



INLAND REVENUE  
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# IRAS e-Tax Guide

GST: Concession for REITs and Qualifying  
Registered Business Trusts Listed in Singapore  
(Fifth Edition)



# GST: Concession for REITS and Qualifying Registered Business Trusts Listed in Singapore

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Published by  
Inland Revenue Authority of Singapore

Published on 23 Sep 2019

First edition on 30 Sep 2013  
Second edition on 31 Mar 2015  
Third edition on 10 Jun 2016  
Fourth edition on 01 Apr 2019

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## 1 Aim

- 1.1 Real Estate Investment Trusts listed on the Singapore Exchange ('S-REITs') and their Special Purpose Vehicles ('SPVs'), and qualifying Singapore-listed Registered Business Trusts ('S-RBTs') are granted a GST concession to claim GST incurred on business expenses.
- 1.2 In Feb 2019, the Minister of Finance announced an extension of the qualifying period for the GST concession<sup>1</sup> to **31 Dec 2025**.
- 1.3 This guide sets out the qualifying criteria for the GST concession granted to S-REITs and qualifying S-RBTs.

## 2 Background

- 2.1 The GST concession was introduced to help promote Singapore as a preferred listing destination, to consolidate Singapore's status as a regional REITs hub and to promote growth in Singapore's registered business trusts market, with emphasis on certain business sectors.
- 2.2 The concession<sup>2</sup> is granted to S-REITs and S-RBTs carrying on qualifying businesses, namely infrastructure business<sup>3</sup>, aircraft leasing, and ship leasing (hereafter referred to as 'qualifying S-RBTs'). S-REITs and qualifying S-RBTs are able to claim GST incurred on business expenses, excluding disallowed expenses under Regulation 26 and 27 of the GST (General) Regulations, regardless of whether they are GST registrable<sup>4</sup> or not.
- 2.3 The concession allows S-REITs and qualifying S-RBTs to treat all supplies made by the multi-tiered structure as if they are taxable or exempt supplies made by the parent S-REIT and qualifying S-RBT for the purpose of computing GST claims. This is regardless of whether the S-REITs and qualifying S-RBTs make taxable supplies.
- 2.4 In Feb 2015, the concession was further enhanced by extending it to SPVs set up by S-REITs and qualifying S-RBTs solely to raise funds for the business operations of the S-REITs or qualifying S-RBTs (hereafter referred to as "financing SPVs"). Financing SPVs are set up to ring-fence risks associated with the raising of funds through financial instruments such as bonds. As financing SPVs do not hold any qualifying assets<sup>5</sup>, the S-REITs or qualifying S-RBTs could not claim GST on expenses relating to financing SPVs under the pre-2015 concession.

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<sup>1</sup> Prior to Feb 2019, the GST concession was granted for up to 31 Mar 2020.

<sup>2</sup> The concession was first granted in 2006 but was limited to only GST-registered S-REITs and applied to expenses incurred to set up various tiers of SPVs. In 2008, the concession was extended to S-REITs and qualifying S-RBTs, regardless of their registration status. The list of expenses claimable was also expanded to include all business expenses, excluding disallowed ones under Regulations 26/27.

<sup>3</sup> Refer to Appendix 1 for a list of business activities that fall within the meaning of infrastructure business for the purpose of the enhanced concession.

<sup>4</sup> With effect from 1 Jan 2020, a S-REIT or qualifying S-RBT may become liable for GST registration under the reverse charge regime if (i) the total value of its imported services exceeds S\$1 million for a 12-month period on retrospective or prospective basis and (ii) the S-REIT or qualifying S-RBT is not entitled to full input tax credit even if it is GST-registered. For more information on GST registration under the reverse charge regime, you may refer to the e-Tax Guide, "GST: Taxing importing services by way of reverse charge".

<sup>5</sup> Refer to paragraph 3.1(iii).

2.5 To facilitate S-REITs and qualifying S-RBTs in raising funds through financing SPVs, the 2015 enhancements allow S-REITs and qualifying S-RBTs to claim GST on business expenses incurred to set up financing SPVs and GST on the business expenses of financing SPVs, excluding disallowed expenses<sup>6</sup>. The 2015 enhanced concession applies to GST incurred from **1 Apr 2015 to 31 Dec 2025**. It is granted based on an additional condition as stated in paragraph 3.1(iv). All other qualifying conditions remain unchanged.

### **3 Qualifying Conditions**

3.1 The qualifying conditions for the concession are as follows:

- (i) The S-REIT or qualifying S-RBT is listed or to be listed on the Singapore Exchange;
- (ii) The S-REIT or qualifying S-RBT has veto rights<sup>7</sup> over key operational issues of its SPVs holding the underlying assets. Key operational issues include:
  - Amendment of the joint venture agreement, memorandum and articles of association, trust deed, or other constitutive document of the SPV;
  - Cessation or change of the business of the SPV;
  - Winding up or dissolution of the SPV;
  - Changes to the equity capital structure of the SPV;
  - Changes to the dividend distribution policy of the SPV;
  - Issue of securities by the SPV
  - Borrowings by the SPV;
  - Creation of security over the assets of the SPV;
  - Transfer or disposal of the assets of the SPV;
  - Approval of asset enhancement and capital expenditure plans for the assets of the SPV; and
  - Entry into interested party transactions.
- (iii) The underlying assets of the S-REIT or qualifying S-RBT make taxable supplies or out-of-scope supplies which would have been taxable supplies if made in Singapore (hereafter referred to as 'out-of-scope (taxable) supplies').
- (iv) All funds raised by a financing SPV (as stated in paragraph 2.5 above) must be on-lent to the S-REIT or qualifying S-RBT and be used to finance the business activities of the S-REIT or qualifying S-RBT, as the case may be. This condition is only applicable for claims made in relation to GST incurred on financing SPVs from 1 Apr 2015 to 31 Dec 2025.

### **4 Making GST Claims**

#### Self-assessment

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<sup>6</sup> The GST claims relating to financing SPVs would be treated as residual GST and subject to the rules stated in paragraph 4.

