



INLAND REVENUE  
AUTHORITY  
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## Frequently Asked Questions for Businesses – GST rate change 2023

The Minister for Finance announced in Budget 2022 that the GST rate increase will be staggered over two steps:

- (i) from 7% to 8% with effect from 1 Jan 2023; and
- (ii) from 8% to 9% with effect from 1 Jan 2024.

To prepare GST-registered businesses for the first rate change when the GST rate is increased from 7% to 8% with effect from 1 Jan 2023, we have published the e-Tax Guide, 2023 GST Rate Change: A Guide for GST-registered Businesses<sup>1</sup>. This set of Frequently Asked Questions supplements the e-Tax Guide and should be read in conjunction with the e-Tax Guide.

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<sup>1</sup> Note: Same transitional rules will apply to transactions spanning the second rate change, when the GST rate is increased from 8% to 9% with effect from 1 Jan 2024. IRAS will publish a separate e-Tax Guide and a corresponding set of Frequently Asked Questions to prepare businesses for the second rate change by Apr 2023.

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Questions	Answers
<b>1. Applicable GST rate to apply under common scenarios</b>	
<p><b>1.1 Trade-in after rate change</b></p> <p>What is the GST rate applicable when I trade in my old equipment previously purchased at a GST rate of 7% for a new one on/ after 1 Jan 2023?</p>	<p>Trade-in transactions are regarded as two supplies for GST purposes. When you sell the old equipment via a trade-in on/ after 1 Jan 2023, you are required to charge 8% GST. Similarly, when you purchase the new equipment via a trade-in on/ after 1 Jan 2023, your supplier would have to charge 8% GST on the full price of the new equipment. It is incorrect for your supplier to charge GST on the net price payable.</p>
<p><b>1.2 Fees paid via credit card where instalment payments to the bank span rate change date</b></p> <p>I provide training courses. My customer registers for a course and pays via credit card for the full course fees before 1 Jan 2023. The course is scheduled to commence on/ after 1 Jan 2023 and credit card repayment by the customer to the bank is arranged on a 12-month interest-free instalment basis. What is the amount of GST chargeable on the course fees?</p>	<p>The time of supply would be before 1 Jan 2023 when you receive full payment from the customer's bank before 1 Jan 2023. Hence, you should charge 7% GST on the supply. The instalment payment arrangement is between the bank and your customer.</p> <p>As a concession, where the customer has charged the full payment for the course fees to the credit card before 1 Jan 2023, even if the payment is received by you from the customer's bank on/ after 1 Jan 2023, you can treat the payment as received before 1 Jan 2023 and charge 7% GST on the supply.</p>
<p><b>1.3 Replacement of goods under warranty after rate change date</b></p> <p>My company sells goods to a customer before 1 Jan 2023 and the 3 months warranty straddles 1 Jan 2023. The contract provides for a "one-to-one" replacement on damaged goods during the warranty period. Where the original model for the damaged goods is unavailable, the company will replace with a new model.</p> <p>It is the company's policy to issue a credit note to cancel out the original supply and issue a tax invoice for the new model. In this respect, what GST rate should the company charge when the replacement occurs on/ after 1 Jan 2023?</p>	<p>Since the contract has a specific provision for a "one-to-one" replacement and the replacement model relates to an original sale that took place before 1 Jan 2023, the company should charge 7% GST.</p>

