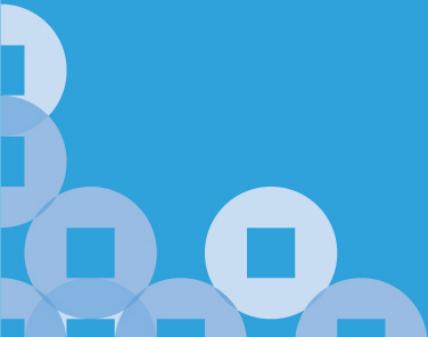




INLAND REVENUE  
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# IRAS e-Tax Guide

GST: Time of Supply Rules  
(Fifth Edition)



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## 1 Aim

- 1.1 This e-Tax Guide explains the general rules governing the time of supply<sup>1</sup>, as well as the special time of supply rules<sup>2</sup> applicable to exceptional transactions.
- 1.2 This guide is applicable to all GST-registered businesses.

## 2 At a glance

- 2.1 The time of supply determines when a supply is treated as taking place for GST purposes, specifically, when a supply is to be reported and when the liability to account for tax on a supply arises.
- 2.2 For most transactions, the time of supply will be the earlier of when an invoice is issued or when a payment is received. The date when goods are removed or made available, or when services are performed (“Basic Tax Point”) is not relevant except for certain transactions.<sup>3</sup>
- 2.3 In addition, special time of supply rules, which supersede the general rule, apply to certain transactions such as letting of immovable properties, continuous supplies of services, etc. Please refer to section 9 and Appendix 2 for more information.

## 3 Glossary

### 3.1 Basic Tax Point

For a supply of goods, the Basic Tax Point refers to the time when the goods are delivered. If the goods are not to be delivered (for example, goods such as a building where delivery is not possible), the Basic Tax Point refers to the time when the goods are made available.

For a supply of services, the Basic Tax Point will be when the services are performed.

### 3.2 Consideration

Consideration refers to any payment, whether monetary or non-monetary, made in return for goods or services provided. Non-monetary payments will include any benefit in kind that possesses commercial value.

### 3.3 Immovable property

Immovable property refers to any building or structure (e.g. office building, factory, shopping mall and warehouse) that is permanently affixed to the land.

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<sup>1</sup> The general rules are provided for under section 11 of the GST Act.

<sup>2</sup> The special rules are provided for under sections 11A, 11B and 12 of the GST Act.

<sup>3</sup> Refer to section 7 of this e-Tax Guide on situations where businesses have to track basic tax point.

Building or structure will also include the fixtures that are permanently attached to it (e.g. lift, escalator, built-in cabinets and mounted air-conditioners).

### 3.4 **Invoice**

Invoice for the purpose of GST means any document that serves as a bill for payment for supplies made by a GST-registered supplier. It includes a tax invoice and a debit note.

Documents such as sales order, pro-forma invoice, statement of accounts and letter/statement of claims are not considered as invoices for GST purposes. These documents are often not billing for payments and therefore, are not treated as invoices under normal commercial practices.

### 3.5 **Payment**

For the purpose of this e-Tax Guide, payment refers to the payment of anything that constitutes a consideration.

### 3.6 **Supply**

A supply refers to anything that is done for a consideration<sup>4</sup>. Hence, the provision of any goods or services (including the grant, assignment or surrender of any right) in return for a consideration is a supply.

Something that is not done for a consideration can still be a supply if it is treated as such under the Second Schedule to the GST Act. An example is the disposal of business asset without consideration that is treated as a supply of goods under paragraph 5(1) of the Second Schedule.

## 4 **Background**

4.1 A GST-registered business is required to charge GST on all its taxable supplies of goods and services made in Singapore. Whenever such supplies are made, the GST-registered business is required to report these supplies and account for GST in its GST return. In order to know when supplies are treated as made for GST purposes, the GST-registered business will need to apply the time of supply rules.

4.2 With effect from 1 Jan 2020, GST is imposed on:

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<sup>4</sup> Section 10(2)(a) of the GST Act provides that “supply” includes “all forms of supply, and reverse charge supplies, but not anything done otherwise than for a consideration”.

- a) Business-to-business<sup>5</sup> imported services by way of reverse charge (“reverse charge supplies”). The time of supply rules<sup>6</sup> determine when the GST-registered recipient has to report the reverse charge supply in his return;
- b) Business-to-consumer<sup>5</sup> imported digital services by way of an overseas vendor registration (“OVR”) regime. The time of supply rules determine when the overseas GST-registered vendor has to report his supplies of digital services to customers in Singapore and the corresponding output tax in his return.

4.3 With effect from 1 Jan 2023, through the extension of the OVR and reverse charge regimes, GST will also be imposed on:

- a) Imported low-value goods (“LVG”)<sup>7</sup> and;
- b) Business-to-consumer imported non-digital services (that can be supplied and received remotely)<sup>8</sup>.

## 5 Time of Supply Rules

### General time of supply rule

5.1 The time of supply for most transactions will be triggered by the earlier of the following:

- a) when a payment in respect of the supply is received; or
- b) when an invoice in respect of the supply is issued.