<sup>7</sup> The S-REIT or qualifying S-RBT can provide for veto rights over its SPVs in the joint venture agreement, memorandum, articles of association, trust deed or other constitutive document of the SPV. In the absence of any documentation or where veto rights are not clearly provided for, the veto rights condition will be satisfied only if the S-REIT or qualifying S-RBT holds more than 50% of the unit-holdings or shareholdings in the SPVs.

- 4.1 The S-REIT or qualifying S-RBT should assess its eligibility for the enhanced concession based on the conditions stated in paragraph 3. There is no need to write in for the Comptroller's approval.

Statement of claims

- 4.2 The S-REIT or qualifying S-RBT has to file a statement of claims<sup>8</sup> (see Appendix 2). For the first GST claims, it should be attached with an organisational structure showing the shareholdings or unit holdings in its SPVs and its effective ownership of the underlying assets. Subsequent changes to its shareholdings/unit holdings or effective ownership should be updated together with subsequent claims.

For GST-registered S-REIT or GST-registered qualifying S-RBT

- 4.3 If the S-REIT/S-RBT or its SPV is GST-registered, they should make their input tax claims in their GST returns based on normal input tax attribution rules provided in the e-tax guide on "GST Guide on Attribution of Input Tax" and its residual input tax apportioned using the formula in regulation 29(2)(d)<sup>9</sup>.
- 4.4 If there is any GST incurred that remains not claimable by way of the normal input tax claiming rules (e.g. S-REIT incurs GST for its SPVs that are not GST-registered) and the conditions under the enhanced concession can be satisfied, the S-REIT or S-RBT should then follow the claiming rules in Appendix 4 to determine the GST claimable. The GST-registered S-REIT or S-RBT should include these claims made under the enhanced concession in its GST returns and also submit a separate statement of claims. Records of claims differentiating input tax claimable under the normal rules and GST claims made under the enhanced concession should also be maintained.
- 4.5 The S-REIT or qualifying S-RBT should also assess if they are subject to reverse charge ("RC Business")<sup>10</sup>. If they procure services from overseas suppliers ("imported services") and are not entitled to full input tax credit or belong to a GST group that is not entitled to full input tax credit, they will be subject to reverse charge. The application of reverse charge will mean that the S-REIT or qualifying S-RBT have to account for GST on the value of the imported services as if they are the supplier, except for certain services which are specifically excluded from the scope of the reverse charge. They can claim the GST accounted for the imported services as their input tax, subject to the normal input tax rules.

For S-REITs or qualifying S-RBTs who are liable for GST registration under the reverse charge rules

- 4.6 If the S-REITs or qualifying S-RBTs are not GST-registered but procure services from overseas suppliers, they would be liable for GST registration if the value of their imported services, which are within the scope of reverse charge, exceed S\$1 million in a 12-month period, and they would not be entitled to full input tax credit even if

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<sup>8</sup> The S-REIT or qualifying S-RBT should adopt an accounting quarter that coincides with its financial year-end. Each statement of claim is due one month after the end of the accounting quarter. For example, if the financial year-end is 31 December, the statement of claims should be submitted for the period ending Mar, Jun, Sep and Dec by Apr, Jul, Oct and Jan respectively.

<sup>9</sup> For more details regarding input tax apportionment, please refer to the e-tax guide on "GST: Partial Exemption and Input Tax Recovery".

<sup>10</sup> For more details on reverse charge, please refer to the e-tax guide on "GST: Taxing importing services by way of reverse charge".

registered. Once they are registered for GST under the reverse charge rules, they will need to report and account for the output tax on imported services in their GST returns.

GST incurred by S-REIT or qualifying S-RBT or its SPVs prior to listing in Singapore

- 4.7 The S-REIT or qualifying S-RBT should only file its GST claims after it has been listed on Singapore Exchange. However, it may make retrospective claims of GST on expenses in its first claim.
- 4.8 For example, if the S-REIT or qualifying S-RBT is listed on 1 Apr 2015 but had incurred expenses from 1 Mar 2015, the S-REIT or qualifying S-RBT can make its claims after 1 Apr 2015. If its financial year-end is 31 Dec, the S-REIT / qualifying S-RBT should make its first GST claim in a statement of claims covering the period from 1 Apr 2015 to 30 Jun 2015 and include the GST on expenses incurred during the period 1 Mar 2015 to 30 Jun 2015 in its first claim.
- 4.9 Paragraphs 4.7 and 4.8 do not apply to GST claims on expenses relating to financing SPVs under the 2015 enhanced concession, unless they are incurred on or after 1 April 2015.

## **5 Attribution and Apportionment of input tax claims**

### Attribution rules

- 5.1 While the S-REIT or qualifying S-RBT and its SPVs can claim GST under the GST concession, they are still required to apply the partial exemption rules, i.e. Regulations 28, 33 and 35<sup>11</sup>, like any other taxable person. Hence, input tax that is not claimable under the partial exemption rules (e.g. input tax incurred to make a non-Regulation 33 exempt supply) does not become claimable by way of the GST concession.
- 5.2 However, in view of the holding structure of the multi-tiered S-REITs and S-RBTs, deviations from the normal input tax attribution rules have been made to allow certain GST claims. Specifically, for certain expenses, for the purpose of attributing GST claims<sup>12</sup>, S-REITs and qualifying S-RBTs are allowed to “look through” to the supplies made or to be made by the SPVs to determine whether GST incurred on the expenses for/ by the SPVs is for the making of taxable or exempt supplies. For more details, please refer to Appendix 4.
- 5.3 When the S-REIT or qualifying S-RBT and its SPVs incur input tax on expenses for its SPVs, the following rules should be applied:
- a) Input tax incurred by or for the SPVs to make taxable supplies or out of scope (taxable) supplies<sup>13</sup>, will be allowed in full<sup>14</sup>.

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<sup>11</sup> Refer to Appendix 3 on details of how to apply the Regulations 28 and 35 and apportionment formula for the multi-tiered structure.

<sup>12</sup> For more details on input tax attribution under the normal rules, please refer to the e-tax guide on “GST Guide on Attribution of Input Tax”.

