



INLAND REVENUE
AUTHORITY
OF SINGAPORE

IRAS e-Tax Guide

2024 GST Rate Change: A Guide for GST-registered Businesses (Fourth Edition)



Published by
Inland Revenue Authority of Singapore

Published on 30 Jan 2026

First edition on 19 May 2023
Second edition on 12 Jul 2023
Third edition on 12 Mar 2024

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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 (**first rate change**); and
 - (ii) from 8% to 9% with effect from 1 Jan 2024 (**second rate change**).
- 1.2 To prepare GST-registered businesses for the second rate change when the GST rate is increased from 8% to 9% with effect from 1 Jan 2024, this guide explains the general transitional rules applicable to transactions spanning the second 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.

2 General time of supply rules

- 2.1 The time of supply rules¹ 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 payment in respect of a supply is received².

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 in 2023, you should charge GST at 8%. Conversely, if you issue an invoice and received the payment for a supply on or after 1 Jan 2024, you should charge GST at 9%, unless you have elected to charge GST at 8% under the transitional rules for rate change where allowable.
- 2.3 Please note that you are not allowed to reflect or charge GST at 9% on the invoices and payments that are issued or received before 1 Jan 2024.

¹ The time of supply rules are found in sections 11, 11A, 11B and 11C of the GST Act. For more information on the time of supply rules, please refer to the e-Tax Guide “GST: Time of Supply Rules”.

² Payment is regarded as consideration received only if it is made in respect of a specific supply and accepted or agreed as such by the customer and supplier. In such cases, the payment is usually made in respect of an invoice issued by the supplier or based on payment terms outlined in contractual agreements.

Price display

2.4 You must show prices inclusive of GST on all price displays³ to the public. Hence, all price displays with effect from 1 Jan 2024 must be inclusive of GST at 9%. If you are unable to switch your price displays overnight, you may display two prices:

- One applicable before 1 Jan 2024 showing prices inclusive of GST at 8%; and
- One applicable from 1 Jan 2024 showing prices inclusive of GST at 9%.

2.5 If you intend to revise your prices to take into account the 9% GST rate on or after 1 Jan 2024, you can consider providing clarity to your customer by including a statement alongside your price displays before 1 Jan 2024 that prices will be revised on 1 Jan 2024.

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., 9/109) of your price for the sales made on or after 1 Jan 2024.

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 39⁴ 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 two 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 goods⁵ or performance of services (also referred to as “Basic Tax Point” in this guide).

³ 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.

⁴ Legislative amendments have been 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.

⁵ 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.

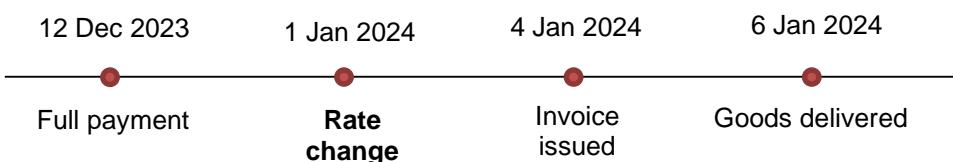
2.10 Unless otherwise stated, the application of the transitional rules and examples covered in paragraphs 3 to 5 and 7 (for reverse charge supplies) covers transactions which span only the second rate change on 1 Jan 2024. For a supply that spans both the first and second rate change, the application of the transitional rules is explained in paragraphs 6 and 7.9 (for reverse charge supplies).

3 Transitional rules for supplies where the invoice is issued on/after 1 Jan 2024

3.1 Full payment received before rate change

3.1.1 Where you issue the invoice for your supply on/after 1 Jan 2024 but receive full payment in 2023, the supply is subject to GST at 8% 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 2023 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 8% 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 2024, the time of supply will be triggered after the rate change. The supply is subject to GST at 9% 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 in 2023, you (i.e., the GST-registered supplier) can elect to charge GST at 8% on the value of

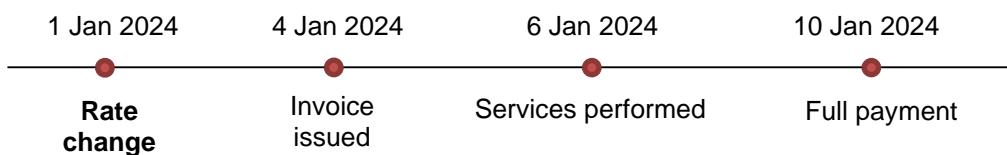
the goods delivered or services performed in 2023. The remaining value of the supply will be subject to GST at 9%.

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 2024 which is after the rate change and hence GST is chargeable at 9%. However, you can elect to charge GST at 8% on the entire value of the supply as the goods are fully delivered in 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 2024 which is after the rate change and hence GST is chargeable at 9%. In this case, you cannot elect for 8% 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 2024 which is after the rate change and hence GST is chargeable at 9%. However, you can elect to charge GST at 8% on the value of part of the goods delivered in 2023, i.e., \$200.

The remaining value of part of the goods delivered after 1 Jan 2024, i.e., \$800, will be subject to GST at 9%.

3.3 **Payments that straddle rate change**

3.3.1 Where you issue an invoice on/after 1 Jan 2024 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 8% on the part payment received in 2023 and 9% on the part payment received on/after 1 Jan 2024.

3.3.2 If the Basic Tax Point of the supply takes place in 2023, you (i.e., the GST-registered supplier) can elect to charge GST at 8% on the **higher of**:

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

The remaining value of the supply will be subject to GST at 9%.

Example 5: Basic Tax Point occurs before rate change

20 Dec 2023	24 Dec 2023	1 Jan 2024	5 Jan 2024	8 Jan 2024
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:

- 8% on the \$200 received in 2023; and
- 9% on the \$800 received after 1 Jan 2024.

However, you can elect to charge GST at 8% on the entire value of the supply as the goods are fully delivered in 2023.

Example 6: Basic Tax Point occurs after rate change



According to the general rule, GST is chargeable at:

- 8% on the \$200 received before 1 Jan 2024; and
- 9% on the \$800 received after 1 Jan 2024.

The election of GST rate is not applicable as the goods are fully delivered after 1 Jan 2024.

Example 7A: Basic Tax Point straddles rate change



According to the general rule, GST is chargeable at:

- 8% on the \$200 received before 1 Jan 2024; and
- 9% on the \$800 received after 1 Jan 2024.

However, you can elect to charge GST at 8% on the value of part of the goods delivered in 2023, i.e., \$400, which is the higher of the value of payment received or goods delivered in 2023. The remaining value of part of the goods delivered after 1 Jan 2024, i.e., \$600, will be subject to GST at 9%.

Example 7B: Basic Tax Point straddles rate change

According to the general rule, GST is chargeable at:

- 8% on the \$600 received in 2023; and
- 9% on the \$400 received after 1 Jan 2024.

As the value of part payment received in 2023, i.e., \$600, is already higher than the value of part of the goods delivered in 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 8% on your taxable supplies that span across the date of the second rate change, i.e., 1 Jan 2024, under certain conditions. However, you cannot apply the election to any business assets sold in satisfaction of a debt⁶.
- 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 8%.
- 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 2024. You must be able to furnish these documents and records readily upon the Comptroller's request.

⁶ 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 2024 with GST charged at 9%, and you subsequently elect to charge GST at 8% on the value of goods delivered or services performed in 2023, you should by 15 Jan 2024, make adjustments for the GST charged by either⁷:

- (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 8%⁸.

3.4.5 However, there could be instances where you are unable to make the above adjustments by 15 Jan 2024, such as where your customer requests at a later date that you elect to charge GST at 8% for the goods/services delivered in 2023. To ease compliance, the Comptroller will allow you up to 90 days after the date of issue of your original tax invoice⁹ to issue credit notes/new tax invoices¹⁰. 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.

⁷ Regulation 12 of the GST (General) Regulations

⁸ Please refer to example 8 for an illustration.

⁹ For example, you may have issued a tax invoice with GST at 9% on 5 Jan 2024. Subsequently, you decide to elect to charge GST at 8% on the supply as the services are performed in 2023. You have up to 4 Apr 2024 to issue the credit note and new tax invoice (if applicable).

¹⁰ If you decide to issue a credit note for the entire value of the supply with GST charged at 9% and reissue a new tax invoice to charge GST at 8%.

Example 8: Tax invoice issued before an election is made

20 Dec 2023	1 Jan 2024	4 Jan 2024	10 Jan 2024
Services performed \$1,000	Rate change	Tax invoice issued \$1,000	Payment received \$1,000

You issue a tax invoice with GST charged at 9% (\$90) to your customer on 4 Jan 2024. However, you subsequently elect to charge 8% GST (\$80) on the supply as the services are fully performed before the second rate change. You may, by 15 Jan 2024, either:

- (i) Issue a credit note to your customer for the GST of \$10 (\$90 - \$80) overcharged; or
- (ii) Issue a credit note for the entire value of the supply with GST charged (\$1,090) and at the same time reissue a new tax invoice to charge GST at 8% (\$1,080).

However, to ease compliance, if you are unable to make the above adjustments by 15 Jan 2024, you may issue the credit note/ new tax invoice by 3 Apr 2024, which is 90 days after the original tax invoice was issued on 4 Jan 2024.

4 Transitional rules for supplies where the invoice is issued in 2023

4.1 Full payment received or supply completed before rate change

4.1.1 Where you issue an invoice for your supply in 2023 and:

- (a) receive full payment in 2023; or
- (b) deliver all the goods or perform all the services in 2023,

the full value of your supply is subject to GST at 8% and no adjustment is required.

Example 9

1 Dec 2023	10 Dec 2023	1 Jan 2024	20 Jan 2024
Tax invoice issued	Full payment received	Rate change	Services performed

You must charge and account for GST at 8% when you issue the invoice to your customer on 1 Dec 2023. Since you receive full payment for the supply before 1 Jan 2024, no adjustment is required.

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

4.2.1 Where you issue an invoice in 2023 and:

- You receive no payment or only receive part payment in 2023; **or**
- You do not deliver any goods or perform any services, or you only deliver or perform a part of the goods or services in 2023,

GST will be chargeable on the supply as follows:

(a) at 9% on the **lower** of:

- (i) payment received on/after 1 Jan 2024; or
- (ii) the value of goods delivered or services performed on/after 1 Jan 2024; and

(b) at 8% 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 in 2023, you would have charged and accounted for GST at 8%. For the part of supply that is subject to GST at 9% (see paragraph 4.2.1(a)), you are required to adjust¹¹ the transaction by issuing a credit note and a new tax invoice to your customer by 15 Jan 2024¹², 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 8% and 9% respectively¹³. Please refer to example 12 for an illustration.

4.2.4 In recognition that some businesses may need more time to issue the credit notes and new tax invoices required to make the necessary GST adjustments, IRAS is prepared to allow businesses up to 31 Mar 2024 to do so, for ease of compliance. There is no need to seek approval from IRAS for this extension. However, if you require an extension **beyond 31 Mar 2024**, you should write in to the IRAS for approval, stating the period of extension required and reasons for your request. As the GST adjustments will be made some time after the date of original tax invoices, you are encouraged to provide proper communication to your customers explaining the reasons for making the GST adjustments.

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:

- When the new invoice for the part of supply is issued;
- When the payment for the part of supply is received; or
- 15 Jan 2024¹⁴.

¹¹ If the invoice issued by you to your customer in 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., 9% GST) and in accordance with paragraph 4.2.5 and maintain the documentary evidence / internal records for the transaction.

¹² Section 39D of the GST Act.