5.2 The above time of supply rule will also apply to remote services and LVG supplied by an overseas vendor registered under the OVR regime<sup>9</sup>.

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<sup>5</sup> Business-to-business supplies refer to supplies made to GST-registered persons, including companies, partnerships and sole-proprietors. On the other hand, Business-to-Consumer supplies refer to supplies made to non-GST registered persons, which include individuals and businesses that are not registered for GST.

<sup>6</sup> The time of supply rules for reverse charge supplies are provided for under section 11C of the GST Act.

<sup>7</sup> For more information on LVG, please refer to the e-Tax Guide “GST: Taxing imported low-value goods by way of the overseas vendor registration regime”.

<sup>8</sup> For more information on imported remote services (digital and non-digital services), please refer to the e-Tax Guide “GST: Taxing imported remote services by way of the overseas vendor registration regime”.

<sup>9</sup> For transitional time of supply rules for digital services straddling the implementation date of 1 Jan 2020, refer to paragraph 11 of the e-Tax Guide “GST: Taxing imported services by way of an overseas vendor registration regime”. For transitional time of supply rules for non-digital services supplied by an overseas vendor under the OVR regime straddling the implementation date of 1 Jan 2023, please refer to paragraph 12 of the e-Tax Guide “GST: Taxing imported remote services by way of the overseas vendor registration regime”. For transitional time of supply rules for a supply of LVG by an overseas vendor under the OVR regime straddling 1 Jan 2023, please refer to paragraph 18 of the e-Tax Guide “GST: Taxing imported low-value goods by way of the overseas vendor registration regime”.

### When Payment is considered as Received

5.3 The following are some examples of when payment is considered as received:

- **Cash**  
Payment is treated as received on the date you receive the cash from your customer;
- **AXS & SAM Machines/NETS Facility/Credit Card etc.**  
Payment is treated as received on the date these establishments transfer the money to you;
- **Telegraphic Transfer**  
Payment is treated as received on the date your bank receives the money; and
- **Cheques**  
Payment is treated as received on the date you present the cheque to the bank (i.e. the bank-in date). For a cheque that is dishonoured, payment is treated as received on the date you present the new cheque to the bank.

5.4 Payment to stakeholders is not considered as received until the monies are released. Notwithstanding this, the time of supply may still be triggered by the issuance of invoice, as explained below.

### Issuance of Invoice

5.5 The issuance of any type of invoice (and not just a tax invoice) will trigger the time of supply. Notwithstanding this, a GST-registered business must still issue a tax invoice for a taxable supply made to another GST-registered person within 30 days of the time of supply<sup>10</sup>. For example, if the time of supply is triggered by the receipt of payment, a tax invoice has to be issued within 30 days from the date the payment is received. This is because GST-registered customers require a tax invoice to support their input tax claims.

### Exceptions to the general rule

5.6 Exceptions to the general time of supply rule will apply to specific scenarios. These scenarios are covered in paragraphs 6 to 9 below.

5.7 The time of supply rules for reverse charge supplies are covered in paragraph 10.

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<sup>10</sup> Regulation 10(5) of the GST (General) Regulations.

## 6 Exceptional Time of Supply Rule for Instalment Payment<sup>11</sup>

- 6.1 This rule applies to a supplier who supplies goods or services together with financing services to his customer (such a transaction is referred to as “instalment payment transaction” for the purpose of this guide). An example of an instalment payment transaction is the supply of goods under a hire purchase.
- 6.2 The rule requires the supplier cum financier to account for output tax on the full value of the supply when he issues an invoice for the first instalment or receives the first payment from his customer, whichever is earlier.

Example 1:

1 Feb	15 Feb	1 Mar	Subsequent instalment payments
Co. B took delivery of machinery	Co. A issued first invoice for monthly instalment payment of \$267.50	First instalment payment of \$267.50	

Co. A sold machinery to Co. B for \$3,000 (excluding GST) under an instalment credit financing arrangement. Under the terms of the financing arrangement, Co. B was to make monthly payment of \$267.50 starting from 1 Mar. Invoice for the first instalment payment was issued on 15 Feb. Co. B took delivery of the machinery on 1 Feb.

On 15 Feb, Co. A has to account for output tax on \$3,000, being the full value of its supply of the machinery as it has issued an invoice for the first instalment payment.

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

### Example 2:

#### Supply by Co. A:

1 Feb	3 Feb	7 Feb
Co. A issued invoice to Co. B and received downpayment of \$120,000	Co. A delivered goods to Co. B	Co. A issued invoice to Co. C for the amount of \$120,000

#### Supply by Co. C:

3 Feb	1 Mar	Other monthly instalment payments of \$2,000 + interest of \$350
Co. B took delivery of goods	First instalment payment of \$2,000 + interest of \$350	

Co. A sold a motor car to Co. B for a total price of \$240,000 including GST. Co. B made a downpayment of \$120,000 and received an invoice from Co. A for that amount on 1 Feb. At the same time, Co. B also entered into a hire-purchase agreement with Co. C, a finance company, to seek financing for the remaining amount. Co. B took delivery of the motor car on 3 Feb. The terms of the hire-purchase were as follows:

Amount:	\$120,000
Term:	5 years (or 60 months)
Interest rate:	3.5% per annum
Monthly Interest:	\$350 (i.e. $\$120,000 \times 5 \text{ years} \times 3.5\% / 60 \text{ months}$ )
Monthly payment:	\$2,000 (exclude interest)

In this case, there were two suppliers for the supply of the motor car, namely Co. A and Co. C. The table below shows the time of supply for the supplies made by Co. A and Co. C.

