



INLAND REVENUE  
AUTHORITY  
OF SINGAPORE

# IRAS e-Tax Guide

2023 GST Rate Change:  
A Guide for GST-registered Businesses  
(Fifth Edition)



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## 1 Aim

- 1.1 The Minister for Finance announced in Budget 2022 that the GST rate will be increased in 2 steps:
  - (i) from 7% to 8% with effect from 1 Jan 2023; and
  - (ii) from 8% to 9% with effect from 1 Jan 2024.
- 1.2 To prepare GST-registered businesses for the first rate change when the GST rate is increased from 7% to 8% with effect from 1 Jan 2023, this guide explains the general transitional rules applicable to transactions spanning the first rate change. It covers the time of supply rules, the GST rates chargeable and provides information on the issuing of invoices, credit notes and other requirements.
- 1.3 The same transitional rules will apply to transactions spanning the second rate change when the GST rate is increased from 8% to 9% with effect from 1 Jan 2024. IRAS will publish a separate e-Tax Guide to prepare businesses for the second rate change by Apr 2023.

## 2 At a Glance

- 2.1 The time of supply rules<sup>1</sup> determine when a supply is treated as taking place for GST purposes and therefore, when the liability to account for output tax arises. For most transactions, including imported services under the Overseas Vendor Registration (OVR) regime, the time of supply will be the earlier of when an invoice is issued or when a payment is received<sup>2</sup>.

### GST rate

- 2.2 The GST rate chargeable on the supply will be the prevailing rate at the time of supply. For instance, if you issue an invoice or receive payment for a supply before 1 Jan 2023, you should charge GST at 7%. Conversely, if you issue an invoice and received the payment for a supply on or after 1 Jan 2023, you should charge GST at 8%, unless you have elected to charge GST at 7% under the transitional rules for rate change where allowable.
- 2.3 Please note that you are not allowed to charge or reflect GST at 8% on the invoices and payments that are issued or received before 1 Jan 2023.

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<sup>1</sup> The time of supply rules are found in sections 11, 11A, 11B and 11C of the GST Act.

<sup>2</sup> For more information on the time of supply rules, please refer to the e-Tax Guide “GST: Time of Supply Rules”.

### **Price display**

2.4 You must show prices inclusive of GST on all price displays<sup>3</sup> to the public. Hence, all price displays with effect from 1 Jan 2023 must be inclusive of GST at 8%. If you are unable to switch your price displays overnight, you may display two prices:

- One applicable before 1 Jan 2023 showing prices inclusive of GST at 7%; and
- One applicable from 1 Jan 2023 showing prices inclusive of GST at 8%.

2.5 If you intend to revise your prices to take into account the 8% GST rate on or after 1 Jan 2023, you can consider providing clarity to your customer by including a statement alongside your price displays before 1 Jan 2023 that prices will be revised on 1 Jan 2023.

2.6 If you decide not to increase your prices, you do not need to revise your price displays. However, you will still need to account for GST based on the prevailing tax fraction (i.e., 8/108) of your price for the sales made on or after 1 Jan 2023.

### **Transitional rules for rate change**

2.7 For transactions (including reverse charge supplies and imported services under the OVR regime) that span a GST rate change, the transitional rules under section 39<sup>4</sup> of the GST Act may apply to affect the GST rate chargeable on the supply.

2.8 A transaction spans a GST rate change when one or more of the following events straddles the date of the rate change:

- The issuance of invoice;
- The receipt of payment (or the making of payment in respect of a reverse charge supply);
- The delivery of goods<sup>5</sup> or performance of services (also referred to as “Basic Tax Point” in this guide).

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<sup>3</sup> An exception is granted to hotels and food & beverage establishments that impose a service charge on their goods and services. They are not required to display GST-inclusive prices for goods and services that are subject to service charge to ease their operations. However, they must still display a prominent statement informing customers that the prices displayed are subject to GST and service charge. The exception does not apply to hotels and F&B establishments that do not impose a service charge. It is also not applicable to F&B establishments that levy a nominal service charge without genuine business reasons other than to avoid displaying GST-inclusive prices.

<sup>4</sup> Legislative amendments will be made to section 39 of the GST Act and Regulation 12 of the GST (General) Regulations, effective from 1 Jan 2023, to reflect the rules explained in this guide.

<sup>5</sup> The delivery of goods refers to when the goods are removed or made available.

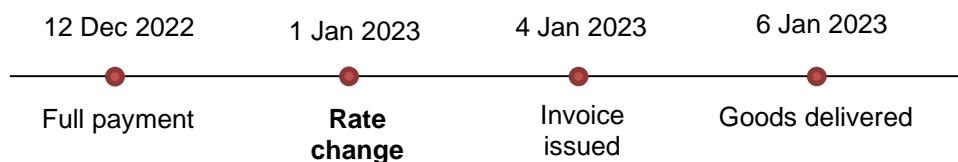
2.9 GST-registered businesses need to know when their supplies are delivered or performed, in addition to the invoice date and payment date, to determine whether and how the transitional rules would apply to a supply spanning across the date of rate change. The application of the transitional rules is explained in paragraphs 3 to 7 below.

**3 Transitional rules for supplies where the invoice is issued on/after 1 Jan 2023**

**3.1 Full payment received before rate change**

3.1.1 Where you issue the invoice for your supply on/after 1 Jan 2023 but receive full payment before 1 Jan 2023, the supply is subject to GST at 7% regardless of when the Basic Tax Point of the supply takes place.

**Example 1**



According to the general rule, the time of supply for the transaction is triggered on 12 Dec 2022 when the full payment is received. This remains the case even if the invoice is issued or the goods are delivered after the rate change. Hence, you should charge GST at 7% on the supply.

**3.2 Full payment received on/after rate change**

3.2.1 Where you issue the invoice and receive full payment for your supply on/after 1 Jan 2023, the time of supply will be triggered after the rate change. The supply is subject to GST at 8% unless you elect otherwise under certain conditions (as explained in paragraph 3.2.2).

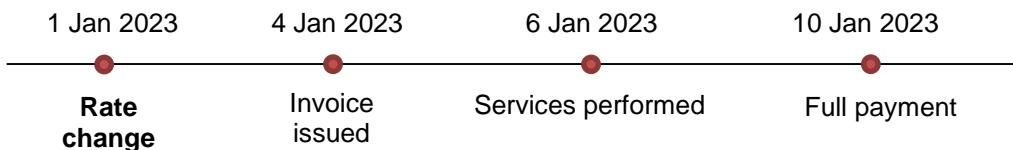
3.2.2 If the Basic Tax Point of the supply takes place before 1 Jan 2023, you (i.e., the GST-registered supplier) can elect to charge GST at 7% on the value of the goods delivered or services performed before 1 Jan 2023. The remaining value of the supply will be subject to GST at 8%.

Example 2: Basic Tax Point occurs before rate change



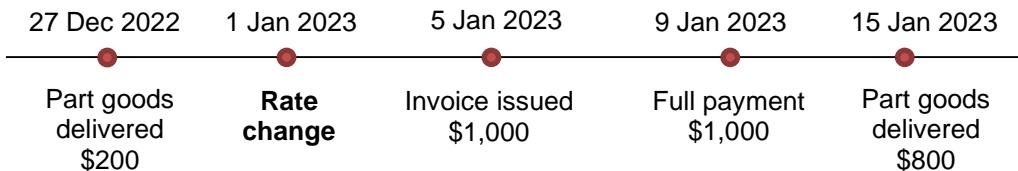
According to the general rule, the time of supply for the transaction is triggered on 3 Jan 2023 which is after the rate change and hence GST is chargeable at 8%. However, you can elect to charge GST at 7% on the entire value of the supply as the goods are fully delivered before 1 Jan 2023.

Example 3: Basic Tax Point occurs after rate change



According to the general rule, the time of supply for the transaction is triggered on 4 Jan 2023 which is after the rate change and hence GST is chargeable at 8%. In this case, you cannot elect for 7% GST to apply as the services are fully performed after the rate change.

Example 4: Basic Tax Point straddles rate change



According to the general rule, the time of supply for the transaction is triggered on 5 Jan 2023 which is after the rate change and hence GST is chargeable at 8%. However, you can elect to charge GST at 7% on the value of part of the goods delivered before 1 Jan 2023, i.e., \$200.

The remaining value of part of the goods delivered after 1 Jan 2023, i.e., \$800, will be subject to GST at 8%.

### 3.3 **Payments that straddle rate change**

3.3.1 Where you issue an invoice on/after 1 Jan 2023 and payments for the supply straddle the date of rate change, the prevailing rate at the time of supply applies unless you elect otherwise under certain conditions (as explained in paragraph 3.3.2). Based on the general rule, you should charge GST at 7% on the part payment received before 1 Jan 2023 and 8% on the part payment received on/after 1 Jan 2023.

3.3.2 If the Basic Tax Point of the supply takes place before 1 Jan 2023, you (i.e., the GST-registered supplier) can elect to charge GST at 7% on the **higher of**:

- (i) payment received before 1 Jan 2023; or
- (ii) the value of goods delivered or services performed before 1 Jan 2023.

The remaining value of the supply will be subject to GST at 8%.

#### Example 5: Basic Tax Point occurs before rate change

20 Dec 2022	24 Dec 2022	1 Jan 2023	5 Jan 2023	8 Jan 2023
Part payment \$200	Goods delivered \$1,000	Rate change	Part payment \$800	Invoice issued \$1,000

According to the general rule, GST is chargeable at:

- 7% on the \$200 received before 1 Jan 2023; and
- 8% on the \$800 received after 1 Jan 2023.

However, you can elect to charge GST at 7% on the entire value of the supply as the goods are fully delivered before 1 Jan 2023.

Example 6: Basic Tax Point occurs after rate change

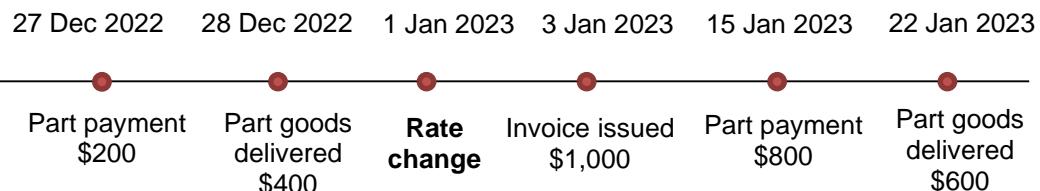


According to the general rule, GST is chargeable at:

- 7% on the \$200 received before 1 Jan 2023; and
- 8% on the \$800 received after 1 Jan 2023.

The election of GST rate is not applicable as the goods are fully delivered after 1 Jan 2023.

Example 7A: Basic Tax Point straddles rate change



According to the general rule, GST is chargeable at:

- 7% on the \$200 received before 1 Jan 2023; and
- 8% on the \$800 received after 1 Jan 2023.

