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GST: Customer Accounting for Prescribed Goods
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Table of Contents

1 Aim

1.1 Customer accounting for certain prescribed goods will be implemented from 1 Jan 2019 to deter fraud schemes where the seller absconds with the GST collected, but businesses further down the supply chain continue to claim the input tax. It will be applicable to supplies of mobile phones, memory cards and off-the-shelf software, which are commonly used in these fraud schemes.

1.2 This guide explains how businesses would apply customer accounting for transactions in mobile phones, memory cards and off-the-shelf software ("prescribed goods").

1.3 You should read this guide if you are a GST-registered business and you purchase, import and/or sell the prescribed goods in Singapore or if you are a section 33(2) GST agent and supply prescribed goods in Singapore on behalf of your overseas principals.

2 At a Glance

2.1 The sale of goods and services (excluding financial services, residential properties, investment precious metals and digital payment tokens with effect from 1 Jan 2020) is a taxable supply subject to GST. In making a taxable supply of goods, you must charge and account for GST on the local sales as your output tax. You may claim the GST paid on your local purchases and imports of goods as your input tax credit if you are able to satisfy the input tax claiming conditions.

2.2 Under customer accounting, the responsibility to account for output tax on the sales shifts from the supplier to the customer. As a supplier, you are required to apply customer accounting on your local sale of prescribed goods made to a GST-registered customer if the value of your sale (excluding GST) exceeds $10,000. For the purpose of this guide, a local sale of prescribed goods that is subject to customer accounting will be referred to as a "relevant supply".

2.3 If you make a relevant supply, your GST-registered customer will account for the output tax on this supply on your behalf. You must issue a customer accounting tax invoice to your customer to show that you will not collect the GST chargeable on this supply and that your customer will account for it instead.

2.4 If you receive a relevant supply (i.e., you are the customer), you will account for the output GST chargeable on the purchase, on behalf of your supplier. You will also be able to claim the input tax on this purchase if it is for your business use and for the making of your taxable supply.

3 Glossary

3.1 Prescribed goods

3.1.1 Prescribed goods refer to mobile phones, memory cards and off-the-shelf software. Details of the prescribed goods can be found at paragraph 5.

3.2 Relevant supply

3.2.1 A relevant supply means any taxable supply of prescribed goods but not if:
(a) the supply is a zero-rated supply;
(b) the supply is an excepted supply; or
(c) the value of the supply does not exceed $10,000.

A relevant supply is a local taxable supply of prescribed goods whose GST-exclusive value exceeds $10,000 and is not an excepted supply. A relevant supply is subject to customer accounting if it is made to a GST-registered customer for business purpose.

3.3 Excepted supply

3.3.1 An excepted supply is a supply of prescribed goods that is specifically excluded from customer accounting. The excepted supplies are:

(a) A supply of goods made under the Gross Margin Scheme[1],
(b) A supply of goods made under the Approved Third Party Logistics Company Scheme or Approved Refiner and Consolidator Scheme[2] to an approved/specified person, and
(c) A deemed taxable supply of goods[3] arising from the transfer or disposal of goods for no consideration.

[1] Please refer to IRAS website at www.iras.gov.sg (GST > General GST Schemes) for more information on the Gross Margin Scheme.
[2] Please refer to the e-Tax Guides "Approved Third Party Logistics Company Scheme" and "Approved Refiner and Consolidator Scheme" available on IRAS website for more information on the schemes.
[3] Paragraph 5(1) of Second Schedule to the GST Act

4 Customer Accounting for Relevant Supply of Prescribed Goods

4.1 From 1 Jan 2019, you are required to apply customer accounting on your local sale of prescribed goods made to a GST-registered customer for its business purpose if the GST-exclusive value of the supply exceeds $10,000[4].

The prescribed goods are:
(a) mobile phones;
(b) memory cards; and
(c) off-the-shelf software.

4.2 If you make a supply of the above goods to a non-GST-registered customer (e.g. an end consumer), the supply will continue to be standard-rated and customer accounting is not applicable. If the goods are exported to an overseas customer, it will continue to be zero-rated if it satisfies the zero-rating conditions. If the zero-rating conditions are not satisfied, the supply must be standard-rated[5].

4.3 Customer accounting shifts the responsibility to account for GST on the sale of prescribed goods from the supplier to the customer. If you make a relevant supply, your GST-registered customer will account for the output tax on this supply on your behalf. If you receive a relevant supply, you will account for the GST chargeable on the purchase, on behalf of your supplier. You will also be able to claim the input tax on this purchase if it is for your business use and the making of your taxable supply.

4.4 Customer accounting is not applicable if the supply of prescribed goods is an excepted supply.

5 Prescribed goods

5.1 <u>Mobile phone</u>

5.1.1 For the purpose of customer accounting, a mobile phone is one that:

(a) can transmit and receive spoken messages over a cellular network (whether or not it has any other function); and
(b) has a screen size of 17.5cm or less, measured diagonally from the top corner to a bottom corner, excluding the bezel.

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[4] Whether the value of supply exceeds $10,000 is to be determined at the time of supply, i.e. earlier of invoice issued or payment received. Please refer to paragraph 9.3 for more information. If you supply prescribed goods as section 33(2) agent, whether the value of supply exceeds $10,000 is to be determined at the earliest of invoice issued, payment received or delivery of the goods. Customer accounting will apply to the full sale value (including the first $10,000) if the GST-exclusive sale value shown on the tax invoice exceeds $10,000.
[5] The supply will be subject to customer accounting if the customer accounting conditions are satisfied.

5.1.2 A mobile phone is excluded from customer accounting if:

(a) it is purchased by a customer who at the same time, also subscribes to a mobile subscription plan (including a renewal or extension of an existing plan) with an approved mobile telecommunication service provider[6],

(b) the plan is not one that involves the collection of advance payments for the use the service (e.g. a pre-paid plan); and

(c) the plan is provided by the same supplier as the mobile phone, or a person that is related within the meaning of section 6 of the Companies Act[7].

5.1.3 The following are examples of mobile phones that are prescribed goods for customer accounting:

- smartphone
- Blackberry
- a tablet that can transmit and receive spoken messages over a cellular network and has a screen size of 17.5cm or less

The accessories (e.g. earphones, battery, charger) that are included with the mobile phone in the retail box will form part of the prescribed supply of mobile phone.

5.1.4 The following are not mobile phones prescribed for customer accounting

- foldable mobile phones with an 'unfolded'[8] screen size exceeding 17.5cm
- a walkie-talkie without mobile phone function (i.e. that cannot transmit and receive spoken messages over a cellular network)
- satellite phone
- smart watch
- telephone where the base unit is connected to a landline but the handset is not tethered to that base unit
- mobile phone accessories (e.g. cover case, battery, screen protector, charger, etc.) sold separately[9] from the mobile phone

[6] An approved mobile telecommunication service provider is one who is licensed under section 5 of the Telecommunications Act.

[7] Corporations deemed to be related to each other, i.e. a corporation which is a holding company or subsidiary of another corporation, or a subsidiary of a holding company of another corporation.

[8] Where the mobile phone has more than one display, the 'unfolded' screen size refers to that of the largest screen size.

[9] Any accessory not included together with the mobile phone in the retail box at the time of sale is considered as sold separately and hence treated as non-prescribed goods.

5.2 Memory card

5.2.1 A memory card is a prescribed good for customer accounting purpose if it is an electronic flash memory data storage device used for storing digital information. It excludes any flash drive with integrated USB interface.