Questions	Answers
<p><b>1.4 Recovery of payment after rate change date for invoice received from supplier before rate change date</b></p> <p>My company sub-contracts out work to fulfil my customer's order. When the sub-contractor invoices us for the work done, I will onward bill my customer with a mark-up.</p> <p>If I have claimed 7% in relation to the invoice sent to my company by the sub-contractor, can I bill my customer at 7% too on/ after 1 Jan 2023?</p>	<p>The factors determining which GST rate is to be applied in your invoicing are:</p> <p>a) when payment is received from your customer</p> <p>b) when goods are delivered/ services are performed for your customer.</p> <p>If you receive full payment from your customer before 1 Jan 2023, you should charge GST at 7% as the time of supply has been triggered before 1 Jan 2023.</p> <p>If the goods are delivered or services are performed for your customer before 1 Jan 2023, without full payment received, you can choose to charge GST at 7%.</p> <p>The GST rate at which you have claimed on business purchases is not relevant.</p>
<p><b>1.5 Part payment received before rate change for supply billed in phases</b></p> <p>My company is in the business of holding exhibitions locally and we issue invoices in 2 phases (i) 30% billed before the event starts and (ii) 70% after the commencement of the exhibition.</p> <p>My company issues the first invoice (covering 30% of the value of supply) before 1 Jan 2023 for an event that is due to commence on/ after 1 Jan 2023 but receives payment comprising 20% of the value of supply before 1 Jan 2023.</p> <p>What is the GST rate applicable on the transaction?</p>	<p>The payment for 20% of the supply value received before 1 Jan 2023 is subject to the GST rate of 7% and hence no further adjustment is required for this portion.</p> <p>However, for the 10% unpaid portion of the invoice, you are required to issue a credit note with the corresponding 7% GST and issue a new tax invoice with GST charged at 8%. The credit note and new tax invoice will have to be issued by 15 Jan 2023.</p> <p>In addition, for the tax invoice which is to be issued on/ after 1 Jan 2023 for the unbilled 70% of the supply, the GST rate applicable would be 8% GST.</p> <p>You may choose to issue 2 separate tax invoices after rate change date (one for the 10% unpaid portion and one for the 70% unpaid and unbilled portion) or issue a single tax invoice by 15 Jan 2023 for 80% of the supply value.</p>
<p><b>1.6 Purchase of non-residential property where option is exercised before rate change date but date of completion took place after rate change date</b></p> <p>My company purchases non-residential property and pays the option money of 1% before 1 Jan 2023. The property is only made available to my company on/</p>	<p>The amount relating to the option money paid before 1 Jan 2023 is subject to the GST rate of 7%.</p> <p>The remaining payment will be subject to the GST rate of 8% as the property is only made available on/ after 1 Jan 2023.</p>

Questions	Answers
<p>after 1 Jan 2023 and payment is also made then. What is the GST rate applicable on the purchase?</p>	
<p><b>1.7 Commission fees charged by real estate agent for property purchase completed after rate change date</b></p> <p>I am a real estate agent and would charge my clients commission for sale and purchase transactions. Can I charge GST at 7% if my client exercises the option to purchase in Dec 2022 though the completion of the sale and the payment of my commission will only be on/ after 1 Jan 2023?</p>	<p>If your brokering services are completed before 1 Jan 2023 and is only pending payment after rate change and there is no other service performed by you apart from the brokering services, you can charge 7% GST on your commission.</p>
<p><b>1.8 Wedding banquet booked before rate change but only held after rate change</b></p> <p>How should I charge GST if my customer books before 1 Jan 2023 for a wedding banquet to be held on/ after 1 Jan 2023?</p>	<p>If you receive full payment for the banquet before 1 Jan 2023, you should only charge 7% GST to your customer even if the banquet is to be held on/ after 1 Jan 2023.</p> <p>If you only receive a deposit before 1 Jan 2023 and will receive the balance on/ after 1 Jan 2023, the deposit is subject to 7% GST while the remaining payment is subject to 8% GST.</p> <p>You should also make clear to your customer that the portion of the banquet price paid before 1 Jan 2023 is inclusive of 7% GST while the balance to be paid on/ after 1 Jan 2023 is inclusive of 8% GST.</p>
<p><b>1.9 Goods imported after rate change date</b></p> <p>My company receives an invoice before 1 Jan 2023 for imported goods that is due to reach Singapore on/ after 1 Jan 2023. What is the GST rate payable on the import?</p>	<p>The Singapore Customs collects the GST for imports. For imports on/ after 1 Jan 2023, the GST rate of 8% would be imposed.</p>
<p><b>1.10 Construction services completed before rate change date but work done certified after rate change date</b></p> <p>My company provides construction services. I issue a letter of claim to the developer in Dec 2022 upon the completion of my construction works. The developer only certifies my work done on/ after 1 Jan 2023.</p>	<p>The letter of claim is not a bill for payment (i.e. invoice) for GST purposes.</p> <p>On the understanding that you would only issue the invoice to the developer upon the certification of the work done in 2023 and collect payment from the developer thereafter, the time of supply would be on/ after 1 Jan 2023. Hence, the supply of your construction services would be subject to 8% GST.</p>