However, you can elect to charge GST at 7% on the value of part of the goods delivered before 1 Jan 2023, i.e., \$400, which is the higher of the value of payment received or goods delivered before 1 Jan 2023. The remaining value of part of the goods delivered after 1 Jan 2023, i.e., \$600, will be subject to GST at 8%.

**Example 7B: Basic Tax Point straddles rate change**

According to the general rule, GST is chargeable at:

- 7% on the \$600 received before 1 Jan 2023; and
- 8% on the \$400 received after 1 Jan 2023.

As the value of part payment received before 1 Jan 2023, i.e., \$600, is already higher than the value of part of the goods delivered before 1 Jan 2023, i.e., \$200, the election of GST rate is not necessary.

### **3.4 Making an election for supplies that span the date of rate change**

3.4.1 As explained in paragraphs 3.2.2 and 3.3.2, you can elect to charge GST at 7% on your taxable supplies that span across the date of rate change, i.e., 1 Jan 2023, under certain conditions. However, you cannot apply the election to any business assets sold in satisfaction of a debt<sup>6</sup>.

3.4.2 For local supplies, the election can only be performed by the GST-registered supplier. If you are a customer who issues a tax invoice under an approved self-billing arrangement, you must obtain the agreement or consent of your supplier in writing before you can issue the tax invoice charging GST at 7%.

3.4.3 You do not need to complete any form or seek prior approval from the Comptroller for making the election. However, you must maintain documentary evidence (e.g., delivery order, certification of work done, customer's acknowledgement or other commercial documents used in your business) to show that goods have been delivered or services have been performed before 1 Jan 2023. You must be able to furnish these documents and records readily upon the Comptroller's request.

<sup>6</sup> This refers to a supply under Paragraph 6 of the Second Schedule to the GST Act.

***Requirement to issue credit note for election of GST rate***

3.4.4 If you have issued a tax invoice (including a simplified tax invoice) to your customer on/after 1 Jan 2023 with GST charged at 8%, and you subsequently elect to charge GST at 7% on the value of goods delivered or services performed before 1 Jan 2023, you should by 15 Jan 2023, make adjustments for the GST charged by either<sup>7</sup>:

- (i) Issuing a credit note for the GST amount that is overcharged; or
- (ii) Issuing a credit note to cancel the original tax invoice and at the same time, reissue a new tax invoice to charge GST at 7%<sup>8</sup>.

3.4.5 However, there could be instances where you are unable to make the above adjustments by 15 Jan 2023, such as where your customer requests at a later date that you elect to charge GST at 7% for the goods/services delivered prior to 1 Jan 2023. To ease compliance, the Comptroller will allow you up to 90 days after the date of issue of your original tax invoice<sup>9</sup> to issue credit notes/new tax invoices<sup>10</sup>. There is no need to write in to the IRAS for the extension. However, where your customer requests that you issue the credit note/ new tax invoice earlier (i.e. before expiry of the 90-day period), you are required to do so.

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<sup>7</sup> Regulation 12 of the GST (General) Regulations

<sup>8</sup> Please refer to example 8 for an illustration.

<sup>9</sup> For example, you may have issued a tax invoice with GST at 8% on 5 Jan 2023. Subsequently, you decide to elect to charge GST at 7% on the supply as the services are performed before 1 Jan 2023. You have up to 5 Apr 2023 to issue the credit note and new tax invoice (if applicable).

<sup>10</sup> If you decide to issue a credit note for the entire value of the supply with GST charged at 8% and reissue a new tax invoice to charge GST at 7%.

**Example 8: Tax invoice issued before an election is made**

20 Dec 2022	1 Jan 2023	4 Jan 2023	10 Jan 2023
Services performed \$1,000	<b>Rate change</b>	Tax invoice issued \$1,000	Payment received \$1,000

You issue a tax invoice with GST charged at 8% (\$80) to your customer on 4 Jan 2023. However, you subsequently elect to charge 7% GST (\$70) on the supply as the services are fully performed before the rate change. You may, by 15 Jan 2023, either:

- (i) Issue a credit note to your customer for the GST of \$10 (\$80 - \$70) overcharged; or
- (ii) Issue a credit note for the entire value of the supply with GST charged (\$1,080) and at the same time reissue a new tax invoice to charge GST at 7% (\$1,070)

However, to ease compliance, if you are unable to make the above adjustments by 15 Jan 2023, you may issue the credit note/ new tax invoice by 4 Apr 2023, which is 90 days after the original tax invoice was issued on 4 Jan 2023.

**4      Transitional rules for supplies where the invoice is issued before 1 Jan 2023**

**4.1    Full payment received or supply completed before rate change**

4.1.1 Before 1 Jan 2023, where you issue an invoice for your supply and:

- (a) receive full payment; or
- (b) deliver all the goods or perform all the services,

the full value of your supply is subject to GST at 7% and no adjustment is required.

**Example 9**

1 Dec 2022	10 Dec 2022	1 Jan 2023	20 Jan 2023
Tax invoice issued	Full payment received	Rate change	Services performed

You must charge and account for GST at 7% when you issue the invoice to your customer on 1 Dec 2022. Since you receive full payment for the supply before 1 Jan 2023, no adjustment is required.

**4.2    Full payment not received or supply not completed before rate change**

4.2.1 Before 1 Jan 2023, where you issue an invoice and:

- You receive no payment or only receive part payment; **or**
- You do not deliver any goods or perform any services, or you only deliver or perform a part of the goods or services,

GST will be chargeable on the supply as follows:

- (a) at 8% on the **lower** of:
  - (i) payment received on/after 1 Jan 2023; or
  - (ii) the value of goods delivered or services performed on/after 1 Jan 2023; and
- (b) at 7% on the remaining value of the supply.

***Requirement to issue credit note and new tax invoice***

- 4.2.2 When you issue a tax invoice (including a simplified tax invoice) to your customer before 1 Jan 2023, you would have charged and accounted for GST at 7%. For the part of supply that is subject to GST at 8% (see paragraph 4.2.1(a)), you are required to adjust<sup>11</sup> the transaction by issuing a credit note and a new tax invoice to your customer by 15 Jan 2023, to reflect the new GST rate and the GST chargeable.
- 4.2.3 Alternatively, you may also issue a credit note to cancel the original tax invoice. At the same time, you must issue new tax invoice(s) for the respective parts of the value of supply which are subject to GST at 7% and 8% respectively<sup>12</sup>. Please refer to example 12 for an illustration.
- 4.2.4 If you require a longer timeframe (i.e. beyond 15 Jan 2023) to make the adjustments in paragraph 4.2.2 and 4.2.3 you should write in to the IRAS for our consideration, stating the period of extension required and reasons for your request.

***When to account for output tax***

- 4.2.5 You are required to account for output tax on the part of the supply that is subject to the new tax rate at the earliest of the following events:
  - (a) When the new invoice for the part of supply is issued;
  - (b) When the payment for the part of supply is received; or
  - (c) 15 Jan 2023.
- 4.2.6 Please refer to the examples 10 to 15 which illustrate the application of the transitional rules in paragraph 4.2.1. to 4.2.3.

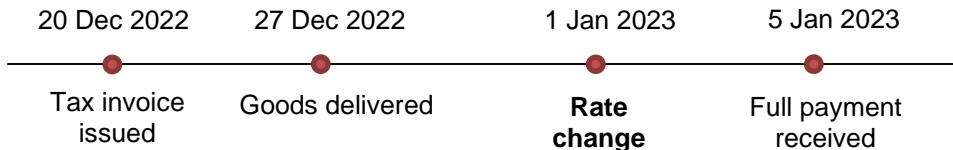
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<sup>11</sup> If the invoice issued by you to your customer before 1 Jan 2023 is a non-tax invoice (e.g., you issue a receipt to your non-GST registered customer), you can adjust the transaction based on your normal business practices. It is not necessary for you to issue a credit note and a new tax invoice to your customer to effect the adjustment (e.g., if you decide to absorb the GST increase). However, you must still account for GST on the supply at the correct rate (i.e., 8% GST) and in accordance with paragraph 4.2.3, and maintain the documentary evidence / internal records for the transaction.

<sup>12</sup> You are not allowed to issue a single simplified tax invoice for a supply subject to two rates of tax (e.g. a supply that is subject to GST at both 7% and 8% under the transitional rules). In such instances, you should either issue a tax invoice clearly showing the respective parts of the supply subject to GST at 7% and 8% or issue two separate simplified tax invoices for the parts of the supply subject to GST at 7% and 8%. However, if you issue two separate simplified tax invoices, you will need to show the GST rate or GST amount applicable in the simplified tax invoices.

**Full payment received on/after rate change**

**Example 10: Basic Tax Point occurs before rate change**



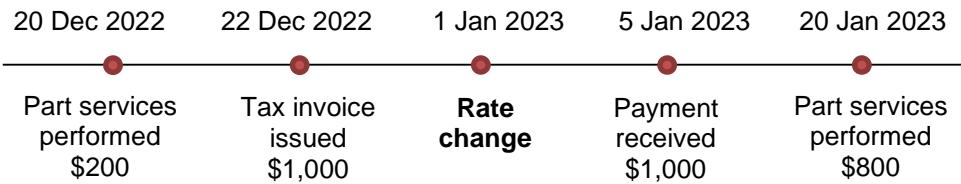
You must charge and account for GST at 7% on the tax invoice issued to your customer on 20 Dec 2022. As the goods are fully delivered before 1 Jan 2023, no adjustment is required.

**Example 11: Basic Tax Point occurs after rate change**



You must charge and account for GST at 7% on the tax invoice issued to your customer on 20 Dec 2022.

As you do not receive any payment or perform any services before 1 Jan 2023, under the transitional rules, you are required to issue to your customer by 15 Jan 2023, a credit note to cancel the original tax invoice and a new tax invoice to charge GST at 8% on the supply.

Example 12: Basic Tax Point straddles rate change

You must charge and account for GST at 7% (i.e., \$70) on the tax invoice issued to your customer on 22 Dec 2022. As you do not receive any payment and only perform part of the services before 1 Jan 2023, under the transitional rules, you are required to issue to your customer by 15 Jan 2023, for that part of the services performed<sup>#</sup> after 1 Jan 2023:

- a credit note for \$856 (\$800 plus 7% GST of \$56); and
- a new tax invoice for \$864 (\$800 plus 8% GST of \$64).

*# The value of the part services performed after 1 Jan 2023 (\$800) is subject to GST at 8% as it is lower than the value of payment received after 1 Jan 2023 (\$1,000).*

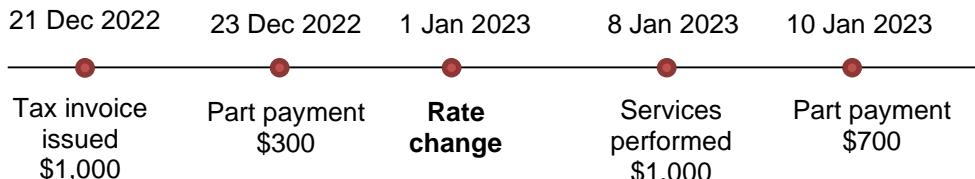
Alternatively, you may:

- issue a credit note for \$1,070 (\$1,000 plus 7% GST of \$70) to cancel the original tax invoice issued on 22 Dec 2022; and
- at the same time, issue new tax invoice(s) for the respective parts of the value of supply subject to GST at 7% (\$200 plus 7% GST of \$14) and GST at 8% (\$800 plus 8% GST of \$64) by 15 Jan 2023.