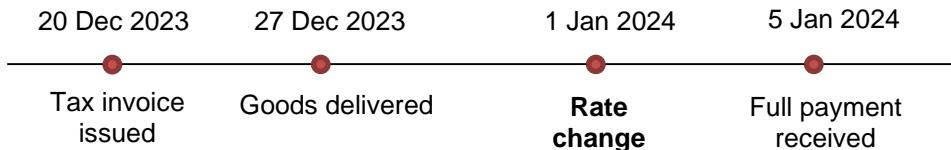
¹³ You are not allowed to issue a single simplified tax invoice for a supply subject to two rates of tax (e.g. a supply that is subject to GST at both 8% and 9% under the transitional rules). In such instances, you should either issue a tax invoice clearly showing the respective parts of the supply subject to GST at 8% and 9% or issue two separate simplified tax invoices for the parts of the supply subject to GST at 8% and 9%. 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 so that your customer can claim input tax at the correct rate.

¹⁴ As per paragraph 4.2.4, if you require more time to adjust your transactions (e.g. issue credit notes and new tax invoices), IRAS is prepared to allow you up to 31 Mar 2024 to do so. Correspondingly, you may account for the additional output tax based on the date of issue of

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.

Full payment received on/after rate change

Example 10: Basic Tax Point occurs before rate change



You must charge and account for GST at 8% on the tax invoice issued to your customer on 20 Dec 2023. As the goods are fully delivered before 1 Jan 2024, no adjustment is required.

Example 11: Basic Tax Point occurs after rate change



You must charge and account for GST at 8% on the tax invoice issued to your customer on 20 Dec 2023.

As you do not receive any payment or perform any services before 1 Jan 2024, under the transitional rules, you are required to issue to your customer by 15 Jan 2024, a credit note to cancel the original tax invoice and a new tax invoice to charge GST at 9% on the supply.

the credit note and new tax invoice, and this should be no later than 31 Mar 2024. If the original invoice issued by you is a non-tax invoice (e.g. receipt issued to your non-GST registered customer) and it is part of your business practice to adjust your transactions by issuing new receipts (e.g., to collect the additional 1% GST), you must also account for output tax latest by 31 Mar 2024.

Example 12: Basic Tax Point straddles rate change

20 Dec 2023	22 Dec 2023	1 Jan 2024	5 Jan 2024	20 Jan 2024
Part services performed \$200	Tax invoice issued \$1,000	Rate change	Payment received \$1,000	Part services performed \$800

You must charge and account for GST at 8% (i.e., \$80) on the tax invoice issued to your customer on 22 Dec 2023. As you do not receive any payment and only perform part of the services before 1 Jan 2024, under the transitional rules, you are required to issue to your customer by 15 Jan 2024, for that part of the services performed[#] after 1 Jan 2024:

- a credit note for \$864 (\$800 plus 8% GST of \$64); and
- a new tax invoice for \$872 (\$800 plus 9% GST of \$72).

The value of the part services performed after 1 Jan 2024 (\$800) is subject to GST at 9% as it is lower than the value of payment received after 1 Jan 2024 (\$1,000).

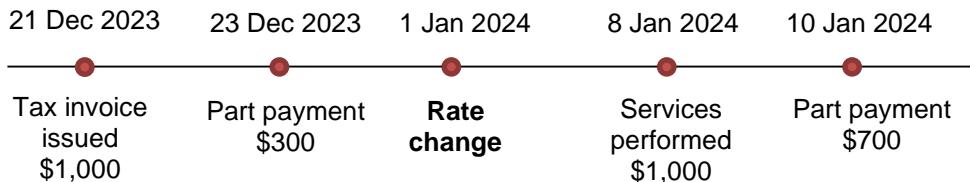
Alternatively, you may:

- issue a credit note for \$1,080 (\$1,000 plus 8% GST of \$80) to cancel the original tax invoice issued on 22 Dec 2023; and
- at the same time, issue new tax invoice(s) for the respective parts of the value of supply subject to GST at 8% (\$200 plus 8% GST of \$16) and GST at 9% (\$800 plus 9% GST of \$72) by 15 Jan 2024.

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

21 Dec 2023	23 Dec 2023	25 Dec 2023	1 Jan 2024	10 Jan 2024
Tax invoice issued	Part payment	Goods fully delivered	Rate change	Part payment

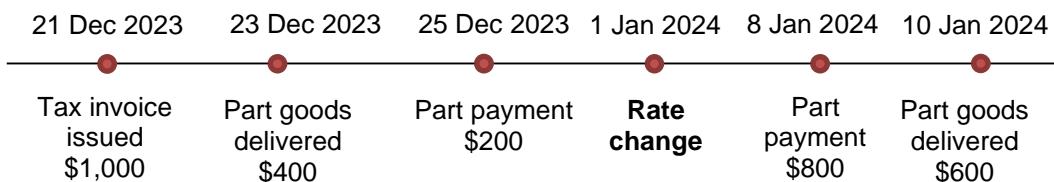
You must charge and account for GST at 8% on the tax invoice issued to your customer on 21 Dec 2023. As the goods are fully delivered before 1 Jan 2024, no adjustment is required.

Example 14: Basic Tax Point occurs after rate change

You must charge and account for GST at 8% on the tax invoice issued to your customer on 21 Dec 2023. As you do not perform any services and only receive part payment before 1 Jan 2024, under the transitional rules, you are required to issue to your customer by 15 Jan 2024, for the part payment received[#] after 1 Jan 2024:

- a credit note for \$756 (\$700 plus 8% GST of \$56); and
- a new tax invoice for \$763 (\$700 plus 9% GST of \$63).

The part payment received after 1 Jan 2024 (\$700) is subject to GST at 9% as it is lower than the value of the services performed after 1 Jan 2024 (\$1,000).

Example 15: Basic Tax Point straddles rate change

You must charge and account for GST at 8% on the tax invoice issued to your customer on 21 Dec 2023. As you only receive part payment and deliver part of the goods before 1 Jan 2024, under the transitional rules, you are required to issue to your customer by 15 Jan 2024, for that part of the goods delivered[#] after 1 Jan 2024:

- a credit note for \$648 (\$600 plus 8% GST of \$48); and
- a new tax invoice for \$654 (\$600 plus 9% GST of \$54).

The value of part goods delivered after 1 Jan 2024 (\$600) is subject to GST at 9% as it is lower than the value of part payment received after 1 Jan 2024 (\$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.

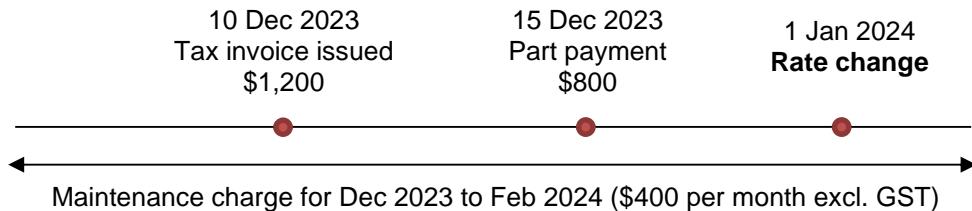
5.1.2 For continuous supplies of goods or services, the general time of supply is the earlier of when an invoice is issued or when a payment is received¹⁵. The transitional rules as set out in paragraphs 3 and 4 will apply in the same manner to continuous supplies that span the date of rate change on 1 Jan 2024. 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 9% as the time of supply is triggered when the invoice is issued after the rate change. However, you can elect to charge GST at 8% on the supply as the utilities are fully supplied before 1 Jan 2024.

¹⁵ 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 8% on the tax invoice issued to your customer on 10 Dec 2023. As you only receive part payment and perform part of the maintenance services before 1 Jan 2024, under the transitional rules, you are required to issue to your customer by 15 Jan 2024, for that part of the payment received[#] after 1 Jan 2024:

- a credit note for \$432 (\$400 plus 8% GST of \$32); and
- a new tax invoice for \$436 (\$400 plus 9% GST of \$36).

#The value of part payment received after 1 Jan 2024 (\$400) is subject to GST at 9% as it is lower than the value of part services performed after 1 Jan 2024 (\$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 services¹⁶ ("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 use¹⁷.

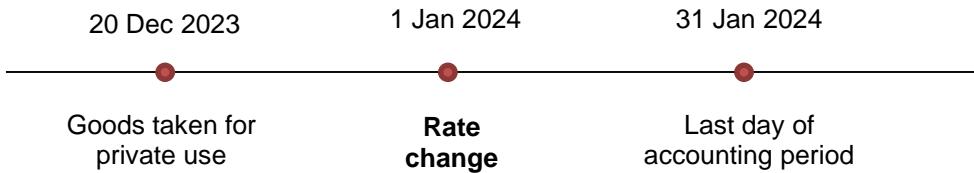
5.2.2 If the goods are used or made available for private or non-business use in 2023 but the last day of the prescribed accounting period falls on or after 1 Jan 2024, you are required to account for output tax at 9% on the full cost of providing the services as the supply is treated as taking place on or after the rate change. However, the transitional rules allow you to elect to account for deemed output tax at 8% on the extent of goods put to private or non-business use before 1 Jan 2024.

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 in 2023. You must be able to furnish these documents readily upon the Comptroller's request.

¹⁶ Paragraph 5(3) of the Second Schedule to the GST Act.

¹⁷ Section 11A(5) of the GST Act.

Example 18



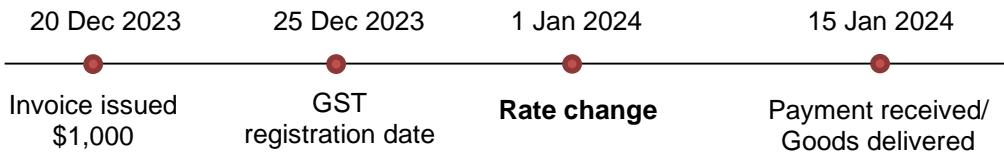
Your prescribed accounting periods are Feb-Apr, May-Jul, Aug-Oct, and Nov-Jan. In this case, the time of supply for the deemed supply is on 31 Jan 2024, i.e., the last day of the prescribed accounting period in which the goods are taken for your private use. Hence, output tax should be accounted for at 9%.

Under the transitional rules, however, you can elect to account for output tax at 8% since all the goods are taken for private use on 20 Dec 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

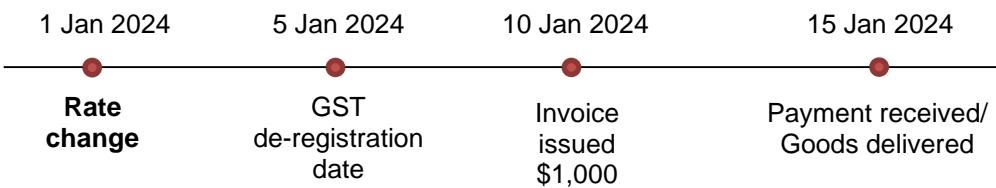
5.3.1 Generally, if the time of supply of a transaction is triggered before you register for GST or after you de-register from GST, the supply will be outside the scope of tax and the transitional rules will not apply.

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 9% on the payment received/ goods delivered after 1 Jan 2024.

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

You issue an invoice on 10 Jan 2024 for \$1,000 after your GST de-registration date on 5 Jan 2024. Subsequently, you receive payment and deliver the goods on 15 Jan 2024. 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 2024 (i.e. invoice was issued, payment received and goods were delivered after 1 Jan 2024).

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 2024 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 supply¹⁸. 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.

¹⁸ Section 11B(2) of the GST Act. For more information, please refer to the e-Tax guide “GST: Time of Supply Rules”.