Continuation of Example 2:

Supplier / Type of supply	Time of supply triggered by:		Time of supply	Value of supply including GST	Remarks
Company A	Invoice	Payment			
Supply of motor car	✓	✓	1 Feb	\$120,000	Output tax to be accounted for on deposit
	✓		7 Feb	\$120,000	Output tax to be accounted for on the balance amount

Supplier / Type of supply	Time of supply triggered by:		Time of supply	Value of supply	Remarks
Company C	Invoice	Payment			Remarks
Supply of motor car		✓	1 Mar	\$120,000 (including GST)	Output tax to be accounted on the entire supply upon the invoice or payment of the first instalment
Supply of credit		✓	1 Mar	\$350	Interest received*

\* The provision of credit is an exempt supply. The time of supply for the remaining interest amount will be triggered periodically by the receipt of payment (or issue of invoice where applicable, whichever is the earlier).

## 7 Situations where Businesses have to Track Basic Tax Point

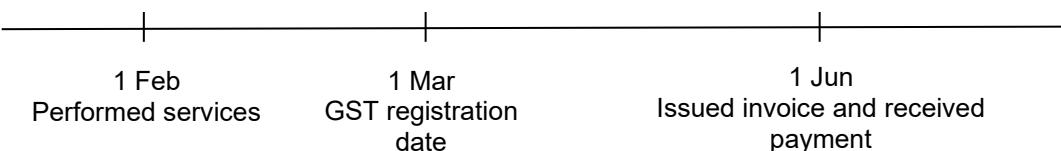
7.1 Businesses are required to track the Basic Tax Point for the following:

- Determining Taxability of Supplies Straddling Registration Date;
- Supplies Spanning De-Registration;
- Sale of Immovable Properties;
- Supplies Made by a Section 33(2) Agent;
- Business Assets Put to Private Use/ Transferred/ Disposed of Without Consideration; and
- Supplies Between Connected Persons.

### Determining Taxability of Supplies Straddling GST Registration Date

- 7.2 Supplies made by a newly GST-registered business may straddle its GST registration date. For example, the business may perform a supply of service before its GST registration date but issues an invoice and receives payment for that service only after its GST registration date.
- 7.3 Based on the general time of supply rule, if the invoice is issued and payment is received after the date of GST registration, the supply is treated as made after the date of GST registration. Hence, GST is chargeable on the supply.
- 7.4 If the Basic Tax Point takes place before the business is, or is required to be GST-registered, customers of the business can request the business to treat the supply as taking place based on the Basic Tax Point<sup>12</sup>. Consequently, no GST is chargeable on the supply since it is made before the business is registered for GST. Only customers who are not entitled to claim input tax credit for the whole or part of the tax on the supply can seek this GST relief. Examples are customers who are not registered for GST, whose input tax is partly disallowed by virtue of them being a partially exempt business, or whose input tax is blocked by regulations 26 or 27.
- 7.5 To seek the relief, the customer and the supplier must complete and sign the “Request for relief of GST on goods or services supplied prior to supplier’s GST registration date” form. A copy of the form can be downloaded from IRAS’ website. Both parties have to ensure that the declarations made in the form are correct to avoid the possibility of penalties being imposed. In addition, the supplier has to ensure that the various checks mentioned in the form are duly performed.

Example 3:



Co. A performed its services on 1 Feb prior to its GST registration. Co. A issued invoice for the supply on 1 Jun and received payment on the same day.

The time of supply for the services is treated as taking place on 1 Jun, after Co. A became GST-registered. Hence, the supply would be subject to GST. However, Co. A need not charge GST on this supply if its non-GST-registered customer requested for relief of GST on the services performed prior to registration.

*[Note: In cases where Co. A is not required to charge GST on its supply, Co. A will not be allowed to claim the input tax incurred to make that supply.]*

<sup>12</sup> Section 11B(2) of the GST Act.

Time of Supply for Supplies Spanning De-Registration

7.6 Supplies made by a business that has cancelled its GST registration may straddle its GST de-registration date. For example, the business may supply a service before its de-registration date but issues an invoice and receives payment for that service only after it has de-registered from GST.

7.7 Where the Basic Tax Point (i.e. delivery of goods or performance of services) takes place before the business de-registers from GST and full output tax on the supply has not been accounted for at the date of de-registration, the supply shall to the extent that it is not covered by any invoice or payment, be treated as taking place on the day immediately before it ceases to be registered for GST<sup>13</sup>.

Example 4:

1 Feb	1 Mar	1 Jun	15 Jun
Sold and delivered goods worth \$10,000	Received part payment of \$3,000	De-registered from GST	Received balance of payment of \$7,000

Co. A sold and delivered goods worth \$10,000 on 1 Feb before it de-registered from GST.