Payments that straddle rate changeExample 13: Basic Tax Point occurs before rate change

You must charge and account for GST at 7% on the tax invoice issued to your customer on 21 Dec 2022. As the goods are fully delivered before 1 Jan 2023, no adjustment is required.

Example 14: Basic Tax Point occurs after rate change

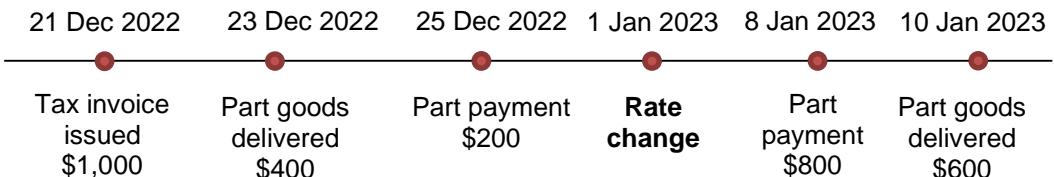


You must charge and account for GST at 7% on the tax invoice issued to your customer on 21 Dec 2022. As you do not perform any services and only receive part payment before 1 Jan 2023, under the transitional rules, you are required to issue to your customer by 15 Jan 2023, for the part payment received<sup>#</sup> after 1 Jan 2023:

- a credit note for \$749 (\$700 plus 7% GST of \$49); and
- a new tax invoice for \$756 (\$700 plus 8% GST of \$56).

*# The part payment received after 1 Jan 2023 (\$700) is subject to GST at 8% as it is lower than the value of the services performed after 1 Jan 2023 (\$1,000).*

Example 15: Basic Tax Point straddles rate change



You must charge and account for GST at 7% on the tax invoice issued to your customer on 21 Dec 2022. As you only receive part payment and deliver part of the goods before 1 Jan 2023, under the transitional rules, you are required to issue to your customer by 15 Jan 2023, for that part of the goods delivered<sup>#</sup> after 1 Jan 2023:

- a credit note for \$642 (\$600 plus 7% GST of \$42); and
- a new tax invoice for \$648 (\$600 plus 8% GST of \$48).

*# The value of part goods delivered after 1 Jan 2023 (\$600) is subject to GST at 8% as it is lower than the value of part payment received after 1 Jan 2023 (\$800).*

## 5 Transitional Rules for Special Situations

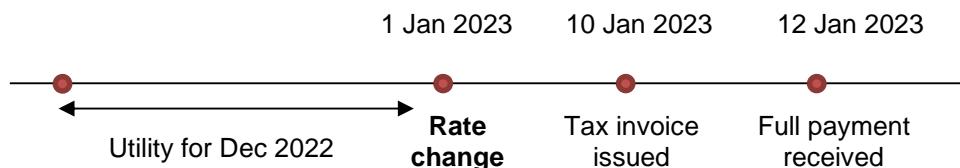
### 5.1 Continuous supplies

5.1.1 Continuous supplies of goods and services include:

- License, tenancy and lease;
- Supplies of power, electricity, gas or water, etc.;
- Construction services; and
- Subscription-based services including telecommunication, internet services, video streaming and music streaming.

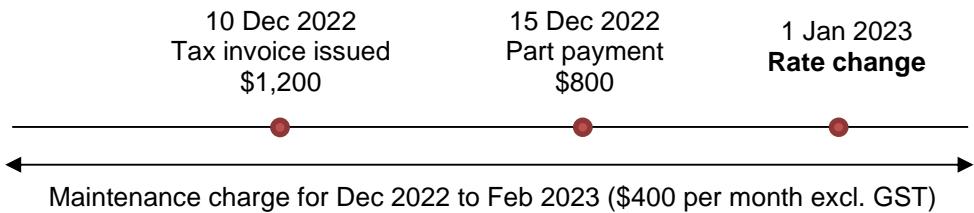
5.1.2 For continuous supplies of goods or services, the general time of supply is the earlier of when an invoice is issued or when a payment is received<sup>13</sup>. The transitional rules as set out in paragraphs 3 and 4 will apply in the same manner to continuous supplies that span the date of rate change on 1 Jan 2023. You will need to know when your supplies are delivered or performed, in addition to the invoice date and payment date, to apply the transitional rules.

#### Example 16



According to the general rule, GST is chargeable at 8% as the time of supply is triggered when the invoice is issued after the rate change. However, you can elect to charge GST at 7% on the supply as the utilities are fully supplied before 1 Jan 2023.

<sup>13</sup> For more details on the time of supply for continuous supplies, please refer to the e-Tax Guide “GST: Time of Supply Rules”.

**Example 17**

You must charge and account for GST at 7% on the tax invoice issued to your customer on 10 Dec 2022. As you only receive part payment and perform part of the maintenance services before 1 Jan 2023, under the transitional rules, you are required to issue to your customer by 15 Jan 2023, for that part of the payment received<sup>#</sup> after 1 Jan 2023:

- a credit note for \$428 (\$400 plus 7% GST of \$28); and
- a new tax invoice for \$432 (\$400 plus 8% GST of \$32).

*#The value of part payment received after 1 Jan 2023 (\$400) is subject to GST at 8% as it is lower than the value of part services performed after 1 Jan 2023 (\$800).*

## 5.2 **Goods put to private use without consideration**

5.2.1 Where you use your business goods for a private purpose or make them available to any person for use other than for a purpose of your business without receiving any payment in return, you are treated as making a supply of services<sup>14</sup> ("deemed supply") if you have been allowed input tax on those business goods. The time of supply for the deemed supply is the last day of the prescribed accounting period in which the goods are used or made available for the use<sup>15</sup>.

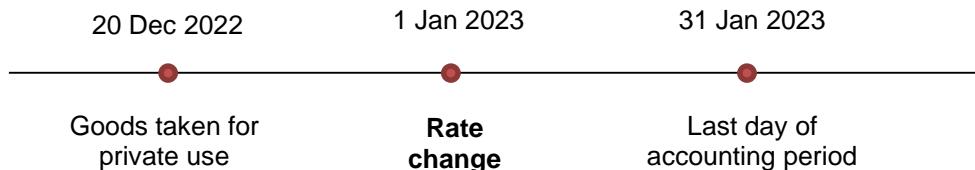
5.2.2 If the goods are used or made available for private or non-business use before 1 Jan 2023 but the last day of the prescribed accounting period falls on or after 1 Jan 2023, you are required to account for output tax at 8% on the full cost of providing the services as the supply is treated as taking place on or after the rate change. However, the transitional rules allow you to elect to account for deemed output tax at 7% on the extent of goods put to private or non-business use before 1 Jan 2023.

5.2.3 To support your election, you must maintain documentary evidence (e.g., correspondence on the period of use, official acknowledgement on the delivery and return of goods) to show that the goods are used or made available for use before 1 Jan 2023. You must be able to furnish these documents readily upon the Comptroller's request.

<sup>14</sup> Paragraph 5(3) of the Second Schedule to the GST Act.

<sup>15</sup> Section 11A(5) of the GST Act.

### Example 18



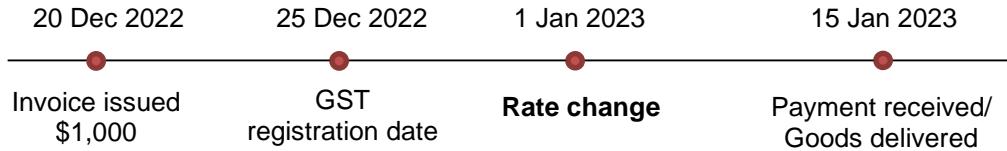
Your prescribed accounting periods are Feb-Apr, May-Jul, Aug-Oct, and Nov-Jan. In this case, the time of supply for the deemed supply is on 31 Jan 2023, i.e., the last day of the prescribed accounting period in which the goods are taken for your private use. Hence, output tax should be accounted for at 8%.

Under the transitional rules, however, you can elect to account for output tax at 7% since all the goods are taken for private use before 1 Jan 2023.

**5.3 If the time of supply (issuance of invoice or payment received) is triggered before GST registration or after GST de-registration date**

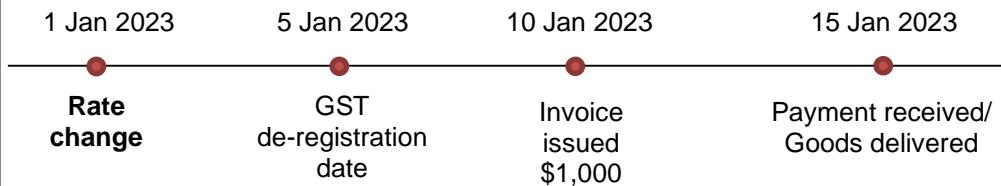
5.3.1 Generally, if the time of supply of a transaction is triggered before you register for GST or after you de-register from GST, the supply will be outside the scope of tax and the transitional rules will not apply.

#### Example 19: Time of supply triggered before GST registration date



You issue an invoice for \$1,000 prior to your GST registration date and receive payment and deliver the goods after your GST registration date. As the time of supply for the transaction is triggered by the issuance of the invoice prior to your GST registration date, the supply is outside the scope of tax and no GST is chargeable.

Therefore, the transitional rules will not apply in this scenario and you are not required to charge and account for GST at 8% on the payment received/ goods delivered after 1 Jan 2023.

**Example 20: Time of supply triggered after GST de-registration date**

You issue an invoice on 10 Jan 2023 for \$1,000 after your GST de-registration date on 5 Jan 2023. Subsequently, you receive payment and deliver the goods on 15 Jan 2023. As the time of supply for the transaction is triggered by the issuance of the invoice after you de-register from GST, the supply is outside the scope of tax and no GST is chargeable.

The transitional rules will not apply in this scenario since the supply is outside the scope of tax and did not span the rate increase on 1 Jan 2023 (i.e. invoice was issued, payment received and goods were delivered after 1 Jan 2023).

5.3.2 However, where the delivery of goods or performance of services (i.e. Basic Tax Point) occurs before your GST registration or de-registration date, special time of supply rules may apply. Please refer to paragraphs 5.4 and 5.5 for more information.

#### **5.4 Supplies spanning GST registration and rate change date**

5.4.1 If you are GST-registered on or after 1 Jan 2023 and your supply spans the rate increase, the transitional rules will not apply as your GST registration date takes place on or after the rate increase.