Example 21

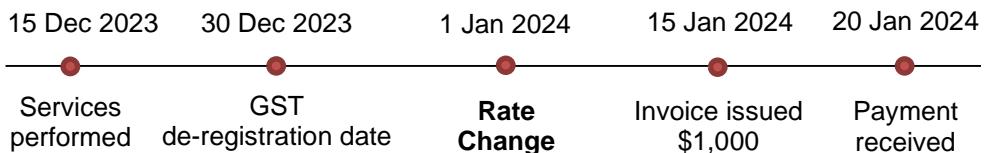
The transitional rules will not apply to this transaction as you are GST-registered after 1 Jan 2024. Based on the time of supply rules, GST will be chargeable at 9% upon issuance of invoice on 15 Jan 2024.

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 2023 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 in 2023, the transitional rules will not apply to your supplies which span the **second** rate change as you are not GST-registered when the rate increases on 1 Jan 2024.
- 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-registered¹⁹ 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.

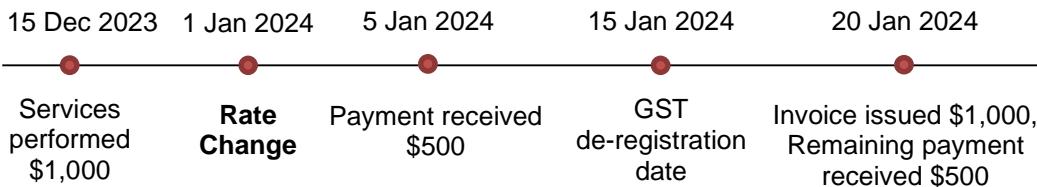
¹⁹ Section 11B(6) of the GST Act. For more information, please refer to the e-Tax guide “GST: Time of Supply Rules”

Example 22

The transitional rules will not apply to this transaction as you have de-registered from GST before 1 Jan 2024.

However, as the Basic Tax Point of your supply has taken place on 15 Dec 2023 and no invoice was issued or payment received before your de-registration, you will have to account for GST at 8% on \$1,000 on the day immediately before you cease to be GST-registered (i.e. 29 Dec 2023).

5.5.3 If you de-register from GST on/after 1 Jan 2024, 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

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

- (i) GST at 9% when part payment of \$500 is received on 5 Jan 2024. However, as the services are performed before 1 Jan 2024, you may elect to account for GST on the part payment at 8% instead.
- (ii) GST at 9% on 14 Jan 2024 (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 Supplies straddling both first and second rate change

6.1 You may have supplies which straddle both the first and second rate change. A supply is regarded as straddling both rate changes when one or two of the following events straddles both 1 Jan 2023 and 1 Jan 2024:

- (i) The issuance of invoice;
- (ii) The receipt of payment;
- (iii) The delivery of goods or performance of services (also referred to as “Basic Tax Point” in this guide).

6.2 For example, an invoice could be issued before 1 Jan 2023, supply performed in 2023 and the payment received on/after 1 Jan 2024.

6.3 When a supply straddles both rate changes, the transitional rules (as outlined in paragraphs 3 and 4) will apply to each rate change individually. The examples in paragraphs 6.4 to 6.6 below illustrate how the transitional rules will apply.

6.4 Invoice issued before 1 Jan 2023

6.4.1 Where an invoice is issued before 1 Jan 2023, GST is chargeable at 7% on the value of invoice issued to your customer. However, if before 1 Jan 2023:

- you did not receive full payment; **or**
- did not deliver all the goods or perform all the services,

GST is chargeable at 8% on the **lower** of:

- (i) payment received on/ after 1 Jan 2023; or
- (ii) services performed or goods delivered on/after 1 Jan 2023.

6.4.2 Under the transitional rules, you would have been required to adjust for the transaction and account for the additional GST at 8%. Please refer to section 4 of the e-Tax Guide: 2023 GST Rate Change – A Guide for GST-registered Businesses²⁰ for more information.

6.4.3 In addition, for the same transaction, if before 1 Jan 2024:

- you do not receive full payment; **or**
- did not deliver all the goods or perform all the services,

²⁰ Generally, you would be required to issue a credit note and new tax invoice by 15 Jan 2023 for the part of the supply subject to GST at 8%. You would also be required to account for the additional GST at 8% in the prescribed accounting period in which 15 Jan 2023 falls.

GST is chargeable at 9% on the lower of:

- (i) payment received on/after 1 Jan 2024; or
- (ii) services performed or goods delivered on/after 1 Jan 2024.

6.4.4 Therefore, you are required to adjust for the transaction and account for the additional GST at 9% for a second time²¹. The rules in section 4 of this e-Tax Guide will apply for the second adjustment.

Example 24

21 Dec 2022	23 Dec 2022	1 Jan 2023	8 Jan 2023	1 Jan 2024	15 Jan 2024	31 Jan 2024
Tax invoice issued \$1,000	Part service performed \$800	1st Rate change	Part payment received \$500	2nd Rate change	Part payment received \$500	Part service performed \$200

You must charge and account for GST at 7% on the tax invoice issued to your customer on 21 Dec 2022. As the services are not fully performed and no payment is received before 1 Jan 2023, under the transitional rules, you are required to issue to your customer by 15 Jan 2023, for the part services performed[#] on/after 1 Jan 2023:

- a credit note for \$214 (\$200 plus 7% GST of \$14); and
- a new tax invoice for \$216 (\$200 plus 8% GST of \$16)

Subsequently, as part of the payment is received/ services are performed on/after 1 Jan 2024, under the transitional rules, you are required to make a second adjustment and issue to your customer by 15 Jan 2024, for the part services performed[^] on/after 1 Jan 2024:

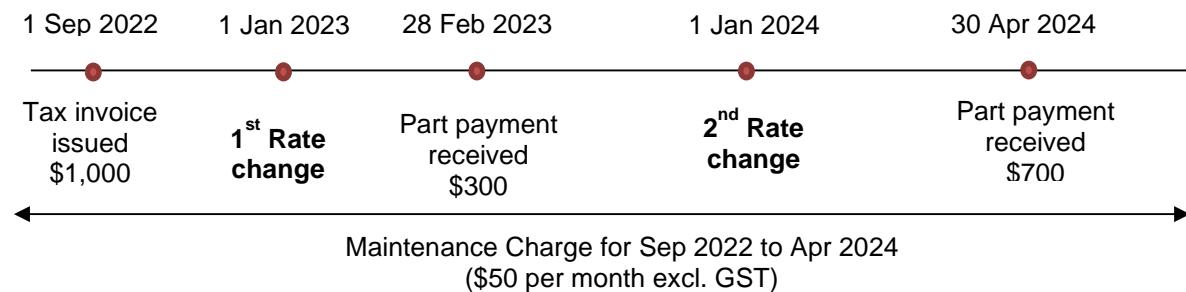
- a credit note for \$216 (\$200 plus 8% GST of \$16); and
- a new tax invoice for \$218 (\$200 plus 9% GST of \$18).

#The service performed on/after 1 Jan 2023 (\$200) is subject to GST at 8% as it is lower than payment received on/after 1 Jan 2023 (\$1,000).

[^] The service performed on/after 1 Jan 2024 (\$200) is subject to GST at 9% as it is lower than payment received after 1 Jan 2024 (\$500).

²¹ Generally, you would be required to issue a credit note and new tax invoice by 15 Jan 2024 for the part of the supply subject to GST at 9%. You would also be required to account for the additional GST at 9% in the prescribed accounting period in which 15 Jan 2024 falls. Please refer to paragraphs 4.2.2 to 4.2.5 for more information on issuing credit notes, new tax invoices and when to account for the additional GST at 9%.

Example 25 (Continuous supply of services)



Value of supply performed in 2022: \$200 (4 x \$50)

Value of supply performed in 2023: \$600 (12 x \$50)

Value of supply performed in 2024: \$200 (4 x \$50)

You must charge and account for GST at 7% on the tax invoice issued to your customer on 1 Sep 2022. As the services are not fully performed and no payment is received before 1 Jan 2023, under the transitional rules, you are required to issue to your customer by 15 Jan 2023, for the part services performed[#] on/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)

Subsequently, as part of the payment is received/ services are performed on/after 1 Jan 2024, under the transitional rules, you are required to make a second adjustment and issue to your customer by 15 Jan 2024, for the part services performed[^] on/after 1 Jan 2024:

- a credit note for \$216 (\$200 plus 8% GST of \$16); and
- a new tax invoice for \$218 (\$200 plus 9% GST of \$18).

[#]The service performed on/after 1 Jan 2023 (\$800) is subject to GST at 8% as it is lower than payment received on/after 1 Jan 2023 (\$1,000).

[^] The service performed on/after 1 Jan 2024 (\$200) is subject to GST at 9% as it is lower than payment received after 1 Jan 2024 (\$700).

6.5 **Invoice issued in 2023**

6.5.1 Based on the time of supply rules, any payment received before 1 Jan 2023 would be subject to GST at 7%. When the invoice is issued in 2023, GST would be chargeable at 8% on the value of the supply (less the payment received before 1 Jan 2023). However, where the Basic Tax Point occurred before 1 Jan 2023, you may elect to charge GST at 7% on the **higher** of:

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

Please refer to section 3 of the e-Tax Guide: 2023 GST Rate Change – A Guide for GST-registered Businesses for more information.

6.5.2 In addition, for the same transaction in Paragraph 6.5.1, if before 1 Jan 2024:

- you do not receive full payment; or
- did not deliver all the goods or perform all the services,

GST is chargeable at 9% on the lower of:

- (i) payment received on/after 1 Jan 2024; or
- (ii) services performed or goods delivered on/after 1 Jan 2024.

6.5.3 Therefore, you are required to adjust for the transaction and account for the additional GST at 9% accordingly. The rules in paragraph 4 of this e-Tax Guide will apply for the second adjustment.

Example 26

21 Dec 2022 23 Dec 2022 1 Jan 2023 5 Jan 2023 30 Mar 2023 1 Jan 2024 15 Jan 2024 31 Jan 2024

Part payment Received \$300	Part service performed \$400	1 st Rate change	Invoice issued \$1,000	Part payment received \$500	2 nd Rate change	Part payment received \$200	Part service performed \$600
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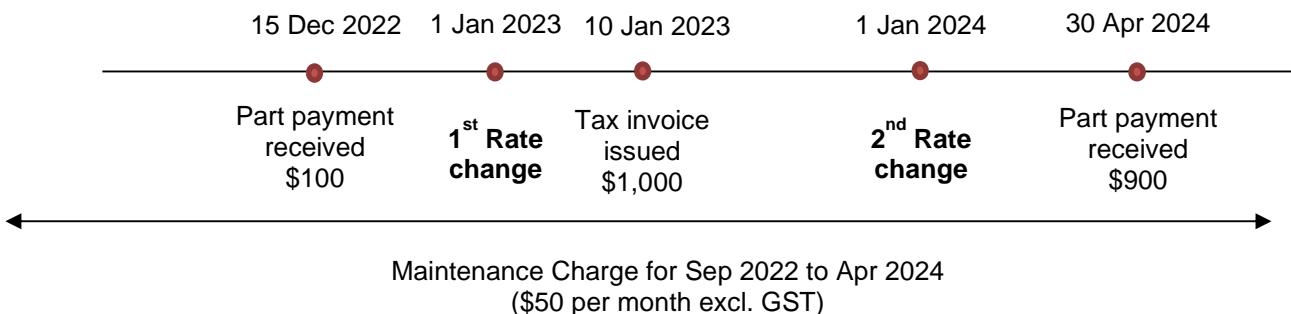
According to the general rule, you must charge and account for GST at 7% on the part payment received of \$300 on 21 Dec 2022. You must also charge and account for GST on the remaining value of supply (i.e. \$700) at 8% on 5 Jan 2023. However, under the transitional rules, you may elect for GST to be chargeable at 7% on \$400[#] which is the higher of payment received (\$300) or services performed (\$400) before 1 Jan 2023.