<sup>13</sup> The input tax cannot be first attributed to an exempt supply made by the S-REIT or qualifying S-RBT. For example, where the S-REIT or qualifying S-RBT incurs input tax on the disposal of shares held in a SPV, the input tax is directly attributable to the disposal of shares, which is a non-Regulation 33 exempt supplies and hence not claimable in full.

<sup>14</sup> Input tax is also claimable in full if SPVs make taxable supplies, out of scope (taxable) supplies and only Regulation 33 exempt supplies.

- b) Input tax directly attributable to the making of Regulation 33 exempt supplies will be claimable in full if Regulation 35 (taking into account all supplies made in Singapore by the multi-tiered REIT) is satisfied. Please refer to paragraph 5.5 on how to apply Regulation 33.
  - c) Input tax directly attributable to make non-Regulation 33 exempt supplies or out of scope (non-Regulation 33 exempt) supplies will be disallowed.
  - d) Residual input tax incurred (e.g. those incurred to make both taxable and exempt supplies), will be apportioned using the multi-tiered residual input tax apportionment formula in Appendix 3, taking into account all supplies made by the entire S-REIT or qualifying S-RBT holding structure.
- 5.4 As part of the business arrangement, S-REITs or qualifying S-RBTs and its SPVs may from time to time incur GST on expenses for the setting up of SPVs and the acquisition/divestment of SPVs and assets, such as properties. Details on the input tax claiming rules for the different types of expenses are provided in Appendix 4.

### Applying Regulation 33

- 5.5 For the purpose of applying Regulation 33, consideration should only be given to the supplies made by the S-REIT or qualifying S-RBTs. It should not “look through” to the supplies made by the SPVs. For example, if the S-REIT or qualifying S-RBT incurs input tax to hedge a loan obtained to acquire shares in an SPV, the input tax incurred is in relation to a share acquisition of the S-REIT or qualifying S-RBT<sup>15</sup>. The S-REIT or qualifying S-RBT should not look through its holding structure to attribute the input tax incurred to the underlying taxable supplies made by its SPVs. As the ‘look-through’ concept does not apply for the purpose of Regulation 33, the input tax incurred for the hedging of the loan obtained to purchase shares will not be treated as being incurred for a Regulation 33 exempt supply.
- 5.6 If the S-REIT or qualifying S-RBT and its SPVs make exempt supplies that fall outside the scope of Regulation 33, it is required to apportion its claims and claim only the portion of GST that is attributable to the making of taxable supplies and out-of-scope (taxable) supplies made within the multi-tiered structure. This means that the S-REIT or qualifying S-RBT should take into account all the supplies made by the multi-tiered structure, including supplies made by itself, supplies made between its SPVs, and supplies made by its SPVs (including those made to the S-REIT or qualifying S-RBT e.g. interest income on loans) in the apportionment formula for residual expenses. Refer to Appendix 3 for more details.

### Input Tax Apportionment Formula

- 5.7 A S-REIT or qualifying S-RBT who is also an RC Business should not include the value of imported services as taxable supplies for the purpose of computing the residual input tax claimable. This means that the value of imported services should not be included in both the numerator and denominator of the input tax apportionment formula for residual expenses.

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<sup>15</sup> The S-REIT or S-RBT derives dividends or distribution income from the acquisition of the SPVs.



Longer period adjustments

- 5.8 Like any other partially exempt business, the GST allowable to the S-REIT or qualifying S-RBT in a quarter is allowed provisionally, subject to adjustments over the longer period<sup>16</sup>.
- 5.9 As such, the S-REIT or qualifying S-RBT is required to make a second determination on the GST claims at the end of the longer period, to determine the GST allowable. If the amount of GST allowable at the end of the longer period differs from that of the amount claimed over the previous 4 quarters, the S-REIT or qualifying S-RBT is required to make longer period adjustments in the statement of claim, following the end of the longer period.
- 5.10 The first longer period of the S-REIT or qualifying S-RBT starts on the day the S-REIT or qualifying S-RBT first incurred GST on its business expenses and ends on the last day of the first tax year. Therefore, the first longer period may cover more than 4 quarters as the S-REIT or qualifying S-RBT is entitled to make retrospective claims.

Example

- 5.11 An S-REIT or qualifying S-RBT, listed on the Singapore Exchange on 1 Apr 2015, incurred GST on business expenses from 1 Feb 2015. If its financial year-end is 31 Dec, its first longer period covers the period 1 Feb 2015 to 31 Mar 2016. It should make its first longer period adjustment in the statement of claim for the period covering 1 Apr 2016 to 30 Jun 2016.

**6 Contact Information**

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

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<sup>16</sup> Refer to paragraph 8 of the e-Tax Guide "Partial Exemption and Input Tax Recovery" for details of how to determine longer period.

**7 Updates and amendments**

	<b>Date of amendment</b>	<b>Amendments made</b>
1	31 Mar 2015	<ul style="list-style-type: none"> <li>• Made editorial changes to paragraphs 2.1 and 2.6</li> <li>• Made the following amendments to reflect the tax changes announced in Budget 2015:                             <ul style="list-style-type: none"> <li>- Amended paragraphs 1.2, 2.7 and footnote 13</li> <li>- Inserted paragraphs 2.8, 2.9, 3.1(iv), 4.8 and footnotes 3 and 4</li> </ul> </li> <li>• Amended paragraph 4.12 to clarify that supplies made by one entity to another entity within the same multi-tiered structure should also be taken into account in the apportionment formula for residual expenses</li> <li>• Amended Appendix 2 to reflect the additional condition for financing SPVs under the 2015 enhanced concession</li> </ul>
2	10 Jun 2016	<ul style="list-style-type: none"> <li>• Editorial changes to paragraphs 1 and 2 and inserted footnotes 1, 2 and 4</li> <li>• Amended paragraphs 4.3 and 4.4 and inserted footnotes 9</li> <li>• Inserted paragraph 5 and footnotes 11 to 13 to clarify the input tax attribution and apportionment rules to be applied under the multi-tiered structure</li> <li>• Editorial changes to Appendix 2 (Statement of Claims)</li> <li>• Inserted Appendix 4 to explain the input tax attribution rules for under the GST concession</li> </ul>
3	1 Apr 2019	<ul style="list-style-type: none"> <li>• Editorial changes to para 2.4 and 2.6 following changes made in Budget 2019 announcement.</li> </ul>
4	23 Sep 2019	<ul style="list-style-type: none"> <li>• Editorial changes to para 1 and 2.</li> <li>• Inserted footnote to para 2.2 to include registration liability due to reverse charge.</li> <li>• Added para 4.5 and 4.6 to reflect changes due to reverse charge.</li> <li>• Inserted para 5.7 to clarify that value of imported services should be excluded from the input tax apportionment formula.</li> </ul>

