitted GST return (i.e. Box 4). In the case where there was no supply made in the affected accounting period, the 5% rule will be applied to the total value of the taxable purchases.

8.4.3 GST amount in error refers to the error amount for Box 6 (Output tax due) and/or Box 7 (Input tax and refunds claimed) of your submitted GST return. Non-GST amounts in error refer to the amount of all other errors made in your submitted GST returns that are not GST errors, e.g. an error made to the value declared in Box 1 (Total value of standard-rated supplies), Box 2 (Total value of zero-rated supplies) or Box 5 (Total value of taxable purchases).

Example

Company M has omitted a standard-rated supply (\$10,000 + GST \$700) and a taxable purchase (\$1,000 + GST \$70) in its GST F5 submitted for the accounting period ended 31 Dec 2013. The total value of supplies (i.e. Box 4) declared in the submitted GST F5 is \$100,000.

- 1) Net GST amount in error is \$630 (\$700 - \$70) (not more than \$1,500, i.e. criteria 1 met)
- 2) Summation of non-GST amounts in error is \$11,000 (\$10,000 + \$1,000) (more than 5% of \$100,000 declared as total supplies in the submitted GST F5, i.e. criteria 2 not met)

Since Company M does not meet both criteria, it is required to file GST F7 for the accounting period ended 31 Dec 2013 to correct the errors made.

- 8.4.4 If the above criteria are not met and the errors affect more than one accounting period, you may consolidate the errors and report them in one GST F7 on a per annum basis (i.e. financial, calendar or tax year basis). For adjustment of the consolidated errors, you should report the total revised values (including the net adjustment) in the GST F7 for the last accounting period of the year.
- 8.4.5 For more information, please refer to the webpage “Correcting errors made in GST return (Filing GST F7)”, available at www.iras.gov.sg > GST > GST-registered businesses > Filing your taxes > Correcting errors made in GST return (Filing GST F7).

8.5 E-services for GST

- 8.5.1 For greater convenience, there are various functions in myTax Portal and E-Services Authorization System (EASY) for you to transact with IRAS. Please refer to the summary table below on the various GST e-services and corresponding user guides that IRAS offers.
- 8.5.2 Before you can access the e-Services via myTax Portal in the table below (except for “View Register of GST-Registered Businesses”), please ensure that:
- 1) You have been duly authorised by the business to act for its GST matters via the e-Services Authorisation System (EASY); and
 - 2) You have the organisation’s tax reference number and your personal SingPass or IRAS PIN.

9 Tax Invoice, Simplified Tax Invoice and Receipt

9.1 Tax Invoice

- 9.1.1 Tax invoices must be issued by GST-registered businesses to their GST-registered customers so that the customers can use them as supporting documents to claim input tax on standard-rated purchases. A tax invoice has to be issued within 30 days from the time of supply.
- 9.1.2 A tax invoice need not be issued for the making of zero-rated supplies, exempt supplies, deemed supplies or to non-GST registered customers. However, if you choose to issue a tax invoice for your zero-rated supplies, you need to indicate all the information that is required on a tax invoice and that GST is charged at 0%.
- 9.1.3 A tax invoice must not be issued if:

- You are not registered for GST;
- You are selling goods using the Gross Margin Scheme (GMS); or
- You are the supplier in a self billing arrangement where your customer issues the tax invoice.

9.1.4 Below is the information required on a tax invoice. You may refer to Annex A, Figure 6: Sample of a Tax Invoice.

- The words "Tax Invoice" in a prominent place;
- An identifying number;
- The date of issue of the invoice;
- Your name, address and GST registration number;
- Your customer's name (or trading name) and address;
- The types of supply e.g. credit sale, hire purchase, loan;
- A description of goods or services supplied;
- For each description, the quantity of goods or extent of services and the amount payable (excluding tax);
- Any cash discount offered;
- The following amounts shown separately in Singapore currency:
 - I. total amount payable excluding tax;
 - II. total tax chargeable; and
 - III. total amount payable including tax; and
- If applicable, the breakdown of exempt, zero-rated or other supplies, stating separately the gross amount payable in respect of each.

9.1.5 It is not acceptable to omit the required particulars (e.g. indicating "Cash" in place of your customer's name and address) if you are issuing a tax invoice for a total amount (inclusive of GST) exceeding \$1,000. Your GST-registered customer requires a valid tax invoice to support his input tax claim.

9.1.6 You should issue only one original tax invoice for each sale transaction. If the customer loses the original invoice or simplified tax invoice, you may issue a duplicate copy marked "Copy" or "Duplicate".

9.1.7 For more information, please refer to the webpage “Invoicing customers”, available at www.iras.gov.sg > GST > GST-registered businesses > learning the basics > How to implement GST > Invoicing, price display and record keeping > Invoicing customers.

9.2 **Simplified Tax Invoice**

9.2.1 If the total amount (inclusive of GST) stated in the invoice does not exceed \$1,000, you may issue a simplified tax invoice. As compared to a tax invoice, less information is required to be shown on a simplified tax invoice, e.g., your customer’s name is not required.

9.2.2 Below is the information required on a simplified tax invoice. You may refer to Annex A, Figure 7: Sample of a Simplified Tax Invoice.

- Your name, address and GST registration number;
- An identifying number, e.g. invoice number;
- The date of issue of the invoice;
- Description of the goods or services supplied;
- The total amount payable including tax; and
- The word “Price Payable includes GST”.

9.2.3 For more information, please refer to the webpage “Invoicing customers”, available at www.iras.gov.sg > GST > GST-registered businesses > learning the basics > How to implement GST > Invoicing, price display and record keeping > Invoicing customers.

9.3 **Receipt**

9.3.1 You may choose to issue a receipt instead of a tax invoice to your non-GST registered customer (e.g. an end consumer) for the payments received. You must retain a duplicate of the receipt issued.

9.3.2 A receipt must be serially printed and must show the following:

- Your name and GST registration number
- Date of receipt;
- Total amount payable including total GST; and
- The words "Price payable includes GST".