As the services are not fully performed and full payment is not received before 1 Jan 2024, under the transitional rules, you are required to issue to your customer by 15 Jan 2024, for the part payment received[^] after 1 Jan 2024:

- a credit note for \$216 (\$200 plus 8% GST of \$16); and
- a new tax invoice for \$218 (\$200 plus 9% GST of \$18)

[#].If you have made the election, you should charge and account for GST at 7% on \$100 and 8% on \$600 when you issued the invoice on 5 Jan 2023. You would have already charged and accounted GST at 7% on \$300 when payment was received on 21 Dec 2022.

[^] The part payment received on/after 1 Jan 2024 (\$200) is subject to GST at 9% as it is lower than the part service performed (\$600) on/after 1 Jan 2024

Example 27 (Continuous supply of services)

Value of supply performed in 2022: \$200

Value of supply performed in 2023: \$600

Value of supply performed in 2024: \$200

According to the general rule, you must charge and account for GST at 7% on the part payment of \$100 received on 15 Dec 2022. You must also charge and account for GST on the remaining value of supply (i.e. \$900) at 8% when the invoice is issued on 10 Jan 2023. However, under the transitional rules, you may elect for GST to be chargeable at 7% on \$200[#] which is the higher of payment received (\$100) or services performed (\$200) before 1 Jan 2023.

As the services are not fully performed and full payment is not received before 1 Jan 2024, under the transitional rules, you are required to issue to your customer by 15 Jan 2024, for the part services performed[^] after 1 Jan 2024:

- a credit note for \$216 (\$200 plus 8% GST of \$16); and
- a new tax invoice for \$218 (\$200 plus 9% GST of \$18)

[#] If you have made the election, you should charge and account for GST at 7% on \$100 and 8% on \$800 when you issued the invoice on 10 Jan 2023. You would have already charged and accounted GST at 7% on \$100 when payment was received on 15 Dec 2022.

[^] The part services performed (\$200) on/after 1 Jan 2024 is subject to GST at 9% as it is lower than the part payment received (\$900) on/after 1 Jan 2024.

6.6 Invoice issued on/after 1 Jan 2024

6.6.1 For a transaction that straddles both 1 Jan 2023 and 1 Jan 2024 (in accordance with paragraph 6.1), based on the time of supply rules, any payment received in 2022 is subject to GST at 7% and similarly, any payment received in 2023 would be subject to 8%. However, for the payments received in 2023, you may elect for GST to be chargeable at 7% if part of the payment is made for services performed/goods delivered before 1 Jan 2023.²².

6.6.2 Subsequently, when the invoice is issued on/after 1 Jan 2024, GST will be chargeable at 9% on the remaining value of the supply (less the value of supply on which GST has already been accounted for previously). However, you may elect to charge GST at 8% on the **higher** of:

- (i) payment received in 2023; and
- (ii) the value of goods delivered or services performed in 2023²³.

²² For example, in 2022, the value of payments received is \$200 and the value of services performed is \$400. In addition, you receive payment of \$600 in 2023. Based on time of supply rules the payment of \$200 in 2022 would be subject to GST at 7%. In addition, you may elect for GST to be chargeable at 7% on \$200 out of the \$600 received.

²³ Where the supply straddles the second rate change on 1 Jan 2024, the election to charge GST at 8% would only apply to the higher of the services performed/ goods delivered or payment received in 2023. If you have made an election to subject part or all of the payment received in 2023 to 7% GST under the transitional rules (as the Basic Tax Point occurred before or straddled 1 Jan 2023), the payment received in 2023 should be reduced by the amount so elected. Please refer to examples 28 and 29 for illustrations.

Example 28

21 Dec 2022	23 Dec 2022	1 Jan 2023	1 Jun 2023	30 Jun 2023	1 Jan 2024	15 Jan 2024	31 Jan 2024
Payment received and invoice for payment \$200	Part service performed \$300	1 st Rate change	Payment received and invoice for payment \$400	Part service Performed \$700	2 nd Rate change	Invoice issued \$400	Part payment received \$400

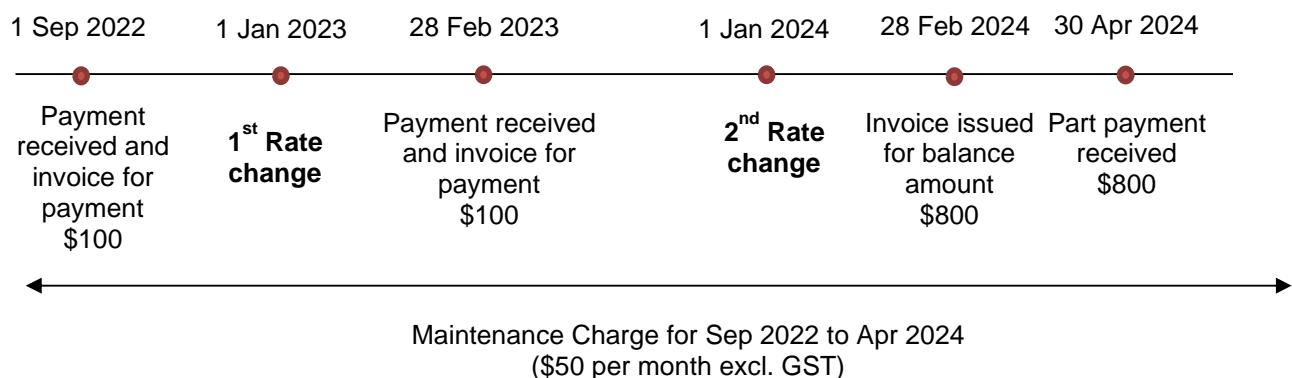
According to the general rule, you must charge and account for GST at 7% on the part payment of \$200 received on 21 Dec 2022. You must also charge and account for GST at 8% on the payment of \$400 received on 1 Jun 2023. However, under the transitional rules, you may elect for GST to be charged at 7% on the higher of (i) part of the services performed before 1 Jan 2023 (\$300) or (ii) payment received before 1 Jan 2023 (\$200). Hence, on 1 Jun 2023, when the payment of \$400 is received, you may elect to account GST at 7% on \$100[#] and 8% on \$300.

On 15 Jan 2024, when the invoice for the balance amount is issued, you are required to charge and account for GST at 9% on the remaining value of the supply of \$400 (i.e. \$1,000 less the value of supply on which GST already accounted for previously (\$200+\$400=\$600)). You may elect for GST to be chargeable at 8% on the entire \$400[^] as the services are fully performed before 1 Jan 2024.

[#]*Under the transitional rules, you may elect for GST to be chargeable at 7% on \$300 which is the higher of services performed (\$300) or payment received (\$200) before 1 Jan 2023. As GST was already accounted for at 7% on \$200 when payment was received on 21 Dec 2022, you may elect to charge and account for GST on an additional \$100 when the part payment is received in 2023. The remaining \$300 out of \$400 will be subject to 8% GST.*

[^]*Under the transitional rules, you may elect for GST to be chargeable at 8% on \$700 which is the higher of services performed (\$700) or payment received in 2023 that was not elected to be subject to GST at 7% as per footnote 23 (\$300). As GST has already been accounted at 8% on \$300 when payment was received on 1 Jun 2023, you may elect for GST to be chargeable at 8% on \$400 (i.e. \$700 less the \$300 on which GST at 8% was already applied).*

Example 29 (Continuous supply of services)



Value of supply performed in 2022: \$200

Value of supply performed in 2023: \$600

Value of supply performed in 2024: \$200

According to the general rule, you must charge and account for GST at 7% on the part payment received of \$100 on 1 Sep 2022.

You must also charge and account for GST at 8% on the part payment of \$100 received on 28 Feb 2023. However, under the transitional rules, you may elect[#] for GST to be chargeable at 7% on the **higher** of (i) part of the services performed before 1 Jan 2023 (\$200) or (ii) payment received before 1 Jan 2023 (\$100). Hence, on 28 Feb 2023, you may elect to account GST at 7% on the \$100 received as well.

On 28 Feb 2024, when the invoice for the balance amount is issued, you are required to charge and account for GST at 9% on the remaining value of the supply of \$800 (i.e. \$1,000 less the value of supply on which GST already accounted for previously (\$100 + \$100 = \$200)). However, you may elect for GST to be chargeable at 8% on \$600[^] which is the higher of services performed and payment received in 2023. The remaining value of supply of \$200 should be subject to GST at 9%.

[#]Under the transitional rules, you may elect for GST to be chargeable at 7% on \$200 which is the higher of payment received (\$100) or services performed (\$200) before 1 Jan 2023. As GST was already accounted for at 7% on \$100 when payment was received on 1 Sep 2022, you may elect to charge and account for GST on an additional \$100 when time of supply is triggered on the invoice issued/ part payment received in 2023.

[^]Under the transitional rules, you may elect for GST to be chargeable at 8% on \$600 which is the higher of payment received that was not elected to be subject to GST at 7% as per footnote 23(\$0) and services performed (\$600).

6.6.3 Where the services are performed/ goods delivered (i.e. Basic Tax Point takes place) before 1 Jan 2023 and the time of supply is triggered on/after 1 Jan 2024, the transitional rules do not allow an election to be made for GST to be chargeable at 7%²⁴. However, **as an exception**, the Comptroller is prepared to allow you make an election to charge GST at 7% provided you maintain documentary evidence (e.g. delivery order, certification of work done, customer's acknowledgement or other commercial documents used in your business) to prove that goods were delivered or services performed before 1 Jan 2023. You do not need to complete any form or seek prior approval from the Comptroller for making the election. Please refer to **example 30** for an illustration.

6.6.4 In addition, where the Basic Tax Point of your supply (i.e. delivery of goods and/or performance of services) straddles the 2023 and 2024 rate changes, the following additional conditions will apply:

- (i) Where the supply straddled the **1st rate change** and the election to charge 7% GST was available in 2023²⁵, you **must utilize** this 7% election first before you are allowed to elect to charge GST at 7% on/after 1 Jan 2024; and
- (ii) Where the supply straddled the **2nd rate change**, the election to charge GST at 7% on/after 1 Jan 2024 would only apply to the value of services performed/ goods delivered between 1 Jul 2007 and 31 Dec 2022 (i.e. when the GST rate was 7%) **less** any amounts that were already subject to GST at 7% by virtue of time of supply rules or by way of election made in 2023;

6.6.5 Please refer to **example 31** for an illustrative example of how conditions 6.6.4 (i) and (ii) would apply.

Requirement to issue credit note for election of GST rate

6.6.6 If you have issued a tax invoice (including a simplified tax invoice) to your customer on/after 1 Jan 2024 with GST charged at 9%, and you subsequently wish to make an election to charge GST at 7% on the value of goods delivered or services performed before 1 Jan 2023, you should make adjustments for the GST charged by either:

- (iii) Issuing a credit note for the GST amount that is overcharged; or
- (iv) 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%.

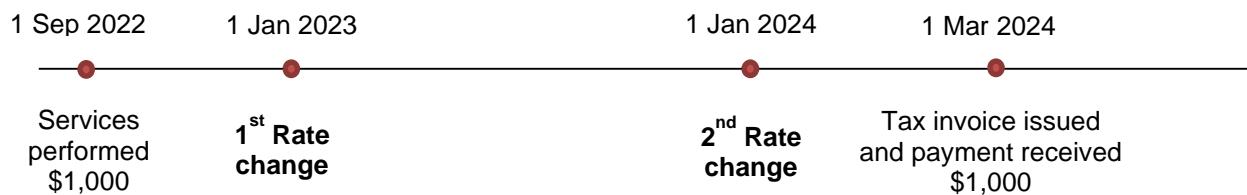
²⁴ Specifically, where the supply straddles the second rate change and the time of supply is triggered on/after 1 Jan 2024, Section 39A(4) only allows an election to be made on the higher of payment received or services performed/ goods delivered between 1 Jan 2023 to 31 Dec 2023.