## **Appendix 1 – Definition of infrastructure business**

A business trust is treated as being in the infrastructure business if its business activities fall within any one of the following categories:

- electricity generation, distribution, transmission and/or alternative energy generation;
- gas distribution, transmission and/or generation;
- waste management including waste treatment and incineration plants;
- roads and rail infrastructure;
- ports (sea and air) and/or terminals;
- broadcasting and/or communication facilities and/or networks;
- telecom facilities and/or networks;
- water treatment (including desalination) and/or distribution;
- hospitals and/or clinics; and
- schools including tertiary institutions

**Appendix 2 –Statement of Claims for GST Refund on Purchases made for the Period**

Name of S-REIT / S-RBT*:	
GST registration number: <i>(if applicable)</i>	
Business activities <i>(S-RBTs only)</i>	

**1. Qualifying conditions:**

Listed on Singapore Exchange	Date Listed:
Veto rights condition met	Yes / No*
Underlying assets of SPVs generate taxable supplies or out-of-scope (taxable) supplies	Yes / No*  State nature of taxable supplies or out-of-scope (taxable) supplies:
All funds raised by financing SPVs are on-lent to the S-REIT or qualifying S-RBT and used to finance the business activities of the S-REIT or qualifying S-RBT	Yes / No / Not applicable*

**2. GST claims<sup>17</sup> (If you are GST-registered, you should exclude from the following table and section 2.2 input tax that you are entitled to claim under the normal input tax claim conditions)**

Date of tax invoice	Tax invoice number	Supplier's GST registration number	Name of supplier	Description of Expense	Name of Entity that incurred the expense	GST amount	Total amount inclusive of GST	Indicate the type of supplies the expenses relate to <sup>18</sup>
Subtotal								

2.1. Are you required to apportion your GST claims? Yes  No   
*(If yes, complete sections 3 & 4)*

2.2. Total amount of GST claimable (including allowable residual GST)<sup>19</sup>: \_\_\_\_\_

\* Delete accordingly.

<sup>17</sup> If there is insufficient space, please submit a separate sheet.

<sup>18</sup> State whether the expenses directly relate to a particular type of supply or whether it is residual in nature.

<sup>19</sup> Please include this amount in your GST return if you are registered for GST.

**3. Supplies made by S-REIT / qualifying S-RBT and its SPVs<sup>20</sup>**

Supplies made in and outside Singapore by S-REIT / qualifying S-RBT		Amount S\$
<b>Value of taxable supplies</b>	<b>A</b>	
<b>Value of exempt supplies</b>		
- Regulation 33 exempt supplies	<b>B</b>	
- Exempt supplies that fall outside Regulation 33	<b>C</b>	
<b>Value of out-of-scope supplies</b>		
- Out-of-scope (taxable) supplies	<b>D</b>	
- Out-of-scope (exempt) supplies	<b>E</b>	
<b>Value of total supplies (including out-of-scope supplies)</b>	<b>F=A+B+C+D+E</b>	
Supplies made in and outside Singapore by SPVs		Amount S\$
<b>Value of taxable supplies</b>	<b>G</b>	
<b>Value of exempt supplies</b>		
- Regulation 33 exempt supplies	<b>H</b>	
- Exempt supplies that fall outside Regulation 33	<b>J</b>	
<b>Value of out-of-scope supplies</b>		
- Out-of-scope (taxable) supplies	<b>K</b>	
- Out-of-scope (exempt) supplies	<b>L</b>	
<b>Value of total supplies (including out-of-scope supplies)</b>	<b>M=G+H+J+K+L</b>	
<b>Total supplies made by the entire holding structure</b>	<b>P=F+M</b>	

**4. Apportionment of Residual GST**

If Reg 35 is satisfied		
Total claimable residual GST =	Total residual GST	$\times \frac{\text{(Total taxable supplies \& out-of-scope (taxable) supplies \& Reg 33 exempt supplies made by S-REIT or qualifying S-RBT and its SPVs)}}{\text{Total supplies made by entire holding structure}}$
=	Total residual GST	$\times \frac{A+D+G+K+B+H}{P}$
=		
If Reg 35 is not satisfied, exclude Reg 33 exempt supplies from the numerator, i.e. exclude "B" and "H"		

**5. Organisational Structure**

- 5.1. If this is your first claim, please submit an organisation chart with this statement.
- 5.2. If you have submitted an organisation chart previously and there are changes to the chart, please submit an updated organisational chart with this statement.

**6. Declaration**

I declare that the information given on this form is true and complete.

Name of authorised signatory:

Signature:

Designation:

Date:

<sup>20</sup> Please state 'N.A.' if no such supplies made.

## **Appendix 3 – Partial exemption rules**

### **Applying The Regulation 28 And Regulation 35 Test**

- (i) If a supply is made by an overseas SPV to another overseas SPV, we treat the supply as made by the parent REIT or BT through the overseas establishment (i.e. the overseas SPV). The supply is treated as out-of-scope for GST purposes and should be excluded from the Regulation 28 and 35 tests.
- (ii) The S-REIT or qualifying S-RBT is however required to take into account all out-of-scope (taxable or exempt) supplies in the apportionment formula for GST on residual expenses as provided below:

### **Apportionment formula for residual expenses**

- (i) GST incurred on residual expenses is to be apportioned by this formula, provided the Regulation 35 test is satisfied:

$$\frac{(A + B)}{(C)}$$

Where: A is the total taxable supplies<sup>21</sup> and out-of-scope (taxable supplies) made by the parent S-REIT or qualifying S-RBT and all its SPVs

B is the Regulation 33 exempt supplies and issue of units made by the parent S-REIT or qualifying S-RBT and its SPVs (if any)

C is the total supplies<sup>21</sup> made by parent S-REIT or qualifying S-RBT and all its SPVs, including all out-of-scope (whether taxable or exempt) supplies within the structure.