Co. A had to account for GST on the part payment of \$3,000 received on 1 Mar. Though the time of supply for the remaining balance had not been triggered by invoice or payment before the de-registration date, Co. A would still have to account for GST on the remaining balance of \$7,000 on the day immediately before Co. A ceased to be GST-registered (i.e. 30 May).

Time of Supply for Sale of Land and Immovable Property<sup>14</sup>

7.8 The Basic Tax Point remains applicable to the sale of land and immovable properties. That is, a GST-registered seller has to account for GST at the earliest of the following events:

- when a payment is received;
- when an invoice is issued;
- when the title of the property is transferred upon legal completion; or
- when the property is made available to the buyer for occupation.

<sup>13</sup> Section 11B(6) of the GST Act.

<sup>14</sup> Section 11(3) and 11(4) of the GST Act.

7.9 The application of the time of supply rules to the sale of a completed non-residential property and a non-residential property under development is explained further in the paragraphs below.

7.10 In a typical sale of a completed non-residential property, the seller normally receives a 5% booking fee, followed by a 15% deposit when the option is exercised. The property is usually transferred to the buyer upon completion of the sale. The GST-registered seller will have to account for GST on both the 5% booking fee and the 15% deposit at the earlier of receipt of payment or issuance of invoice. GST on the remaining sum will be accounted for at the earliest of the events (a) to (d) in paragraph 7.8 above.

Example 5:

1 Feb Booking fee of \$50,000	1 Mar Deposit of \$150,000	1 Jun Property made available. First monthly progressive payment of \$50,000 made	Subsequent monthly progressive payments
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Co. A sold a completed commercial shophouse to Co. B for \$1,000,000 + GST. Co. B paid a 5% booking fee of \$50,000 + GST on 1 Feb, followed by payment of a deposit of \$150,000 + GST on 1 Mar when the option was exercised. For the remaining amount of \$800,000 + GST, Co. A provided financing and Co. B would make progressive payments of \$50,000 every month until the full amount was repaid.

Co. A is required to account for output tax as follows:

Time of supply triggered by	Time of supply	Value of supply (\$)
Receipt of booking fee	1 Feb	50,000
Receipt of deposit	1 Mar	150,000
Property made available	1 Jun	800,000*

\* Co. A would have to account for output tax on the remaining balance even though it had yet to receive the entire sum as at 1 Jun.

7.11 In a typical sale of a non-residential property under development, the seller collects progressive payments according to the schedule of payments specified in the agreement. The property is usually made available to the buyer for occupation after the issuance of Temporary Occupation Permit.

7.12 In this case, the GST-registered seller has to account for GST on each progressive payment based on the earlier of receipt of payment or issuance of invoice. Once the property is made available or transferred to the buyer, the GST-registered seller has to account for GST on the remaining sale proceeds in full (regardless of whether the entire remaining sum for the property has been received).

7.13 Please refer to the e-Tax Guides, “GST Guide for Property Owner and Property Holding Company” and “GST Guide for Property Developer” for more information on the GST treatment of property transactions.

Time of Supply for Supplies Made by a Section 33(2) Agent<sup>15</sup>

7.14 An agent who imports goods on behalf of an overseas person who is not registered for GST<sup>16</sup> will have to account for GST on the supply of such goods at the earliest of the following:

- when a payment is received;
- when an invoice is issued; or
- when the goods are made available or removed.

Time of Supply for Business Assets Put to Private Use / Transferred / Disposed of Without Consideration<sup>17</sup>

7.15 When a GST-registered business transfers or disposes of goods forming part of the assets of its business without consideration, it is making a supply of goods for GST purposes<sup>18</sup>. There is no change in the time of supply rules for such transfers or disposals. In other words, the supply of goods is treated as taking place when the goods are transferred or disposed of.

7.16 When a GST-registered business uses its business assets for a private purpose or makes them available to any person for use other than for a purpose of the business without receiving any payment in return, the business is treated as making a supply of services for GST purposes. There is no change in the time of supply rules for such supply of services. That is, the supply is treated as taking place on the last day of the supplier’s prescribed accounting period in which the assets are made available or used.

**Example 6:**

Co. A’s goods were put to private use on 1 Feb 2023. Co. A was on quarterly filing (i.e. Jan – Mar, Apr – Jun, Jul – Sep, Oct – Dec).

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1 Feb 2023	31 Mar 2023
Goods put to private use	Last day of accounting period

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In this case, the time of supply was 31 Mar 2023 (i.e. the last day of the prescribed accounting period in which the goods were used for private purposes).

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<sup>15</sup> Section 11(3) and 11(4) of the GST Act.

<sup>16</sup> A Section 33(2) agent may also import goods on behalf of overseas persons who are registered (Seventh Schedule – pay only) persons.

<sup>17</sup> Section 11A(4) and 11A(5) of the GST Act.

<sup>18</sup> Provided for under paragraphs 5(1) and 5(3) of the Second Schedule to the GST Act.

### Time of Supply for Supplies Between Connected Persons<sup>19</sup>

7.17 For supplies made between connected persons<sup>20</sup>, the supply is treated as taking place at the earliest of the following:

- when invoice is issued;
- when payment is received; and
- 12 months after the Basic Tax Point (i.e. the 12-month rule).