5.2.2 The following are examples of memory cards that are prescribed goods for customer accounting:

- CompactFlash
- Secure Digital “SD” card
- Memory Stick

5.2.3 The following are not memory cards prescribed for customer accounting:

- thumb drive
- portable external hard disk
- solid state drive (SSD)
- dual in-line memory module (DIMM)
- random access memory (RAM)
- smart card with embedded chip (such as Automated Teller Machine (ATM) card, debit/credit card, mobile phone subscriber identity module (SIM) card)
- hard disk drive (HDD)

5.3 Off-the-shelf software

5.3.1 An off-the-shelf software prescribed for customer accounting purpose is one that is not customised for a particular customer and where:
(a) the software is stored in a compact disc (“CD”) or similar storage medium which is provided as part of the supply; or
(b) the software may be accessed by the use of a product key, license key, activation code or other similar key/code that is provided in or on a physical packaging[10] as part of the supply.

It excludes any software that is pre-loaded into any machinery or equipment (including computer), and supplied as part of the machinery or equipment.

5.3.2 The following are examples of off-the-shelf software that are prescribed goods for customer accounting:

- anti-virus software sold in a boxed package
- accounting software sold in a boxed package
- electronic design automation software sold in a disc
- Xbox or PlayStation games software sold in a disc

[10] This refers to software that are typically sold as physical goods, with the product key enclosed in or printed on a box or flat packaging. The packaging may also be in the form of a POSA (Point-of-Sale-Activation) card with the product key on or inside the card.

- software downloadable from the Internet which is accessed by a product key or license key that is enclosed in or printed on the physical package supplied to the customer
- Nintendo Switch's game cards

5.3.3 The following are not off-the-shelf software prescribed for customer accounting:

- back-up copy of a software stored in a CD or similar storage medium that is provided to the customer
- software downloadable from the Internet which is accessed by a product key or license key sent to the customer via email
- Xbox Live
- PlayStation Plus
- printing of POSA cards
- Pokemon tretta chips

6 You are a GST-registered Supplier Making a Relevant Supply[11]

6.1 For customer accounting to apply, your customer must be a GST-registered person purchasing the prescribed goods in the course of carrying on a business. You may check the registration status of any business via the "GST Registered Business Search" digital service on IRAS website at www.iras.gov.sg[12].

6.2 You will still need to issue a tax invoice when you make a relevant supply to your customer. Your tax invoice must contain the following details <u>in addition</u> to what is normally required to be prominently shown:

(a) your customer's GST registration number; and
(b) a statement:
  i. "Sale made under customer accounting. Customer to account for GST of $X.", or
  ii. "Customer accounting: Customer to pay GST of $X to IRAS.",

where '$X'[13] refers to the amount of output tax due on the relevant supply, which your customer will account for on your behalf.

6.3 You should only collect the GST-exclusive price of the prescribed goods when you make a relevant supply. Therefore, your tax invoice should not show a total price payable that includes GST for the relevant supply. If you are invoicing in a foreign currency, the total amount payable excluding GST and the output tax accountable by your customer on your behalf (i.e. '$X') must be converted into Singapore dollars.

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[11] Please refer to Annex A for a flowchart to determine if your sale is subject to customer accounting.
[12] www.iras.gov.sg > Digital Services > GST > GST Registered Business Search
[13] If the value of $X cannot be shown in the statement, it can be reflected elsewhere on the tax invoice, but should not be included in the amount shown as total GST charged.

6.4 If your sale includes other supplies which are standard-rated or zero-rated, you may wish to consider issuing a separate tax invoice for the relevant supply, as it is clearer who has to account for the output tax.

Sample tax invoice A

Tax Invoice

ABC Pte Ltd
888 Jalan Ang Teng
Singapore 560009

GST Reg No: 209912345K

XYZ Pte Ltd
GST Reg No: 209954321M
(Customer's Address)

Date: 1/1/2024

Invoice No: F012345

Type of Supply: Cash / Credit Sale

No.	Description	Qty	Unit Price ($)	Total ($)	Discount ($)	Total ($)
1	Camera	10	150	1500	150	1,350.00
2	Handphone #	20	600	12,000	1,200	10,800.00
	Total					12,150.00
	Add GST @9%					121.50
	Amount Due:					12,271.50
	# Sale made under customer accounting. Customer to account for GST of $972.00					

Sample tax invoice B

Tax Invoice

ABC Pte Ltd
888 Jalan Ang Teng
Singapore 560009

GST Reg No: 209912345K

XYZ Pte Ltd
GST Reg No: 209954321M
(Customer's Address)

Date: 1/1/2024

Invoice No: F012345

Type of Supply: Cash / Credit Sale

No.	Description	Qty	Unit Price ($)	Total ($)	Discount ($)	Total ($)
1	Camera	10	150	1500	150	1,350.00
2	Handphone**	20	600	12,000	1,200	10,800.00
	Total					12,150.00
	Add GST @9%					121.50
	Amount Due:					12,271.50
	Customer accounting: Customer to pay GST** to IRAS.					
	**$972.00					

GST Reporting

6.5 When you make a relevant supply, you are still required to report the GST-exclusive value of the prescribed goods sold in Box 1 “Total value of standard-rated supplies” of your GST return based on the normal time of supply[14]. That is, the relevant supply is treated as taking place at the earlier of:
(a) when you issue a tax invoice to your customer; or
(b) when you receive payment from your customer.

6.6 As you are not allowed to charge GST on a relevant supply, there is no output tax to be reported under Box 6 “Output tax due”.

[14] For supplies made as a section 33(2) agent, you also need to consider the date of delivery of the goods. Please refer to the e-Tax Guide ‘GST: Time of Supply Rules’ for more information on the applicable time of supply rules.

7 You are a GST-registered Customer Receiving a Relevant Supply[15]

7.1 You must provide your GST registration number to the GST-registered supplier when you purchase prescribed goods exceeding $10,000 (in GST-exclusive value) in the course of carrying on a business.

7.2 If you are purchasing the prescribed goods for non-business use (e.g. mobile phones for directors' personal use), you must let the supplier know of this fact at the time of purchase so that your supplier will standard-rate and charge GST on the sale, instead of applying customer accounting. Your supplier may require you to confirm in writing that your purchase of prescribed goods is for non-business use.

GST Reporting

7.3 When you receive a relevant supply, you are required to account for GST on behalf of your supplier. You will report the GST-exclusive price of the goods in Box 1 "Total value of standard-rated supplies" and the GST amount in Box 6 "Output tax due" of your GST return based on the normal time of supply rule. That is, the relevant supply is treated as taking place at the earlier of when your supplier issues a tax invoice to you or when your supplier receives your payment[16].

7.4 Since the relevant supply received is also your business purchase, you will report the value of prescribed goods purchased in Box 5 "Total value of taxable purchases" of your GST return. You will also claim the GST as your input tax in Box 7 "Input tax and refunds claimed" of your GST return if you satisfy the input tax claiming conditions, which includes holding a valid customer accounting tax invoice.

Example 1

A GST-registered supplier sells memory cards for $10,500 (excluding GST) to a GST-registered customer* for the customer's business purpose and delivers the goods in Singapore. The entries in their GST returns for this supply will be:

Supplier's GST return	Customer's GST return
• Box 1: $10,500 • Box 6: $0	• Box 1: $10,500 • Box 6: $945 • Box 5: $10,500 • Box 7: $945

* Assumes customer is a fully taxable person.

Box 1 "Total value of standard-rated supplies"
Box 5 "Total value of taxable purchases"
Box 6 "Output tax due"
Box 7 "Input tax and refunds claimed"

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15 Please refer to Annex B for a flowchart to determine whether your purchase is subject to customer accounting.
16 Please refer to the e-Tax Guide "GST: Time of Supply Rules" for the time of supply applicable to section 33(2) supplies.

7.5 You will usually account for output tax and claim the input tax on a relevant supply received in the same GST return for the accounting period in which the supply has taken place ("original accounting period"). If you receive the customer accounting tax invoice from your supplier late, you are allowed to report the output tax and input tax in a subsequent accounting period ending on a date no later than three months from the end of the original accounting period[17].