- (ii) GST incurred on residual expenses is to be apportioned by this formula if the Regulation 35 test is not satisfied:

$$\frac{(A)}{(C)}$$

Where: A is the total taxable supplies<sup>21</sup> and out-of-scope (taxable supplies) made by the parent S-REIT or qualifying S-RBT and all its SPVs

C is the total supplies<sup>21</sup> made by parent S-REIT or qualifying S-RBT and all its SPVs, including all out-of-scope (whether taxable or exempt) supplies within the structure.

- (iii) For the purposes of applying Regulation 28, 35 and the apportionment of residual input tax, supplies made during the period corresponding to the period in which the expenses are incurred should be taken into account. For example, if the S-REIT/ qualifying S-RBT makes its first GST claim for expenses incurred from 1 Mar 2016 to 30 Jun 2019, the S-REIT/ qualifying S-RBT is required to take into account the value of supplies made from 1 Mar 2016 to 30 Jun 2019 to determine the GST allowable.

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<sup>21</sup> To exclude the value of imported services that are subject to reverse charge.

**Appendix 4 – Input tax attribution rules for the purpose of GST concession**

Categories	Input tax incurred by S-REIT, qualifying S-RBT or its SPVs on	Attributable to S-REIT's, S-RBT's or SPV's assets?	GST claiming rules
a	Acquisition of assets directly by REIT <sup>22</sup>	Yes	Claim in full if asset generates only taxable or out of scope (taxable) supplies.
			Apportion if asset generates both taxable and exempt supplies, based on multi-tiered formula.
			Disallowed in full if asset generates exempt supply only.
b	Divestment of assets held directly by REIT <sup>20</sup>	Yes	Claim in full if sale of asset generates only taxable or out of scope (taxable supplies).
			Apportion if sale generates both taxable and exempt supplies or out of scope taxable and exempt supplies, subject to multi-tiered formula.
			Disallowed in full if sale of asset generates exempt supply or out of scope exempt supply only.
c	Setting up of SPV to acquire and hold asset	Yes	Claimable in full if assets held by SPV generate only taxable supply or out of scope taxable supplies.
			Apportion if asset generate both taxable and exempt supplies or out of scope (taxable and exempt) supplies, subject to multi-tiered formula.
			Disallowed if asset generates exempt supply or out of scope (exempt) supply only.
d	Acquisition of shares of an existing SPV holding assets	Yes	Claimable in full if assets held by SPV generate only taxable supply or out of scope taxable supplies <sup>23</sup> .
			Apportion if asset generate both taxable and exempt supplies.
			Not claimable if asset generate only exempt supplies.
e	Acquiring assets by SPVs	Yes	Claimable in full if assets acquired by SPV generate only taxable supply or out of scope taxable supplies.
			Apportion if asset generates both taxable and exempt supplies, based on multi-tiered formula.
			Not claimable if asset generates exempt supply or out of scope exempt supply only.

<sup>22</sup> If the REIT or S-RBT is GST-registered, input tax incurred on expenses incurred for category (a) and (b) would be claimable under the normal rules.

<sup>23</sup> This treatment is only applicable to S-REITs and qualifying S-RBTs covered under the GST remission. Input tax incurred by other entities, such as investment holding companies acquiring shares of a subsidiary property holding company will be directly attributable to an ultimate sale of shares. No input tax is claimable unless the business is able to prove that it intends to make taxable supplies, such as management fees at the point of acquisition.

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f	Disposal of assets held by SPVs	Yes	Claimable in full if disposal generates only taxable supply or out of scope taxable supplies.
			Apportion if sale generates both taxable and exempt supplies, based on multi-tiered formula.
			Not claimable if sale of asset generates exempt supply only.
g	Disposal of shares in SPV holding assets	Yes	Disallowed, if input tax is directly attributable to the exempt supply from the disposal of shares only. If shares are sold to an overseas person, input tax incurred to dispose the shares will be claimable since it is directly attributable to a zero-rated supply.
h	Expenses incurred by financing SPV to maintain notes issued	No	Residual input tax; to be apportioned by the multi-tiered formula.
i	Expenses incurred by financing SPV to issue notes, of which proceeds are on-lent to S-REIT / S-RBT	Attributable to the issue of notes only (Regulation 33 exempt supply)	Apply the Regulation 35 test according to Appendix 3 to determine if expenses incurred to issue notes can be claimed.
j	Investment management fees incurred to manage S-REIT / S-RBT's investments overseas	No, residual, since incurred to manage investments as a whole, not attributable to any asset per se	Residual; to be apportioned using multi-tiered formula.