²⁵ By virtue of Section 39B of the GST Act.

6.6.7 You should make these adjustments no more than 90 days after the date of issue of your original tax invoice²⁶ to issue credit notes/new tax invoices²⁷. 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.

6.6.8 The same principles outlined in para 6.6.1 to 6.6.7 and in examples 30 and 31 below would similarly apply to reverse charge supplies.

Example 30



According to the general time of supply rule, you must charge and account for GST at 9% on the tax invoice issued payment received of \$1,000 on 1 Mar 2024. Under our transitional rules, you would not be allowed to make an election to charge GST at 7% for the services performed before 1 Jan 2023. However, as an exception, the Comptroller is prepared to allow you make this election provided you maintain documentary evidence (e.g., certification of work done, customer's acknowledgement or other commercial documents used in your business) to prove that services were performed on 1 Sep 2022.

However, if your transaction involves delivery of goods and/ or performance of services straddling the two rate change dates, two more conditions will need to be fulfilled as illustrated in example 31 below.

²⁶ For example, you may have issued a tax invoice with GST at 9% on 5 Jan 2024. 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 4 Apr 2024 to issue the credit note and new tax invoice (if applicable).

²⁷ If you decide to issue a credit note for the entire value of the supply with GST charged at 9% and reissue a new tax invoice to charge GST at 7%.

Example 31

1 Sep 2022	30 Dec 2022	1 Jan 2023	10 Jan 2023	15 Dec 2023	1 Jan 2024	10 Jan 2024	15 Jan 2024
Part services performed \$500	Payment received and invoice for payment \$100	1st Rate change	Part services performed \$500	Part payment received \$200	2nd Rate change	Invoice issued for balance amount \$900	Part payment received \$700

According to the general rule, you must charge and account for GST at 7% on the part payment of \$100 received on 30 Dec 2022.

You must also charge and account for GST at 8% on the part payment of \$200 received on 15 Dec 2023. However, under the transitional rules, you may elect[#] for GST to be chargeable at 7% on the entire \$200 received on 15 Dec 2023.

On 10 Jan 2024, when the invoice for \$900 is issued, you are required to charge and account for GST at 9% on the remaining value of the supply of \$700 (\$1,000 less payments on which GST was already accounted for (\$300)). However, you may elect for GST to be chargeable at 8% on \$500[#] out of the \$700 with the remaining \$200 subject to GST at 9%. However, as an exception, the Comptroller is prepared to allow you to make an election to charge GST at 7% on the \$200 which would otherwise be subject to GST at 9% subject to **all of the following conditions**:

- (i) You maintain documentary evidence (e.g. certification of work done, customer's acknowledgement or other commercial documents used in your business) to prove that the services were performed during the relevant period (i.e. 1 Sep 2022 and 10 Jan 2023); and
- (ii) Where the supply straddled the **1st rate change** and any election was available in 2023, you **must utilize** this 7% election first before you are allowed to elect to charge GST at 7% on/after 1 Jan 2024. In this example, you **must** elect to charge GST at 7% on the payment of \$200 received on 15 Dec 2023; and
- (iii) Where the supply straddled the **2nd rate change**, the 7% election would only apply to the value of services performed/ goods delivered before 1 Jan 2023 (i.e. when the prevailing GST rate was 7%) after deducting amounts that were already subject to GST at 7% by virtue of time of supply rules or by way of election **made in 2023**. In this example, election at 7% would be limited to the value of services performed on 1 Sep 2022 (i.e. \$500 in total – see # below). The extent to which 7% election can apply on/after 1 Jan 2024 would be determined based on the \$500 less the amount that would have already been subject to GST at 7% by virtue of general time of supply rules (i.e. \$100 on 30 Dec 2022) and by way of election (i.e. \$200 on 15 Dec 2023). As such, you can only elect to charge GST at 7% on \$200 on 10 Jan 2024.

[#]Under the transitional rules, you may elect for GST to be chargeable at 7% based on the higher of payment received (\$100) or services performed (\$500) before 1 Jan 2023. As GST was accounted for at 7% on the \$100 received on 30 Dec 2022, you may still elect for GST to be chargeable at 7% on the entire \$200 received on 15 Dec 2023.

[#]Under the transitional rules, you may elect for GST to be chargeable at 8% on \$500 which is the higher of payment received in 2023 that has not been subject to GST at 7% by way of election (\$0) and services performed (\$500).

7 Reverse Charge Supplies

7.1 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 services²⁸ 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.

7.2 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 two of the following events straddle 1 Jan 2024:

- (i) The issuance of invoice or posting of transaction²⁹;
- (ii) The making of payment;
- (iii) The performance of services.

For instance, the supplier’s invoice is issued³⁰ and the imported services are performed in 2023, but payment for the supply is made on/after 1 Jan 2024.

7.3 If you report your RC transactions based on general time of supply

Where the invoice is issued on/after rate change

7.3.1 Where your supplier issues an invoice to you on/after 1 Jan 2024 but the Basic Tax Point take place and you make full payment for the supply in 2023, the RC transaction is subject to GST at 8%.

7.3.2 Where your supplier issues an invoice to you and you make full or part payment for the supply on/after 1 Jan 2024, the prevailing rate at the time of supply applies unless you elect otherwise under certain conditions (as explained in paragraph 7.3.3).

7.3.3 If the imported services are performed in 2023, you can elect to account for GST at 8% on the **higher of**:

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

²⁸ 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”.

²⁹ 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.

³⁰ This will be based on the invoice date.

The remaining value of the RC transaction will be subject to GST at 9%.

Example 32

15 Dec 2023	20 Dec 2023	1 Jan 2024	8 Jan 2024	15 Jan 2024
Part payment \$300	Imported services fully performed	Rate change	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:

- 8% on \$300 of payment made before 1 Jan 2024; and
- 9% on \$700 of payment made after 1 Jan 2024.

However, you can elect to apply reverse charge at 8% on the entire value of the supply as the services are fully performed in 2023.

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

7.3.4 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 in 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 in 2023

7.3.5 Where your supplier issues an invoice to you in 2023 and (i) you make full payment for the supply in 2023 or (ii) the services are fully performed in 2023, you should account for GST at 8% on the RC transaction.

7.3.6 Where your supplier issues an invoice to you in 2023 and:

- You make no payment or only make part payment in 2023; **or**
- No services are performed or only a part of the services are performed in 2023,

the supply will be subject to reverse charge as follows:

- (a) at 9% on the **lower** of:
 - (i) payment made on/after 1 Jan 2024; or
 - (ii) the value of services performed on/after 1 Jan 2024; and
- (b) at 8% on the remaining value of the supply.

7.3.7 For the part of imported services that is subject to reverse charge at 9% in paragraph 7.3.6(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 2024.

Example 33

1 Dec 2023	1 Jan 2024	23 Jan 2024	31 Jan 2024
Supplier's invoice issued \$1,000	Rate change	Services fully performed	Full payment made (later than 15 Jan 2024)

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 2024. You have accounted for GST at 8% (\$80) on the RC transaction in your GST return for the period ended 31 Dec 2023, 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 2024, the transitional rules will apply such that you are required to account for GST at 9% (\$90) on the entire value of the RC transaction.

You should account for the additional output tax of \$10 (\$90-\$80) in your GST return for the period ended 31 Mar 2024, i.e., the period in which 15 Jan 2024 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 2024 is 90%, you can claim input tax of \$9 (\$10 x 90%) in the same period.

7.4 **If you report your RC transactions based on posting date³¹****Where the posting date is on/after rate change**

7.4.1 Where you post the RC transaction in your business accounts on/after 1 Jan 2024 but the Basic Tax Point takes place and you make full payment for the supply in 2023, the RC transaction is subject to GST at 8%.

7.4.2 Where you post the RC transaction in your business accounts and make full or part payment for the supply on/after 1 Jan 2024, the prevailing rate at the time of supply applies unless you elect otherwise under certain conditions (as explained in paragraph 7.4.3).

7.4.3 If the imported services are performed in 2023, you can elect to account for GST at 8% on the **higher of**:

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

The remaining value of the RC transaction will be subject to GST at 9%.

Example 34

As you make payment for the supply and post the expenses on 20 Jan 2024, which is after the rate change, you should account for GST at 9% on the RC transaction. However, you can elect to account for GST at 8% on the entire value of the supply as the imported services are fully performed in 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 2024. You should also claim the corresponding input tax in the same prescribed accounting period subject to the input tax recovery rules.

³¹ 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 in 2023

7.4.4 Where you post the RC transaction in your business accounts in 2023 and (i) you make full payment for the supply or (ii) the services are fully performed, you should account for GST at 8% on the RC transaction.

7.4.5 Where you post the RC transaction in your business accounts in 2023 and:

- You make no payment or only make part payment in 2023; **or**
- No services are performed or only a part of the services are performed in 2023;

the supply will be subject to reverse charge as follows:

(a) at 9% on the **lower** of:

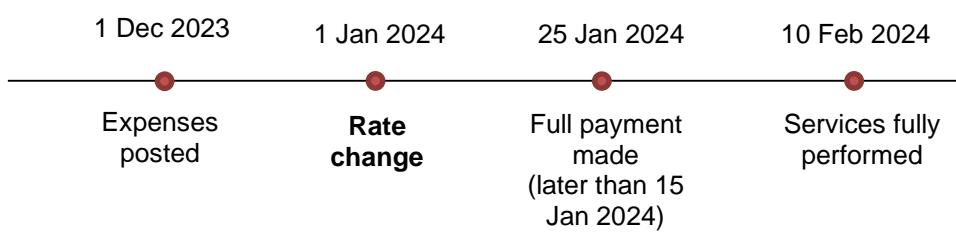
- (i) payment made on/after 1 Jan 2024; or
- (ii) the value of services performed on/after 1 Jan 2024; and

(b) at 8% on the remaining value of the supply.

7.4.6 For the part of imported services that is subject to reverse charge at 9% in paragraph 7.4.5(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 2024.

Example 35



You had accounted for GST at 8% when the RC transaction is posted on 1 Dec 2023. As no payment is made and no services are performed in 2023, the transitional rules will apply such that the entire value of the RC transaction is subject to reverse charge at 9%. You should account for the additional output tax of 1% on the RC transaction in the prescribed accounting period in which 15 Jan 2024 falls.

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

7.5.1 Where you have elected to apply reverse charge at the end of the longer period³², 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”).

7.5.2 The transitional rules under paragraphs 7.3.1 to 7.3.7 will apply. For the part of imported services that is subject to reverse charge at 9% under paragraph 7.3.6(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 2024, you will account for GST on the RC transaction in the prescribed accounting period in which that first day falls.

Example 36

20 Dec 2023	28 Dec 2023	1 Jan 2024	31 Jan 2024	10 Feb 2024	31 Mar 2024
Supplier's invoice issued \$1,000	Part services performed \$300	Rate change	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 2024. As no payment is made and only part of the services is performed in 2023, the transitional rules will apply such that the value of part services performed[#] after 1 Jan 2024 (\$700) is subject to reverse charge at 9%.

You should account for output tax on the RC transaction in the prescribed accounting period in which 1 Apr 2024 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 2024

- 8% on \$300 of services performed in 2023
- 9% on \$700 of services performed after 1 Jan 2024

#The value of part services performed after 1 Jan 2024 (\$700) is subject to GST at 9% as it is lower than the value of payment made after 1 Jan 2024 (\$1,000).

³² 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 in 2023, you must account for the additional GST on the RC transaction in the prescribed accounting period in which 15 Jan 2024 falls.

Example 37

31 May 2023	20 Oct 2023	1 Jan 2024	20 Jan 2024	20 Feb 2024
Last day of longer period / Supplier's invoice issued \$1,000	Part payment made \$550 / Part services performed \$400	Rate change	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 8% on the RC transaction in your GST return for the period ended 31 Aug 2023.