9.3.3 Businesses are not required to seek approval from IRAS for not issuing receipts. You must however ensure complete and accurate recording of income transactions even if you decide not to issue receipts. There must be a well-documented audit trail to show that all income transactions are correctly recorded and declared for tax purposes. Practices such as using a cash register or accounting software should be maintained to help ensure the proper recording of all income transactions. It should be noted that:

- 1) You must still issue receipts to customers (if requested); and
- 2) GST-registered businesses must continue to issue tax invoices for purchases that exceeds \$1000 as required under the GST legislation, as the waiver of issuance of receipts is not the same as the waiver of issuance of tax invoices.

9.3.4 For more information, please refer to the webpage “Invoicing customers”, available at www.iras.gov.sg > GST > GST-registered businesses > learning the basics > How to implement GST > Invoicing, price display and record keeping > Invoicing customers.

9.4 Invoicing in a Foreign Currency

9.4.1 For a local sale denominated in a foreign currency, the following items on the tax invoice must be converted into Singapore dollars using approved exchange rate for GST purposes:

- Total amount payable excluding GST;
- Total GST payable; and
- Total amount payable including GST.

9.4.2 Examples of the approved exchange rates are exchange rates published by local banks or locally circulated newspaper. This exchange rate must be updated at least once every three months and be used consistently for internal business reporting, accounting and GST purposes. The source must also be used consistently for at least one year from the end of the accounting period in which the method was first used.

9.4.3 For more information, please refer to the webpage “Foreign currency transactions”, available at www.iras.gov.sg > GST > GST-registered businesses > Working out your taxes > Foreign currency transactions.

9.5 Calculating GST on Invoice

9.5.1 The total GST payable on all goods and services shown on a tax invoice may be rounded off to the nearest whole cent (i.e. two decimal places). With the discontinuation of 1 cent coins, some businesses may round their bills (i.e. total amount payable including GST) to the nearest 5 cents to facilitate cash

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payment by their customers. Whether a bill should be rounded up or rounded down to the nearest 5 cents is a business decision. However, this must be applied consistently.

- 9.5.2 There are two ways to compute the total GST amount if your tax invoice contains several line items of standard-rated supplies. You can either calculate the GST amount for each line item and sum up the GST amounts for each line item or calculate the GST on the total amount payable (i.e. summing all line items before GST). The total GST amount computed may differ due to the method used. Both methods of computing the total GST amount are acceptable so long as you apply the chosen method consistently.

10 Price Display

- 10.1 As a GST registered person, you are required to show and quote the GST-inclusive prices on all prices displayed, advertised, published or quoted for any supply of goods or services made by you. All written and verbal quotations must include the GST component. Similarly, all prices published on advertisement, price list and web pages should be inclusive of GST.
- 10.2 If you choose to display both GST-inclusive and GST-exclusive prices, the GST-inclusive price must be at least as prominent as the GST-exclusive price.
- 10.3 These requirements are to ensure that the members of the public know upfront the final price of goods and services that they have to pay. Failure to comply with each of these requirements is an offence that can result in a fine of up to \$5,000.
- 10.4 The following illustrates the contrast between an acceptable price display format and one that is not.

Price Display Format	
Acceptable	Not Acceptable
\$107	\$100 +
\$107 w/GST	\$100 + GST \$100 + 7% GST \$100 + \$7 GST
\$107 (inclusive of GST)	
\$107 w/GST (\$100)	\$107 w/GST (\$100)
\$107 w/GST (\$100)	
\$107 w/GST (\$100)	\$100 (\$107 w/GST)

- 10.5 In cases where the retail price is subject to bargaining, the price displayed or quoted should still be the GST-inclusive price. The amount of GST to be accounted by the retailer will be the tax fraction (i.e. 7/107) of the final price paid by the customer.
- 10.6 Where a GST-registered business intends to give a discount equal to the GST amount (i.e. absorbing the GST – refer to paragraph 5.5.4) to the consumer, it is incorrect to advertise that there is 'no GST' for the goods or services. Such advertising is misleading as there is a GST element in all goods and services supplied by a GST-registered business.
- 10.7 An exception is made for businesses in the hotel and food & beverage (F&B) industry. Due to the imposition of service charge, these businesses may have operational difficulties in displaying GST-inclusive prices. As an administrative concession, they may display GST-exclusive prices for goods and services that are subject to service charge. However, a statement informing customers that prices displayed are subject to GST and service charge must be prominently shown. For goods and services that are not subject to service charge, you must still show GST-inclusive prices on all price displays, advertisement or publicity brochures.
- 10.8 For more information, please refer to the webpage “Displaying and quoting prices”, available at www.iras.gov.sg > GST > GST-registered businesses > learning the basics > How to implement GST > Invoicing, price display and record keeping > Displaying and quoting prices.

11 Record Keeping

- 11.1 It is the responsibility of a GST-registered business to keep proper records. Under the Income Tax Act and GST Act, failure to keep and retain sufficient records is an offence and may result in:
- 1) Expenses claimed being disallowed; and
 - 2) Penalties being imposed.
- 11.2 The types of records that businesses need to keep include:
- Source documents that substantiate all transactions in your business - e.g. receipts, invoices, vouchers, and other relevant documents issued or received from customers and suppliers;
 - Accounting records and schedules - manual or electronic records of assets and liabilities, revenue and expenses, gains (profit) and losses;
 - Bank statements; and
 - Any other records of transactions connected with your business.

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- 11.3 You are required to keep business records for at least five years.
- 11.4 You can keep records manually or electronically. Businesses do not need to apply to IRAS for approval to issue tax invoices electronically. However, you must comply with the guidelines set in the e-tax guide “Record Keeping Guide for GST-Registered Businesses” available on the webpage “Keeping records” at www.iras.gov.sg > GST > GST-registered businesses > learning the basics > How to implement GST > Invoicing, price display and record keeping > Keeping records.