Example 1

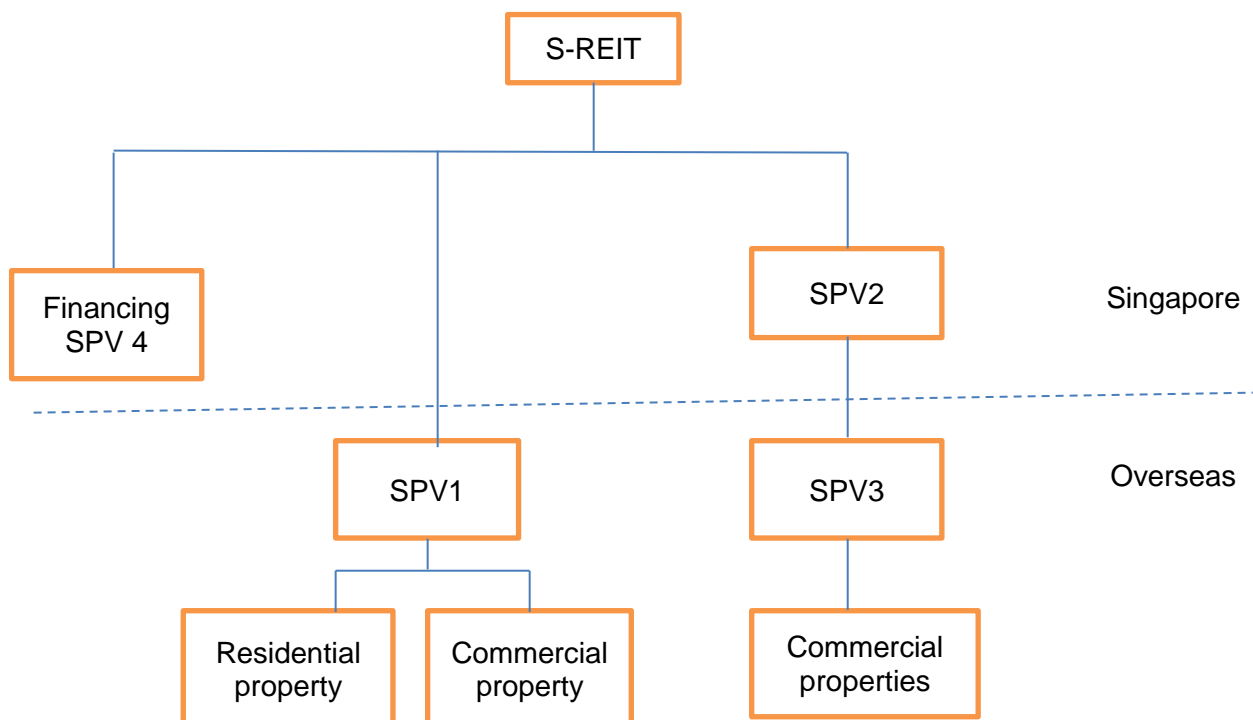
**This example shows how an S-REIT / S-RBT should attribute its GST claims made under the concession.**

Facts: A GST-registered S-REIT makes both taxable and exempt supplies from its properties held directly in Singapore. It has claimed input tax incurred for its business based on the input tax claiming rules in its GST return. The S-REIT also holds properties indirectly through its non-GST registered SPVs. The S-REIT would like to know how it should claim GST incurred for or by its SPVs under the enhanced concession.

SPV1 makes both out of scope (taxable) and out of scope (exempt) supplies from its properties held overseas. SPV1 also has shareholdings in other property holding companies. SPV2 does not make any non-Regulation 33 exempt supply and derives only dividends from SPV3. SPV3 makes only out of scope (taxable) supplies from properties held overseas.

The S-REIT or its SPVs had incurred GST on the following expenses:

- (a) Professional fees for SPV3 to acquire another commercial property overseas
- (b) Legal expenses (residual in nature) for SPV3's business.
- (c) Property management fees charged by GST-registered property manager who had engaged overseas property management firm to manage properties held by SPV1 and SPV3.
- (d) Investment management fees incurred by SPV1 to manage its investments overseas.
- (e) Legal fees incurred by SPV2 to dispose part of its shareholdings in SPV3 to a local company.
- (f) The financing SPV4 had incurred expenses to issues notes, of which the proceeds will be on-lent to the S-REIT solely.



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Type of Expenses	Attributable to supplies made by properties?	Claiming rules
(a) Professional fees for SPV3 to acquire another commercial property overseas.	Yes.	Attributable to only out of scope (taxable) supplies generated by properties held by SPV3, hence claimable in full.
(b) Legal expenses (residual in nature) for SPV3's business.	Assumed to be residual in example.	Since SPV3 makes only out of scope (taxable) supplies and SPV2 does not make any non-regulation 33 exempt supplies, residual GST incurred for SPV3's business will be allowed in full.
(c) Property management fees charged to S-REIT for managing properties held by SPV1 and SPV3.	<p>Yes, since incurred to manage and maintain the properties.</p> <p>However, if attributable to both taxable (taxable or exempt) supplies from properties, to be treated as residual in nature.</p>	<p>Property management fees for SPV3 can be claimed in full since SPV3 makes only taxable supplies from its commercial properties.</p> <p>Property management fees incurred for SPV1 will be treated as residual input tax to be apportioned based on multi-tiered formula, taking into account supplies made by the S-REIT and all its SPVs.</p> <p>* Since all GST incurred for SPV3 can be claimed in full, residual GST claimed for SPV3 should be excluded from the pool of residual input tax subject to the multi-tiered formula to avoid double claiming. Supplies of SPV3 should however, still be included in the multi-tiered apportionment formula.</p>
(d) Investment management fees charged to SPV 1	Not attributable to supplies made by its properties only as expense is incurred to manage overall investment portfolio including shareholdings.	Residual, to apportion based on multi-tiered formula.
(e) Legal fees incurred by SPV 2 to dispose part of its shareholdings in SPV3.	No, attributable to the exempt sale of shares, a non-Regulation 33 exempt supply.	Not claimable.
(f) Expenses incurred by financing SPV4 to issue bonds	No, attributable to the issue of bonds, which is a Regulation 33 exempt supply.	S-REIT should apply Regulation 35 taking into account its own supplies and supplies made in Singapore by SPV 2 and 4 to determine if Regulation 35 can be satisfied. If yes, expenses incurred by SPV4 to issue bonds can be claimed in full.

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**Appendix 5 – Examples**

The following examples illustrate how the GST claims should be computed.

(a) Case 1 – Assume ABC-REIT satisfies all qualifying conditions under enhanced concession.