As only part payment is made and part of the services is performed in 2023, the transitional rules will apply such that the value of part payment made[#] after 1 Jan 2024 (\$450) is subject to reverse charge at 9%.

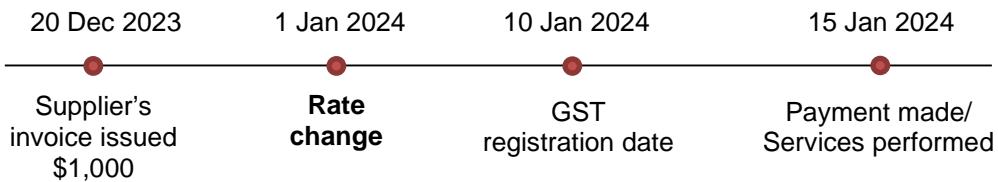
You are required to account for the additional output tax of \$4.50 (\$450 x 1%) on the RC transaction in the prescribed accounting period in which 15 Jan 2024 falls, i.e., in the period ended 28 Feb 2024.

#The value of part payment made after 1 Jan 2024 (\$450) is subject to GST at 9% as it is lower than the value of part services performed after 1 Jan 2024 (\$600).

7.6 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

7.6.1 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.

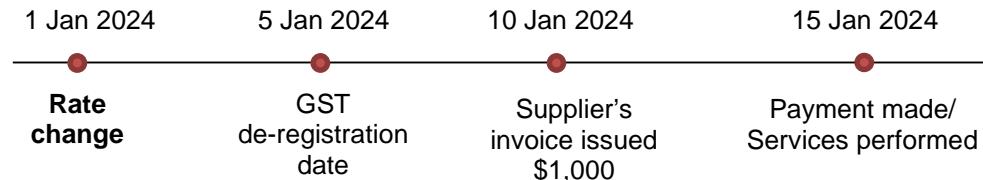
Example 38: Time of supply for RC transaction triggered before GST registration date



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 2023 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 2024.

Example 39: Time of supply for RC transaction triggered after GST de-registration date



You receive an invoice on 10 Jan 2024 from your overseas supplier after you de-register from GST on 5 Jan 2024. Subsequently, you made payment and the imported service was performed on 15 Jan 2024. 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 2024 (i.e. invoice was received, payment made and services performed after 1 Jan 2024).

7.6.2 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 7.7 and 7.8 for more information.

7.7 RC transactions spanning GST registration and rate change date

7.7.1 If you are an RC business, GST-registered on or after 1 Jan 2024 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.

7.7.2 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 date³³.

Example 40

30 Dec 2023	1 Jan 2024	10 Jan 2024	15 Jan 2024	20 Jan 2024
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 2024. Based on the time of supply rules, you should account for GST at 9% on the RC transaction upon receipt of supplier's invoice on 15 Jan 2024. However, as the Basic Tax Point occurs before your GST registration date, you may, treat the supply as taking place on 30 Dec 2023 when the services are performed. Consequently, you need not apply reverse charge on the imported service.

7.8 RC transactions spanning GST de-registration and rate change date

7.8.1 If you are an RC business and de-register from GST in 2023, the transitional rules will not apply to your RC transactions which span the **second** rate change as you are not GST-registered when the GST rate increases on 1 Jan 2024.

³³ Section 11C(6) of the GST Act. For more information, please refer to the e-Tax guide “GST: Reverse Charge”

7.8.2 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-registered³⁴ and you must account for GST on the supply³⁵.

Example 41

15 Dec 2023	30 Dec 2023	1 Jan 2024	15 Jan 2024	20 Jan 2024
Services performed	GST de-registration date	Rate Change	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 2024. However, as the Basic Tax Point of your supply has taken place on 15 Dec 2023 and no invoice was received or payment made for the RC transaction before your de-registration, you will have to account for GST at 8% on \$1,000 on the RC transaction the day immediately before you cease to be GST-registered (i.e. 29 Dec 2023).

7.8.3 If you de-register from GST on or after 1 Jan 2024, 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.

³⁴ Section 11C(7) of the GST Act. For more information, please refer to the e-Tax guide “GST: Reverse Charge”

³⁵ 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 42

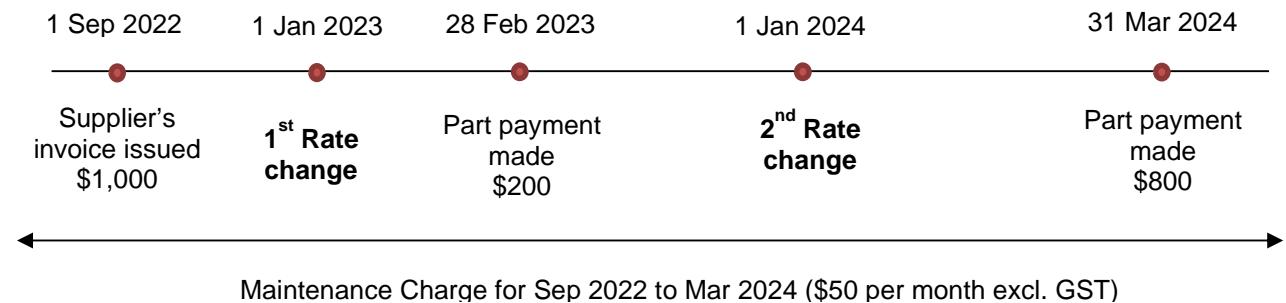
15 Dec 2023	1 Jan 2024	5 Jan 2024	15 Jan 2024	20 Jan 2024
Services performed	Rate Change	Payment made \$500	GST de-registration date	Supplier's invoice issued \$1,000, Remaining payment made \$500

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

- (i) GST at 9% when part payment of \$500 is made on 5 Jan 2024. However, as the services are performed before 1 Jan 2024, you may elect to apply reverse charge on the part payment at 8% instead.
- (ii) GST at 9% on 14 Jan 2024 (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.

7.9 RC Transactions Straddling both First and Second Rate Changes (Imported Services)

7.9.1 Where your RC transactions straddle both the first and second rate change, the transitional rules as illustrated in paragraph 6 will generally apply. The examples below outline the application of the transitional rules to RC transactions.

Example 43

Value of supply performed in 2022: \$200

Value of supply performed in 2023: \$600

Value of supply performed in 2024: \$200

Your prescribed accounting periods are Jan-Mar, Apr-Jun, Jul-Sep, and Oct-Dec. You procure services from an overseas supplier who performs the services progressively between Sep 2022 and Mar 2024.

The supplier issues the invoice to you on 1 Sep 2022. Based on time of supply rules, you have accounted for GST at 7% (\$70) on the RC transaction in your GST return for the period ended 30 Sep 2022, i.e., the period in which the supplier's invoice is issued to you.

As no payment is made and the services are not fully performed before 1 Jan 2023, the transitional rules will apply such that the lower of services performed or payment made on/after 1 Jan 2023 will be subject to reverse charge at 8%. You should account for the additional output tax of 1% on \$800 (i.e. \$8) on the RC transaction in the prescribed accounting period in which 15 Jan 2023 falls (i.e. period ended 31 Mar 2023).

Subsequently, as full payment is not made and services are not completed before 1 Jan 2024, the transitional rules will apply such that the lower of services performed or payment made on/after 1 Jan 2024 will be subject to reverse charge at 9%. You should account for the additional output tax of 1% on \$200 (i.e. \$2) for the RC transaction in the prescribed accounting period in which 15 Jan 2024 falls (i.e. period ended 31 Mar 2024).

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 \$7.20 (\$8 x 90%) in the same period.

#The service performed on/after 1 Jan 2023 (\$800) is subject to GST at 8% as it is lower than payment made on/after 1 Jan 2023 (\$1,000).

[^]The service performed on/after 1 Jan 2024 (\$200) is subject to GST at 9% as it is lower than payment made on/after 1 Jan 2024 (\$800).

Example 44: Where you report RC transactions based on posting date

1 Dec 2022	21 Dec 2022	23 Dec 2022	1 Jan 2023	8 Jan 2023	1 Jan 2024	15 Jan 2024	31 Jan 2024
Supplier's invoice issued \$1,000	Expenses posted \$1,000	Part service performed \$800	1st Rate change	Part payment made \$500	2nd Rate change	Part payment made \$500	Part service performed \$200

You would have accounted for GST at 7% when the RC transaction is posted on 21 Dec 2022. As the services are not fully performed and no payment is made before 1 Jan 2023, under the transitional rules, the lower of services performed or payment made# on/after 1 Jan 2023 (i.e. \$200) is subject to reverse charge at 8% and you would have accounted for the additional 1% on the RC transaction in the prescribed accounting period in which 15 Jan 2023 falls.

Subsequently, as part of the payment is made/ services are performed after 1 Jan 2024, the transitional rules will apply such that the lower of services performed or payment made^ after 1 Jan 2024 will be subject to reverse charge at 9%. You should account for the additional output tax of 1% on \$200 for the RC transaction in the prescribed accounting period in which 15 Jan 2024 falls.

#The service performed on/after 1 Jan 2023 (\$200) is subject to GST at 8% as it is lower than payment made on/after 1 Jan 2023 (\$1,000).

^ The service performed on/after 1 Jan 2024 (\$200) is subject to GST at 9% as it is lower than payment made on/after 1 Jan 2024 (\$500).

Example 45: Where you report RC transactions at the end of the longer period

21 Dec 2022	23 Dec 2022	1 Jan 2023	8 Jan 2023	31 Mar 2023	1 Jan 2024	15 Jan 2024	31 Jan 2024	31 Mar 2024
Supplier's invoice issued \$1,000	Part service performed \$800	1 st Rate change	Part payment made \$500	Last day of longer period (1 Apr 2022 – 31 Mar 2023)	2 nd Rate change	Part payment made \$500	Part service performed \$200	Last day of longer period (1 Apr 2023 – 31 Mar 2024)

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 are performed before 1 Jan 2023, the transitional rules will apply such that the value of part services performed[#] after 1 Jan 2023 (\$200) is subject to reverse charge at 8%. As the supply of imported services takes place in the longer period (i.e. 1 Apr 2022 – 31 Mar 2023) where the first day after the end of longer period is **after** the date of the **first** rate change (i.e. 1 Jan 2023), you would have to account for output tax on the RC transactions 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 in the period ended 30 Jun 2023

- 7% on \$800 of services performed before 1 Jan 2023
- 8% on \$200 of services performed on/after 1 Jan 2023

#The service performed on/after 1 Jan 2023 (\$200) is subject to GST at 8% as it is lower than payment received on/after 1 Jan 2023 (\$1,000).

Subsequently, as full payment is not made and services are not completed before 1 Jan 2024, the transitional rules will apply such that the lower of services performed or payment made[^] on/after 1 Jan 2024 will be subject to reverse charge at 9%. As the supply of imported services takes place in the longer period (i.e. 1 Apr 2022 – 31 Mar 2023) where the first day after the end of the longer period is **before** the implementation date of the **second** rate change (i.e. 1 Jan 2024), you are required to account for the additional output tax of \$2 (\$200 x 1%) in the period in which 15 Jan 2024 falls (i.e. period ended 31 Mar 2024).

Output tax to be accounted for in the period ended 31 Mar 2024

- Additional 1% GST on \$200 of services performed after 1 Jan 2024

[^] The service performed on/after 1 Jan 2024 (\$200) is subject to GST at 9% as it is lower than payment made on/after 1 Jan 2024 (\$500).

8 Imported Digital Services under the Overseas Vendor Registration Regime

8.1 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 2024.

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

8.2 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 in 2023 and part of the supply is subject to GST at 9% 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 4.2.5.