Questions	Answers
<p>What is the GST rate applicable when I bill the developer for my construction services following the developer's certification of my work done?</p>	<p>However, you can choose to charge GST at 7% as you have completed the construction works before 1 Jan 2023.</p>
<p><b>1.11 Construction services completed before rate change date but retention sum payable after rate change date</b></p> <p>My company provides construction services and will complete a construction project on 31 Dec 2022.</p> <p>However, the developer will withhold a 5% retention amount of the contract sum (i.e. retention sum) and pay me the sum amount only in Nov 2023.</p> <p>When I issue my invoice in Nov 2023 for the retention sum, should the retention sum be subject to 7% or 8% GST?</p>	<p>Based on the general time of supply rule, the time of supply for the retention sum will be triggered at the earlier of (i) when you issue an invoice or (ii) receive the payment for the retention sum. Both of these events are after 1 Jan 2023. Therefore, when you issue a tax invoice for the retention sum in Nov 2023, the GST rate of 8% should apply.</p> <p>However, as you have already completed the performance of the construction services before 1 Jan 2023, you can choose to charge GST at 7% on the retention sum.</p> <p><i>Note: For construction services that straddles 1 Jan 2023 but the retention sum is payable on/ after 1 Jan 2023, you may choose to charge GST at 7% only on the portion of the retention sum relating to services performed before 1 Jan 2023. The part of the retention sum relating to services performed on/ after 1 Jan 2023 should be subject to 8% GST.</i></p> <p><i>You may use a reasonable proxy to apportion the value of construction works performed before and after 1 Jan 2023 or engage your architect to perform a valuation of the work performed before 1 Jan 2023. However, if you are not able to track when the services are performed, you will have to charge GST at 8%.</i></p>
<p><b>1.12 Supply of goods under hire purchase arrangement</b></p> <p>My company supplies goods to a customer who in turn enters into a hire purchase agreement with a bank to finance the purchase of goods.</p> <p>In Nov 2022, I issue an invoice with 7% GST to the customer to collect a down payment of 20% of the value of goods. The customer pays for the down payment on the same day.</p> <p>My delivery of the goods, issuance of the invoice and payment for the remaining 80% of the value of the goods (i.e.</p>	<p>The time of supply for the 20% down payment would be triggered before 1 Jan 2023 when you issue the invoice for the down payment. As the down payment was received from the customer before 1 Jan 2023, no further adjustment is required for the GST charged at 7% on the down payment.</p> <p>Under both scenarios, the time of supply for the balance amount would be triggered on/ after 1 Jan 2023 when you issue the invoice for the balance amount and be subject to 8% GST.</p> <p>However, under scenario B, as you have delivered the goods to the customer before 1 Jan 2023, you may choose to charge 7% GST on the balance amount.</p>