12 Offences and Penalties

Penalties provided in the Act are summarised in the table below:

Offences	Penalties	Section of GST Act
Penalty for failure to keep records		
Failure to keep records for at least five years (seven years, for accounting periods ending before 1 Jan 2007)	You are liable on conviction to: 1) A fine not exceeding \$5,000; or 2) An imprisonment for a term not exceeding 6 months; or 3) Both fine and imprisonment. For a second or subsequent conviction: 1) A fine not exceeding \$10,000; or 2) An imprisonment for a term not exceeding 3 years; or 3) Both fine and imprisonment.	S46(6)
General Penalties		
Failure to submit GST returns electronically when required to, and other general penalties in respect of offences not specified under the Act	You are liable to: 1) A fine not exceeding \$5,000; and 2) An imprisonment term not exceeding 6 months in default of payment.	General penalty under S58
Failure to display price inclusive of GST	1) A fine not exceeding \$5,000; and 2) An imprisonment term not exceeding 6 months in default of payment.	General penalty under S58
Penalty for incorrect return		
Submission of incorrect return without reasonable excuse or through negligence	You are liable on conviction to: 1) A penalty equal to double the amount of tax undercharged; and	S59(2)

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	2) A fine not exceeding \$5,000 or an imprisonment term not exceeding 3 years; or both fine and imprisonment.	
Penalty for failure to pay or make returns within prescribed period		
Failure to pay any outstanding tax	You are liable to: 1) A penalty equal to 5% of tax payable; and 2) An additional penalty of 2% per month on tax remaining unpaid after 60 days from the due date of the prescribed accounting period (subject to a maximum total additional penalty of 50% of the outstanding tax).	S60(1)
Failure to make returns within prescribed periods	You are liable to: 1) A penalty of \$200 per month for each month the return remains outstanding (subject to a maximum penalty of \$10,000)	S60(2)
Penalty for failure to register		
For failure to register	You are liable on conviction to: 1) A fine not exceeding \$10,000; 2) A penalty equal to 10% of the tax due in respect of each year or part thereof commencing from the date on which you are required to make the notification or to apply for registration; and 3) A further penalty of \$50 for every day during which the offence continues after conviction.	S61
Penalty provisions relating to fraud, etc.		
For evasion cases, in which you wilfully evade, or assist other persons to evade	You are liable on conviction to: 1) 3 times the amount of tax evaded; and 2) A fine not exceeding \$10,000 or an imprisonment term not exceeding 7 years; or both fine and imprisonment.	S62
Improperly obtaining refund		
For fraudulently obtaining refund	You are liable on conviction to: 1) A penalty of 3 times the amount of excess refund; and	S63

	2) A fine not exceeding \$10,000 or an imprisonment term not exceeding 3 years; or both fine and imprisonment.	
Offences in relation to goods and invoices		
For offences in possessing or accepting goods and services that you know that tax on the supplies has been or will be evaded	You are liable on conviction to: 1) A fine not exceeding \$5,000; and 2) A penalty of 3 times the amount of tax evaded.	S64(1)
For offences in relation to invoices for which you issue a tax invoice when you are not authorised under the Act	You are liable on conviction to: 1) A fine not exceeding to \$10,000; and 2) A penalty of 3 times the amount of tax shown on the invoice.	S64(2)
Penalty for obstructing Comptroller in carrying out his duties		
For obstructing the Comptroller of GST in carrying out his duties	You are liable on conviction to: 1) A fine not exceeding \$5,000; or 2) An imprisonment term not exceeding 6 months; or 3) Both fine and imprisonment.	S66

13 Objections and Appeal Procedure

13.1 Objection against the Comptroller's Decision

If you have any objection against the decision of the Comptroller of GST, you may apply to him in writing for a review within 30 days from the date that you have been notified of the decision. The objection may involve any of the following decisions:

- Registration or deregistration of your business;
- The tax on the supply of goods and services or on the importation of any of your goods;
- The amount of input tax credit or refund allowed;
- The proportion of supplies liable for GST;
- The claim for, or the amount of, refunds under Section 25;
- The direction or supplementary direction made under Paragraph 2 of the First Schedule to the Act to treat separate businesses as one for the purposes of registration;

- The declaration to be an agent of another person under Section 79; or
- The requirement of any security under Section 81(3).

13.2 The Board of Review

If you disagree with the Comptroller's decision after you have lodged your objection, you may make an appeal by lodging a written notice of appeal to the GST Board Of Review within 30 days of the Comptroller's decision. Within the next 30 days of the lodgement of your notice of appeal, a statement stating the reasons for the appeal should be submitted to the Board.

The responsibility or burden of proving that the Comptroller's decision is wrong is on you. The Board may confirm, vary or annul the decision of the Comptroller of GST.

If the Board confirms the decision of the Comptroller of GST, your appeal might be deemed unnecessary or frivolous. In such an instance, you will be ordered to pay cost to the Board and any costs to the Comptroller of GST for a sum not exceeding \$1,000 plus the tax charged.

13.3 The High Court

If you do not, or the Comptroller of GST does not agree with the decision of the Board, either party may appeal to the High Court. The High Court may confirm, vary or annul the decision of the Board. Further right of appeal to the Court of Appeal may exist.

GST Schemes

This section describes the various GST schemes that are available to GST-registered businesses.

14 Major Exporter Scheme (MES)

14.1 MES is designed to ease the cash flow of businesses that have substantial import and export of goods. If you have been approved to use the MES, the payment of GST is suspended at the point of importation of goods. That is, MES businesses are allowed to import non-dutiable goods without paying GST to Singapore Customs (SC).

14.2 To be eligible, your zero-rated supplies must account for more than 50% of the total supplies, or the value of your zero-rated supplies is more than S\$10 million for the past 12 months. The relevant period for calculating the value of supply will be the immediate past financial year or any 12 continuous calendar months within the past 18 calendar months. Total supplies refer to the

summation of standard-rated supplies, zero-rated supplies and exempt supplies.

- 14.3 You can apply by submitting the GST F10 “Application for Major Exporter Scheme” application form to the Comptroller of GST. A letter of guarantee may be required for the granting of MES where the Comptroller of GST thinks fit. You will be notified in writing if a letter of guarantee is required. The form can be obtained from IRAS website at www.iras.gov.sg > Quick links > Forms > GST > GST Schemes > Application for Major Exporter Scheme (MES).
- 14.4 You also need to perform a self-review using the Assisted Self-Help Kit (ASK) and submit the certified ASK declaration form "ASK: Declaration Form on Completing Annual Review & Voluntary Disclosure of Errors" when applying to enjoy the benefits under MES.
- 14.5 The ASK Annual Review must be performed by either:
- 1) An individual accredited with Singapore Institute of Accredited Tax Professionals ("SIATP") as Accredited Tax Advisor (GST) [ATA (GST)] or Accredited Tax Practitioner (GST) [ATP (GST)]; or
 - 2) The GST-registered business and certified by an individual accredited with SIATP as ATA (GST) or ATP (GST), in adherence to the certification procedures set out in the GST ASK Annual Review Guide.
- 14.6 If your application is successful, your MES status will be valid until IRAS notifies you in writing that your eligibility of MES status is due for review. This is usually three years after the date of approval. At any time, if you fail to satisfy any of the qualifying conditions, you are required to inform the Comptroller and your MES status may be revoked.
- 14.7 For more information on the ASK declaration form and MES, please refer to the website “Major Exporter Scheme”, available at www.iras.gov.sg > GST > GST-registered businesses > GST Schemes > General GST Schemes > Major Exporter Scheme.