9 Imported Non-Digital Services and Low-Value Goods

9.1 With effect from 1 Jan 2023, the import of non-digital services (NDS) and low-value goods (LVG) in the context of business-to-consumer (“B2C”) transactions are subject to GST under the extended OVR regime.

9.2 Special transitional rules apply to the supplies of NDS and LVG that straddles the implementation date of 1 Jan 2023. 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” for more details.

9.3 Where the supply is subject to tax, GST must be accounted for at the prevailing rate. In addition, where the supply straddles 1 Jan 2024 (i.e., the date of GST rate change from 8% to 9%), the transitional rules as set out in paragraphs 3 and 4 will apply in the same manner to the supply of B2C NDS or LVG.

Where you issue an invoice (i.e., non-tax invoice) to your customer for a supply of NDS or LVG in 2023

9.4 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 NDS/LVG in 2023 and part of the supply is subject to GST at 9% 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 4.2.5.

10 Methods of Apportionment

- 10.1 You may apportion the value of goods delivered or services performed before and on/after 1 Jan 2024 based on appropriate methods such as:
 - Valuation of measurable work, e.g., based on open market value; or
 - Your normal costing or pricing system.
- 10.2 For instance, if you supply homogeneous goods to your customers and have delivered 30% of the goods in 2023, the value of those goods can be based on 30% of the value of your supply.

Example 46

You provide cleaning services to your customer from Nov 2023 to Jan 2024 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 ($\$6,000 \times 1/3$)

11 Adjustment of Contracts on Changes in Tax

- 11.1 If you have existing contracts to supply goods or services on/after 1 Jan 2024, you can increase the contractual consideration to charge GST at 9% unless the contract has explicitly specified that any tax change is excluded or has already been taken into account.
- 11.2 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 9/109 multiplied by the total consideration.

Example 47

You issue a tax invoice to your customer before 1 Jan 2024 for a supply of goods with GST charged at 8%. You only receive the full payment and deliver the goods after 1 Jan 2024. Under the transitional rules for rate change, you are required to adjust the transaction and charge GST at 9% 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 \$10,800 (\$10,000 plus 8% GST of \$800), you should account for GST at \$891.74 (\$10,800 x 9/109).

11.3 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.

12 Adjustment of Tax Previously Charged

Issuing or receiving credit note due to rate change

12.1 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 2024³⁶ 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;
- (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

³⁶ However, you may issue the credit note: (i) 90 days after the original tax invoice if you are unable to issue the credit note by 15 Jan 2024. This only applies to scenarios where you have issued a tax invoice with GST at 9% but subsequently elect to apply GST at 8% if the basic tax point takes place between 1 Jan 2023 to 31 Dec 2023 (see paragraph 3.4.5); or (ii) by 31 Mar 2024 where you have issued an invoice in 2023 and you are required to adjust the transaction as part of the supply is subject to GST at 9% under the transitional rules (see paragraph 4.2.4).

(j) The rate and amount of GST being credited.

12.2 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.

12.3 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.

12.4 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

12.5 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.

12.6 If the goods are supplied to your customer before 1 Jan 2024 with 7%³⁷ or 8%³⁸ GST but you only effect the rebate on/after 1 Jan 2024, the GST on the rebate will be calculated at 7% or 8% as this is the rate which you originally charged on the supply.

12.7 If the goods supplied to your customer straddles 1 Jan 2024, (e.g. some goods are supplied before 1 Jan 2024 with 7% or 8% GST charged and some goods are supplied on/after 1 Jan 2024 with 9% GST charged, you should apportion the rebate value using a reasonable proxy such that:

- GST on the portion of rebate that relates to goods supplied before 1 Jan 2023 is calculated at 7%;
- GST on the portion of rebate that relates to goods supplied between 1 Jan 2023 and 31 Dec 2023 is calculated at 8%; and
- GST on the portion of rebate that relates to goods supplied on/after 1 Jan 2024 is calculated at 9%.

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

³⁷ If the goods are supplied to your customer before 1 Jan 2023, the applicable GST rate would be 7%.

³⁸ If the goods are supplied to your customer between 1 Jan 2023 and 31 Dec 2023, the applicable GST rate would be 8%.

Rebate used to offset future sales

12.9 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 on 1 Jan 2024, you should charge and account for GST at 9% on the net value of that sale (i.e., after deducting the rebate).

Returned goods

12.10 If you have supplied goods to your customer before 1 Jan 2024 with GST charged at 7% or 8% and some of the goods are defective and subsequently returned to you on/after 1 Jan 2024, you should adjust GST at 7% or 8% on the returned goods depending on 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 2024.

12.11 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.

12.12 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 charged³⁹ 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

12.13 If you have supplied goods to your customer and received payment before 1 Jan 2024, GST would be chargeable at 7% or 8%. Subsequently, if you agree to provide an exchange for the original goods on/after 1 Jan 2024, GST is chargeable at 9% only on the additional

³⁹ 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.

consideration received⁴⁰ (if any) provided that you do not refund the consideration received for the original goods purchased to your customer.

12.14 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 2024, GST is chargeable at 9% on the full amount charged for the other goods or services, including the value of cash/store credit plus any additional consideration received.

Example 48

20 Dec 2023	1 Jan 2024	10 Jan 2024
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 8% on 20 Dec 2023 for the payment of \$1,000 received. If your customer exchanges the original goods for other goods (valued at \$1,500) on 10 Jan 2024 and you only collect additional consideration of \$500 without refunding the original \$1,000, GST is chargeable at 9% 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 2024, GST is chargeable at 9% on the entire value of the exchanged goods (\$1,500).

13 Other Details Relating to Rate Change

New tax invoice

13.1 Where you need to issue a new tax invoice to adjust for your transaction and charge GST at 9%, 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.

⁴⁰ The Comptroller will regard the payment received before 1 Jan 2024 for the original goods as received for the exchanged goods even if the exchange occurs 1 Jan 2024.

Tax invoice in simplified format

- 13.2 You can issue simplified tax invoices on/after 1 Jan 2024 where the total amount payable including GST for the supply does not exceed \$1,000.
- 13.3 Where you issue a simplified tax invoice on/after 1 Jan 2024 and the applicable GST rate for your supply is 8% (see examples 1, 2 and 5⁴¹), 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 8%. 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.
- 13.4 Where GST at 8% 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

- 13.5 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.
- 13.6 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 8/108 for simplified tax invoice dated in 2023, and the tax fraction of 9/109 for simplified tax invoice dated on/after 1 Jan 2024.

Filing of GST returns

- 13.7 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.

⁴¹ Examples 2 and 5 are applicable if you make the election to charge and account for GST at 8%.

- 13.8 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 49

20 Dec 2023	22 Dec 2023	1 Jan 2024	5 Jan 2024	10 Jan 2024	20 Jan 2024
Part services performed \$200	Tax invoice issued \$1,000	Rate change	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 8% (i.e., \$80) on the tax invoice issued to your customer on 22 Dec 2023. As you do not receive any payment and only perform part of the services before 1 Jan 2024, under the transitional rules, you are required to issue to your customer by 15 Jan 2024, for that part of the services performed[#] after 1 Jan 2024:

- a credit note for \$864 (\$800 plus 8% GST of \$64); and
- a new tax invoice for \$872 (\$800 plus 9% GST of \$72).

[#] *The value of the part services performed after 1 Jan 2024 (\$800) is subject to GST at 9% as it is lower than the value of payment received after 1 Jan 2024 (\$1,000).*

You issue the credit note and new tax invoice to your customer on 10 Jan 2024 and should report your supply as follows:

GST return for the period ended	GST reporting
31 Dec 2023	<u>Issuance of original tax invoice</u> <ul style="list-style-type: none"> • Increase your value of standard-rate supplies by \$1,000 • Increase your output tax by \$80
31 Mar 2024	<u>Issuance of credit note</u> <ul style="list-style-type: none"> • Reduce your value of standard-rated supplies by \$800 • Reduce your output tax by \$64 <u>Issuance of new tax invoice</u> <ul style="list-style-type: none"> • Increase your value of standard-rated supplies by \$800 • Increase your output tax by \$72 <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

13.9 All payments received through recurring GIRO deduction and credit card payment⁴² (e.g., monthly insurance premium payment) within the month of Jan 2024 can be treated as payments received before 1 Jan 2024⁴³ if the following conditions are met:

- (a) The GIRO deduction or credit card payment is successfully effected by the end of Jan 2024;
- (b) The GIRO deduction or credit card payment relates to bills or invoices that are issued before 1 Jan 2024; and
- (c) The bills or invoices in (b) are issued according to the normal billing cycle of the business.

Electronic payment modes

13.10 The following payments can be treated as received before 1 Jan 2024 even though the actual monies may be received by the supplier on/after 1 Jan 2024:

- (a) Non-recurring payment charged to the credit card by 31 Dec 2023;
- (b) Telegraphic transfer (TT) instruction received by the recipient bank (i.e., the bank that receives the money) by 31 Dec 2023;
- (c) AXS, SAM or NETS transaction which takes place by 31 Dec 2023; and
- (d) Deductions from a customer's e-wallet by 31 Dec 2023⁴⁴

13.11 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 2024 if you maintain documentary evidence that the funds were deducted from the customer's bank account before 1 Jan 2024 and you have received the funds latest by 5 Jan 2024⁴⁵.

⁴² 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.

⁴³ 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 2024 for advance billings.

⁴⁴ 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 2024 when an order is placed and only disburse payment to you on/after 1 Jan 2024. You may regard payment as received before 1 Jan 2024 provided that you are able to determine that the payment was deducted from your customer's e-wallet before 1 Jan 2024.

⁴⁵ Only applicable for ad-hoc non-recurring transactions. For recurring transactions, please refer to para 13.9. Documentary evidence may include an excerpt of your customer's bank statement

13.12 Where you are a merchant making supplies through a platform, the platform may collect payment from the customer at the prevailing GST rate before subsequently remitting the payment to you at a later date. Strictly, payment is regarded as received when the platform remits payment to you⁴⁶. However, as a concession, you may treat the payment as received before 1 Jan 2024 provided that you are able to determine (with supporting documents) that your customer had made payment in accordance with paragraphs 13.9 to 13.11 above. For example, if you maintain evidence that a non-recurring payment was charged to your customer's credit card by the platform by 31 Dec 2023, you may treat the payment as received before 1 Jan 2024, notwithstanding that the platform may only remit the payment to you on/after 1 Jan 2024.

Cheque payment

13.13 Cheques issued to you in 2023 (e.g. cheque dated in 2023), and presented to the bank (i.e., the bank-in date) by 4 Jan 2024 and cleared successfully can be treated as payments received before 1 Jan 2024.

Businesses that operate on or past midnight on 31 Dec 2023

13.14 If you operate your business on or past midnight on 31 Dec 2023 up to 7 a.m. of 1 Jan 2024, you can charge GST at 8% 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.

14 Contact Information

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

or payment advice clearly showing funds were deducted before 31 Dec 2023 and your bank statement indicating receipt of funds latest by 5 Jan 2024.

⁴⁶ For example, the platform may collect payment from the customer on 15 Dec 2023 at 8%, which is the prevailing GST rate when payment was made. However, the platform may only remit the payment to you on/after 1 Jan 2024. Strictly, you will be required to charge and account for GST at 9% unless the goods have been delivered or services performed before 1 Jan 2024 and you have made an election for GST to be chargeable at 8%.