5.4.2 In addition, if the Basic Tax Point takes place before you become registered for GST, your customers can request for you to treat the supply as taking place at the Basic Tax Point if they are not entitled to input tax claims for the whole or part of the supply<sup>16</sup>. Consequently, no GST is chargeable on the part of the value of supply relating to the goods delivered or services performed before you are GST-registered.

<sup>16</sup> Section 11B(2) of the GST Act. For more information, please refer to the e-Tax guide “GST: Time of Supply Rules”.

**Example 21**

The transitional rules will not apply to this transaction as you are GST-registered after 1 Jan 2023. Based on the time of supply rules, GST will be chargeable at 8% upon issuance of invoice on 15 Jan 2023.

However, as the Basic Tax Point occurs before your GST registration date, where your customer is not entitled to input tax claims on the supply and makes a request to you, you may treat the supply as taking place on 30 Dec 2022 when the services are performed. Consequently, no GST will be chargeable on the supply.

## **5.5 Supplies spanning GST de-registration and rate change date**

- 5.5.1 If you de-register from GST before 1 Jan 2023, the transitional rules will not apply to your supplies which span the rate increase as you are not GST-registered when the rate increases on 1 Jan 2023.
- 5.5.2 However, where the Basic Tax Point takes place before you de-register from GST and full output tax on the supply has not been accounted for at the date of de-registration, the supply shall to the extent that it is not covered by any invoice or payment, be treated as taking place on the day immediately before you cease to be GST-registered<sup>17</sup> and you must account for GST on the supply. The rate at which GST is to be accounted for would be the prevailing rate on the day immediately before you cease to be GST-registered.

<sup>17</sup> Section 11B(6) of the GST Act. For more information, please refer to the e-Tax guide “GST: Time of Supply Rules”

**Example 22**

15 Dec 2022	30 Dec 2022	1 Jan 2023	15 Jan 2023	20 Jan 2023
Services performed	GST de-registration date	<b>Rate Change</b>	Invoice issued \$1,000	Payment received

The transitional rules will not apply to this transaction as you have de-registered from GST before 1 Jan 2023.

However, as the Basic Tax Point of your supply has taken place on 15 Dec 2022 and no invoice was issued or payment received before your de-registration, you will have to account for GST at 7% on \$1,000 on the day immediately before you cease to be GST-registered (i.e. 29 Dec 2022).

5.5.3 If you de-register from GST on/after 1 Jan 2023, the transitional rules will apply to your supplies which span the rate increase. In addition, where the Basic Tax Point takes place before you de-register from GST and full output tax on the supply has not been accounted for at the date of de-registration, the supply shall to the extent that it is not covered by any invoice or payment, be treated as taking place on the day immediately before you cease to be GST-registered. Consequently, you must account for GST on the supply.

**Example 23**

15 Dec 2022	1 Jan 2023	5 Jan 2023	15 Jan 2023	20 Jan 2023
Services performed \$1,000	<b>Rate Change</b>	Payment received \$500	GST de-registration date	Invoice issued \$1,000, Remaining payment received \$500

Based on the time of supply rules, you will be required to account for GST on the supply as follows:

- (i) GST at 8% when part payment of \$500 is received on 5 Jan 2023. However, as the services are performed before 1 Jan 2023, you may elect to account for GST on the part payment at 7% instead.
- (ii) GST at 8% on 14 Jan 2023 (i.e. the day immediately before you cease to be GST-registered) since the remaining part of the supply (\$500) is not covered by any invoice or payment before your de-registration date.

## 6 Reverse Charge Supplies

6.1 With effect from 1 Jan 2020, if you procure services from overseas suppliers (“imported services”) and you are not entitled to full input tax credit or belong to a GST group that is not entitled to full input tax credit (“RC business”), you may be subject to reverse charge where you must account for GST on the imported services<sup>18</sup> as if you are the supplier. The general time of supply for reverse charge transactions (“RC transactions”) is the earlier of when an invoice is issued or when a payment is made.

6.2 The transitional rules for rate change apply to RC transactions that span the date of rate change. An RC transaction will be treated as spanning the date of rate change when the one or more of the following events straddle 1 Jan 2023:

- (i) The issuance of invoice or posting of transaction<sup>19</sup>;
- (ii) The making of payment;
- (iii) The performance of services.

For instance, the supplier’s invoice is issued<sup>20</sup> and the imported services are performed before 1 Jan 2023, but payment for the supply is made on/after 1 Jan 2023.

6.3 **If you report your RC transactions based on general time of supply**  
**Where the invoice is issued on/after rate change**

6.3.1 Where your supplier issues an invoice to you on/after 1 Jan 2023 and you make full payment for the supply before 1 Jan 2023, the RC transaction is subject to GST at 7% regardless of when the imported services are performed.

6.3.2 Where your supplier issues an invoice to you and you make full or part payment for the supply on/after 1 Jan 2023, the prevailing rate at the time of supply applies unless you elect otherwise under certain conditions (as explained in paragraph 6.3.3).

6.3.3 If the imported services are performed before 1 Jan 2023, you can elect to account for GST at 7% on the **higher of**:

- (i) payment made before 1 Jan 2023; or

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<sup>18</sup> Certain services are specifically excluded from the scope of reverse charge. For more information, please refer to the e-Tax guide “GST: Taxing imported services by way of reverse charge”.

<sup>19</sup> The posting date of the RC transaction is only relevant for RC businesses that apply section 11C(3) of the GST Act to treat the RC transaction as taking place at the earlier of the posting date or when payment is made.

<sup>20</sup> This will be based on the invoice date.

(ii) the value of services performed before 1 Jan 2023.

The remaining value of the RC transaction will be subject to GST at 8%.

**Example 24**

15 Dec 2022	20 Dec 2022	1 Jan 2023	8 Jan 2023	15 Jan 2023
Part payment \$300	Imported services fully performed	<b>Rate change</b>	Supplier's invoice issued \$1,000	Part payment \$700

According to the general rule, you are required to account for GST on the RC transaction at:

- 7% on \$300 of payment made before 1 Jan 2023; and
- 8% on \$700 of payment made after 1 Jan 2023.

However, you can elect to apply reverse charge at 7% on the entire value of the supply as the services are fully performed before 1 Jan 2023.

***Making an election for RC transactions that span the date of rate change***

6.3.4 You do not need to complete any form or seek prior approval from the Comptroller for making the election. However, you must maintain documentary evidence (e.g., service contracts, certification of work done, supplier's acknowledgement or other commercial documents used in your business) and internal records to show that the imported services are performed before 1 Jan 2023 and you have made the election for your RC transactions. You must be able to furnish these documents and records readily upon the Comptroller's request.

**Where the invoice is issued before rate change**

6.3.5 Before 1 Jan 2023, where your supplier issues an invoice to you and (i) you make full payment for the supply or (ii) the services are fully performed, you should account for GST at 7% on the RC transaction.

6.3.6 Before 1 Jan 2023, where your supplier issues an invoice to you and:

- You make no payment or only make part payment; **or**
- No services are performed or only a part of the services are performed,

the supply will be subject to reverse charge as follows:

- (a) at 8% on the **lower** of:
  - (i) payment made on/after 1 Jan 2023; or
  - (ii) the value of services performed on/after 1 Jan 2023; and
- (b) at 7% on the remaining value of the supply.

6.3.7 For the part of imported services that is subject to reverse charge at 8% in paragraph 6.3.6(a), you are required to account for the additional output tax on the RC transaction at the earlier of:

- (a) When the payment for the part of supply is made by you; or
- (b) 15 Jan 2023.

Example 25

1 Dec 2022	1 Jan 2023	23 Jan 2023	31 Jan 2023
Supplier's invoice issued \$1,000	Rate change	Services fully performed	Full payment made (later than 15 Jan 2023)

Your prescribed accounting periods are Jan-Mar, Apr-Jun, Jul-Sep, and Oct-Dec. You procure services from an overseas supplier who issues the invoice to you before 1 Jan 2023. You have accounted for GST at 7% (\$70) on the RC transaction in your GST return for the period ended 31 Dec 2022, i.e., the period in which the supplier's invoice is issued to you.

As you did not make any payment for the supply and no services are performed before 1 Jan 2023, the transitional rules will apply such that you are required to account for GST at 8% (\$80) on the entire value of the RC transaction.

You should account for the additional output tax of \$10 (\$80-\$70) in your GST return for the period ended 31 Mar 2023, i.e., the period in which 15 Jan 2023 falls.

You can claim the corresponding input tax according to the input tax recovery rules. For instance, if the recoverable residual input tax ratio for the period ended 31 Mar 2023 is 90%, you can claim input tax of \$9 (\$10 x 90%) in the same period.

6.4 **If you report your RC transactions based on posting date<sup>21</sup>**

**Where the posting date is on/after rate change**

6.4.1 Where you post the RC transaction in your business accounts on/after 1 Jan 2023 and make full payment for the supply before 1 Jan 2023, the RC transaction is subject to GST at 7% regardless of when the imported services are performed.

6.4.2 Where you post the RC transaction in your business accounts and make full or part payment for the supply on/after 1 Jan 2023, the prevailing rate at the time of supply applies unless you elect otherwise under certain conditions (as explained in paragraph 6.4.3).

6.4.3 If the imported services are performed before 1 Jan 2023, you can elect to account for GST at 7% on the **higher of**:

- (i) payment made before 1 Jan 2023; or
- (ii) the value of services performed before 1 Jan 2023.

The remaining value of the RC transaction will be subject to GST at 8%.

**Example 26**



As you make payment for the supply and post the expenses on 20 Jan 2023, which is after the rate change, you should account for GST at 8% on the RC transaction. However, you can elect to account for GST at 7% on the entire value of the supply as the imported services are fully performed before 1 Jan 2023.

You should account for GST on the RC transaction in the prescribed accounting period in which the supply is treated as taking place, i.e., posting date of 20 Jan 2023. You should also claim the corresponding input tax in the same prescribed accounting period subject to the input tax recovery rules.

<sup>21</sup> Under section 11C(3) of the GST Act, you can account for GST on your imported services based on the earlier of when you post the RC transaction in your business account or the date of payment made, provided that you consistently apply this method for all your GST returns.

### **Where the posting date is before rate change**

6.4.4 Before 1 Jan 2023, where you post the RC transaction in your business accounts and (i) you make full payment for the supply or (ii) the services are fully performed, you should account for GST at 7% on the RC transaction.

6.4.5 Before 1 Jan 2023, where you post the RC transaction in your business accounts and:

- You make no payment or only make part payment; **or**
- No services are performed or only a part of the services are performed;

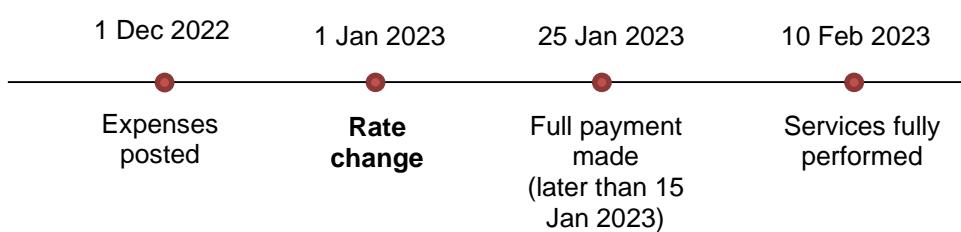
the supply will be subject to reverse charge as follows:

- (a) at 8% on the **lower** of:
  - (i) payment made on/after 1 Jan 2023; or
  - (ii) the value of services performed on/after 1 Jan 2023; and
- (b) at 7% on the remaining value of the supply.