15 Tourist Refund Scheme

- 15.1 Under the electronic Tourist Refund Scheme (eTRS), tourists may receive a refund of GST paid on goods purchased from retailers who participate in the scheme. The tourist refund is only available to tourists who are bringing their purchase out of Singapore via Changi International Airport or Seletar Airport within two months from the date of purchase, subject to the eligibility and conditions of the scheme.
- 15.2 For more information, please refer to the webpage “Tourist Refund Scheme”, available at www.iras.gov.sg > GST > Consumers > Tourist Refund Scheme.

15.3 As a retailer, you may participate in the eTRS either as an Independent Retailer (“IR”) or through a Central Refund Agency (“CRA”). Presently, there are three CRAs in Singapore participating in the eTRS. They are Global Blue Singapore Pte Ltd, Premier Tax Free & Fintrax Payments (Asia) Pte Ltd and Global Tax Free Pte Ltd.

15.4 For more information on participating in the TRS as a retailer, please refer to the e-tax guide “GST Guide on the Electronic Tourist Refund Scheme (eTRS)”, available at www.iras.gov.sg > Quick links > e-Tax-Guides > GST.

16 Other Schemes for Specific Industries

For Importers and Exporters

16.1 Approved Third Party Logistics (3PL) Company Scheme

The Approved Third Party Logistics (3PL) Company Scheme is designed to enhance the competitiveness of logistics companies that provide logistics management services to overseas clients who use Singapore as a logistics hub. In general, an approved 3PL company enjoys import GST suspension on goods imported, thereby easing the cash flow of the company.

For more information, please refer to the webpage “Approved Third Party Logistics (3PL) Company Scheme”, available at www.iras.gov.sg > GST > GST-registered businesses > GST schemes > Industry-Specific Schemes > Approved Third Party Logistics (3PL) Company Scheme.

16.2 Import GST Deferment Scheme (IGDS)

Under IGDS, approved GST-registered businesses can defer their import GST payments until their monthly GST returns are due. This means that they account for the deferred import GST and claim it as input tax (subject to the conditions of claiming input tax) in the same GST return. Businesses under IGDS must file their GST returns on monthly basis. This allows importers to enjoy a credit period of one to two months, easing their cash flow.

For more information, please refer to the webpage “Import GST Deferment Scheme (IGDS)”, available at www.iras.gov.sg > GST > GST- registered businesses > GST schemes > General GST Schemes > Import GST Deferment Scheme (IGDS).

16.3 Zero GST Warehouse Scheme

The Zero GST (ZG) Warehouse Scheme is administered by Singapore Customs. If you operate a ZG warehouse under the scheme, you can import non-dutiable overseas goods into the ZG Warehouse with GST suspended. GST is only charged when the goods are removed from the warehouse for the local market.

For more information, please refer to the webpage “Zero GST Warehouse Scheme”, available at www.iras.gov.sg > GST > GST-registered businesses > GST schemes > General GST Schemes > Zero GST (ZG) Warehouse Scheme. You may also contact Singapore Customs at 6355 2000 or visit their website at www.customs.gov.sg for the qualifying criteria and application procedures.

16.4 Specialised Warehouse Scheme (SWS)

The Specialised Warehouse Scheme (SWS) is for warehouses that are used for providing specialised storage facilities to overseas persons and most of the goods stored will eventually be exported. A warehouse approved under SWS is known as an “Approved Specialised Warehouse” (ASW). Under the scheme, qualifying services performed on qualifying goods and storage facilities can be zero-rated.

For more information, please refer to the webpage “Specialised Warehouse Scheme (SWS)”, available at www.iras.gov.sg > GST > GST-registered businesses > GST schemes > Industry-Specific Schemes > Specialised Warehouse Scheme (SWS).

16.5 Hand-Carried Exports Scheme (HCES)

The Hand-Carried Exports Scheme (HCES) is applicable if you wish to zero-rate your supply to overseas customers for goods hand-carried out of Singapore via Changi International Airport. Unlike Tourist Refund Scheme which is only for bona fide tourist, HCES is for sales to an overseas company.

For more information, please refer to the webpage “Hand-Carried Exports Scheme (HCES)”, available at www.iras.gov.sg > GST > GST-registered businesses > GST schemes > General GST Schemes > Hand-Carried Exports Scheme (HCES).

For Aerospace Industry

16.6 Approved Import GST Suspension Scheme (AISS)

The Approved Import GST Suspension Scheme (AISS) is designed to alleviate the cash flow of businesses in the Aerospace industry by suspending the import GST. These businesses are international airlines, players in the Maintenance, Repair and Overhaul (MRO) industry, Original Equipment Manufacturers (OEM) and distributors of qualifying aircraft parts.

For more information, please refer to the webpage “Approved Import GST Suspension Scheme (AISS)”, available at www.iras.gov.sg > GST > GST-registered businesses > GST schemes > Industry-Specific Schemes > Approved Import GST Suspension Scheme (AISS).

For Marine Industry

16.7 Approved Marine Customer Scheme (AMCS)

The Approved Marine Customer Scheme (AMCS) is designed to ease compliance for businesses procuring goods for use or installation on internationally bound commercial ships. Eligible GST-registered ship owners and ship managers may apply for this scheme. Under the scheme, purchases or rental of goods will be zero-rated.

For more information, please refer to the webpage “Approved Marine Customer Scheme (AMCS)”, available at www.iras.gov.sg > GST > GST-registered businesses > GST schemes > Industry-Specific Schemes > Approved Marine Customer Scheme (AMCS).