7.18 The 12-month rule does not apply to supplies listed in Appendix 2 which are continuous in nature.

**Example 7:**

1 Feb 2022	1 Feb 2023
Delivered goods to customer	12 months from Basic Tax Point

Co. A entered into an agreement to supply goods to its parent company, Co. B. Co. A delivered the goods on 1 Feb 2022. There was no payment received or invoice issued thereafter.

Since neither payment was received nor invoice issued within 12 months after the Basic Tax Point (i.e. the delivery of the goods on 1 Feb 2022), the time of supply would be 12 months after the delivery of goods (i.e. 1 Feb 2023).

## **8 Option to Use the Basic Tax Point<sup>21</sup>**

8.1 Businesses that wish to use the Basic Tax Point will have to seek approval from IRAS. Once approval is granted, businesses shall apply the time of supply rules based on the earliest of the following three events:

- Basic Tax Point
- when payment in respect of the supply is received; or
- when an invoice in respect of the supply is issued.

8.2 Businesses which have obtained approval to use the Basic Tax Point should apply the time of supply rules in paragraph 8.1 consistently. Should these businesses subsequently decide to revert to the normal time of supply rule, they will have to write in to IRAS for approval, stating the reasons for the change.

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<sup>19</sup> Section 11B(3) and 11B(4).

<sup>20</sup> See Appendix 1 for details on connected persons.

<sup>21</sup> Section 12 of the GST Act.

## 9 Prescribed Time Of Supply Rules

9.1 Specific time of supply rules have been prescribed for the circumstances and transactions listed below. These prescribed time of supply rules apply to all businesses, including those who have opted to use the Basic Tax Point.

### Time of supply based on the earlier of invoice or consideration

- a) Determining Registration Liabilities
- b) Determining When Supplies Are Made to Claimant for Purchases Straddling GST Registration Date

### Special time of supply rules

- c) Goods Supplied On Approval, "Sale Or Return" Or Similar Terms
- d) Licence, Tenancy And Lease
- e) Continuous Supplies Of Services
- f) GST Schemes and Special Transactions:
  - Approved Third Party Logistic Company Scheme
  - Approved Contract Manufacturer and Trader Scheme
  - Customer Accounting
  - Cash Accounting
  - Supply of Gold Jewellery
  - Coin-Operated Machines
  - GST Rate Change

### Determining Registration Liabilities

9.2 Businesses that make or expect to make taxable supplies of goods and/or services exceeding S\$1 million annually are required to register with the Comptroller of GST. Therefore, there is a need for businesses to determine the period in which their supplies are made (or are expected to be made), so as to compute whether their turnovers for a particular year (or 12-month period) have exceeded the S\$1 million threshold.

9.3 The time of supply for the purposes of determining GST registration liabilities<sup>22</sup> (regardless of the type of transactions carried out) will be the earlier of the following:

- a) when a payment in respect of the supply is received; or

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<sup>22</sup> Section 11A(2) of the GST Act.

b) when an invoice in respect of the supply is issued

Example 8:

1 Jan 20X1	Performed service B. Invoiced and received payment of \$600k	Performed service C	1 Jan 20X2	Invoiced and received payment of \$600k for service C	1 Jan 20X3
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Co. A made two supplies of services, service B and service C. The agreements were such that Co. A would receive \$600k for each supply. On 31 Dec 20X1, Co. A assessed whether its turnover for the year of 20X1 had exceeded S\$1 million:

Nature of services	Time of supply	Value of supply made in 20X1	Value of supply made in 20X2
Service B	Year 20X1 based on invoice and payment	\$600k	\$0
Service C	Year 20X2 based on invoice and payment	\$0	\$600k

Co. A's turnover did not exceed S\$1 million in Year 20X1. Therefore, Co. A was not liable for GST registration in 20X2.

*[Note: The above example is a simplified one to illustrate the time of supply rules. Please refer to the e-Tax Guide, "Do I Need to Register" for more information on determining registration liabilities.]*

Determining When Supplies Are Made to A Claimant for Purchases Straddling GST Registration Date

9.4 Supplies that are acquired by a newly-registered business may straddle its GST registration date. For example, services acquired by a business may be performed before its GST registration date but it may receive an invoice and make payment for that service only after its GST registration date. The business will have to determine whether the services are supplied to it before or after it is registered for GST. If the services are supplied to it before it is registered for GST, the GST incurred on the supply will be treated as claims made before GST-registration. Additional conditions (other than the normal input tax conditions) will have to be satisfied before such GST claims can be allowed. Please refer to the e-Tax Guide "GST: Pre-Registration Claims on Goods and Services" for more information.

9.5 Businesses will have to rely on the time of supply rule below for all types of supplies (i.e. regardless of the time of supply rules applicable to the supplier) to determine when supplies are made to them<sup>23</sup>. The time of supply rule is based on the earlier of the following:

<sup>23</sup> Section 11A(3) of the GST Act.

- a) when a payment in respect of the supply is received by the supplier; or
- b) when an invoice in respect of the supply is issued by the supplier.

**Example 9:**

1 Feb Supplier B made property available	1 Mar Co. A's GST registration date	15 Mar Co. A received invoice and made payment
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Co. A purchased a shophouse from Supplier B. The shophouse was to be used by Co A to make taxable supplies after it registered for GST. Supplier B made the property available to Co. A on 1 Feb. Company A received invoice for the supply on 15 Mar and made payment on the same day.

For the purposes of claiming of input GST only, the supply from Supplier B would be treated as made to Co. A on 15 Mar based on invoice and payment. That is, the supply would be treated as made to Co. A after it registered for GST. Therefore, Co. A would be able to claim the input tax incurred on the supply, subject to the normal input tax claiming conditions.

**Goods Supplied On Approval, “Sale Or Return” Or Similar Terms**

9.6 Businesses may supply goods under approval, or sale or return, or similar terms to their customers. In such cases, although the goods have been sent to a customer, no sale takes place until the customer approves the goods and confirms the sale. The supply will be treated as taking place at the earliest of<sup>24</sup>:

- a) when a payment in respect of the supply is received;
- b) when an invoice in respect of the supply is issued; or
- c) 12 months after the removal of the goods from the consignor.

9.7 On subparagraph (a) above, the payment must be to settle an existing debt that has arisen from the customer's confirmation/acceptance of the sale. The mere receipt of payment will not trigger the time of supply if the payment is held as security pending the confirmation of the sale. That is, the deposit will only trigger the time of supply when it is used as payment (whether in part or in full) for the supply, following the confirmation of the sale.

9.8 Once a payment is received or an invoice is issued, GST has to be accounted for on the full selling price of the goods.

<sup>24</sup> Section 11A(6) of the GST Act.

Example 10:

1 Jan	15 Mar	1 Apr
Delivered goods and received deposit	Deposit treated as payment for supply upon Co. B's acceptance	3 months from the delivery of goods

Co. A entered into an agreement to supply goods to Co. B on “sale or return” terms for a total price of \$1,000 + GST. Under these terms, Co. B would get to retain the goods and decide subsequently whether to buy or reject the goods. The agreement also provided that:

- a) Co. B was to make a deposit of \$500. The deposit would be refunded in full, should Co. B decide to reject the goods;
- b) Co. A would treat a sale as having taken place if Co. B accepted the goods or did not reject the goods within 3 months; and
- c) If a sale had taken place, the deposit made by Co. B would be treated as part payment for the supply. The remaining payment was to be settled within 1 month from the date of sale.

The time of supply was triggered on 15 Mar when the deposit was treated as payment for the supply. Co. A would have to account for GST on the full selling price of \$1,000, despite that it had not received full payment.

Licence, Tenancy And Lease

9.9 The general time of supply rule applies to a supply comprising the letting of property. The supply will be treated as taking place at the earlier of when a payment is received or an invoice is issued.

9.10 However, where the GST-registered lessor issues a tax invoice covering an advance period not exceeding 3 years and that invoice contains, in addition to the particulars required of a tax invoice, the following information:

- a) the due date of each rental payment;
- b) the amount payable (excluding tax) on each due date; and
- c) the rate of tax and the corresponding GST chargeable,

then GST shall be accounted for at the earlier of<sup>25</sup>:

- a) the due date of each rental payment; or
- b) the date the rental payment is received.

<sup>25</sup> Regulation 16(2) of the GST (General) Regulations.

9.11 If the invoice issued does not contain all the information in paragraph 9.10 above, GST is to be accounted for at the earlier of the following:

- a) when a payment in respect of the supply is received; or
- b) when an invoice in respect of the supply is issued.

**Example 11:**

1 May 2023 Co. A issued tax invoice	1 Jun 2023 First payment due date	1 Jul 2023 Payment received	Subsequent instalment payments
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Co. A rented an office unit to Co. B for a period of 2 years from 1 Jun 2023 to 31 May 2025. On 1 May 2023, Co. A issued a tax invoice stating the monthly rental payment of \$2,000, was due on the first day of each month during the entire rental period. Co. B paid the first monthly payment on 1 Jul 2023.

The issue of the tax invoice would not trigger the time of supply. Instead, time of supply would be triggered by the earlier of payment due date or the receipt of the payment. The time of supply for the first payment was triggered by the payment due date on 1 Jun 2023. The time of supply for the subsequent payments will be based on the earlier of payment due date or when payment is received.

**Continuous Supplies Of Services<sup>26</sup>**

9.12 The general time of supply rule applies to a continuous supply of services. The supply will be treated as taking place at the earlier of when a payment is received or an invoice is issued.

9.13 However, where the GST-registered business issues a tax invoice for an advance period not exceeding 12 months and the invoice contains, in addition to the particulars required of a tax invoice, the following information:

- a) the due dates of each payment;
- b) the amount payable (excluding tax) on each due date; and
- c) the rate of tax and the corresponding GST chargeable,

then GST shall be accounted for at the earlier of<sup>27</sup>:

- a) the due date of each periodic payment; or

<sup>26</sup> Refer to the provision of services over a continuous period of time, for which payment is received periodically or from time to time.