Facts: ABC-REIT holds a portfolio of overseas commercial and residential properties through a wholly owned SPV1 in Japan and is not GST-registered. The types and value of supplies made and GST incurred for the period 1 Apr 2019 to 30 Jun 2019 is as follows:

	Value of supplies (S\$)	Remarks
<b>Income made by ABC – REIT</b>		
Dividends from SPV1	Not applicable	Dividend is not a supply for GST purposes
<b>Exempt supplies</b>		
Interest income from deposit of money (A)	200,000	Regulation 33 exempt supplies
Interest income from loans to local related companies (B)	8,000	Non-Regulation 33 <sup>24</sup> exempt supplies
<b>Total supplies made by ABC-REIT (C) = (A) + (B)</b>	<b>208,000</b>	
<b>Income made by SPV1</b>		
<b>Out-of-scope supplies</b>		
Rental income from overseas residential properties (D)	1,550,000	Out-of-scope (exempt) supplies
Rental income from overseas commercial properties (E)	2,000,000	Out-of-scope (taxable) supplies
<b>Total supplies made by SPV1 (F) = (D) + (E)</b>	<b>3,550,000</b>	
Total non-Regulation 33 exempt supplies / (total supplies) (B) / (C)	4%	Satisfy less than 5% condition in Regulation 35.
Total supplies within the holding structure (G) = (C) + (F)	<b>3,758,000</b>	
<b>GST incurred (excluding any disallowed GST)</b>		<b>Claimable?</b>
Total GST incurred on residual expenses (trustee fees, other overheads) (H)	50,000	Subject to apportionment
Total GST directly attributable to the making of Regulation 33 exempt supplies (J)	5,000	Yes, Regulation 35 (with effect from 1 Apr 08) is satisfied
Total GST directly attributable to the making of non-Regulation 33 exempt supplies (K)	1,000	No

Since ABC-REIT makes non-Regulation 33 exempt supplies, it is required to apportion its residual GST incurred. To arrive at the claimable residual GST, ABC-REIT should apply the apportionment formula below, taking into account all supplies made by the entire REIT structure.

<sup>24</sup> Refers to exempt supplies that fall outside the scope of Regulation 33.

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Total claimable residual GST =	Total residual GST	X	$\frac{\text{(Total taxable supplies and out of scope (taxable) supplies) + (Value of Regulation 33 exempt supplies)}}{\text{Total supplies made by entire REIT structure}}$
=	(H)	X	$\frac{(E) + (A)}{(G)}$
=	50,000	X	$\frac{(2,000,000+200,000)}{(3,758,000)}$
=	29,500		

In the above example, the total GST claimable by ABC-REIT and its SPV for the period Apr 19 to Jun 19  
 = \$29,500 + \$5,000 (J)  
 = \$34,500

ABC-REIT should make a second determination at the end of the longer period to determine if any longer period adjustment is required. If yes, the adjustment should be made in the statement of claim after the end of the longer period.

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(b) Case 2 – Assume ABC business trust ('ABC-BT') can satisfy all qualifying conditions under the enhanced concession

Facts: ABC-BT holds infrastructure assets through 2 local sub trusts and is not GST-registered. Its sub trusts SPV1 and SPV2 make taxable supplies and are separately registered for GST.

ABC-BT should exclude from its GST claims made under the enhanced concession all the input tax of SPV1 and SPV2 to avoid double claiming. However, ABC-BT is still required to take into account the supplies made by the GST-registered SPVs in the apportionment formula for the purpose of computing residual GST claimable. The value of supplies made for the period 1 Apr 19 to 30 Jun 19 and GST incurred by ABC-BT is as follows:

	Value of supplies (S\$)	Remarks
<b>Income derived by ABC-BT</b>		
- Distribution income from SPV1 and SPV2	Not applicable	Distribution income is not a supply for GST purposes
<b>Exempt supplies</b>		
- Interest income from loans (A)	1,000,000	Non-Regulation 33 exempt supplies
- Interest income from deposit of money (B)	50,000	Regulation 33 exempt supplies
<b>Income derived by SPV1</b>		
<b>Standard rated supplies</b>		
- Provision of gas in Singapore (C)	2,000,000	
<b>Exempt supplies</b>		
- Issue of units to investors (D)	1,500,000	Regulation 33 exempt supplies (with effect from 1 Apr 2008)
- Issue of bonds (E)	1,500,000	Regulation 33 exempt supplies
-Interest income from deposits (F)	50,000	Regulation 33 exempt supplies
<b>Income derived by SPV2</b>		
<b>Standard rated supplies</b>		
- Provision of water in Singapore (G)	4,000,000	
<b>Exempt supplies</b>		
- Issue of units to investors (H)	2,500,000	Regulation 33 exempt supplies (with effect from 1 Apr 2008)
- Issue of bonds (J)	2,500,000	Regulation 33 exempt supplies
-Interest income from deposits (K)	50,000	Regulation 33 exempt supplies
Total supplies within the structure (L) = (A)+(B)+(C)+(D)+(E)+(F)+(G)+(H)+(J)+(K)	<b>15,150,000</b>	
% of non-Regulation 33 exempt supplies / total supplies (M) = (A) / (L)	1,000,000 / 15,150,000 = 6.6%	> 5%, Regulation 35 is not satisfied
<b>GST incurred by ABC-BT (excluding disallowed GST)</b>		
Total GST directly attributable to Regulation 33 exempt supplies made by ABC-BT	400,000	No, Regulation 35 is not satisfied
Total GST directly attributable to non-Regulation 33 exempt supplies made by ABC-BT	100,000	No
Total GST incurred on residual expenses of ABC-BT only (N)	500,000	Subject to apportionment

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 ABC-BT is required to apportion GST incurred on residual expenses with the following apportionment formula as follows:

Total claimable residual GST =	Total residual GST	X	(Total taxable supplies made by ABC-BT and its SPVs)
			Total supplies made by entire holding structure
=	(N)	X	$\frac{(C) + (G)}{(L)}$
=	500,000	X	$\frac{2,000,000 + 4,000,000}{15,150,000}$
=	\$200,000		