16.8 Approved Marine Fuel Trader (MFT) Scheme

This scheme is designed to benefit businesses in the bunkering industry that make local purchases of approved marine fuel oil (“MFO”). Under this scheme, you do not need to pay GST when you make local purchases of approved marine fuel oil (e.g. MFO 380cst) from any GST-registered suppliers. This alleviates your cash flow by eliminating the need to pay GST upfront and to subsequently claim it back by obtaining a refund from IRAS.

For more information, please refer to the webpage “Approved Marine Fuel Trader (MFT) Scheme”, available at www.iras.gov.sg > GST > GST-registered businesses > GST schemes > Industry-Specific Schemes > Approved Marine Fuel Trader (MFT) Scheme.

For Local Contract Manufacturers

16.9 Approved Contract Manufacturer & Trader Scheme (ACMT)

The ACMT Scheme is a scheme designed to relieve businesses (e.g. local contract manufacturers) that have substantial business with non-GST registered overseas customers of the need to account for GST on value added activities performed on the goods of such overseas customers.

For more information, please refer to the webpage “Approved Contract Manufacturer and Trader (ACMT) Scheme”, available at www.iras.gov.sg > GST > GST-registered businesses > GST schemes > Industry-Specific Schemes > Approved Contract Manufacturer and Trader (ACMT) Scheme.

For Refiners and Consolidators of Investment Precious Metals (IPM)

16.10 Approved Refiner and Consolidator Scheme (ARCS)

The ARCS is designed to ease cash flow and compliance of qualifying refiners and consolidators of investment precious metals (IPM) in their payment of

GST on import and purchase of raw materials and relieve input tax incurred in their refining activities.

For more information, please refer to the webpage “Approved Refiner and Consolidator Scheme (ARCS)”, available at www.iras.gov.sg > GST > GST-registered businesses > GST schemes > Industry-Specific Schemes > Approved Refiner and Consolidator Scheme (ARCS).

17 Contact Information

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
Email: gst@iras.gov.sg

18 Updates and amendments

	Date of amendment	Amendments made
1	1 Apr 2015	<ul style="list-style-type: none"> i) Amended paragraph 7.7 on De-registration. ii) Revised paragraphs 10.2 to 10.4 in line with amended Regulation 77 taking effect on 1 Apr 2015. iii) Amended paragraph 15.4 to include information on new CRA.
2	15 Sep 2015	<ul style="list-style-type: none"> i) Amended paragraph 7.3 on voluntary registration. ii) Revised paragraph 7.4 on registration procedures.
3	01 Apr 2016	<ul style="list-style-type: none"> i) Inserted paragraph 3.2.11 on Section 33B ii) Inserted paragraph 6.1.3 on input tax claiming concession for food and drinks expenses iii) Inserted paragraph 6.2.3 on pre-registration input tax changes iv) Amended the notes for the apportionment formula in Annex A, Figure 4 v) Amended paragraphs 7.10.2, 8.1.2, 8.3.5, and deleted paragraph 8.1.5 on filing frequency vi) Other editorial amendments
4	25 May 2016	Amended the definition of business establishment in paragraph 3.1.8.
5	5 Jul 2017	<ul style="list-style-type: none"> i) Amended paragraph 6.1.6 to clarify on disallowed input tax claims on motor cars. ii) Removed the list of user guides from paragraph 8.5.3. iii) Removed paragraph 15.2 regarding the application of GST refunds at cruise terminals. iv) Other editorial amendments