7.6 You may be carrying on a business that does not involve any sale of prescribed goods to your customers but you make occasional purchases of the prescribed goods exceeding $10,000 (in GST-exclusive value) for your business use. As customer accounting applies to <u>all</u> GST-registered businesses buying prescribed goods, you are required to comply with the GST reporting requirements explained above.

7.7 If you wish to be exempted from these reporting requirements (i.e. exemption to report both standard rated supplies/output tax and taxable purchases/input tax in your GST returns) when you make purchases of the prescribed goods (i.e. relevant supplies received by you), you may seek prior approval from the Comptroller of GST provided you satisfy the following criteria:

(a) You are a fully taxable person;
(b) All your business purchases of the prescribed goods are made for non-resale or non-trading purposes; and
(c) You have been assessed to have robust internal controls, good tax compliance and proper accounting and record-keeping procedures. Currently, the Comptroller will consider this condition to be satisfied only if you have been accorded the Assisted Compliance Assurance Programme (ACAP) status.

7.8 If you are a partially exempt business, or you are carrying on partly business and partly non-business activities[18], you will need to apportion your input tax and claim only the portion of input tax attributable to the making of your taxable supplies[19]. You may wish to refer to IRAS e-Tax Guides "GST: Partial Exemption and Input Tax Recovery" and "GST: Guide for Charities and Non-Profit Organisations" for more information on input tax apportionment.

[17] For example, the customer accounting tax invoice is issued by the supplier on 29 Mar 2024 and received by the customer on 19 Apr 2024. The customer is allowed to account for the output tax and claim the input tax in its GST return for the accounting period 1 Apr to 30 Jun 2024, instead of 1 Jan to 31 Mar 2024.

[18] For example, you are a charity or non-profit organisation receiving donations and grants to enable you to provide free and subsidised services to the public.

[19] That is to say, when you attribute input tax (i.e. determining if you satisfy the De Minimis Rule, computing your residual input tax recovery ratio, etc) you should exclude the value of relevant supplies received from your supplier from your value of taxable supplies and total supplies. This is because relevant supplies received from your supplier are not your own taxable supplies.

8 Sales Straddling Implementation Date of 1 Jan 2019

8.1 The normal time of supply applies when you make a relevant supply of prescribed goods. If your tax invoice is issued or the consideration is received before 1 Jan 2019, you will need to charge and account for GST (i.e., not to apply customer accounting) to the extent of the consideration shown on the tax invoice or the consideration received, even though the prescribed goods are delivered to the customer on or after 1 Jan 2019.

> Example 2
>
> A supplier sells mobile phones of $30,000 (excluding GST) to a GST-registered customer* for its business use and delivers the goods on 15 Feb 2019.
>
> The supplier issues a tax invoice on 26 Dec 2018 for the deposit of $11,000 and GST of $770 due from the customer. The amount of $11,770 is received from the customer on 10 Jan 2019.
>
> The balance of $19,000 is received from the customer on the day of delivery, 15 Feb 2019, and a customer accounting tax invoice is issued by the supplier for the balance payment on the same day.
>
> *Prescribed accounting period 1 Oct 2018 to 31 Dec 2018*
>
> | Supplier's GST return | Customer's GST return |
> |---|---|
> | • Box 1: $11,000
• Box 6: $770 | • Box 5: $11,000
• Box 7: $770 |
>
> *Prescribed accounting period 1 Jan 2019 to 31 Mar 2019*
>
> | Supplier's GST return | Customer's GST return |
> |---|---|
> | • Box 1: $19,000
• Box 6: $0 | • Box 1: $19,000
• Box 6: $1,330
• Box 5: $19,000
• Box 7: $1,330 |
>
> * Assumes customer is a fully taxable person.
>
> **Box 1** "Total value of standard-rated supplies"
> **Box 5** "Total value of taxable purchases"
> **Box 6** "Output tax due"
> **Box 7** "Input tax and refunds claimed"

8.2 You should disregard the date of delivery of the prescribed goods in determining whether customer accounting is applicable[20]. Therefore, if the prescribed goods are delivered before 1 Jan 2019, but your tax invoice is only issued and payment received on or after 1 Jan 2019, your sale will be subject to customer accounting if it is a relevant supply.

[20] Does not apply if you are a section 33(2) agent. Therefore, if the prescribed goods are delivered before 1 Jan 2019, the supply will not be subject to customer accounting even if it is a relevant supply.

9 Common Business Scenarios

9.1 Sale of prescribed goods within the threshold of $10,000

9.1.1 Customer accounting is only applicable if your sale of prescribed goods to a GST-registered customer for its business use exceeds the threshold of $10,000 in GST-exclusive value. If your sale of prescribed goods does not exceed $10,000, you cannot apply customer accounting. Instead, you should standard-rate and charge GST at the prevailing tax rate and issue the normal tax invoice to your customer for the sale. You will report this standard-rated supply in your GST return in the same manner as any other standard-rated supplies made by you.

9.2 Discounts given on your sales

9.2.1 If you give discounts on your sales, the type of discounts given will determine whether the sales value before or after discount should be used to determine if your supply of prescribed goods to the GST-registered customer is subject to customer accounting.

9.2.2 For instance, if the price of prescribed goods sold to your GST-registered customer is reduced by an upfront discount shown on the same tax invoice, you should use the discounted GST-exclusive sale value to determine whether your supply exceeds the threshold of $10,000.

9.2.3 On the other hand, if it is a contingent discount[21] to be given in the future, you should use the pre-discount GST-exclusive value of the prescribed goods shown on the tax invoice to determine whether your supply exceeds the threshold of $10,000.

Prompt payment discounts

9.2.4 If you offer a discount for prompt payment, prior to 1 Apr 2020, you should use the discounted GST-exclusive sale value to determine whether your supply exceeds the threshold of $10,000.

9.2.5 However, with effect from 1 Apr 2020, you should use the pre-discount GST-exclusive price to determine whether your supply exceeds the threshold of $10,000[22]. This is because the discount will only be given to your customer if it takes up and fulfills the payment terms under the prompt payment discount.

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[21] An example of a contingent discount is a volume discount that you will be giving to the customer when its purchases from you over a period of time meets the target set by you.

[22] Please refer to the IRAS website at www.iras.gov.sg (GST > Charging GST (Output Tax) > Common scenarios – Do I charge GST > GST on Discounts and Rebates) for more information on the GST changes to prompt payment discounts.

9.3 Multiple payments and tax invoices

9.3.1 You may require your GST-registered customer to make an advance payment (e.g. a deposit) when it places an order for prescribed goods with you. You may also issue multiple tax invoices to your customer, depending on your delivery and invoicing arrangements[23]. You are required to determine at the time the supply is triggered (by the issue of invoice or receipt of payment, whichever is earlier) whether the value of your supply exceeds the threshold of $10,000 for customer accounting to apply.

> Example 3
>
> A GST-registered customer* places an order for 100 boxes of off-the-shelf software of $20,000 (excluding GST) with a supplier to be delivered on 30 Apr 2024.
>
> The customer pays a deposit of $8,000 and the GST of $720 to the supplier on 25 Mar 2024. A normal tax invoice for standard-rated supply is issued by the supplier as the value of supply, based on the payment received, does not exceed the threshold of $10,000.
>
> *Prescribed accounting period 1 Jan 2024 to 31 Mar 2024*
>
> Supplier's GST return
> - Box 1: $8,000
> - Box 6: $720
>
> Customer's GST return
> - Box 5: $8,000
> - Box 7: $720
>
> The supplier issues a customer accounting tax invoice on 30 Apr 2024 for the balance of $12,000 which is subject to customer accounting. The balance of $12,000 is paid on 1 Jul 2024.
>
> *Prescribed accounting period 1 Apr 2024 to 30 Jun 2024*
>
> Supplier's GST return
> - Box 1: $12,000
> - Box 6: $0
>
> Customer's GST return
> - Box 1: $12,000
> - Box 6: $1,080
> - Box 5: $12,000
> - Box 7: $1,080
>
> * Assumes customer is a fully taxable person.
>
> **Box 1** "Total value of standard-rated supplies"
> **Box 5** "Total value of taxable purchases"
> **Box 6** "Output tax due"
> **Box 7** "Input tax and refunds claimed"

[23] If you deliberately break up your supplies to avoid customer accounting, the Comptroller has the right to disregard or vary the arrangement and make appropriate adjustments to counteract any tax advantage obtained or obtainable from the arrangement.