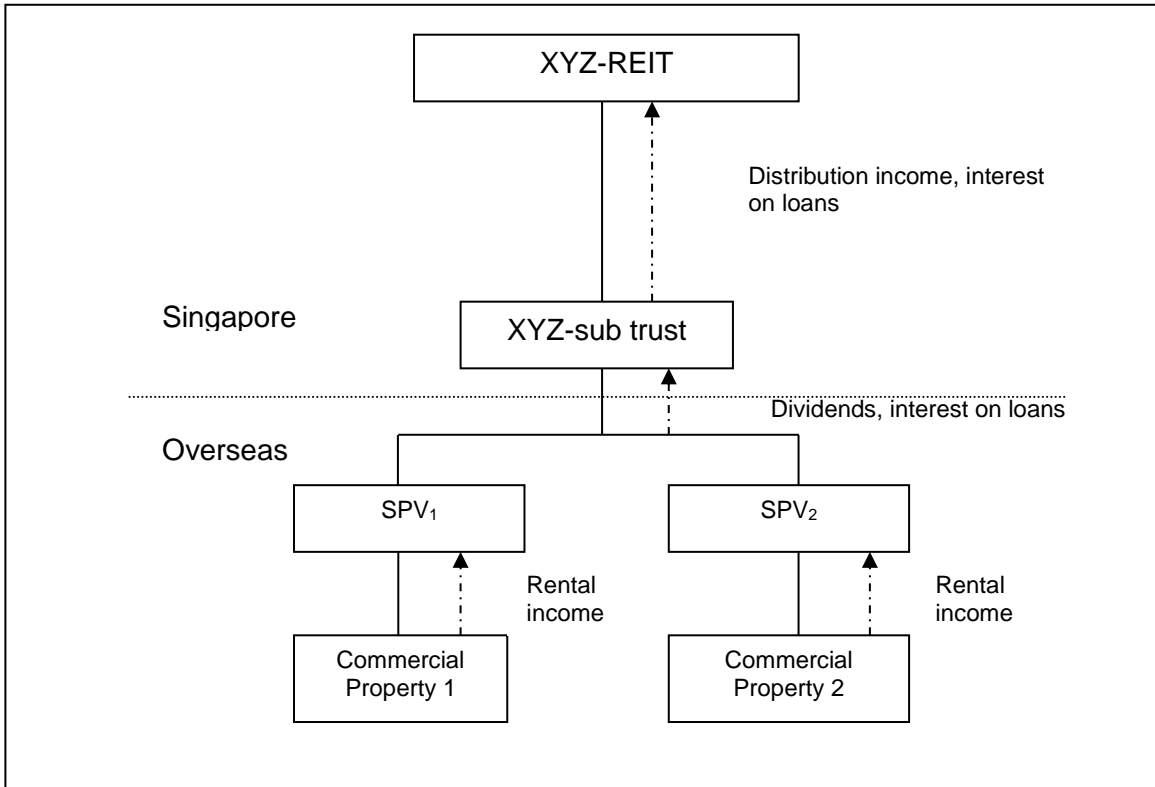
In this example, the total GST claimable for ABC-BT for Apr 19 to Jun 19  
 = **S\$200,000**

ABC-BT should claim the amount of \$200,000 by submitting a statement of claim for the period from 1 Apr 2019 to 30 Jun 2019.

At the end of the longer period, ABC-BT is required to determine if any longer period adjustment is required. If yes, the adjustment should be made in the statement of claim following the end of the longer period.

(c) Case 3:

XYZ-REIT holds overseas commercial properties via 2 overseas SPVs. The holding structure is as follows:



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XYZ-REIT and its SPVs makes the following supplies for the period 1 Apr 19 to 30 Jun 19:

	Value of supplies (S\$)	Remarks
<b><u>Income derived by XYZ-REIT</u></b>		
- Distribution income from XYZ sub trust	Not applicable.	Distribution income is not a supply for GST purposes
<b>Exempt supplies</b>		
- Interest income from loans to XYZ sub trust (A)	50,000	Non-Regulation 33 exempt supply
- Issue of units to investors (B)	2,000,000	Regulation 33 exempt supply with effect from 1 Apr 2008
<b><u>Income derived by XYZ subtrust</u></b>		
- Dividends from SPV <sub>1</sub> and SPV <sub>2</sub>	Not applicable	Dividend is not a supply for GST purposes
<b>Exempt supplies</b>		
- Issue of units to investors (C)	1,000,000	Regulation 33 exempt supply with effect from 1 Apr 2008
<b>Zero-rated supplies</b>		
- Interest income on loans to overseas SPVs (D)	600,000	
<b><u>Income derived by SPV<sub>1</sub></u></b>		
Out-of-scope supplies		
Rental income from overseas commercial properties (E)	4,000,000	Out-of-scope (taxable) supplies
<b><u>Income derived by SPV<sub>2</sub></u></b>		
Out-of-scope supplies		
Rental income from overseas commercial properties (F)	2,500,000	Out-of-scope (taxable) supplies
Total supplies within the structure excluding out-of-scope supplies (G) = (A)+(B)+(C)+(D)	3,650,000	
Total supplies within the structure including out-of-scope supplies (H) = (G) + (E) + (F)	10,150,000	
% of non-Regulation 33 exempt supplies / total supplies = (A)/(G)	50,000/ 3,650,000 = 1.4%	< 5%, Regulation 35 is satisfied
<b>GST incurred (excluding disallowed GST)</b>		
Total GST directly attributable to Regulation 33 exempt supplies (J)	500,000	Yes, Regulation 35 satisfied
Total GST directly attributable to non-Regulation 33 exempt supplies	8,000	No
GST on residual expenses (K)	1,000,000	Subject to apportionment



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For the purposes of apportioning GST on residual expenses, the apportionment formula to be used is:

Total claimable residual GST =	Total residual GST	X	[Total taxable supplies and out-of-scope (taxable) supplies made by XYZ-REIT and XYZ subtrust and SPV1 and SPV2] + [Value of Regulation 33 exempt supplies]
			----- Total supplies made by entire holding structure
=	(K)	X	$\frac{[(D) + (E) + (F)] + [(B) + (C)]}{(H)}$
=		X	$\frac{10,100,000}{10,150,000}$
=	1,000,000		

In this example, total GST claimable for the period 1 Apr 19 to 30 Jun 19

= \$1,000,000 + \$500,000 (K)

= **\$1,500,000**

XYZ-REIT should make a second determination at the end of the longer period to determine if any longer period adjustment is required. If yes, the adjustment should be made in the statement of claim after the end of the longer period.

- (d) Case 4: Assume that veto rights condition is satisfied for SPVs A, B and C but not satisfied for SPVs D & E.

XYZ-BT has 5 SPVs (A, B, C, D, E) holding overseas assets directly or indirectly. The holding structure is as follows:

