INLAND REVENUE
AUTHORITY
OF SINGAPORE

IRAS e-Tax Guide

GST: Guide For Retailers
(Sixth Edition)

Published by
Inland Revenue Authority of Singapore

Published on 30 Jan 2026

First edition on 31 Mar 2014
Second edition on 11 Mar 2015
Third edition on 17 Jan 2020
Fourth edition on 3 Aug 2022
Fifth edition on 1 Jan 2023

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1 Aim

1.1 This e-Tax Guide provides details on the GST treatment applicable to common scenarios encountered by retailers (businesses that sell goods to end consumers).

1.2 You should read this guide if you are a GST-registered person in the retail business.

2 At a Glance

2.1 GST-registered businesses are required to comply with various requirements, such as price displays and invoicing. They may face specific scenarios where they are concerned about the GST treatment, such as consignment sales, concessionaire sales, vouchers that are sold for consideration and given away free, or hire-purchase arrangements.

GST on low-value goods imported via air or post with effect from 1 Jan 2023

2.2 From 1 Jan 2023, the supply of imported low-value goods (LVG) by GST-registered suppliers to customers who are not GST-registered in Singapore would be subject to GST. Please refer to paragraph 21 for more details.

3 Price Display

3.1 You must show GST-inclusive prices on all your price displays to the public, which include price tags, price lists, brochures, websites, advertisements and quotations (both written and verbal). This is so that the customer can know upfront the final price payable.

3.2 If you choose to display both GST-inclusive and GST-exclusive prices, the GST-inclusive price must be at least as prominent as the GST-exclusive price. Failure to comply with any of these requirements is an offence that can result in a fine of up to $5,000.

3.3 Where your price is subject to bargaining, the price displayed or quoted must still be inclusive of GST. The GST amount is then calculated using the prevailing tax fraction multiplied by the final price paid by the customer.

3.4 If a separate charge for services (e.g. delivery, installation) is displayed, it must similarly be inclusive of GST.

4 Invoicing

4.1 If you sell to end consumers who are mainly not GST-registered, you may issue a serially printed receipt instead of a tax invoice to the customer.

4.2 The receipt must show your name, address, GST registration number, date of issue, total amount payable including GST, and the words “Price payable includes GST”.

4.3 For sales value (including GST) of more than $1000, you must issue a separate tax invoice if a GST-registered customer so requests. This is to enable the customer to make an input tax claim.

4.4 The tax invoice must show the GST amount and include your GST registration number and the customer’s name and address. Please refer to IRAS’ webpage (www.iras.gov.sg > Taxes > GST > Basics of GST > Invoicing, Price Display and Record Keeping > Invoicing Customers) for the information required on a tax invoice.

4.5 Where the sales value (including GST) is not more than $1000, you may issue a simplified tax invoice instead of a tax invoice to the GST-registered customer.

4.6 A simplified tax invoice only needs to show your name, address, GST registration number, invoice date, invoice number, description of the goods and services supplied, total amount payable including GST, and the words “Price payable includes GST”.

5 Absorbing GST

5.1 If you choose to absorb the GST payable by your customer, you have to treat the price paid by the customer as inclusive of GST.

5.2 The GST amount is calculated using the prevailing tax fraction multiplied by the price paid.

5.3 Your tax invoice should still show the GST as a separate amount. For receipts and simplified tax invoices, you can show the GST-inclusive prices with the words “Price payable includes GST”.

6 Discounts

6.1 You may give customers a discount on the purchases from your store during a sales promotion or when customers make purchases with a VIP card. You may also tie up with banks to give an upfront discount when customers make purchases with a particular credit card.

6.2 If the discount is wholly borne by you, GST is calculated based on the net discounted price.

6.3 However, if you are able to subsequently seek reimbursement from the bank for the discount given, GST should be calculated on the gross selling price before discount.

7 Rounding Adjustments

7.1 You may round off the GST amount to be shown on a tax invoice or receipt to the nearest whole cent (i.e. two decimal places).

7.2 For example, if the GST computed is $1.144, the amount shown may be rounded down to $1.14. On the other hand, if the GST computed is $1.145, the amount shown may be rounded up to $1.15.

7.3 With the discontinuation of the issuing of 1 cent coins, you may round your bills to the nearest 5 cents to facilitate cash payment by your customers. However, whether a bill should be rounded up or rounded down to the nearest 5 cents is a business decision.

8 Consignment Sales

8.1 If you sell goods sold on consignment, it means you have agreed to sell the goods without first buying those goods from the owner.

8.2 The GST treatment for consignment sales depends on whether the sale is a 'sale or return' or an 'agency' sale.

8.3 <u>'Sale or return' sales</u>

8.3.1 You are making a 'sale or return' sale when you purchase the goods from their owner at the time when you find a buyer for those goods. This means you are selling the goods to the buyer in your own right because you are first purchasing the goods from the owner and then selling them to the buyer. In this case, you have to charge and account for GST on the full selling price of the goods.

8.4 <u>'Agency' sales</u>

8.4.1 You are making an 'agency' sale when you sell consigned goods on behalf of the owner of the goods as their agent. In this case, you have to charge and account for GST only on the commission you receive.

8.4.2 If the owner of the goods is registered for GST and is selling the goods in the course of running a business, it has to charge and account for GST on the sale of the goods.

9 Concessionaire Sales

9.1 You may operate concessionaire counters within stores belonging to other retailers or you may allow other retailers or businesses to operate concessionaire counters within your own stores.

9.2 Customers who buy from the concessionaire can usually pay for their purchases at any cash register within the host store.

9.3 The GST treatment for concessionaire sales depends on the contractual arrangement between the host store and the concessionaire.

9.4 <u>Scenario 1</u>

9.4.1 The concessionaire sells the goods to the host store at an agreed price, which is usually at a discount from the retail price. The host store then on-sells the goods to the customer at the retail price.

9.4.2 In this case, there are two supplies:

(a) The concessionaire's sale of goods to the host store; and
(b) The host store's sale of goods to the customer.

9.4.3 The concessionaire must charge and account for GST on the sale of goods to the host store, if it is GST-registered. The host store, if GST-registered, must charge and account for GST on the sale of goods to the customer.

9.5 <u>Scenario 2</u>

9.5.1 The host store sells the goods to the customer at the same price as the price sold by the concessionaire to the host store. The host store then collects a fee or commission, which is usually a percentage of the concessionaire sales, from the concessionaire.

9.5.2 In this case, there are three supplies:

(a) The concessionaire's sale of goods to the host store;
(b) The host store's sale of goods to the customer; and
(c) The fee/commission collected by the host store from the concessionaire.

9.5.3 The concessionaire must charge and account for GST on the sale of goods to the host store, if it is GST-registered. On the other hand, the host store must charge and account for GST on both the sale of goods to the customer and the fee/commission collected from the concessionaire, if it is GST-registered.

9.6 <u>Scenario 3</u>

9.6.1 The host store provides a licence to the concessionaire to occupy and trade in the store. The concessionaire operates its own cash register at the store.

9.6.2 In this case, there are two supplies:

(a) The concessionaire's sale of goods to the customer; and
(b) The licence fee collected by the host store from the concessionaire.

9.6.3 The concessionaire must charge and account for GST on the sale of goods to the customer, if it is GST-registered. The host store, if GST-registered, must charge and account for GST on the licence fee collected from the concessionaire.

10 Trade-in

10.1 A customer trades in its old equipment for a new equipment. The retail price of the new equipment is $400. The trade-in value of the old equipment is $300. The customer pays only $100.

10.2 In a trade-in situation, there are two supplies:

(a) Your sale of new equipment at $400 to the customer; and
(b) The customer's sale of old equipment at $300 to you.

10.3 You should charge and account for GST on $400 for your sale of the new equipment. The customer, if GST-registered, has to charge you GST on the $300 trade-in value of the old equipment.

11 Deposits

11.1 When a sale is made and a deposit is collected from the customer, you must charge and account for GST on the deposit if the deposit forms part payment for the selling price.

11.2 However, if the deposit acts as a security and is refundable, GST is not chargeable.

12 Returned Goods

12.1 When goods are returned by customer which it find unsatisfactory, it is considered an abortive sale.

12.2 If you have issued a tax invoice earlier, you should issue a credit note to adjust the GST at the rate that was originally charged on the supply, and make a refund to the customer. If it was a sale made to a non-GST registered customer where a receipt was issued, you should cancel the original receipt and make a refund to the customer.

12.3 The credit note must make reference to the tax invoice issued earlier and you must retain and keep a record of the cancelled receipt. You can then reduce the value of your standard-rated supplies and output tax accordingly.

12.4 When the returned goods are sold subsequently, it is a separate supply. You have to charge and account for GST on the sale.