Example 4

A GST-registered customer* places an order for 150 boxes of off-the-shelf software of $30,000 (excluding GST) with a supplier.

The supplier issues a normal tax invoice on 25 Mar 2024 for the deposit of $10,000 and GST of $900 for which it receives payment on 15 Apr 2024. 50 boxes of the software are delivered on 30 Apr 2024.

Prescribed accounting period 1 Jan 2024 to 31 Mar 2024

Supplier's GST return	Customer's GST return
• Box 1: $10,000 • Box 6: $900	• Box 5: $10,000 • Box 7: $900

The supplier issues a customer accounting tax invoice on 3 Jun 2024 for the balance payment of $20,000 (excluding GST). The remaining 100 boxes are delivered on 5 Jul 2024 and payment received on the same day.

Prescribed accounting period 1 Apr 2024 to 30 Jun 2024

Supplier's GST return	Customer's GST return
• Box 1: $20,000 • Box 6: $0	• Box 1: $20,000 • Box 6: $1,800 • Box 5: $20,000 • Box 7: $1,800

* Assumes customer is a fully taxable person.

Box 1 "Total value of standard-rated supplies" **Box 6** "Output tax due"
Box 5 "Total value of taxable purchases" **Box 7** "Input tax and refunds claimed"

Option to apply customer accounting regardless of the value of supply

9.3.2 You may be making supplies of prescribed goods to some GST-registered customers where customer accounting is usually applied as the value of supply generally exceeds the threshold of $10,000. However, at times the value of supply may fall to $10,000 and below and you are required to charge GST on such supplies. You may prefer to consistently apply customer accounting to the supplies of prescribed goods made to this group of customers regardless of the value of supply.

9.3.3 You may apply customer accounting to all your supplies of prescribed goods made to a GST-registered customer regardless of the value of supply if all of the following conditions are satisfied:

(a) You have made at least one supply of prescribed goods to that customer in the preceding calendar year for which the value of supply has exceeded $10,000.
(b) You have entered into a written agreement with that customer for you to apply customer accounting to all your supplies of prescribed goods made regardless of the value of supply. Both you and your customer should keep the written agreement as part of your GST records. It need not be submitted to the Comptroller of GST unless upon request.

(c) You and your customer have jointly notified the Comptroller in writing of your arrangement in (b) by submitting a completed and signed letter of undertaking[24] (specimen can be found at Annex C).

(d) You can only apply the option to your customer if they have made at least 6 purchases of the prescribed goods from you in the preceding calendar year, or at least 6 purchases per year on average over the preceding 3 calendar years.

Conditions (a) and (d) are to be assessed by you on a yearly basis.

9.3.4 You are expected to apply the option consistently to all your supplies of prescribed goods made to the particular customer. If that customer is unable to satisfy either of the conditions at paragraph 9.3.3(d), you should stop using the option (i.e. you should only apply customer accounting when the value of supply exceeds $10,000). If your customer has ceased to be GST-registered, you cannot apply customer accounting on any sales made to it.

9.3.5 If you and your customer wish to stop adopting the option (notwithstanding that the conditions can be satisfied), you are required to jointly notify the Comptroller in writing of your intention and the effective date from which you will stop using the option.

9.3.6 Please note that the option in paragraph 9.3.3 is not available if you only make supplies of prescribed goods falling within the threshold of $10,000 to a GST-registered customer, as customer accounting is not applicable to such supplies in the first place.

9.4 <u>Mixed sales of prescribed and non-prescribed goods</u>

9.4.1 If you make a mixed sale comprising both prescribed and non-prescribed goods to a GST-registered customer, you need to determine whether the total GST-exclusive sale value of all the prescribed goods sold (whether or not they are of the same type/nature) shown on the tax invoice exceeds the threshold of $10,000. The sale value of non-prescribed goods should not be included in this computation. Upon exceeding the threshold, you should apply customer accounting to the sale of the prescribed goods only and not to the non-prescribed goods.

9.4.2 Accordingly, your customer must account on your behalf for the output tax on the supply of prescribed goods received from you. The sale value of the non-prescribed goods is subject to GST and you must charge and account for the output tax since you are the supplier. You may wish to consider issuing separate tax invoices for your supplies of prescribed goods and non-prescribed goods to avoid confusing your customer.

[24] You can proceed to adopt the option based on your confirmation that all conditions stated in the letter of undertaking are satisfied and the original letter has been submitted to IRAS. You are not required to seek further approval from IRAS. As customer accounting will be implemented from 1 Jan 2019, you should only use this option for supplies of prescribed goods made from 1 Jan 2019 onwards and after you have submitted the letter of undertaking to IRAS.

Example 5

A supplier sells the following goods to a GST-registered customer for its business purpose and delivers the goods in Singapore:

- Mobile phones – $10,000 (prescribed good)
- Memory cards – $1,500 (prescribed good)
- Laptops – $20,000 (non-prescribed good)
- Thumbdrives – $1,500 (non-prescribed good)

As the total GST-exclusive sale value of the prescribed goods shown on the tax invoice is $11,500, customer accounting applies for this amount. The supplier will charge and account for output tax on the non-prescribed goods of $21,500 sold. The entries in their GST returns for this supply will be:

Supplier's GST return

- Box 1: $33,000
  (i.e. $11,500 + $21,500)
- Box 6: $1,935
  (i.e. 9% of $21,500)

Customer's GST return

- Box 1: $11,500
- Box 6: $1,035
  (i.e. 9% of $11,500)
- Box 5: $33,000
- Box 7: $2,970
  (i.e. 9% of $33,000)

* Assumes customer is a fully taxable person.

Box 1 "Total value of standard-rated supplies"
Box 5 "Total value of taxable purchases"
Box 6 "Output tax due"
Box 7 "Input tax and refunds claimed"

Mixed sale with single price quoted

9.4.3 If you quote a single price for a mixed sale comprising both prescribed goods and non-prescribed goods/services, you will need to split the single price between the prescribed goods and the non-prescribed goods/services. An acceptable method is to use the relative proportion of the combined open market value ("OMV") of the prescribed goods and of the non-prescribed goods/services to spilt the single price and arrive at their respective values of supply.

9.4.4 For example, you are making a mixed sale of mobile phones (OMV is $12,000) and cameras (OMV is $8,000) to your customer at a single bundled price of $18,000 (excluding the GST). Their respective values of supply can be determined as follows:

- Mobile phones (prescribed goods)
  = $10,800 (i.e. $18,000 x $12,000/$20,000)
- Cameras (non-prescribed goods)
  = $7,200 (i.e. $18,000 x $8,000/$20,000)

In the above example, the supply of mobile phones of $10,800 will be subject to customer accounting while the supply of cameras of $7,200 will be standard-rated.

Mixed sale with free goods given away

9.4.5 If you have included free goods/services in your mixed sale for genuine commercial reasons[25], for customer accounting purposes, it is acceptable to treat the free goods/services as having nil value if the combined OMV of the remaining goods/services in the mixed sale is equal to or exceeds the total price charged to your customer. Consequently, your entire sale price is attributable to the remaining goods/services only. If they consist solely of non-prescribed goods/services, your mixed sale will be subject to GST. If they consist solely of prescribed goods and the value of supply exceeds $10,000, your mixed sale will be subject to customer accounting.

9.4.6 For example, you normally sell a camera at $1,000 each (i.e. OMV is $1,000) to your customer, a retailer. During the annual sale promotion period, you sell the camera at the same price but bundled with a free memory card (worth $80) on the condition that the memory card will be given as a free gift for every sale of the camera by the retailer to the customer. It will be acceptable for customer accounting purposes to:

- treat the memory card (a prescribed good) as being supplied at nil value when it is given free to the customer.
- attribute the full sale price of $1,000 to the value of supply of the camera (non-prescribed good) as it does not exceed the camera's OMV of $1,000.

9.4.7 On the other hand, you may be making a supply of prescribed goods (e.g. mobile phones) bundled with free non-prescribed goods (e.g. mobile phone cover cases). In this instance, the full sale price is attributable to the value of supply of the mobile phones. Hence customer accounting will be applied to the total value of the supply of mobile phones if it exceeds the threshold of $10,000.

9.5 Reduction in value of supply and issue of credit notes

9.5.1 Typically, you may issue a credit note to your customer to correct a genuine mistake or to give a credit to your customer under the following situations (this list is not exhaustive):

- Goods are returned
- Goods supplied are accepted but the terms of contract are not fully met (e.g. sub-standard goods are accepted at a reduced price)

---

[25] The following practices are generally accepted as having genuine commercial reasons:
- When free gifts (with relatively low value) are given during sale promotion period to customers who buy goods of a much higher value;
- When it is a common or standard practice to give certain goods as free gifts for certain types of purchases, e.g. earphones given free for a mobile phone purchase.

The Comptroller has the right to disregard the nil value assigned by the supplier to any free goods/services supplied if it is not done for genuine commercial reasons and may treat the free goods/services as being supplied at open market value.

- Goods are supplied and a discount (e.g. volume rebate[26] or prompt payment discounts[27]) is given subsequently

Making GST adjustments when issuing a credit note

9.5.2 If you have previously made a relevant supply and as a result of the credit given, the GST-exclusive sale value of the prescribed goods is now reduced but still exceeds $10,000, you can issue a credit note showing the credit given to the customer and include a statement on the credit note

> "Customer accounting: Customer to account for output tax adjustment of -$X to IRAS."

where '-$X' refers to the GST on the credit given to your customer.

In addition to adjusting its output tax by '-$X', your customer is to also reduce its input tax by the same amount.

<table>
<tr><td colspan="2">

Example 6

A supplier sells mobile phones at a total GST-exclusive price of $40,000 to a GST-registered customer* for business purpose and delivers the goods in Singapore. The entries in their GST returns for this supply will be:

</td></tr>
<tr><td>

Supplier's GST return

- Box 1: $40,000
- Box 6: $0

</td><td>

Customer's GST return

- Box 1: $40,000
- Box 6: $3,600
- Box 5: $40,000
- Box 7: $3,600

</td></tr>
<tr><td colspan="2">

Two weeks later, the customer returns $1,000 worth of faulty mobile phones. The supplier issues a credit note showing the credit of $1,000 given to the customer and includes the following statement: "Customer accounting: Customer to account for output tax adjustment of -$90 to IRAS."

</td></tr>
<tr><td>

Supplier's GST return

- Box 1: -$1,000
- Box 6: $0

</td><td>

Customer's GST return

- Box 1: -$1,000
- Box 6: -$90
- Box 5: -$1,000
- Box 7: -$90

</td></tr>
<tr><td colspan="2">

* Assumes customer is a fully taxable person.

</td></tr>
<tr><td>

Box 1 "Total value of standard-rated supplies"
Box 5 "Total value of taxable purchases"

</td><td>

Box 6 "Output tax due"
Box 7 "Input tax and refunds claimed"

</td></tr>
</table>

[26] The volume rebate can be regarded as a discount provided it is not a consideration given in return for a separate supply made by the recipient of the rebate.
[27] Please refer to paragraphs 9.2.4 and 9.2.5

9.5.3 If as a result of the credit given, the GST-exclusive sale value of the prescribed goods is reduced to $10,000 or below (i.e. to be standard-rated), you can either:

(a) issue a credit note to cancel the original sale made under customer accounting and re-issue a tax invoice showing the revised sale value with GST charged (i.e. without applying customer accounting). As explained in paragraph 9.5.2, the credit note must include the following statement:

> "Customer accounting: Customer to account for output tax adjustment of -$X to IRAS."

where '-$X' refers to the GST on the credit given to your customer.

In addition to adjusting its output tax by '-$X', your customer is to also reduce its input tax by the same amount.

or

(b) issue a credit note showing the credit given to the customer and the output tax adjustments to be made by you (to account for output tax) and your customer (to reduce output tax). The credit note issued must include the following statements:

> "Customer accounting: Customer to account for output tax adjustment of -$X to IRAS. Supplier to account for $Y output tax to IRAS"

where '$X' refers to the GST that was accounted for by the customer as output tax under the original customer accounting sale and '$Y' refers to the GST now chargeable by the supplier on the revised sales value applying the normal rules.

In addition to adjusting its output tax by '-$X', the customer is to also reduce its input tax by (-$X + $Y).

Example 7

A supplier sells memory cards at a total GST-exclusive price of $10,500 to a GST-registered customer* for business purpose and delivers the goods in Singapore. The entries in their GST returns for this supply will be:

Supplier's GST return

- Box 1: $10,500
- Box 6: $0

Customer's GST return

- Box 1: $10,500
- Box 6: $945
- Box 5: $10,500
- Box 7: $945

Two weeks later, the customer returns $1,000 worth of faulty memory cards. The supplier issues a credit note to cancel the original sale of $10,500 and re-issues a tax invoice showing the revised sale value ($9,500) with GST charged ($855).

Supplier's GST return

- Box 1: -$1,000
  (i.e. -$10,500+$9,500)
- Box 6: $855 (i.e.'$Y')
  (i.e. 9% of $9,500)

Customer's GST return

- Box 1: -$10,500
- Box 6: -$945 (i.e.'-$X')
- Box 5: -$1,000
  (i.e.-$10,500+$9,500)
- Box 7: -$90
  (i.e. -$945+$855) (-$X + $Y)

* Assumes customer is a fully taxable person.

Box 1 "Total value of standard-rated supplies"
Box 5 "Total value of taxable purchases"
Box 6 "Output tax due"
Box 7 "Input tax and refunds claimed"

Choosing not to make GST adjustments when issuing a credit note

9.5.4 You may choose not to make GST adjustments in a credit note issued if the following conditions are satisfied:

(a) You have agreed with your customer in writing not to adjust the original GST amount.
- The written agreement may be in the form of letters or e-mail correspondences with your customer instead of a formal contract.
- Both you and your customer should keep the written agreement as part of your GST records. It need not be submitted unless it is requested by the Comptroller of GST.

(b) Your customer is a fully taxable person.
(c) The credit note, which is issued without any GST adjustment, should contain the statement "This is not a credit note for GST purposes".

If you issue such credit notes, both you and your customer do not need to adjust the value of your taxable supplies/purchases or related output/input tax.

9.6 Increase in value of supply

9.6.1 If there is an increase in the consideration after you have made a supply of prescribed goods to your GST-registered customer, and you issue a tax invoice for the additional consideration, you will charge GST if the additional consideration is $10,000 or less, and apply customer accounting if it exceeds $10,000. If you receive a payment prior to the issue of tax invoice, the supply is treated as taking place when the payment is received. Thus, you will standard-rate or apply customer accounting based on the amount of payment received.

Example 8

A supplier sells mobile phones at a total GST-exclusive price of $50,000 to a GST-registered customer* for business purpose. It issues a customer accounting tax invoice for the full price of $50,000 and delivers the goods on 15 Mar 2024. Full payment is received on 30 Apr 2024. The entries in their GST returns for this supply will be:

Prescribed accounting period 1 Jan 2024 to 31 Mar 2024

Supplier's GST return

- Box 1: $50,000
- Box 6: $0

Customer's GST return

- Box 1: $50,000
- Box 6: $4,500
- Box 5: $50,000
- Box 7: $4,500

The customer subsequently returns $8,000 worth of faulty mobile phones with the request to replace them with a higher-priced model of mobile phones. The price difference (i.e. increase in price) amounts to $4,000 which is within the threshold of $10,000 and hence the supplier has to charge GST of $360 (9% of $4,000). Payment is received by the supplier on 15 Jun 2024. The supplier delivers the replacements and issues a tax invoice for the price difference on 10 Jul 2024.