Questions	Answers
<p>balance amount) may then take place under one of the two scenarios below:</p> <p><u>Scenario A – delivery of goods on/ after 1 Jan 2023</u> In Jan 2023, I deliver the goods to the customer, issue the invoice to and receive payment for the balance amount from the bank.</p> <p><u>Scenario B – delivery of goods before 1 Jan 2023</u> In Dec 2022, I deliver the goods to the customer. I issue the invoice to and receive payment for the balance amount from the bank only in Jan 2023.</p> <p>What is the GST rate applicable on my supply?</p>	
<p><b>1.13 Gift purchased before rate change date but given away after rate change date</b></p> <p>If my company purchases a gift exceeding S\$200 before 1 Jan 2023 but gives it away on/ after 1 Jan 2023, at which GST rate should I deem the output tax at?</p>	<p>You should account for deemed output tax on the gift at the GST rate of 8% since it is given on/ after 1 Jan 2023.</p> <p>If you choose not to claim input tax for the GST incurred on the gift, you do not need to account for output tax when you give it away.</p>
<p><b>1.14 Security deposit collected before rate change date but applied/ offset as payments for lease rental after rate change date</b></p> <p>My company leases out offices. My company collects a 2-months security deposit from my tenant at the point of signing the office lease agreement in Jan 2022.</p> <p>My tenant terminates its lease with my company from Mar 2023. In Jan 2023, I issue an invoice for the lease payment for Feb 2023 and offset the security deposit from the lease payment due to my company. The remaining security deposit will be refunded to the tenant.</p> <p>What is the GST rate applicable on the security deposit and the lease payment?</p>	<p>The security deposit received by you at the point of signing the lease agreement would not be subject to GST as it is not payment for any goods and services supplied by you.</p> <p>The security deposit used to offset the Feb 2023 rental would constitute payment for the lease at the point of offset. As the offset is made and invoice issued on/ after 1 Jan 2023, the lease payment is subject to 8% GST.</p> <p>There is no corresponding GST in respect of the remaining 1-month security deposit to be refunded to the tenant.</p>



Questions	Answers
<p><b>1.15 Import permit taken up at 7% GST before 1 Jan 2023 but goods cleared and imported into Singapore on/ after 1 Jan 2023</b></p> <p>My company has taken up a GST payment import permit at the GST rate of 7% in Dec 2022 as my company plans to import the goods into Singapore before 1 Jan 2023. Subsequently, due to some delays, we can only clear and import the goods into Singapore on/ after 1 Jan 2023. What should my company do?</p>	<p>If the permit is still within the permit validity period, your company, as the importer, would be able to clear the goods using the GST payment permit at GST rate of 7% after 31 Dec 2022. However your company will have to take up a short payment permit to account for the GST short paid of 1%. Please refer to the circular released by Singapore Customs (SC) on 4 Nov 2022 (available on SC's website (<a href="http://www.customs.gov.sg">www.customs.gov.sg</a>) for more details.</p>
<p><b>1.16 Hotel stay straddling rate change date</b></p> <p>My customer books a 2-night stay at my hotel. The customer checks in at 3pm on 31 Dec 2022 and checks out at 12pm on 2 Jan 2023. My company issues the invoice and collects the payment from customer upon check out based on the daily room rates for 31 Dec 2022 and 1 Jan 2023. What is the GST rate applicable on the supply of the hotel stay?</p>	<p>As you would only issue the invoice and collect payment from the customer on 2 Jan 2023 upon check out, the time of supply would be on/ after 1 Jan 2023. Hence, the supply would be subject to 8% GST.</p> <p>However, you can choose to charge GST at 7% on the value of hotel stay supplied to your customer before 1 Jan 2023. If your hotel's commercial practice is to charge your customers for the room based on a daily rate or per night's stay (i.e. room rate) such that your customer may use the room from check-in until check-out the next day, for purposes of determining the GST rate to apply for the night of 31 Dec 2022, you may apply the GST rate of 7% on the room rate charged for 31 Dec 2022 as the room was being made available to your customer on 31 Dec 2022, i.e., the room rate for the night of 31 Dec 2022 would be treated as attributable to hotel stay made available to customer on 31 Dec 2022 and subject to 7% GST.</p> <p>However, GST should be charged at 8% on the room rate applicable for the night of 1 Jan 2023, as you would be regarded as making the room available to the customer for the second night (which starts from 12pm on 1 Jan 2023). You may choose to issue 2 separate tax invoices after rate change date (one at 7% GST for the room rate on 31 Dec 2022 and one at 8% GST for the room rate on 1 Jan 2023) or issue a single tax invoice with 2 GST rates (see question 2.10).</p>