13 Rebates

13.1 You may receive 'money back' in the form of rebates from your suppliers when certain conditions are satisfied. Rebates may also be known as discounts or incentives.

13.2 The GST treatment for rebates depends on the circumstances in which the rebate is given.

13.3 <u>Volume rebates received for exceeding certain purchase amounts</u>

(a) Rebate given to reduce value of past purchases

13.3.1 You may receive a rebate from your supplier when you achieve certain volume or value of purchases from the supplier within a specified period. In this case, the rebate is equivalent to a discount given for past purchases.

13.3.2 If the supplier is GST-registered, they should issue a credit note showing GST at the rate that was originally charged to you. You must then reduce your input tax claim based on the credit note received.

(b) Rebate given to offset future purchases

13.3.3 Alternatively, the supplier may reflect the rebate in the tax invoice for your next purchase by offsetting it against the value of your purchase. In this case, GST should be charged on the net purchase value after deducting the rebate except for the scenario stated under paragraph 13.3.4.

13.3.4 Where the rebate granted is in respect of a past purchase for which GST was charged at the preceding GST rate, the supplier should still charge GST at the prevailing GST rate on the full value of the next purchase before reducing the value of the rebate granted (inclusive of GST at the preceding rate).

13.4 <u>Rebates received for separate services provided to supplier</u>

13.4.1 If you need to meet certain obligations imposed by your supplier (e.g. ensure a certain level of shelf space is dedicated to the supplier's brands or undertake advertising and marketing activities) that is beyond the general terms of trade in exchange for a rebate, you are providing a separate supply of services to your supplier.

13.4.2 Examples of general terms of trade include pricing and payment clauses, confidentiality and non-compete clauses, and clauses defining the conduct of the contracting parties. This list is non-exhaustive and each term should not be read or interpreted in isolation but must be considered within the context of the entire agreement, including any specific provisions or attachments.

13.4.3 In this case, you have to issue a tax invoice to your supplier and account for GST on the cash rebate received. The GST amount should be computed by using the prevailing tax fraction (i.e. 9/109) multiplied by the cash rebate received.

14 Vouchers Given Away Free

14.1 You may give away free cash vouchers that entitle the holder to redeem for any goods in your store.

14.2 You do not have to account for GST when you give away free vouchers. However, when a customer subsequently presents the free voucher at your store to redeem for goods and does not provide any consideration in addition to the voucher, you have to account for deemed output tax if the goods are worth $200 or more.

14.3 If consideration in addition to the voucher is received from the customer at the time of redemption, you have to account for GST on the additional consideration received. The GST amount should be computed by using the prevailing tax fraction multiplied by the value of the additional consideration received.

15 Vouchers Sold For Consideration

15.1 You may sell gift vouchers that entitle the holder to redeem for any goods in your store up to the value stated on the vouchers. When you must account for GST depends on whether you are able to track the redemption of the vouchers.

15.2 <u>Redemption can be tracked</u>

15.2.1 Where you are able to track the redemption of the voucher, you do not have to account for GST at the point of sale of the voucher if the voucher is sold at or below the value stated on the voucher.

15.2.2 When a customer subsequently presents the voucher at your store to redeem for goods and services, you have to charge and account for GST on the value of the goods and services redeemed, i.e. the value stated on the voucher plus any additional consideration received at the time of redemption.

15.2.3 If the voucher is not redeemed and it expires on or after 1 Jan 2010, you have to account for GST on the unredeemed amount when it is recognised in the Income Statement.

15.3 Redemption cannot be tracked

15.3.1 Where you are unable to track the redemption of the voucher sold, you may account for GST at the time when the voucher is sold. The GST charged should be on the actual consideration received from the voucher sale.

15.4 Product vouchers

15.4.1 You may sell product vouchers that entitle the holder to redeem for a specific product (e.g. a kettle worth $100) from your store. You have to account for GST when payment is received as the consideration received from the voucher sale is treated as a prepayment for the goods and services to be supplied.

15.5 Discount vouchers

15.5.1 You may sell discount vouchers which entitle the holder to enjoy discount on purchases from your store. You have to account for GST on the consideration received from the sale of the voucher.

15.5.2 When a customer subsequently uses the voucher to obtain a discount on the purchase of goods and services, you have to charge and account for GST on the net discounted price of the goods and services supplied.

16 Third Party Vouchers

16.1 You may accept third party vouchers (e.g. vouchers issued by the shopping mall or your supplier) as payment for goods and services and will subsequently seek reimbursement from the issuer.

16.2 When a customer presents a third party voucher at your store to redeem for goods and services, you should charge and account for GST on the value of the goods and services redeemed, i.e. the value stated on the voucher plus any additional consideration received at the time of redemption.

16.3 When you subsequently seek reimbursement from the issuer, you do not have to account for GST again since GST has been accounted for when the goods and services are supplied.

17 Phone Cards

17.1 If you sell prepaid phone cards including top-up phone cards, the GST treatment depends on whether you are buying and selling the phone cards as an agent or a principal.

17.2 Agent

17.2.1 Where you act as an agent in selling the phone card on behalf of the issuer and earn a distribution fee or commission from the phone card sale, you are making a supply of service to the issuer. Therefore, you have to account for GST on the distribution fee or commission earned.

17.3 Principal

17.3.1 Where you act as a principal in buying the phone card and on-selling it at a higher price, you have to account for GST on the margin earned from the purchase and sale of the phone card.

17.3.2 Since tax is accountable only on the margin earned, you cannot claim any GST incurred on the purchase of the phone card.

18 Stamps, Parking Coupons & Newspapers

18.1 If you are merely acting as an agent and earning a commission from the sales of postage stamps, parking coupons and newspapers, you have to charge and account for GST only on the commission you receive.

19 Goods Sold Under Hire-purchase

19.1 For GST purposes, the sale of goods under a hire-purchase agreement results in two separate supplies – a supply of goods and a supply of credit.

19.2 You have to charge and account for GST on the selling price of the goods. GST is not chargeable on the hire-purchase interest if it is separately disclosed to the hirer.

19.3 When you repossess goods under a hire-purchase agreement, there is no supply for GST purposes. Therefore, no GST is to be charged.

19.4 When you subsequently sell the repossessed goods, the sale is treated as being made by the hirer. Therefore, if the hirer is a GST-registered person, you have to charge and account for GST on the sale on behalf of the hirer[1]. If the hirer is not a GST-registered person, you do not have to charge GST on the sale of the repossessed goods.

[1] Under regulation 58 of the GST (General) Regulations, when an asset owned by a GST registered person is sold in satisfaction of debt, the person selling the asset is required to collect GST on the selling price and pay the tax directly to IRAS.

20 Retailers Operating at Changi International Airport

Shops located in the airport public areas

20.1 If you are operating a shop located in the airport public areas, you are required to charge and account for GST on all sales made, regardless of whether your customer is a local or a foreigner. For retailers participating in the Tourist Refund Scheme, please refer to the e-tax guide, GST For Retailers Participating in Tourist Refund Scheme (Refund claims made on or after 4 Apr 2019) for more information.

Shops located in the airport transit/ restricted areas

20.2 If you are operating a shop located in the airport transit/ restricted areas (i.e. after immigration check-in area), the GST treatment for your sales of goods and services are as follows:

20.2.1 Goods Sold to Departing Passengers
You can zero-rate the sale of goods made to a departing passenger if you have sighted the passenger's passport and boarding pass to ensure that the passenger will be departing Singapore. Where the sale in a single receipt amounts to S$500 or more, you must record the passport number[2] and flight number of the passenger. Otherwise, you are required to standard-rate the supply (i.e. charge and account for GST at the prevailing GST rate).

20.2.2 Goods Sold to Arriving Passengers
You are required to charge GST on all sales of goods to arriving passengers, unless the goods sold are duty-free items.

The sale of duty-free items (e.g. liquor) to arriving passengers do not attract GST. Retailers of duty-free goods are required to record the passport number and flight number of the arriving passengers.

20.2.3 Goods Sold to Airport Staff
You are required to charge GST on the sales of goods to airport staff.

20.2.4 Financial Services
Financial services (e.g. exchange of currency) provided in the airport are exempted from GST.

20.2.5 Services Other Than Financial Services
You are required to charge GST on all other services supplied (e.g. hairdressing and spa services) that are consumed within the airport. Sales made by food and beverages outlets in the airport are also to be standard-rated.

[2] Retailers are required to record the passenger's complete passport number so as to satisfy the Comptroller that you have accurately established/ verified the identity of the relevant customer who is departing Singapore, to a high level of fidelity for GST compliance purpose. Please note that you are required to undertake proper safeguarding measures to protect the personal data collected under your care and should not subsequently use/ disclose the data in circumstances outside the permitted situations as allowed under the Personal Data Protection Act.