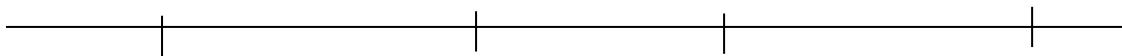
<sup>27</sup> Regulation 20(2) of the GST (General) Regulations.

b) the date each periodic payment is received.

9.14 If the invoice issued does not contain all the information in paragraph 9.13 above, GST is to be accounted for at the earlier of the following:

- when a payment in respect of the supply is received; or
- when an invoice in respect of the supply is issued.

**Example 12:**



Co. A provides cleaning services to Co. B for a period of 2 years from 1 Jun 2023 to 31 May 2025. On 1 May 2023, Co. A issues a tax invoice stating the monthly cleaning fees of \$2,000, are due on the 15th day of each month covering the period from 1 Jun 2023 to 31 May 2024. Co. B pays the first monthly payment in advance on 30 May 2023.

The issue of tax invoice for a 12 month period on 1 May 2023 would not trigger the time of supply. The time of supply for the first payment would be triggered by the receipt of payment on 30 May 2023. The time of supply for the subsequent payments would be based on the earlier of payment due date and when payment is received.

**GST Schemes/ Special Transactions**

9.15 There is no change to the time of supply for the various GST schemes and the special transactions below.

- Approved Third Party Logistic Company Scheme
- Approved Contract Manufacturer and Trader Scheme
- Customer Accounting / Recipient Accounting
- Cash Accounting
- Supply of Gold Jewellery
- Coin-Operated Machines
- GST Rate Change

9.16 Please refer to the respective guides for more details.

## 10 Time of Supply Rules for Reverse Charge Supplies

10.1 With effect from 1 January 2020, GST-registered businesses or GST groups that are not entitled to full input tax credit (“RC Businesses”) are required to perform reverse charge<sup>28</sup> on services procured from overseas suppliers. From 1 January 2023, RC Businesses are also required to perform reverse charge on the purchase of LVG.

10.2 The general time of supply rule for reverse charge transactions on/ after 1 January 2020<sup>29</sup>, or 1 January 2023 (in the case of LVG), is the earlier of the following:

- when an invoice in respect of the supply is issued; or
- when a payment in respect of the supply is made.

### Example 13

15 Jun 2020	15 Jul 2020	1 Oct 2020
Services performed	Supplier's invoice date	Payment made

Co. A, an RC Business, procures services from an overseas supplier. According to the general time of supply rule for reverse charge, the time of supply will be on 15 Jul 2020, i.e. the earlier of the date of the supplier's invoice and the date of payment. If Co. A's prescribed accounting periods are Jan-Mar, Apr-Jun, Jul-Sep and Oct-Dec, it will account for GST on the imported services in the prescribed accounting period ended 30 Sep 2020. The date the services are performed does not trigger the time of supply for this reverse charge transaction.

10.3 For administrative ease, GST-registered RC Businesses also have the option of electing to apply reverse charge at the end of their longer period<sup>30</sup>. If such an election is made, the time of supply of the imported services will instead be on the day immediately after the last day of the RC Businesses' longer period, i.e. the first day of the accounting period in which the longer period adjustment is made.

10.4 RC Businesses are also required to track the time imported services are performed or the date when LVG is removed or made available (i.e. the Basic Tax Point) when determining whether an imported service or LVG that straddles GST-registration or de-registration date is subject to reverse charge, or the time of supply for imported services procured from a connected person, overseas

<sup>28</sup> The GST-registered recipient must account for GST on the value of his imported services as if he were the supplier, to the extent the imported services fall within the scope of reverse charge. The GST-registered recipient will at the same time be entitled to claim the GST as his input tax, subject to the normal input tax recovery rules.

<sup>29</sup> For details on transitional time of supply rules for reverse charge transactions straddling implementation date, please refer to e-Tax Guide “GST: Reverse Charge”.

<sup>30</sup> This option is not applicable to businesses that are accorded fixed input tax recovery rates as they are not required to perform longer period adjustments.

branch or head office, or overseas member within the same GST group. For more information on the time of supply rules for reverse charge transactions, please refer to the e-Tax Guide “GST: Reverse Charge”.

## **11 Contact Information**

- 11.1 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”).

## 12 Updates and Amendments

	<b>Date of amendment</b>	<b>Amendments made</b>
1	11 Sep 2019	<ul style="list-style-type: none"><li>Removed contents on the time of supply rules before 1 Jan 2011</li><li>Added the following to reflect changes arising from RC and OVR:<ul style="list-style-type: none"><li>Paragraph 4.2 to provide an overview on RC and OVR</li><li>Paragraph 5.7 and section 10 on the time of supply rules for RC supplies</li></ul></li><li>Editorial amendments</li></ul>
2	3 Aug 2022	<ul style="list-style-type: none"><li>Inserted paragraph 4.3, footnotes 7 and 8, and amended paragraphs 5.2, 10.1, 10.2, 10.4, footnotes 9 and 29 on the extended OVR regime for imported non-digital services and extended reverse charge and OVR regimes for imported low-value goods with effect from 1 Jan 2023</li><li>Editorial amendments</li></ul>
3	1 Jan 2024	<ul style="list-style-type: none"><li>Editorial amendments to the examples 6, 7, 11 and 12</li></ul>