Prescribed accounting period 1 Apr 2024 to 30 Jun 2024

Supplier's GST return

- Box 1: $4,000
- Box 6: $360

Customer's GST return

- Box 1: $0
- Box 6: $0
- Box 5: $4,000
- Box 7: $360

* Assumes customer is a fully taxable person.

Box 1 "Total value of standard-rated supplies"
Box 5 "Total value of taxable purchases"
Box 6 "Output tax due"
Box 7 "Input tax and refunds claimed"

9.7 Trade-in transactions

9.7.1 If you accept trade-ins, the transaction is treated as two separate supplies for GST purposes. You should use the gross selling price of the new prescribed goods to determine whether your supply exceeds the threshold of $10,000. You should not offset the value of the goods traded in against the selling price of the new prescribed goods.

9.7.2 For example, your GST-registered customer trades in his old mobile phones for new mobile phones. The trade-in value of the old mobile phone is $7,000 (excluding GST) and the total selling price of the new mobile phones is $11,000 (excluding GST). In this instance, you should apply customer accounting on the sale of the new mobile phones as the value of the supply exceeds the threshold of $10,000.

10 Correcting Mistakes

10.1 As a supplier, you incorrectly standard-rated a relevant supply

10.1.1 If you have wrongly charged GST on your relevant supply of prescribed goods, you are still required to account for the GST (output tax) in your GST return and pay the same to the Comptroller[28]. You are allowed to make an adjustment to reduce this output tax after you have issued a credit note to cancel the standard-rated supply, refunded to the customer the GST wrongly charged, and issued a customer accounting tax invoice with the necessary details indicating that the relevant supply has been made under customer accounting.

10.1.2 It is the responsibility of the GST-registered customer to account for the output tax on your behalf for the relevant supply. If the customer had omitted to do so in its GST return, it should rectify the omission immediately and recover from you the GST it had wrongly paid to you. The customer will be penalised for such omission in its GST return[29].

10.2 As a supplier, you incorrectly applied customer accounting on (i) a sale of prescribed goods to a non-GST-registered customer; or (ii) a sale of non-prescribed goods

10.2.1 You are required to account for the output tax omitted on the sale, as it should be standard-rated. If you have omitted to do so in your GST return, you should rectify the omission immediately. This is no different from the omission of output tax in your GST reporting for any standard-rated supplies. You will be liable for penalty for any incorrect submission of GST return which resulted in an under-accounting of tax[30].

[28] Section 78(2) of the GST Act.
[29] Section 59 of the GST Act.
[30] Section 59 of the GST Act.

10.3 As a supplier, you incorrectly applied customer accounting on a relevant supply because your customer failed to inform you that its purchase of prescribed goods was for non-business use

10.3.1 Your GST-registered customer is required to include the output tax on the relevant supply in its GST return. However, it is not entitled to any input tax claim on such a purchase since the goods were purchased for non-business use.

10.3.2 As the onus is on your customer to inform you that its purchase is for non-business use, you will not be required to account for the output tax when you incorrectly applied customer accounting due to its failure to inform you.

10.4 As a customer, you failed to account for output tax on a relevant supply received

10.4.1 Your GST-registered supplier correctly applied customer accounting to its supply of prescribed goods and issued you with a customer accounting tax invoice. You have claimed input tax credit in respect of the relevant supply received, but omitted to account for the corresponding output tax in your GST return.

10.4.2 You should rectify the omission immediately. You will be liable for penalty for any incorrect submission of GST return which resulted in an under-accounting of tax[31].

10.5 Reduced or waiver of penalties

10.5.1 During the first year of implementing customer accounting, IRAS will not impose penalty on businesses if the omission of tax arises from genuine mistakes and is not deliberate. Nonetheless, businesses are required to make good any tax under-accounted for.

10.5.2 If errors are made after the first year of implementation, you are encouraged to submit a timely, accurate, complete and self-initiated voluntary disclosure to qualify for reduced penalties under the IRAS' Voluntary Disclosure Programme. For more information, you may refer to the IRAS e-Tax Guide on "IRAS' Voluntary Disclosure Programme".

11 GST Registration

11.1 A person whose annual value of taxable supplies has exceeded or is expected to exceed $1 million is liable for GST registration. If the person is already registered for GST, it cannot be de-registered if the annual value of its taxable supplies continues to exceed $1 million.

[31] Section 59 of the GST Act.

11.2 Notwithstanding that customer accounting shifts the responsibility to account for output tax from the supplier to a GST-registered customer and the customer is treated as if it is making the relevant supply of the prescribed goods, the value of such supplies should not be counted towards the annual taxable supplies for determining whether the customer is liable to remain registered. However, the relevant supplies made by the supplier is still counted towards its annual taxable supplies for GST registration purposes.

12 GST Schemes and Special Transactions

12.1 GST schemes

Approved Third Party Logistics ("3PL") Company Scheme

12.1.1 A company under the Approved 3PL Company Scheme[32], among other things, does not need to charge GST when its imported goods, or imported goods belonging to its overseas principals who are not GST-registered, are locally supplied to specified persons[33].

12.1.2 As a local supply of imported prescribed goods made under the Approved 3PL Company Scheme to a specified person is treated as an excepted supply, customer accounting will not apply. Thus the company (i.e. the supplier) will continue to adopt the special GST treatment provided for under the said scheme. Where the supply is subject to the special GST treatment, the company and its customer will report the supply and the purchase based on the GST reporting requirements for the scheme.

Approved Refiner and Consolidator Scheme ("ARCS")

12.1.3 A business under ARCS[34] is not required to collect and account for GST when it supplies goods to another ARCS person in the course or furtherance of its business. As a local supply of prescribed goods made under the ARCS is treated as an excepted supply, customer accounting will not apply. Thus the ARCS business (i.e. the supplier) will continue to adopt the special GST treatment provided for under the said scheme.

Cash Accounting Scheme ("CAS")

12.1.4 Customer accounting is applicable to a relevant supply of prescribed goods made by or received by a business approved to use the CAS[35]. However, the

[32] Please refer to the e-Tax Guide "Approved Third Party Logistics Company Scheme" available on IRAS website for more details of the scheme.
[33] Specified persons are those approved under the Approved Major Exporter Scheme, Approved Import GST Suspension Scheme, Approved Contract Manufacturer and Trader Scheme, or Approved 3PL Company Scheme.
[34] Please refer to the e-Tax Guide "Approved Refiner and Consolidator Scheme" available on IRAS website for more details of the scheme.
[35] Please refer to IRAS website at www.iras.gov.sg (GST > General GST Schemes) for more information on the Cash Accounting Scheme.

customer under CAS will account for output tax and claim input tax on the relevant supply received in the accounting period in which it makes payment to its supplier, instead of relying on the normal time of supply rule.

Gross Margin Scheme ("GMS")

12.1.5 Under the GMS[36], GST is accounted for on the gross margin instead of the full value of the goods supplied. As any supply of prescribed goods made under the GMS is treated as an excepted supply, customer accounting will not apply. Thus the supplier approved to use the GMS will continue to account for the GST (output tax) based on the gross margin of the goods supplied in its GST return.

On the other hand, if the supplier makes a supply of prescribed goods which does not qualify for GMS[37] to the GST-registered customer, it will apply customer accounting if the value of supply exceeds the threshold of $10,000.

Major Exporter Scheme ("MES")

12.1.6 A business under the MES[38] is able to import non-dutiable goods with GST suspended. One of the qualifying conditions for a business to be granted MES status is that its zero-rated supplies must account for more than 50% of its total supplies or value of its zero-rated supplies is more than S$10 million for the past 12 months. For the purpose of arriving at the value of its total supplies, the business should exclude the value of any relevant supply of prescribed goods received for which the business is required to account for output tax under customer accounting.

12.2 Special transactions

12.2.1 Customer accounting does not apply to any supply of prescribed goods made under the following situations:

(a) Goods are supplied between members of a GST group and are disregarded for GST purposes; or
(b) Goods supplied form part of a transfer of business as a going concern that qualifies as an excluded transaction for GST purposes.

That is, the supplies in (a) and (b) will continue to be disregarded for GST purposes.

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[36] Please refer to IRAS website at www.iras.gov.sg (GST > General GST Schemes) for more information on the Gross Margin Scheme.
[37] GMS can only be applied to a supply of used goods that were purchased by the supplier free of GST.
[38] Please refer to the e-Tax Guide "Major Exporter Scheme" available on IRAS website for more details of the Scheme.

13 Frequently Asked Questions

13.1 *Does a GST-registered customer (who had accounted for output tax on behalf of its supplier for prescribed goods) have to inform its supplier if it subsequently puts some or all of the prescribed goods to non-business use?*

No, the customer is not required to inform its supplier of the subsequent change in use of the prescribed goods.

However, the customer may be required to account for output tax subsequently on:

(a) the deemed supply of goods[39] when it gives away the prescribed goods for free; or
(b) the deemed supply of services[40] when it puts the prescribed goods to private use.

13.2 *If a GST-registered customer chooses not to claim input tax credit for the GST incurred on goods purchased so that it need not account for output tax when it subsequently gives them away as gifts, is it required to account for output tax on behalf of its supplier when it initially received the relevant supply of prescribed goods from its supplier?*

Yes, the customer is still required to account for output tax on behalf of its supplier when it receives the relevant supply of prescribed goods. However, it can choose not to claim input tax credit for the purchase of prescribed goods and accordingly not be required to account for output tax when it gives away the prescribed goods for free (e.g. as gifts to its employees).

13.3 *Can the GST-registered customer use its own exchange rate to convert the value of a relevant supply received which is denominated in foreign currency?*

No, the GST-registered customer should use the supplier's exchange rate for conversion. When the supplier issues a customer accounting tax invoice in a foreign currency, it is required under Regulation 11(1) of the GST (General) Regulations to also express the amounts in Singapore currency as explained in paragraph 6.3.

Thus for customer accounting purpose, the customer will similarly rely on the supplier's exchange rate to determine the value of relevant supply received and the GST in Singapore currency if the tax invoice is denominated in a foreign currency.

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[39] Paragraph 5(1) and (2) of the Second Schedule to the GST Act
[40] Paragraph 5(3) of the Second Schedule to the GST Act

14 Contact Information

14.1 For enquiries on this e-Tax Guide, please contact:

Goods and Services Tax Division
Inland Revenue Authority of Singapore
55 Newton Road
Singapore 307987

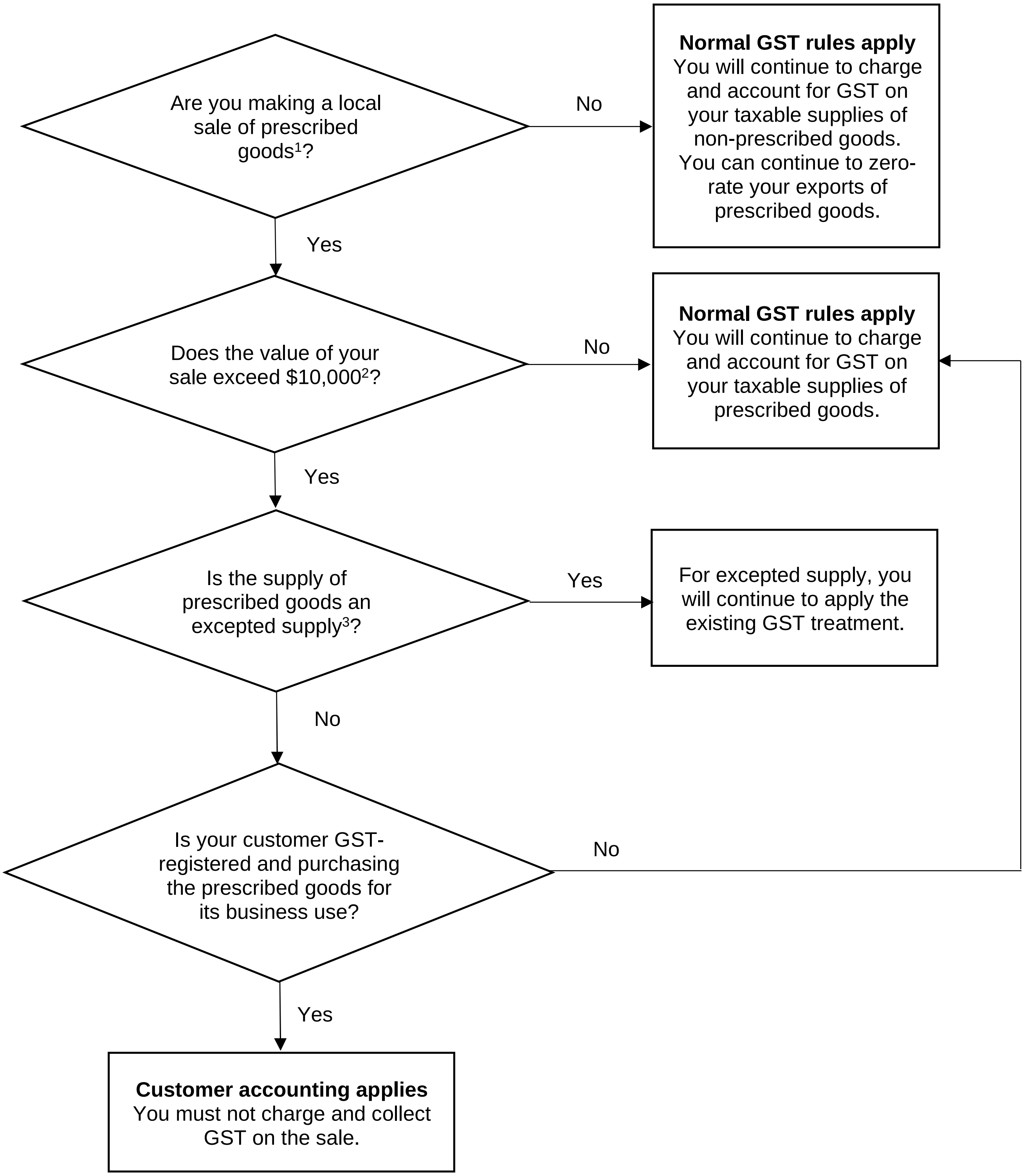
Tel: 1800 356 8633
Fax: (+65) 6351 3553
E-mail: gst@iras.gov.sg

15 Updates and Amendments

	Date of amendment	Amendments made
1	13 Dec 2018	(i) Editorial changes to the guide. (ii) Updated paragraph 5 to clarify the meaning of 'off-the-shelf software' and to provide more examples of mobile phones, memory cards and off-the-shelf software which will fall within and outside the meaning of 'prescribed goods'. (iii) Updated paragraphs 9.5.2 and 9.5.3 to explain the GST input tax adjustments to be made by the GST-registered customer when credit notes are issued to cancel an original supply.
2	16 Aug 2019	(i) Updated paragraph 5 to provide more examples of products that will fall within and outside the meaning of 'prescribed goods'. (ii) Updated paragraph 7.6 to provide added clarity that customer accounting applies to all purchases of prescribed goods (even occasional purchases for the customer's own business use) exceeding $10,000 by a GST-registered customer for its business purposes. (iii) Updated paragraph 7.7 to provide added clarity that the exemption mentioned applies only to the reporting of standard-rated supplies/output tax and taxable purchases/input tax in the GST return and is only open to GST-registered