6.4.6 For the part of imported services that is subject to reverse charge at 8% in paragraph 6.4.5(a), you are required to account for the additional output tax on the RC transaction at the earlier of:

- (a) When the payment for the part of supply is made by you; or
- (b) 15 Jan 2023.

#### Example 27



You had accounted for GST at 7% when the RC transaction is posted on 1 Dec 2022. As no payment is made and no services are performed before 1 Jan 2023, the transitional rules will apply such that the entire value of the RC transaction is subject to reverse charge at 8%. You should account for the additional output tax of 1% on the RC transaction in the prescribed accounting period in which 15 Jan 2023 falls.

## 6.5 **If you report your RC transactions at the end of the longer period**

6.5.1 Where you have elected to apply reverse charge at the end of the longer period<sup>22</sup>, the supply of your imported services is treated as taking place on the day immediately after the end of the longer period (“first day after the end of longer period”).

6.5.2 The transitional rules under paragraphs 6.3.1 to 6.3.6 will apply. For the part of imported services that is subject to reverse charge at 8% under paragraph 6.3.6(a), you should account for GST as follows:

- If the supply of imported services takes place in the longer period where the first day after the end of longer period is on/after 1 Jan 2023, you will account for GST on the RC transaction in the prescribed accounting period in which that first day falls.

### Example 28

20 Dec 2022	28 Dec 2022	1 Jan 2023	31 Jan 2023	10 Feb 2023	31 Mar 2023
Supplier's invoice issued \$1,000	Part services performed \$300	<b>Rate change</b>	Full payment made \$1,000	Part services performed \$700	Last day of longer period

Your prescribed accounting periods are Jan-Mar, Apr-Jun, Jul-Sep, and Oct-Dec. The supplier's invoice is issued before 1 Jan 2023. As no payment is made and only part of the services is performed before 1 Jan 2023, the transitional rules will apply such that the value of part services performed<sup>#</sup> after 1 Jan 2023 (\$700) is subject to reverse charge at 8%.

You should account for output tax on the RC transaction in the prescribed accounting period in which 1 Apr 2023 falls. This is the same period where the longer period adjustment is made.

#### Output tax to be accounted for in the period ended 30 Jun 2023

- 7% on \$300 of services performed before 1 Jan 2023
- 8% on \$700 of services performed after 1 Jan 2023

*#The value of part services performed after 1 Jan 2023 (\$700) is subject to GST at 8% as it is lower than the value of payment made after 1 Jan 2023 (\$1,000).*

<sup>22</sup> Section 11C(8) of the GST Act

(ii) If the supply of imported services takes place in the longer period where the first day after the end of longer period is before 1 Jan 2023, you must account for the additional GST on the RC transaction in the prescribed accounting period in which 15 Jan 2023 falls.

**Example 29**

31 May 2022	20 Oct 2022	1 Jan 2023	20 Jan 2023	20 Feb 2023
Last day of longer period / Supplier's invoice issued \$1,000	Part payment made \$550 / Part services performed \$400	<b>Rate change</b>	Part payment made \$450	Part services performed \$600

Your prescribed accounting periods are Mar-May, Jun-Aug, Sep-Nov, and Dec-Feb. You have accounted for GST at 7% on the RC transaction in your GST return for the period ended 31 Aug 2022.

As only part payment is made and part of the services is performed before 1 Jan 2023, the transitional rules will apply such that the value of part payment made<sup>#</sup> after 1 Jan 2023 (\$450) is subject to reverse charge at 8%.

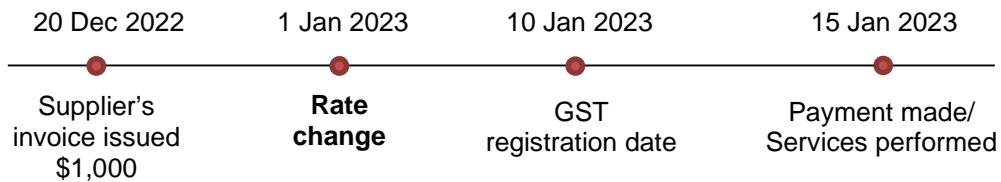
You are required to account for the additional output tax of \$4.50 (\$450 x 1%) on the RC transaction in the prescribed accounting period in which 15 Jan 2023 falls, i.e., in the period ended 28 Feb 2023.

*#The value of part payment made after 1 Jan 2023 (\$450) is subject to GST at 8% as it is lower than the value of part services performed after 1 Jan 2023 (\$600).*

**6.6 If the time of supply (issuance of invoice or payment received) for an RC transaction is triggered before GST registration or after GST de-registration date**

6.6.1 Generally, if you are an RC business and the time of supply for your RC transaction (i.e. supplier's invoice received or payment made) is triggered before you register for GST or after you de-register from GST, the supply will be outside the scope of tax and the transitional rules will not apply.

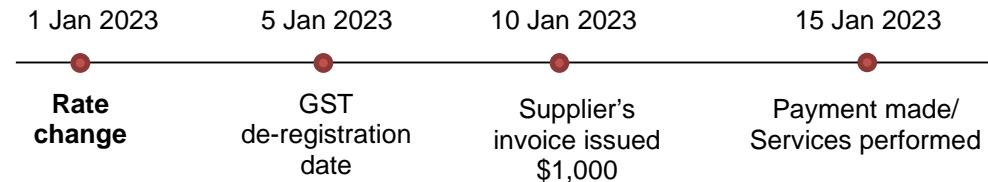
Example 30: Time of supply for RC transaction triggered before GST registration date



Your overseas supplier issues the invoice for the imported service prior to your GST registration date and you make payment and receive the services after your GST registration date. As the time of supply for the RC transaction is triggered by the receipt of invoice on 20 Dec 2022 prior to your GST registration date, the supply is outside the scope of tax and no GST is chargeable.

Therefore, the transitional rules will not apply in this scenario and you are not required apply reverse charge on the payment made/services received on/after 1 Jan 2023.

Example 31: Time of supply for RC transaction triggered after GST de-registration date



You receive an invoice on 10 Jan 2023 from your overseas supplier after you de-register from GST on 5 Jan 2023. Subsequently, you made payment and the imported service was performed on 15 Jan 2023. As the time of supply for the RC transaction is triggered by the issuance of the invoice after you de-register from GST, the supply is outside the scope of tax and reverse charge will not apply.

The transitional rules will not apply in this scenario since the supply is outside the scope of tax and did not span the rate increase on 1 Jan 2023 (i.e. invoice was received, payment made and services performed after 1 Jan 2023).

6.6.2 However, where the Basic Tax Point of your RC transaction occurs before your GST registration or de-registration date, special time of supply rules may apply. Please refer to paragraphs 6.7 and 6.8 for more information.

## 6.7 **RC transactions spanning GST registration and rate change date**

6.7.1 If you are an RC business, GST-registered on or after 1 Jan 2023 and your RC transaction spans the rate increase, the transitional rules will not apply as your GST registration date takes place on or after the GST rate increase.

6.7.2 In addition, if the Basic Tax Point of your RC transaction takes place before you become registered for GST, you may rely on the Basic Tax Point to determine when the supply is made and hence, not apply reverse charge on the imported services which are performed before your GST registration date<sup>23</sup>.

### Example 32

30 Dec 2022	1 Jan 2023	10 Jan 2023	15 Jan 2023	20 Jan 2023
Services performed	Rate change	GST registration date	Supplier's invoice issued \$1,000	Payment made

The transitional rules will not apply to this RC transaction as you are GST-registered after 1 Jan 2023. Based on the time of supply rules, you should account for GST at 8% on the RC transaction upon receipt of supplier's invoice on 15 Jan 2023. However, as the Basic Tax Point occurs before your GST registration date, you may, treat the supply as taking place on 30 Dec 2022 when the services are performed. Consequently, you need not apply reverse charge on the imported service.

## 6.8 **RC transactions spanning GST de-registration and rate change date**

6.8.1 If you are an RC business and de-register from GST before 1 Jan 2023, the transitional rules will not apply to your RC transactions which span the rate increase as you are not GST-registered when the GST rate increases on 1 Jan 2023.

<sup>23</sup> Section 11C(6) of the GST Act. For more information, please refer to the e-Tax guide “GST: Reverse Charge”

6.8.2 However, where the Basic Tax Point takes place before you de-register from GST and full output tax on the RC transaction has not been accounted for at the date of de-registration, the imported service shall to the extent that it is not covered by any invoice or payment, be treated as taking place on the day immediately before you cease to be GST-registered<sup>24</sup> and you must account for GST on the supply<sup>25</sup>.

Example 33

15 Dec 2022	30 Dec 2022	1 Jan 2023	15 Jan 2023	20 Jan 2023
Services performed	GST de-registration date	<b>Rate Change</b>	Supplier's invoice issued	Payment made

\$1,000

The transitional rules will not apply to this transaction as you have de-registered from GST before 1 Jan 2023. However, as the Basic Tax Point of your supply has taken place on 15 Dec 2022 and no invoice was received or payment made for the RC transaction before your de-registration, you will have to account for GST at 7% on \$1,000 on the RC transaction the day immediately before you cease to be GST-registered (i.e. 29 Dec 2022).

6.8.3 If you de-register from GST on or after 1 Jan 2023, the transitional rules will apply to your RC transactions which span the rate increase. In addition, where the Basic Tax Point takes place before you de-register from GST and full output tax on the supply has not been accounted for at the date of de-registration, the RC transaction shall to the extent that it is not covered by any invoice or payment, be treated as taking place on the day immediately before you cease to be GST-registered and you must apply reverse charge on the supply.

<sup>24</sup> Section 11C(7) of the GST Act. For more information, please refer to the e-Tax guide “GST: Reverse Charge”

<sup>25</sup> The rate at which GST must be accounted for on the RC transaction would be the prevailing rate on the day immediately before you cease to be GST-registered.

**Example 34**

15 Dec 2022	1 Jan 2023	5 Jan 2023	15 Jan 2023	20 Jan 2023
Services performed	Rate Change	Payment made \$500	GST de-registration date	Supplier's invoice issued \$1,000, Remaining payment received \$500

Based on the time of supply rules, you will be required to apply reverse charge on the supply as follows:

- (i) GST at 8% when part payment of \$500 is made on 5 Jan 2023. However, as the services are performed before 1 Jan 2023, you may elect to apply reverse charge on the part payment at 7% instead.
- (ii) GST at 8% on 14 Jan 2023 (i.e. the day immediately before you cease to be GST-registered) since the remaining part of the supply (\$500) is not covered by any invoice or payment before your de-registration date.