21 GST on low-value goods imported via air or post with effect from 1 Jan 2023

21.1 From 1 Jan 2023, the supply of low-value goods (LVG) by GST-registered suppliers[3] to customers who are not GST-registered in Singapore would be subject to GST.

21.2 LVG are goods which at the point of sale:

1. are not dutiable goods, or are dutiable goods, but payment of the customs duty or excise duty chargeable on the goods is waived under section 11 of the Customs Act;
2. are not exempt from GST;
3. are located outside Singapore and to be delivered to Singapore via air or post; and
4. have a value not exceeding the GST import relief threshold of S$400 (“entry value threshold”).

In the above definition, ‘point of sale’ refers to the time at which an order confirmation is issued by the GST-registered supplier or such other time agreed with the Comptroller, whilst, ‘Singapore’ refers to customs territory.

21.3 To determine if the goods supplied fall within the entry value threshold of S$400, it would be based on the <u>sales value of the goods</u> which excludes freight and insurance costs, any GST chargeable on the supply of LVG and any duties payable to the Singapore Customs. Once determined to be considered as an LVG, GST is accounted on based on the <u>value of the supply of LVG instead of the sales value</u>.

21.4 If you are a GST-registered retailer who makes direct sales of LVG which are warehoused overseas to customers who are not GST-registered in Singapore, you would be required to charge and account for GST, at the prevailing GST rate, on these sales.

<u>Example 1</u>

Local Company XYZ, a non-GST registered business, places an online order for a wireless headset from GST-registered local Retailer A. The headset is listed for sale at S$350 (before GST), excluding freight and insurance which amounted to $60. The headset is imported into Singapore via air freight, As the sales value of the headset imported via air falls within the entry value threshold of S$400, it is regarded as a supply of LVG. Retailer A is required to charge GST based on the value of supply (i.e. $410) to Company XYZ.

[3] GST-registered suppliers refer to GST-registered local and overseas suppliers as well as GST-registered local and overseas electronic marketplaces and redeliverers which meet the conditions to be regarded as the supplier of the LVG.

21.5 If you are a non-GST registered retailer who makes direct sales of LVG which are warehoused overseas to non-GST registered customers in Singapore, you would be required to include such supplies in your taxable turnover in determining your GST registration liability.

21.6 Under certain conditions, a local or overseas operator of an electronic marketplace or a redeliverer may also be regarded as the supplier of the LVG made by the suppliers through these marketplaces or redeliverers. In such cases, the operators and redeliverers are required to register, charge and account for GST on the supply of LVG, instead of the suppliers.

21.7 For more information on how you may be affected by the extension of the OVR regime to sales of imported LVG, please refer to our e-Tax Guide "GST: Taxing imported low-value goods by way of the overseas vendor registration regime (First Edition)" and our webpage relating to GST on Imports of Low-Value Goods.

22 Contact Information

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

23 Updates and Amendments

	Date of amendment	Amendments made
1	6 Mar 2015	Revised paragraph 3.2 in line with amended Regulation 77 taking effect on 1 Apr 2015.
2	17 Jan 2020	Inserted paragraph 20 to highlight the GST treatment and documentary requirements for retailers operating at Changi International Airport Updated the contact information in paragraph 21
3	3 Aug 2022	Inserted paragraphs 2.2 and 21 to highlight GST on low-value goods imported via air or post which takes effect from 1 Jan 2023, including new footnote 3. Other editorial changes.
4	1 Jan 2023	i) Updated paragraphs 3.3, 5.2, 6.2, 14.3, 20.2.1 for the following: - to remove reference to GST rate. - provide clarity on how GST should be computed. ii) Updated paragraphs 3.2 and 3.3 to clarify the price display requirements. iii) Updated paragraph 4.4 to refer to IRAS webpage with the tax invoice format and remove Appendix 1.

	Date of amendment	Amendments made
		iv) Updated paragraph 12.2 to be clear that for returned goods, GST should be adjusted at the rate that was originally charged. v) Updated paragraphs 13.3.3 and 13.3.4 to be clear that for rebates granted for past purchases for which GST was charged at the preceding rate, the supplier should charge GST at the prevailing GST rate on the full value of the next purchase. vi) Inserted paragraph 13.3.5 to include rebate used to offset future purchases scenario. vii) Other editorial changes.
5	30 Jan 2026	i) Updated paragraph 13 to clarify on when rebates received will be regarded as a separate supply of service. ii) Other editorial changes.