15 Updates and Amendments

	Date of amendment	Amendments made
1	12 Jul 2023	<ul style="list-style-type: none">Added footnote 2 to clarify that consideration is regarded as received only if it is made in respect of an identified supply and as accepted or agreed as such between customer and supplier.Other editorial changes
2	12 Mar 2024	<ul style="list-style-type: none">Added footnote 14 to clarify by when output tax is to be accounted where taxpayers require up to 31 Mar 2024 to issue credit notes and new tax invoices.Added paragraphs 6.6.3 to 6.6.8 (including examples 30 and 31) to clarify when an election for GST at 7% can be made (including the conditions that must be fulfilled) where a supply straddles two rate changesOther editorial changes

Annex A⁴⁷ – Checklist for charging GST on transactions straddling 1 Jan 2024**(1) Invoice issued in 2023**

Payment received	Goods delivered / services performed	GST rate to apply	Remarks
In 2023	In 2023	8%	The supply is subject to 8% GST when: (a) Full payment is received in 2023; or (b) Goods are fully delivered or services are fully performed in 2023.
	On/after 1 Jan 2024		
	Part in 2023 and part on/after 1 Jan 2024		
On/after 1 Jan 2024	In 2023	9%	The supply is subject to 9% GST when full payment is received and the goods are fully delivered or services are fully performed on/after 1 Jan 2024.
	On/after 1 Jan 2024		
	Part in 2023 and part on/after 1 Jan 2024	8% and 9%	(a) The value of part goods delivered or part services performed in 2023 is subject to 8% GST; and (b) The value of part goods delivered or part services performed on/after 1 Jan 2024 is subject to 9% GST.
Part in 2023 and part on/after 1 Jan 2024	In 2023	8%	The supply is subject to 8% GST when goods are fully delivered or services are fully performed in 2023.
	On/ after 1 Jan 2024	8% and 9%	(a) The value of part payment received in 2023 is subject to 8% GST; and (b) The value of part payment received on/after 1 Jan 2024 is subject to 9% GST.

⁴⁷ 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 in 2023 and part on/after 1 Jan 2024	8% and 9%	<p>(a) The lower of the value of the following is subject to 9% GST:</p> <ul style="list-style-type: none"> (i) part payment received on/after 1 Jan 2024; or (ii) part goods delivered or part services performed on/after 1 Jan 2024; and <p>(b) The remaining value of the supply is subject to 8% GST.</p>

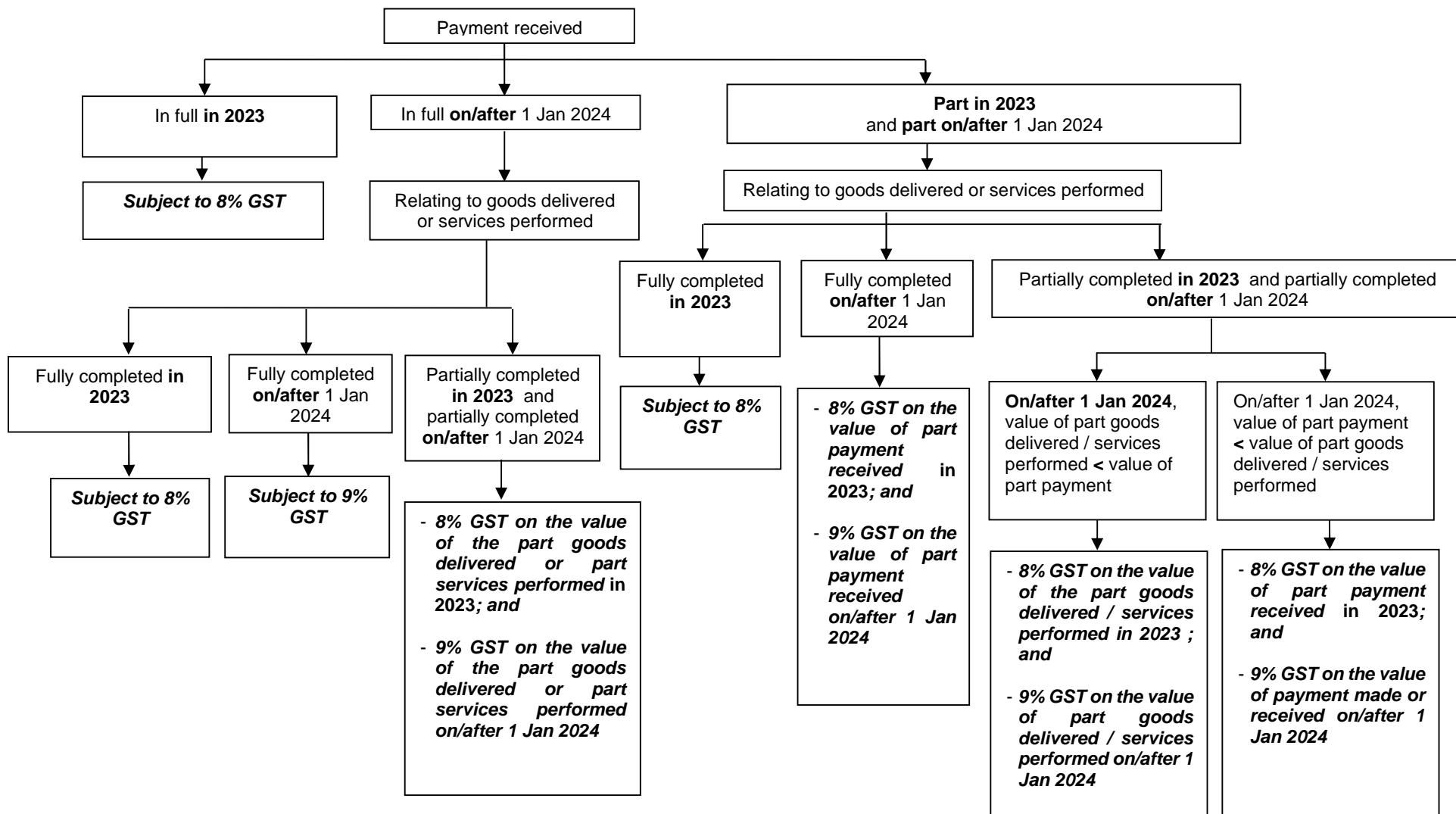
(2) Invoice issued on/after 1 Jan 2024

Payment received	Goods delivered / services performed	GST rate chargeable based on the general time of supply	Can I elect to apply 8% GST?	Remarks
In 2023	In 2023	8%	Not relevant	The supply is subject to 8% GST as full payment is received in 2023.
	On/after 1 Jan 2024			
	Part in 2023 and part on/after 1 Jan 2024			
On/after 1 Jan 2024	In 2023	9%	Yes	You can elect to apply 8% GST on the full value of supply as goods are fully delivered or services are fully performed in 2023.
	On/after 1 Jan 2024		No	You cannot elect to apply 8% GST as the goods are delivered or services are performed on/after 1 Jan 2024.
	Part in 2023 and part on/after 1 Jan 2024		Yes, on part of the supply	You can elect to apply 8% GST on the value of part goods delivered or part services performed in 2023. The remaining value of the supply (i.e., part goods delivered or part services performed on/after 1 Jan 2024) is subject to 9% GST.

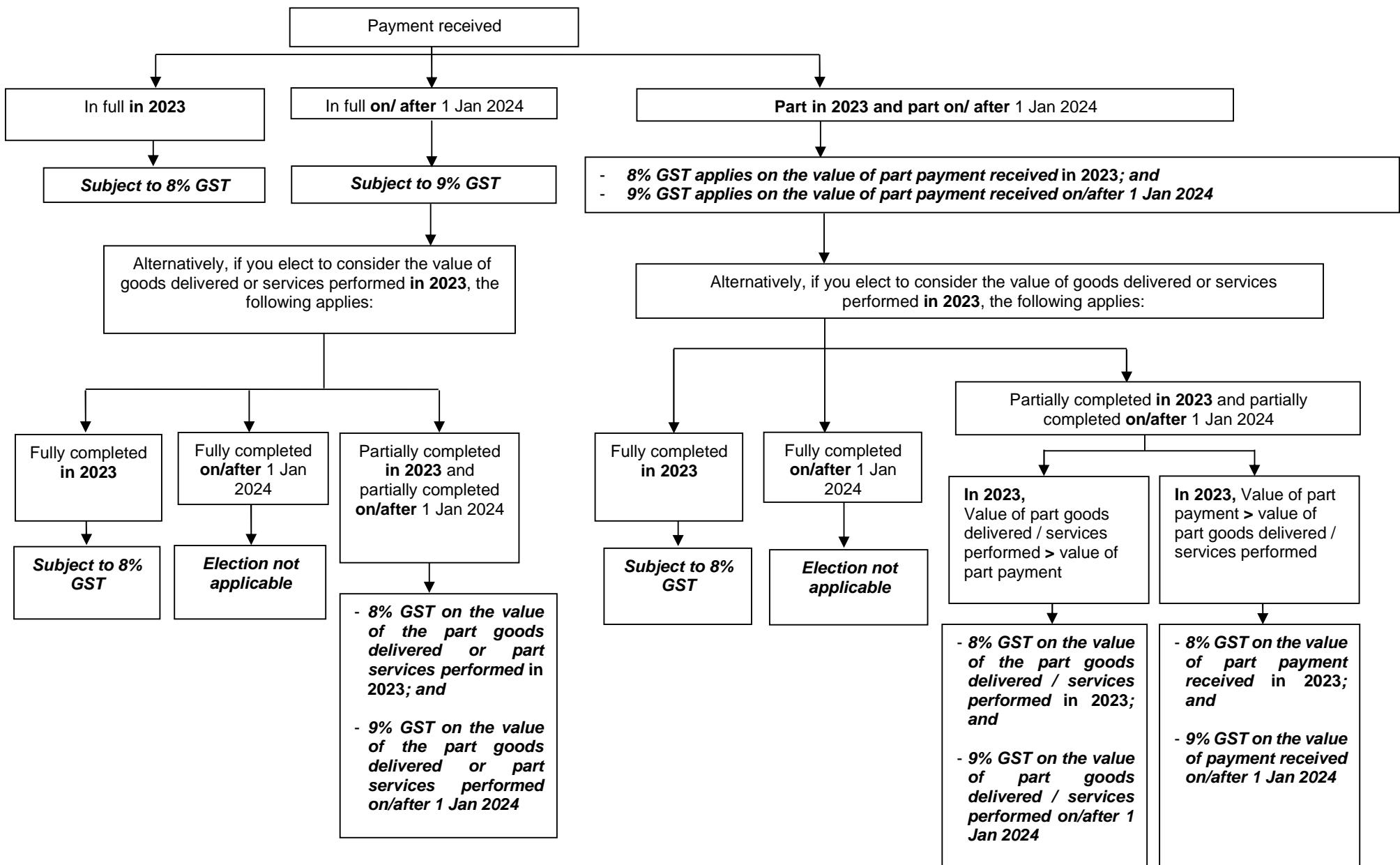
Payment received	Goods delivered / services performed	GST rate chargeable based on the general time of supply	Can I elect to apply 8% GST?	Remarks
Part in 2023 and part on/after 1 Jan 2024	In 2023	Part payment in 2023– 8% GST Part payment on/after 1 Jan 2024 – 9% GST	Yes	You can elect to apply 8% GST on the full value of the supply as goods are fully delivered or services are fully performed in 2023.
	On/after 1 Jan 2024		No	You cannot elect to apply 8% GST as the goods are delivered or services are performed on/after 1 Jan 2024.
	Part in 2023 and part on/after 1 Jan 2024		Yes, on part of the supply	<p>You can elect to apply 8% GST on the higher of the value of:</p> <ul style="list-style-type: none"> (i) part payment received in 2023; or (ii) part goods delivered or part services performed in 2023. <p>The remaining value of the supply is subject to 9% GST.</p>

Annex B – Step-by-step guide for charging GST on transactions straddling 1 Jan 2024

(1) Invoice issued in 2023



(2) Invoice issued on/after 1 Jan 2024



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: 2024 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)