## 7 Imported Digital Services under the Overseas Vendor Registration Regime

7.1 With effect from 1 Jan 2020, imported digital services supplied in the context of business-to-consumer (“B2C”) transactions is subject to GST under the OVR regime. The transitional rules as set out in paragraphs 3 and 4 will apply in the same manner to your supplies of digital services that span 1 Jan 2023.

***Where you issue an invoice (i.e., non-tax invoice) to your customer for a supply of digital services before 1 Jan 2023***

7.2 If you are GST-registered under the simplified pay-only regime, there is no additional invoicing and price display requirement imposed on you. Where you have issued a non-tax invoice to your customer for a supply of digital services before 1 Jan 2023 and part of the supply is subject to GST at 8% under the transitional rules for rate change (see paragraph 4.2.1), you need not issue a credit note and a new invoice to your customer for that part of the supply. However, you are still required to account for the additional GST on the supply in accordance with paragraph 4.2.3.

## **8 Imported Non-Digital Services and Low-Value Goods**

### 8.1 With effect from 1 Jan 2023:

- (a) The import of low-value goods in the context of business-to-business (“B2B”) transactions are subject to reverse charge; and
- (b) The import of non-digital services and low-value goods in the context of business-to-consumer (“B2C”) transactions are subject to GST under the extended OVR regime.

### 8.2 Special transitional rules<sup>26</sup> apply to the supplies of non-digital services and low-value goods that straddles the implementation date of 1 Jan 2023. Where the supply is subject to tax, GST must be accounted for at the prevailing new rate.

## **9 Methods of Apportionment**

### 9.1 You may apportion the value of goods delivered or services performed before and on/after 1 Jan 2023 based on appropriate methods such as:

- Valuation of measurable work, e.g., based on open market value; or
- Your normal costing or pricing system.

### 9.2 For instance, if you supply homogeneous goods to your customers and have delivered 30% of the goods before 1 Jan 2023, the value of those goods can be based on 30% of the value of your supply.

#### Example 35

You provide cleaning services to your customer from Nov 2022 to Jan 2023 and the performance of the services is spread out evenly during the period. You can use the number of days or months as a proxy to apportion the value of services performed.

Assuming that the value of the cleaning services is \$6,000, based on the number of months:

- (1) Value of cleaning services performed before rate change is \$4,000 ( $\$6,000 \times 2/3$ )
- (2) Value of cleaning services performed on/after rate change is \$2,000 ( $\$6,000 \times 1/3$ )

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<sup>26</sup> For more details on the transitional rules, please refer to the e-Tax Guides “GST: Taxing imported remote services by way of the overseas vendor registration regime” and “GST: Taxing imported low-value goods by way of the overseas vendor registration regime”.

## 10 Adjustment of Contracts on Changes in Tax

- 10.1 If you have existing contracts to supply goods or services on/after 1 Jan 2023, you can increase the contractual consideration to charge GST at 8% unless the contract has explicitly specified that any tax change is excluded or has already been taken into account.
- 10.2 If the contract contains such express provision, you will be bound by the contractual terms and will not be able to revise the consideration. In such instance, you should account for GST using the tax fraction 8/108 multiplied by the total consideration.

### Example 36

You issue a tax invoice to your customer before 1 Jan 2023 for a supply of goods with GST charged at 7%. You only receive the full payment and deliver the goods after 1 Jan 2023. Under the transitional rules for rate change, you are required to adjust the transaction and charge GST at 8% on the entire value of the supply.

Your contract has excluded you from increasing the contractual consideration due to a tax change. Hence, if the consideration for the supply is \$10,700 (\$10,000 plus 7% GST of \$700), you should account for GST at \$792.59 ( $\$10,700 \times 8/108$ ).

- 10.3 If you are unsure whether your contract contains any express exclusion or has taken the tax change into account, please consult your lawyer to determine if you can increase the consideration due to a rate increase.

## 11 Adjustment of Tax Previously Charged

### Issuing or receiving credit note due to rate change

- 11.1 Where you are required to issue a credit note for your supplies which are affected by the change in tax rate (see paragraphs 3.4.4 and 4.2.2), you must issue the credit note to your customer by 15 Jan 2023<sup>27</sup> and keep a copy. The credit note must contain the following information:
  - (a) Properly headed as “Credit Note”;
  - (b) An identifying number;
  - (c) Date of issue;
  - (d) Your name, address and GST registration number;

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<sup>27</sup> Or 90 days after the original tax invoice if you are unable to issue the credit note by 15 Jan 2023. This only applies to scenarios where you have issued a tax invoice with GST at 8% but subsequently elect to apply GST at 7% if the basic tax point takes place before 1 Jan 2023 (see paragraph 3.4.5)

- (e) Your customer's name and address;
- (f) The identifying number and date of issue of the original tax invoice;
- (g) A description which identifies the goods and services to which the credit relates;
- (h) Reason for the credit;
- (i) The quantity and value of goods or services to which the credit relates; and
- (j) The rate and amount of GST being credited.

11.2 Upon issuing the credit note, you should reduce the value of your standard-rated supplies and output tax accordingly. Your accounts or supporting documents must clearly state the nature of the adjustments and the reason for the adjustments.

11.3 When you receive a credit note from your supplier for GST being credited, you should enter the adjustments in your accounts and reduce the value of your taxable purchases and input tax accordingly.

11.4 Credit note adjustments should generally be declared in the GST return for the prescribed accounting period in which the credit note is issued.

### **Volume-related rebates**

#### ***Rebate given in the form of cash***

11.5 Where you offer volume-related rebate in the form of cash to your customer when a minimum purchase amount is reached, this is equivalent to a discount given for past purchases. Generally, a credit note is issued to the customer to reduce the value of the past purchases based on the volume rebate given.

11.6 If the goods are supplied to your customer before 1 Jan 2023 with 7% GST but you only effect the rebate on/after 1 Jan 2023, the GST on the rebate will be calculated at 7% as this is the rate which you originally charged on the supply.

11.7 If the goods supplied to your customer straddles 1 Jan 2023, i.e., some goods are supplied before 1 Jan 2023 with 7% GST charged and some goods are supplied on/after 1 Jan 2023 with 8% GST charged, you should apportion the rebate value using a reasonable proxy such that:

- (a) GST on the portion of rebate that relates to goods supplied before 1 Jan 2023 is calculated at 7%; and
- (b) GST on the portion of rebate that relates to goods supplied on/after 1 Jan 2023 is calculated at 8%.

11.8 If the cash rebates offered are GST-inclusive, you should calculate GST on the rebate using the tax fraction.

***Rebate used to offset future sales***

11.9 When the rebate is not in cash but can only be used to offset against the value of your next sale to the customer which takes place after the rate change, you should charge and account for GST at 8% on the net value of that sale (i.e., after deducting the rebate).

**Returned goods**

11.10 If you have supplied goods to your customer before 1 Jan 2023 with GST charged at 7% and some of the goods are defective and subsequently returned to you on/after 1 Jan 2023, you should adjust GST at 7% on the returned goods as this is the rate which you originally charged on the supply. You should maintain documentary evidence to show whether the returned goods are supplied before or on/after 1 Jan 2023.

11.11 When you issue credit note to your customer for the returned goods, you should indicate, among other things, the date and identifying number of the original tax invoice and maintain evidence to show that you have previously accounted for output tax on the original supply.

11.12 If you are unable to trace or identify the date and identifying number of the original tax invoice, you can issue a credit note without adjusting the GST amount charged<sup>28</sup> on the original tax invoice if the following conditions are satisfied:

- (a) You and your customer agree in writing not to adjust the original GST amount. The written agreement must be retained as part of your GST records;
- (b) Your customer is a fully taxable person (i.e., does not make any exempt supplies); and
- (c) The credit note, which is issued without any adjustment to the original GST amount, should contain the statement "This is not a credit note for GST purposes."

**Goods Exchange**

11.13 If you have supplied goods to your customer and received payment before 1 Jan 2023, GST would be chargeable at 7%. Subsequently, if you agree to provide an exchange for the original goods on/after 1 Jan 2023, GST is chargeable at 8% only on the additional consideration

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<sup>28</sup> If such credit notes are issued, both you and your customer do not need to adjust the value of standard-rated supplies and taxable purchases and the corresponding GST for the returned goods in the GST returns.

received<sup>29</sup> (if any) provided that you do not refund the consideration received for the original goods purchased to your customer.

11.14 However, if you provide a refund in cash or store credit to your customer which is then utilized to make payment for other goods or services on/after 1 Jan 2023, GST is chargeable at 8% on the full amount charged for the other goods or services, including the value of cash/store credit plus any additional consideration received.

Example 37

20 Dec 2022	1 Jan 2023	10 Jan 2023
Goods supplied/ Payment received \$1,000	Rate change	Goods exchanged/ Additional payment received (\$500)

**Value of original goods: \$1,000**  
**Value of exchanged goods: \$1,500**

You had accounted for GST at 7% on 20 Dec 2022 for the payment of \$1,000 received. If your customer exchanges the original goods for other goods (valued at \$1,500) on 10 Jan 2023 and you only collect additional consideration of \$500 without refunding the original \$1,000, GST is chargeable at 8% only on \$500.

However, if you provide a refund of \$1,000 to your customer via cash or store credit which is then utilized for the exchanged goods on 10 Jan 2023, GST is chargeable at 8% on the entire value of the exchanged goods (\$1,500).

<sup>29</sup> The Comptroller will regard the payment received before 1 Jan 2023 for the original goods as received for the exchanged goods even if the exchange occurs on/after 1 Jan 2023.

## 12 Other Details Relating to Rate Change

### New tax invoice

12.1 Where you need to issue a new tax invoice to adjust for your transaction and charge GST at 8% (see paragraph 4.2.2), the tax invoice should contain the same information as required for any ordinary tax invoice. You should also support this new tax invoice with documents such as a copy of the credit note and original tax invoice where the part or full value of the supply is adjusted via the credit note.

### Tax invoice in simplified format

12.2 You can issue simplified tax invoices on/after 1 Jan 2023 where the total amount payable including GST for the supply does not exceed \$1,000.

12.3 Where you issue a simplified tax invoice on/after 1 Jan 2023 and the applicable GST rate for your supply is 7% (see examples 1, 2 and 5<sup>30</sup>), you should show the GST rate or GST amount separately on the simplified tax invoice, so that it is clear to your customer that GST is charged at 7%. If you are unable to show the GST rate or GST amount separately on the simplified tax invoice, you should issue a proper tax invoice to your customer.

12.4 Where GST at 7% applies to a part of the value of supply under the transitional rules (see Examples 4 and 7A), you should issue proper tax invoices to your customers showing the different GST rates charged on the supply and their corresponding GST amount.

### Input tax claims

12.5 You can only claim the GST amount shown on the tax invoice as your input tax. Where the tax invoice issued is in a simplified format and the GST amount is not shown on the tax invoice, you can use the tax fraction to compute the GST amount to be claimed as your input tax.

12.6 Generally, to determine the appropriate tax fraction to use, you should look at the date of issue of the simplified tax invoice. For instance, you should use the tax fraction of 7/107 for simplified tax invoice dated before 1 Jan 2023, and the tax fraction of 8/108 for simplified tax invoice dated on/after 1 Jan 2023.

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<sup>30</sup> Examples 2 and 5 are applicable if you make the election to charge and account for GST at 7%.

### **Filing of GST returns**

- 12.7 The GST rate change does not affect the way you complete your GST return. Where your standard-rated supplies of goods or services (including reverse charge supplies) are subject to adjustments due to the GST rate change, you should report the adjustments in your GST return for the period in which the adjustment is made or in accordance with the transitional rules for rate change, where relevant. There is no separate form or return to submit for supplies spanning the date of rate change.
- 12.8 For instance, if you have issued a credit note and new tax invoice to your customer in accordance with paragraph 4.2.2 for your supply of goods or services spanning the date of rate change, you should declare the adjustments in your GST F5 return for the period in which the credit note and new tax invoice are issued.

**Example 38**

20 Dec 2022	22 Dec 2022	1 Jan 2023	5 Jan 2023	10 Jan 2023	20 Jan 2023
Part services performed \$200	Tax invoice issued \$1,000	<b>Rate change</b>	Payment received \$1,000	Credit note and new tax invoice issued	Part services performed \$800

Your prescribed accounting periods are Jan-Mar, Apr-Jun, Jul-Sep, and Oct-Dec.

You have charged GST at 7% (i.e., \$70) on the tax invoice issued to your customer on 22 Dec 2022. As you do not receive any payment and only perform part of the services before 1 Jan 2023, under the transitional rules, you are required to issue to your customer by 15 Jan 2023, for that part of the services performed<sup>#</sup> after 1 Jan 2023:

- a credit note for \$856 (\$800 plus 7% GST of \$56); and
- a new tax invoice for \$864 (\$800 plus 8% GST of \$64).

<sup>#</sup> *The value of the part services performed after 1 Jan 2023 (\$800) is subject to GST at 8% as it is lower than the value of payment received after 1 Jan 2023 (\$1,000).*

You issue the credit note and new tax invoice to your customer on 10 Jan 2023. You should report your supply as follows:

GST return for the period ended	GST reporting
31 Dec 2022	<u>Issuance of original tax invoice</u> <ul style="list-style-type: none"> <li>• Increase your value of standard-rate supplies by \$1,000</li> <li>• Increase your output tax by \$70</li> </ul>
31 Mar 2023	<u>Issuance of credit note</u> <ul style="list-style-type: none"> <li>• Reduce your value of standard-rated supplies by \$800</li> <li>• Reduce your output tax by \$56</li> </ul> <u>Issuance of new tax invoice</u> <ul style="list-style-type: none"> <li>• Increase your value of standard-rate supplies by \$800</li> <li>• Increase your output tax by \$64</li> </ul> <p>The net adjustment of the above is an increase of your output tax by \$8.</p>

### **Receipt of payment**

#### ***Recurring payments made via GIRO deductions and credit card***

12.9 All payments received through recurring GIRO deduction and credit card payment<sup>31</sup> (e.g., monthly insurance premium payment) within the month of Jan 2023 can be treated as payments received before 1 Jan 2023<sup>32</sup> if the following conditions are met:

- (a) The GIRO deduction or credit card payment is successfully effected by the end of Jan 2023;
- (b) The GIRO deduction or credit card payment relates to bills or invoices that are issued before 1 Jan 2023; and
- (c) The bills or invoices in (b) are issued according to the normal billing cycle of the business.

#### ***Electronic payment modes***

12.10 The following payments can be treated as received before 1 Jan 2023 even though the actual monies may be received by the supplier on/after 1 Jan 2023:

- (a) Non-recurring payment charged to the credit card by 31 Dec 2022;
- (b) Telegraphic transfer (TT) instruction received by the recipient bank (i.e., the bank that receives the money) by 31 Dec 2022;
- (c) AXS, SAM or NETS transaction which takes place by 31 Dec 2022; and
- (d) Deductions from a customer's e-wallet by 31 Dec 2022<sup>33</sup>

12.11 Where you have received cash from your customer via electronic funds transfer such as FAST and PayNow and the funds are transferred instantly, the payments will be treated as received on the date you receive the funds. Where your customer makes an ad-hoc electronic funds transfer via GIRO, the payment may be treated as received before 1 Jan 2023 if you maintain documentary evidence that the funds

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<sup>31</sup> A recurring credit card payment does not include an instalment payment plan (e.g., 12-month interest-free repayment on the purchase amount charged to the credit card). In this case, the supplier would have received full payment from the card issuing bank / credit company when a customer makes the payment via credit card. The instalment payment plan is between the card issuing bank / credit company and the customer.

<sup>32</sup> This will put customers paying by GIRO or credit card on the same footing as those who pay by cash or cheque before 1 Jan 2023 for advance billings.

<sup>33</sup> If you are a merchant making supplies through an online platform, the platform may deduct payment from a customer's e-wallet before 1 Jan 2023 when an order is placed and only disburse payment to you on/after 1 Jan 2023. You may regard payment as received before 1 Jan 2023 provided that you are able to determine that the payment was deducted from your customer's e-wallet before 1 Jan 2023.

were deducted from the customer's bank account before 1 Jan 2023 and you have received the funds latest by 5 Jan 2023<sup>34</sup>.

### ***Cheque payment***

12.12 Cheques issued to you before 1 Jan 2023 (e.g. cheque dated before 1 Jan 2023), and presented to the bank (i.e., the bank-in date) by 4 Jan 2023 and cleared successfully can be treated as payments received before 1 Jan 2023.

### **Businesses that operate on or past midnight on 31 Dec 2022**

12.13 If you operate your business on or past midnight on 31 Dec 2022 up to 7 a.m. of 1 Jan 2023, you can charge GST at 7% on your sales made during this period provided that it is your normal accounting practice to treat the sales made after midnight as sales of the preceding day and your cash register and accounting system are programmed in this way.

## **13 Contact Information**

13.1 For enquiries on this e-Tax Guide, please contact the Goods and Services Tax Division at [www.iras.gov.sg](http://www.iras.gov.sg) (select "Contact Us").

## **14 Updates and Amendments**

	<b>Date of amendment</b>	<b>Amendments made</b>
1	5 Aug 2022	<ul style="list-style-type: none"> <li>• Amended paragraphs 2.4 to 2.6 on price display requirements for greater clarity.</li> <li>• Amended paragraph 3.4.4, example 8 and added paragraph 3.4.5 to highlight the requirements and process to issue credit notes/new tax invoices when suppliers make an election under the transitional rules.</li> <li>• Added paragraphs 4.2.3 and 4.2.4 to highlight the requirements and process to issue credit notes/new tax invoices when a supply is subject to GST at 8% and is required to be adjusted under the transitional rules.</li> <li>• Amended example 12 to include an alternative option for suppliers to issue credit notes and new tax invoices.</li> </ul>

<sup>34</sup> Only applicable for ad-hoc non-recurring transactions. For recurring transactions, please refer to para 12.9. Documentary evidence may include an excerpt of your customer's bank statement or payment advice clearly showing funds were deducted before 31 Dec 2022 and your bank statement indicating receipt of funds latest by 5 Jan 2023.

		<ul style="list-style-type: none"> <li>• New paragraphs 5.3 to 5.5 on supplies spanning GST registration/ de-registration and rate change date</li> <li>• New paragraphs 6.6 to 6.8 on reverse charge supplies spanning GST registration/ de-registration and rate change date</li> <li>• Added a footnote to paragraph 11.1 to highlight the extended timeframe to issue credit notes for election scenarios under the transitional rules.</li> <li>• Added paragraphs 11.13,11.14 and example 37 to illustrate the implications of the rate increase on goods exchange scenarios</li> <li>• Amended paragraph 12.3 to clarify that GST rate or GST amount chargeable should be shown on a simplified tax invoice issued on/after 1 Jan 2023 if the applicable GST rate on the supply is 7%</li> <li>• Added point (d) to paragraph 12.10 on when a supplier may regard payment as received for e-wallet transactions</li> <li>• Amended paragraph 12.13 for greater clarity</li> <li>• Amended the third bullet point of Annex C on price display requirements for greater clarity</li> <li>• Other editorial changes</li> </ul>
2	6 Sep 2022	Amended paragraph 2.4 and footnote 3 to clarify the price display requirements
3	10 Jan 2023	Updated para 12.11 for ad-hoc electronic funds transfer via GIRO.

**Annex A<sup>35</sup> – Checklist for charging GST on transactions straddling 1 Jan 2023****(1) Invoice issued before 1 Jan 2023**

Payment received	Goods delivered / services performed	GST rate to apply	Remarks
Before 1 Jan 2023	Before 1 Jan 2023	7%	The supply is subject to 7% GST when: (a) Full payment is received before 1 Jan 2023; or (b) Goods are fully delivered or services are fully performed before 1 Jan 2023.
	On/after 1 Jan 2023		
	Part before and part on/after 1 Jan 2023		
On/after 1 Jan 2023	Before 1 Jan 2023	8%	The supply is subject to 8% GST when full payment is received and the goods are fully delivered or services are fully performed on/after 1 Jan 2023.
	On/after 1 Jan 2023		
	Part before and part on/after 1 Jan 2023	7% and 8%	(a) The value of part goods delivered or part services performed before 1 Jan 2023 is subject to 7% GST; and (b) The value of part goods delivered or part services performed on/after 1 Jan 2023 is subject to 8% GST.
Part before and part on/after 1 Jan 2023	Before 1 Jan 2023	7%	The supply is subject to 7% GST when goods are fully delivered or services are fully performed before 1 Jan 2023.
	On/after 1 Jan 2023	7% and 8%	(a) The value of part payment received before 1 Jan 2023 is subject to 7% GST; and (b) The value of part payment received on/after 1 Jan 2023 is subject to 8% GST.

<sup>35</sup> This Annex does not apply to reverse charge supplies which are reported based on the posting date under section 11C(3) of the GST Act. In this Annex, in respect of a reverse charge supply reported based on the general time of supply, the reference to “payment received” will be a reference to the payment made by the RC business for the supply.