Annex A

Figure 1: Output and Input Tax

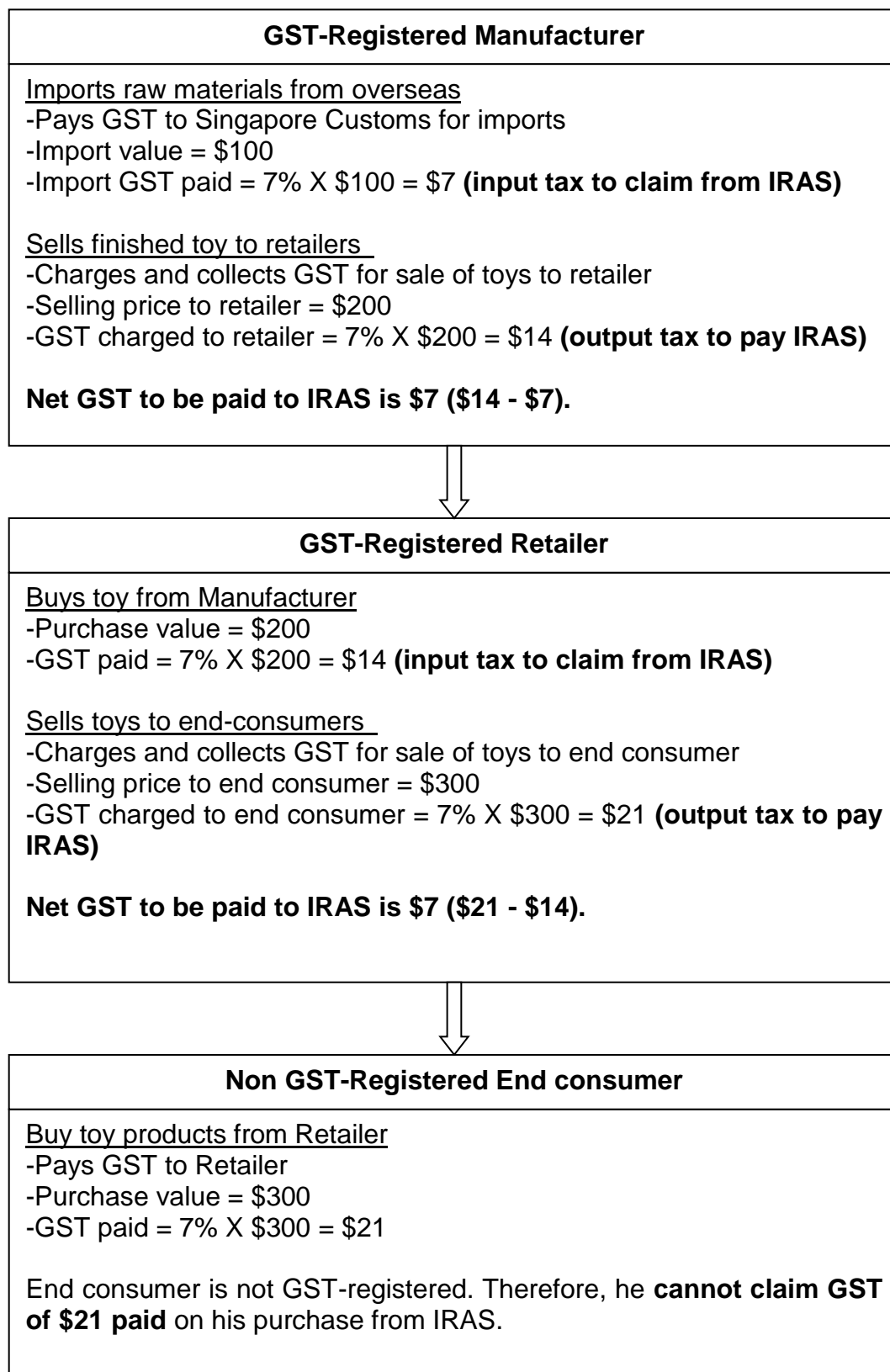


Figure 2: GST Treatment on Imported Goods

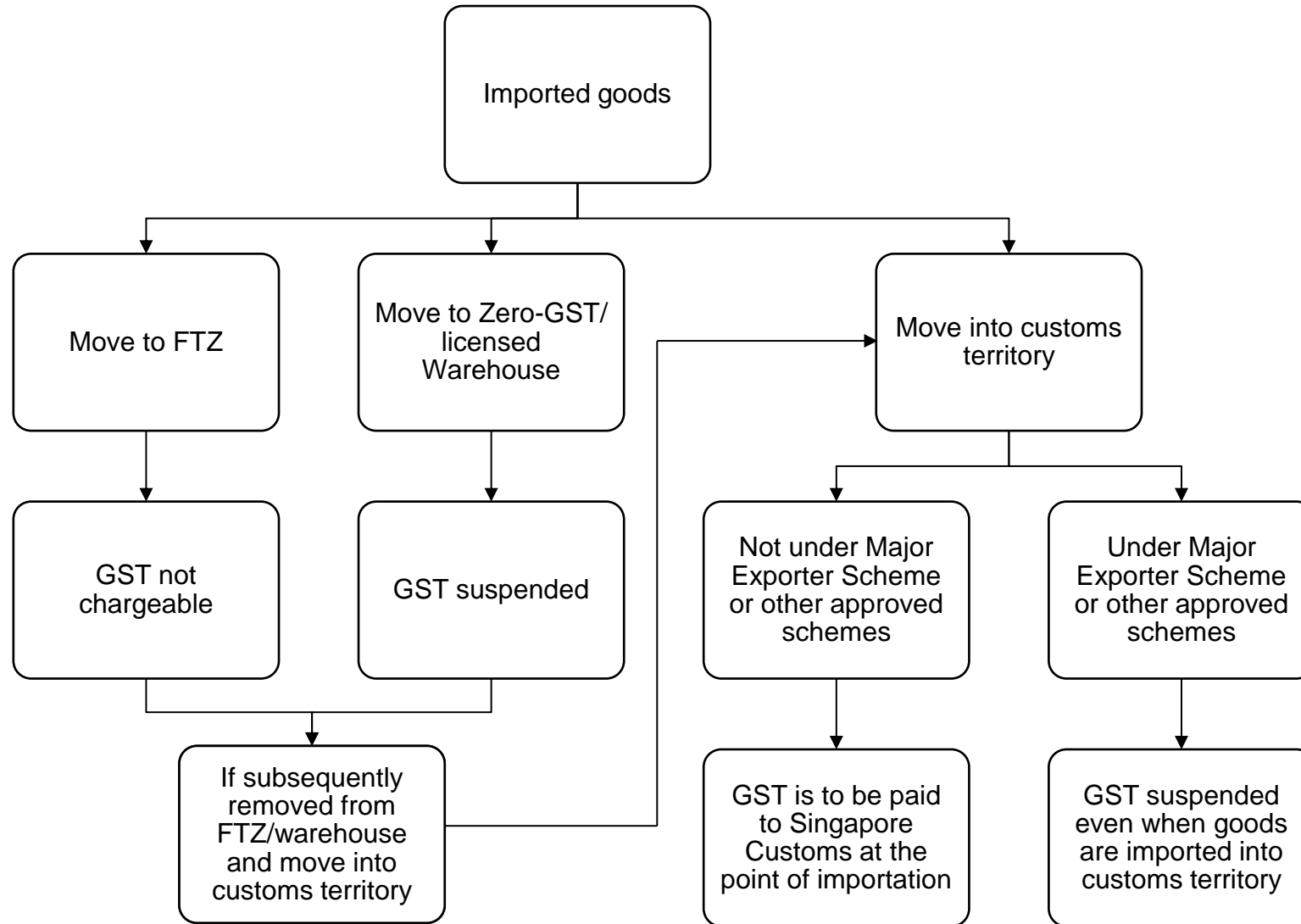


Figure 3: Types of Supply

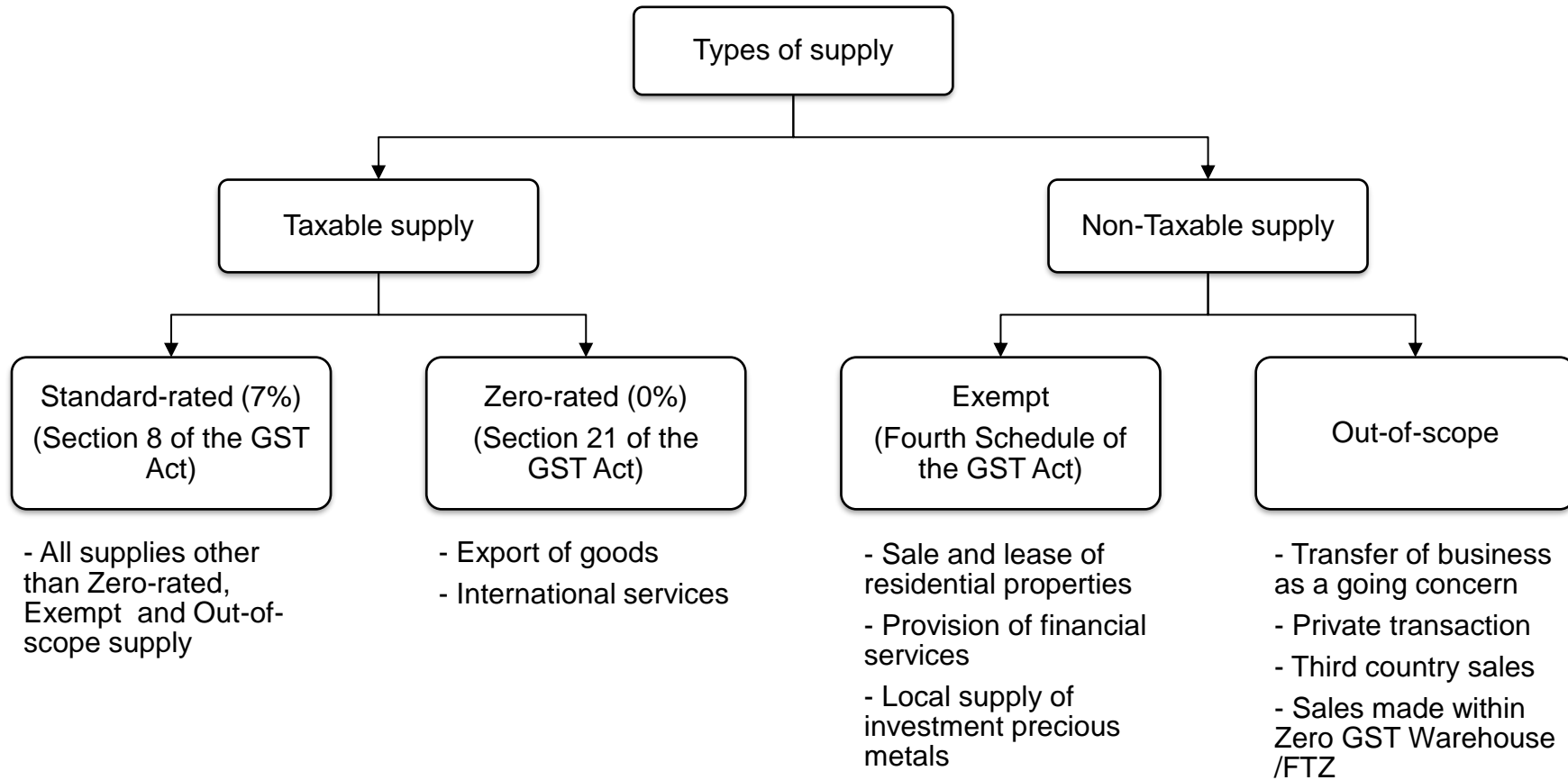
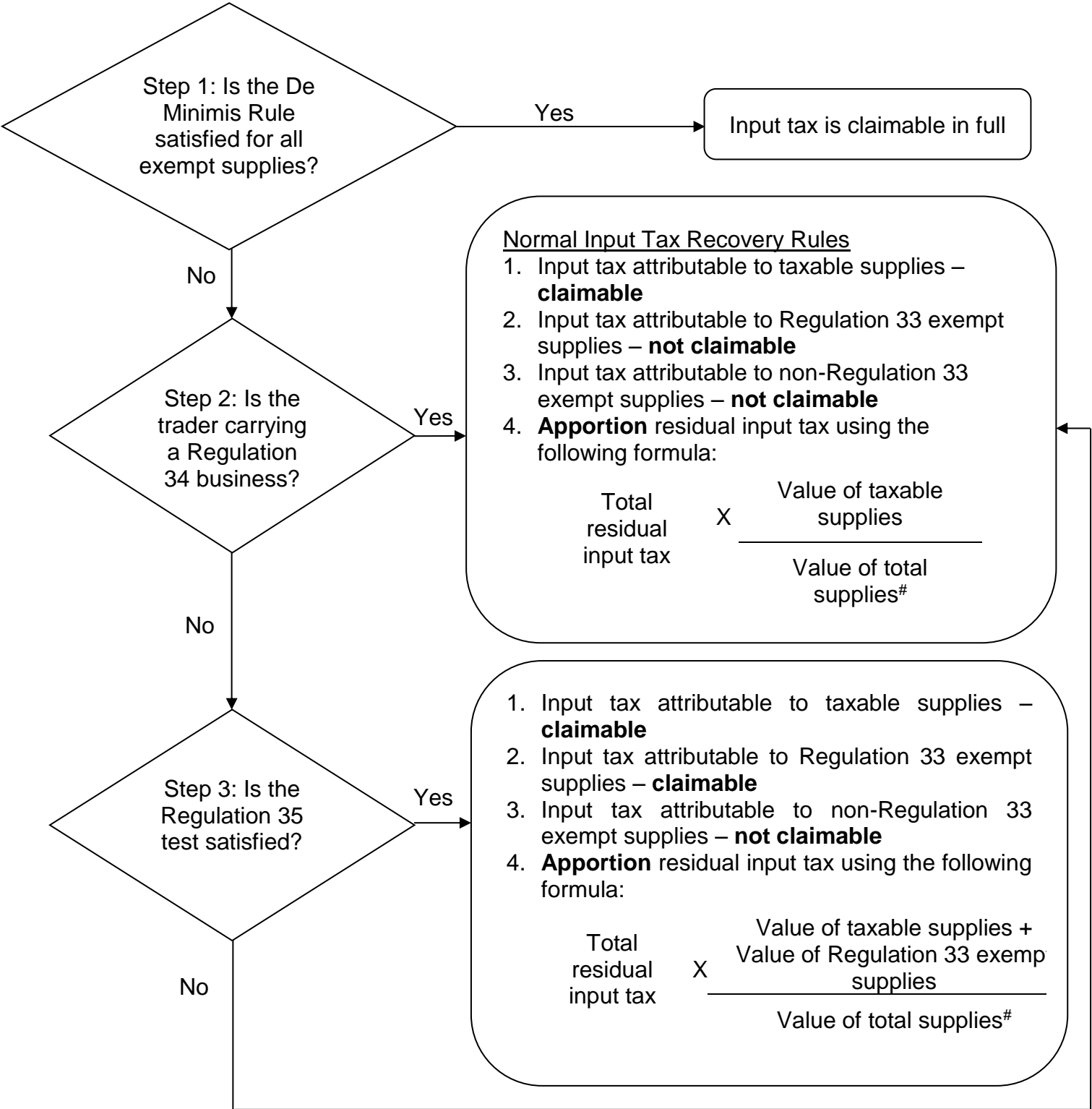


Figure 4: Input Tax Apportionment for Partially Exempt Trader



You may deduct exempt supplies that can be treated as incidental exempt supplies under regulation 29(3) of the GST (General) Regulations from the value of total supplies. For more information on what constitute as incidental exempt supplies, please refer to the e-Tax Guide “GST: Partial Exemption and Input Tax Recovery”.