	Date of amendment	Amendments made
		customers that have been accorded ACAP status. (iv) Updated paragraph 7.8 to make clear that relevant supplies received by a partially exempt GST-registered customer are to be excluded for the purposes of determining allowable input tax.
3	1 Nov 2019	(i) Updated paragraph 9.2 to provide clarity on the implications of discounts on customer accounting. Added paragraph 9.2.4 and 9.2.5 to explain application of customer accounting following the change to the treatment of prompt payment discounts that will come into effect from 1 Apr 2020.
4	2 Mar 2020	(i) Updated paragraph 2.1 to exclude digital payment tokens as taxable supplies with effect from 1 Jan 2020.
5	21 Nov 2022	(i) Updated Annex C on how the Joint Letter of Undertaking should be submitted
6	1 Jan 2023	Updated to reflect increase in GST rate from 7% to 8% from 1 Jan 2023.
7	1 Jan 2024	(i) Added paragraph 9.7 to provide clarity that customer accounting also applies to trade-in transactions. (ii) Updated to reflect increase in GST rate from 8% to 9% from 1 Jan 2024.

Annex A – Whether your sale is subject to customer accounting

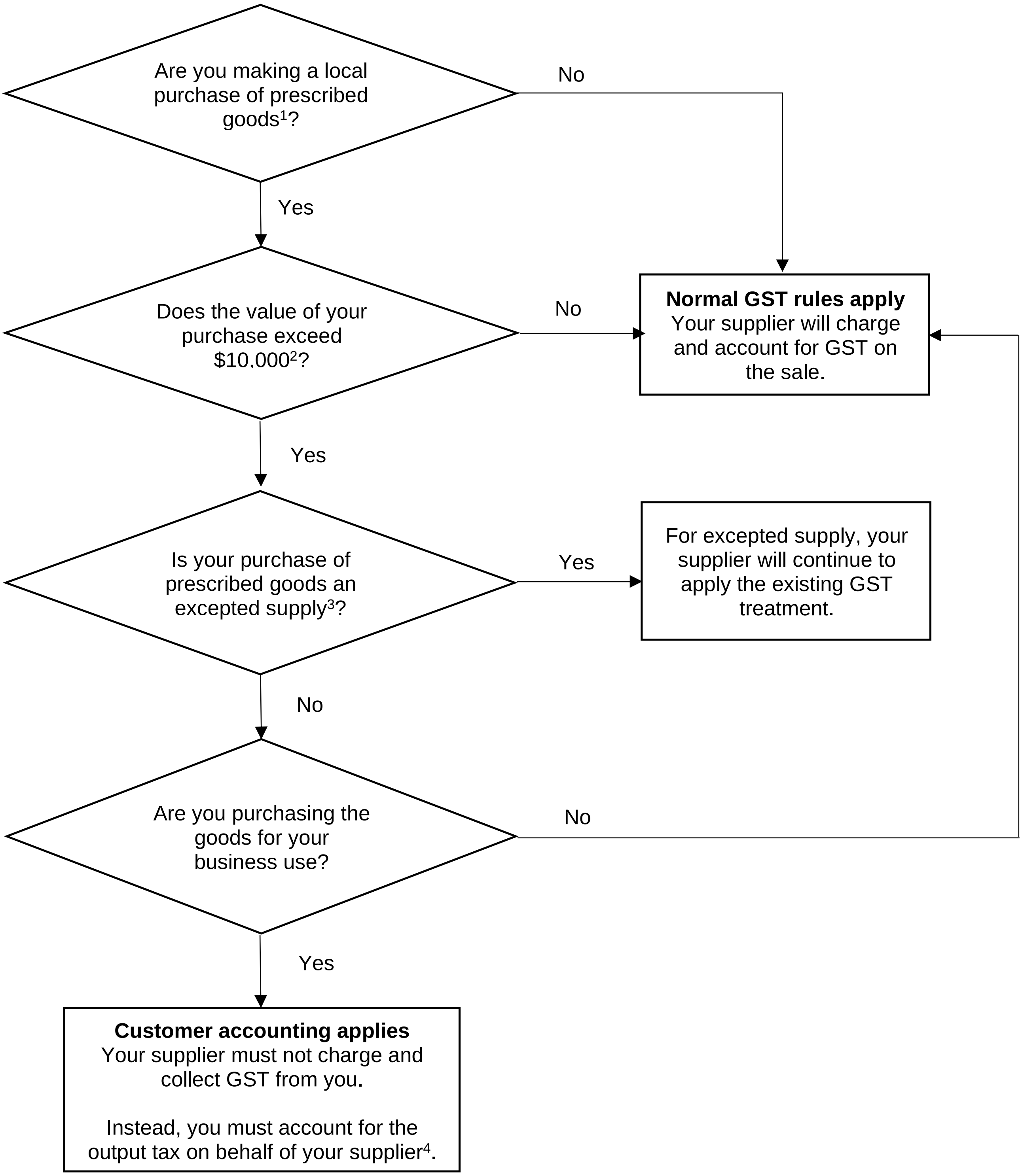


[1] Prescribed goods are mobile phones, memory cards and off-the-shelf software.

[2] Subject to certain conditions being met, you have the option to apply customer accounting even if the value of the supply is ≤ $10,000. Please refer to paragraph 9.3.3 for more details.

[3] An excepted supply is a supply of prescribed goods that is excluded from customer accounting.

Annex B – Whether your purchase is subject to customer accounting



[1] Prescribed goods mean mobile phones, memory cards and off-the-shelf software.

[2] Subject to certain conditions being met, you have the option to apply customer accounting even if the value of the supply is ≤ $10,000. Please refer to paragraph 9.3.3 for more details.

[3] An excepted supply is a supply of prescribed goods that is excluded from customer accounting.

[4] Where you have obtained prior approval from the Comptroller of GST, you need not report output tax and input tax in your GST return. Please refer to paragraph 7.6 for more details.

Annex C – Joint Letter of Undertaking

This is a specimen of the letter of undertaking that the supplier and its customer have to jointly submit to the Comptroller of GST if they wish to adopt the option of applying customer accounting to all the supplies of prescribed goods made to that customer regardless of the value of supply (please see details at paragraph 9.3.3)

The Letter of Undertaking should be submitted via myTax Portal (login to myTax Portal) or email to gst@iras.gov.sg. **Do not** submit a paper copy.

Letter of Undertaking

Date:

The Comptroller of Goods and Services Tax
55 Newton Road
Revenue House
Singapore 307987

Dear Sir,

We, <Name of GST-registered entity> (“the Supplier”) of GST Registration No. <GSTN/UEN> and <Name of GST-registered entity> (“the Customer”) of GST Registration No. <GSTN/UEN> confirm that:

- Both the Supplier and Customer are GST-registered.
- The Supplier is selling prescribed goods (i.e. mobile phones, memory cards or off-the-shelf software) to the Customer with at least one supply of prescribed goods exceeding the threshold of $10,000 made in the preceding calendar year.
- We have entered into a written agreement to adopt the option for the Supplier to apply customer accounting to all the supplies of prescribed goods made to the Customer regardless of the value of such supplies.
- We will consistently apply the option if the Customer has made at least 6 purchases of prescribed goods in the preceding calendar year, or at least 6 purchases per year on average for the preceding 3 calendar years, from the Supplier. If both conditions cannot be satisfied, we will stop applying the option.

We will jointly notify the Comptroller in writing if we wish to stop using the above option.

	<Name of GST-registered Entity> (Supplier)	<Name of GST-registered Entity> (Customer)
Name & Signature of Authorised Personnel:	(i)	(ii)
Designation:	(i)	(ii)
Contact number:	(i)	(ii)
Email address:	(i)	(ii)