Payment received	Goods delivered / services performed	GST rate to apply	Remarks
	Part before and part on/after 1 Jan 2023	7% and 8%	<p>(a) The <b>lower</b> of the value of the following is subject to 8% GST:</p> <ul style="list-style-type: none"> <li>(i) part payment received on/after 1 Jan 2023; or</li> <li>(ii) part goods delivered or part services performed on/after 1 Jan 2023; and</li> </ul> <p>(b) The remaining value of the supply is subject to 7% GST.</p>

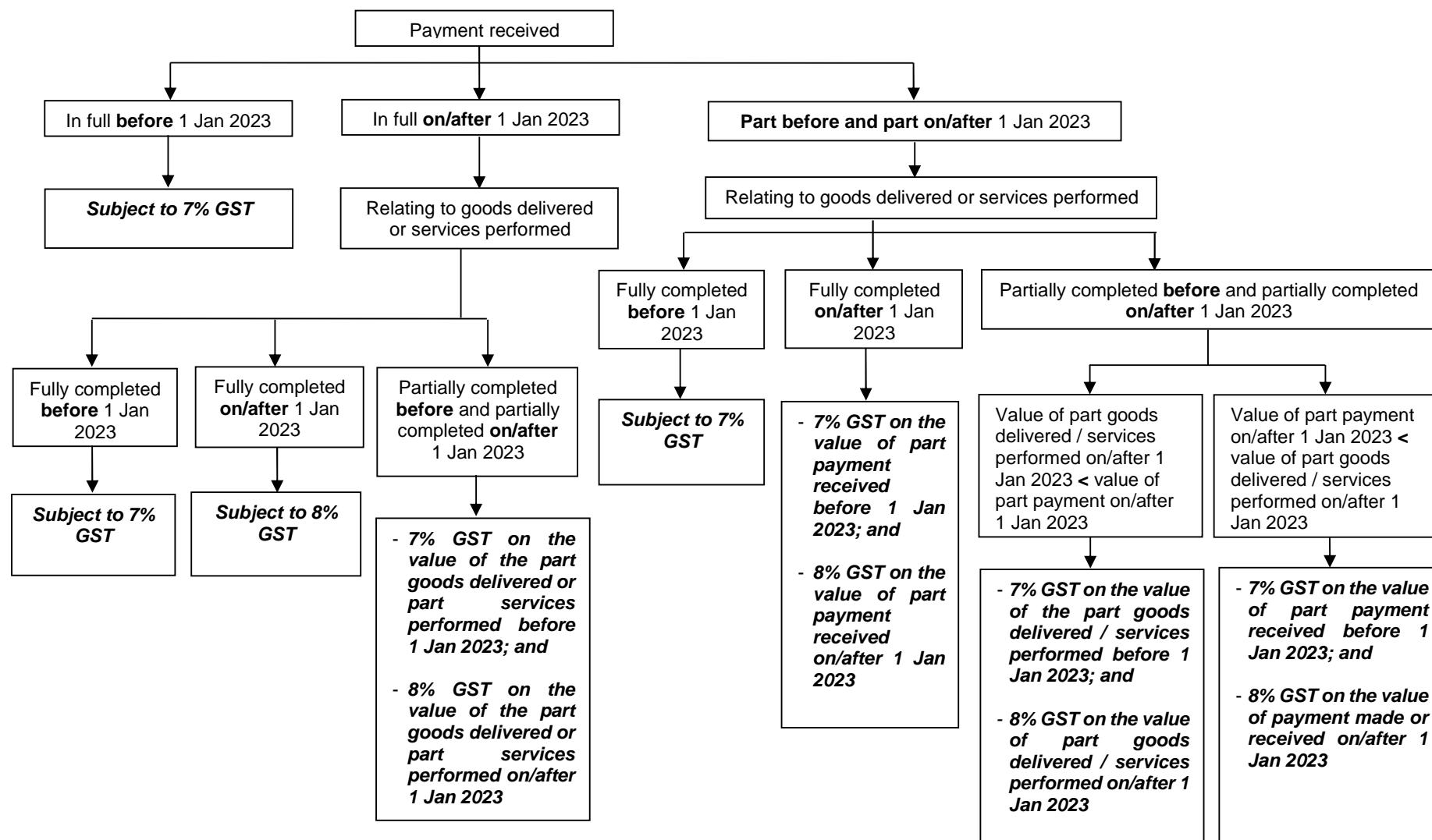
## (2) Invoice issued on/after 1 Jan 2023

Payment received	Goods delivered / services performed	GST rate chargeable based on the general time of supply	Can I elect to apply 7% GST?	Remarks
Before 1 Jan 2023	Before 1 Jan 2023	7%	Not relevant	The supply is subject to 7% GST as full payment is received before 1 Jan 2023.
	On/after 1 Jan 2023			
	Part before and part on/after 1 Jan 2023			
On/after 1 Jan 2023	Before 1 Jan 2023	8%	Yes	You can elect to apply 7% GST on the full value of supply as goods are fully delivered or services are fully performed before 1 Jan 2023.
	On/after 1 Jan 2023		No	You cannot elect to apply 7% GST as the goods are delivered or services are performed on/after 1 Jan 2023.
	Part before and part on/after 1 Jan 2023		Yes, on part of the supply	You can elect to apply 7% GST on the value of part goods delivered or part services performed before 1 Jan 2023. The remaining value of the supply (i.e., part goods delivered or part services performed on/after 1 Jan 2023) is subject to 8% GST.

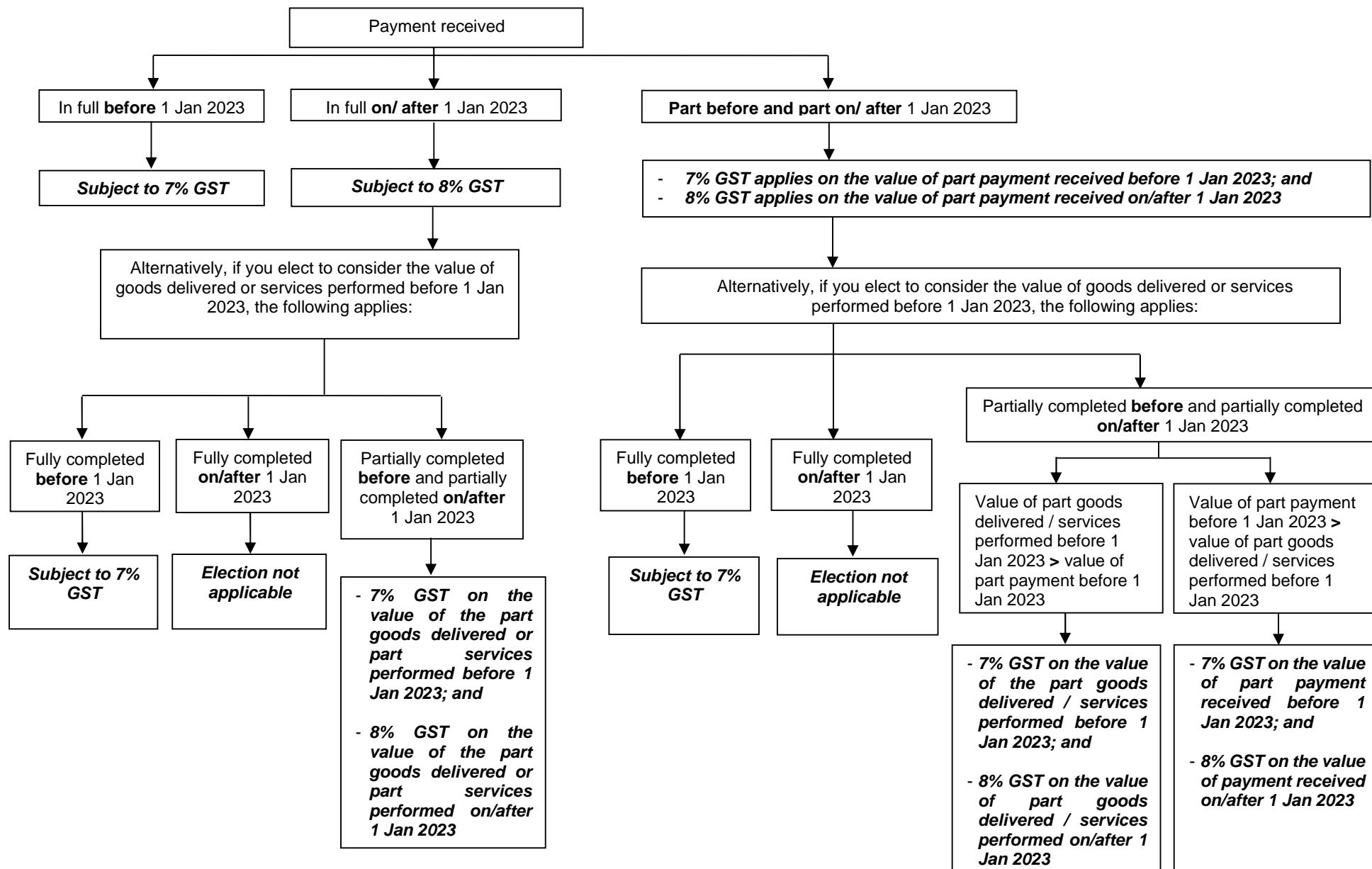
Payment received	Goods delivered / services performed	GST rate chargeable based on the general time of supply	Can I elect to apply 7% GST?	Remarks
Part before and part on/after 1 Jan 2023	Before 1 Jan 2023	Part payment before 1 Jan 2023 – 7% GST  Part payment on/after 1 Jan 2023 – 8% GST	Yes	You can elect to apply 7% GST on the full value of the supply as goods are fully delivered or services are fully performed before 1 Jan 2023.
	On/after 1 Jan 2023		No	You cannot elect to apply 7% GST as the goods are delivered or services are performed on/after 1 Jan 2023.
	Part before and part on/after 1 Jan 2023		Yes, on part of the supply	<p>You can elect to apply 7% GST on the <b>higher</b> of the value of:</p> <ul style="list-style-type: none"> <li>(i) part payment received before 1 Jan 2023; or</li> <li>(ii) part goods delivered or part services performed before 1 Jan 2023.</li> </ul> <p>The remaining value of the supply is subject to 8% GST.</p>

## Annex B – Step-by-step guide for charging GST on transactions straddling 1 Jan 2023

### (1) Invoice issued before 1 Jan 2023



**(2) Invoice issued on/after 1 Jan 2023**



## Annex C – Checklist for GST rate change preparation

### Have I?

- Updated my accounting and invoicing system to incorporate the new GST rate
- Updated my cash register and receipting system to incorporate the new GST rate for point-of-sales billing
- Complied with the price display requirements specified in the e-Tax Guide: 2023 GST Rate Change: A Guide for GST-registered Businesses
- Trained my staff on the transitional rules for rate change and to apply the correct GST rate for sales transactions and reverse charge supplies spanning the date of rate change
- Reviewed my contracts/agreements for the GST rate to be charged or borne by each party
- Informed my customers of the GST increase  
(For example, you may wish to state in your advertisements, websites and brochures that GST would be charged at the rate prevailing at the time of supply)
- Considered applying for the Major Exporter Scheme if my business deals mainly with imports and exports. (Please refer to the e-tax guide “GST: Major Exporter Scheme” for more details)