**Connected persons<sup>31</sup>**

**Individuals**

A person (i.e. an individual) is connected with an individual if he is the:

- a) individual's wife or husband;
- b) individual's relative;
- c) wife or husband of a relative of the individual; and
- d) wife or husband of a relative of the individual's wife or husband

**Trustee**

A person in his capacity as trustee of a settlement is connected with:

- a) any individual who in relation to the settlement is a settlor;
- b) any person who is connected with such an individual referred to in (a) above; and
- c) a body corporate which is connected with that settlement

**Partnership**

Except in relation to acquisitions or disposals of partnership assets pursuant to bona fide commercial arrangements, a person is connected with:

- a) any person with whom he is in partnership, and
- b) the wife or husband or relative of any individual with whom he is in partnership.

**Company**

A company is connected with another company if:

- a) the same person has control of both; or
- b) a person has control of one and persons connected with him, or he and persons connected with him, have control of the other; or
- c) a group of 2 or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person with whom he is connected.

A company is connected with another person if:

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<sup>31</sup> Paragraph 3 of the Third Schedule to the GST Act.

- a) that person has control of it; or
- b) that person and persons connected with him together have control of it.

Any 2 or more persons acting together to secure or exercise control of a company shall be treated in relation to that company as connected with:

- a) one another; and
- b) any person acting on the directions of any of them to secure or exercise control of the company.

### **Meaning of Control**<sup>32</sup>

A person (or a group of 2 or more persons) shall be taken to have control of a company if he exercises, or is able to exercise or is entitled to acquire, direct or indirect control over the company's affairs. Typically, a person (or group of persons) would have direct or indirect control over the company's affairs if that person (or group) possesses or is entitled to acquire —

- a) the greater part of the share capital or issued share capital of the company or of the voting power in the company;
- b) such part of the issued share capital of the company as would, if the whole of the income of the company were in fact distributed among the participators (without regard to any rights which he or any other person has as a loan creditor), entitle him to receive the greater part of the amount so distributed; or
- c) such rights as would, in the event of the winding up of the company or in any other circumstances, entitle him to receive the greater part of the assets of the company which would then be available for distribution among the participators.

For the above purpose of establishing control, the rights or powers of a person (or group of persons) shall include any rights or powers of a nominee for him, that is to say, any rights or powers which another person possesses on his behalf or may be required to exercise on his direction or behalf.

In this Appendix —

"business trust" has the same meaning as in the Business Trusts Act (Cap. 31A)

"company" includes any body corporate or unincorporated association, but does not include a partnership. It will also apply in relation to any unit trust scheme as if the scheme were a company and as if the rights of the unit holders were shares in the company;

"relative" means brother, sister, ancestor or lineal descendant;

A "participator" is, in relation to any company, a person having a share or interest in

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<sup>32</sup> Paragraph 4 of the Third Schedule to the GST Act.

the capital or income of the company. This generally includes —

- a) any person who possesses, or is entitled to acquire, share capital or voting rights in the company;
- b) any loan creditor of the company;
- c) any person who possesses, or is entitled to acquire, a right to receive or participate in distributions of the company or any amounts payable by the company (in cash or in kind) to loan creditors by way of premium on redemption; and
- d) any person who is entitled to secure that income or assets (whether present or future) of the company will be applied, directly or indirectly, for his benefit.

“entitled to acquire” will include anything which a person is entitled to acquire at a future date, or will at a future date be entitled to acquire.

## Appendix 2

### **SUPPLIES NOT SUBJECT TO 12-MONTH RULE**

- (a) a supply of goods under paragraph 4 of the Second Schedule to the Act<sup>33</sup> consisting of the grant of a licence, tenancy or lease where the whole or part of the consideration for that grant is payable periodically and attributed to separate periods of the term of the licence, tenancy or lease;
- (b) a supply of any form of power (including electricity), gas (excluding gas supplied in cylinders), water, light, heat, refrigeration, air-conditioning, ventilation, telephone, telex, telepac and similar telecommunications services;
- (c) a supply of goods under an arrangement where the supplier retains the property therein until the goods or part of them are appropriated under the agreement by the buyer and in circumstances where the whole or part of the consideration is determined at that time;
- (d) a supply of goods or services after 1st April 1994 under a contract which provides for the retention of any part of the consideration by one party pending full and satisfactory performance of the contract, or any part of it, by the other party;
- (e) a supply of services for a period for a consideration the whole of part of which is determined or payable periodically or from time to time;
- (f) a supply of services comprising the right to use a benefit where the whole of the consideration for the supply (being in the nature of royalties or other similar payments) cannot be ascertained at the time the services are performed but only subsequently by a person other than the supplier of the services upon the use of the benefit; and
- (g) supplies of goods or services in the course of the construction, alteration, demolition, repair or maintenance of a building or of any engineering work under a contract which provides for payments for such supplies to be made periodically or from time to time.

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<sup>33</sup> To mean a supply of goods comprising the grant, assignment or surrender of any interest in or right over land or of any licence to occupy land.