Figure 5: Determining Liability to Register

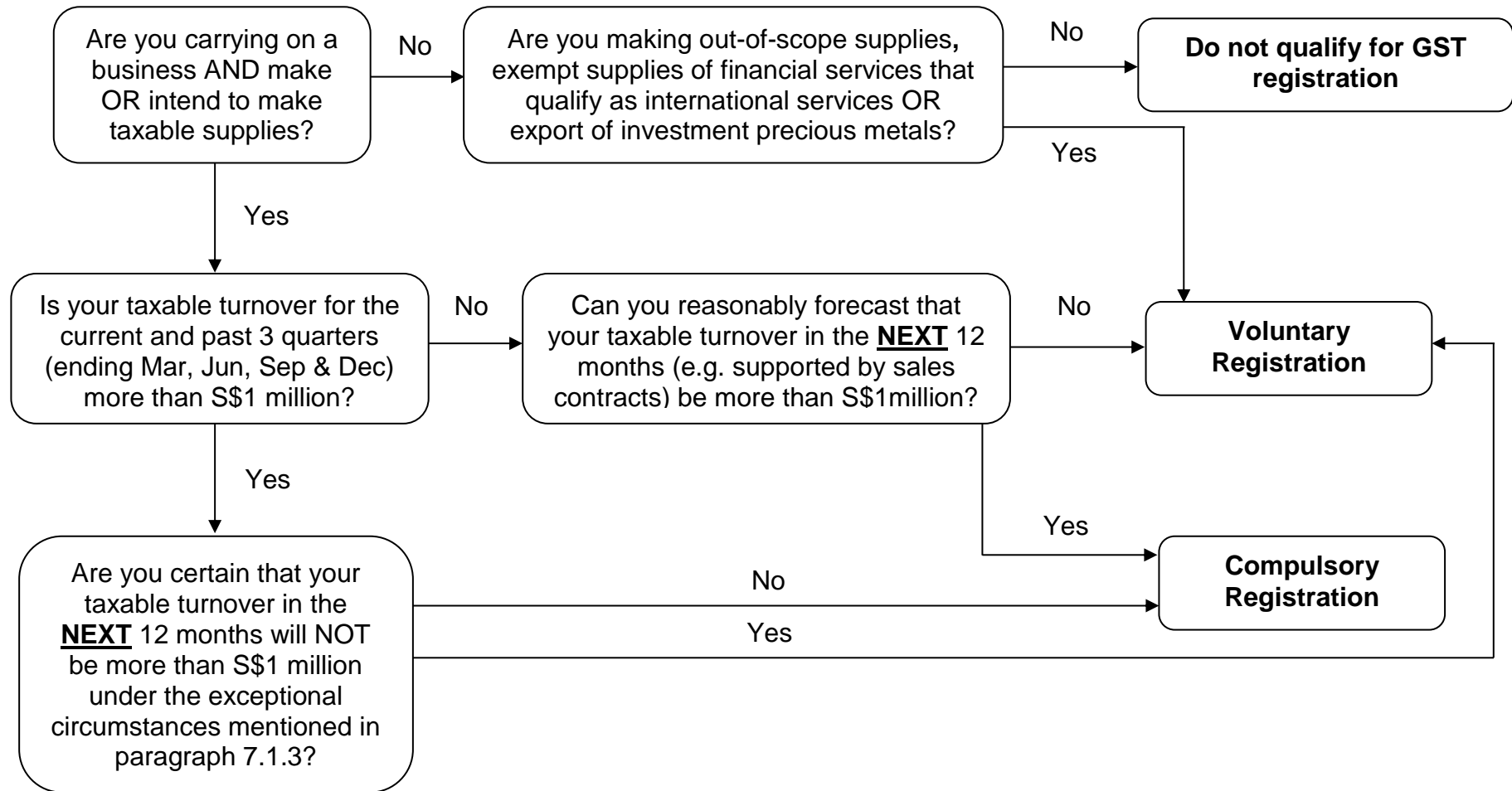


Figure 6: Sample of a Tax Invoice

<u>TAX INVOICE</u>						
				Gallery Photo Supplier 888 Jalan Ang Teng Singapore 560009		
				GST Reg No: M2-1234567-K		
(Customer's Name)						
(Customer's Address)				Date: 1/7/2013		
				Invoice No: F012345		
Type of Supply: Cash / Credit Sale						
S/No	Description	Qty	Unit Price (\$)	Total (\$)	Discount (\$)	Total (\$)
1	Yashica MG2	10	90	900	45	855.00
2	Pentax Z-1 Body	20	1,000	20,000	1,000	19,000.00
3	Nikon W35	30	200	6,000	300	5,700.00
4	Canon Prima 5	40	220	8,800	440	8,360.00
Total						33,915.00
Add GST @ 7%						2,374.05
Amount Due:						36,289.05
Thank you. We look forward to being of service to you again.						

Figure 7: Sample of a Simplified Tax Invoice

Gallery Photo Supplier 888 Lorong Jalan Singapore 560009	
GST Reg No: M2-1234567-K 1234	Invoice No:
Date: 01/07/2013	
<u>Description</u>	<u>Subtotal</u>
Fiji200 (3-pack)	12.00
Energy battery (AA 8-pack)	9.00
	<hr/>
Grand Total	21.00*
Amount received	50.00
Change	29.00
*Amount payable includes GST	
Thank You	