Questions	Answers
<p><b>1.17 Goods sold on consignment terms</b></p> <p>My company sells goods on consignment basis to my customer. The goods are placed at my customer's warehouse and my customer will provide me at the beginning of the month with a consumption report of the goods drawn down for consumption in the preceding month. Based on the Dec 2022 consumption report provided to my company on 1 Jan 2023, the customer has drawn down and consumed X quantities of goods in Dec 2022. Subsequently, I issue an invoice and collect payment from my customer for the consigned goods sold. What GST rate is applicable on the supply of the consigned goods drawn down in Dec 2022?</p>	<p>As you would only issue the invoice and collect the payment from the customer on/ after 1 Jan 2023 for the X quantities of consigned goods sold, the time of supply would be on/ after 1 Jan 2023. Hence, the supply of the consigned goods sold would be subject to 8% GST.</p> <p>However, you can choose to charge GST at 7% on the consigned goods sold as the goods are removed for consumption by your customer before 1 Jan 2023.</p>
<p><b>1.18 Construction services completed before rate change date but retention sum only released during defect liability period</b></p> <p>My company is asked to rectify the defective works that are performed and completed prior to rate change date. The retention sum that is withheld will only be released after the rectification works are completed. As the rectification services are rendered on/ after the rate change date, should I charge GST at 8% on the retention sum to be billed in 2023?</p>	<p>Generally, the contractor is obligated to carry out rectification works within the defect liability period if the goods or services are not supplied according to the terms of the contract.</p> <p>As the retention sum relates to construction services performed before 1 Jan 2023 and not the rectification works, you can choose to charge GST at 7% (see question 1.11).</p> <p>However, if you provide other services beyond the terms of the contract and charges a separate fee for these services, you will need to determine when the services are performed to determine the rate of GST to be charged. For services performed before 1 Jan 2023, you can choose to charge GST at 7%. For services performed on/ after 1 Jan 2023, you will need to charge GST at 8%.</p>
<p><b>1.19 Additional invoice issued after rate change date</b></p> <p>Prior to 1 Jan 2023, my company issued a tax invoice to my customer (amount before GST: S\$100; GST: S\$7) for a supply of services performed before the rate change.</p> <p>Subsequently, on 10 Jan 2023, my company realised that the supply of services should be S\$120 instead of S\$100 and hence my company issued a</p>	<p>The requirement to issue a credit note and new tax invoice by 15 Jan 2023 to adjust the GST charged on a supply only applies where a supply is originally billed at 7% before 1 Jan 2023 but which should be subject to GST at 8% under the transitional rules. The 15 Jan 2023 timeline is not applicable to credit notes or new tax invoices issued for other purposes (e.g., to revise the fees charged on the original supply).</p> <p>In this example, you are not required to issue the invoice for the additional S\$20 by 15 Jan 2023.</p>

Questions	Answers
<p>second tax invoice for an additional S\$20. My customer made payment on the same day.</p> <p>Under the transitional rules, what is the GST rate applicable on the additional invoice issued? Must this invoice be issued latest by 15 Jan 2023?</p>	<p>Such invoices may be issued according to your normal business practices.</p> <p>The GST rate applicable on the additional S\$20 is 8% since the invoice is issued and payment received on/ after 1 Jan 2023. However, as the services were fully performed before the rate change, you may choose to charge and account for GST at 7% on the additional S\$20 instead.</p>
<p><b>2. Invoicing, credit notes, price display and documentary requirements</b></p>	
<p><b>2.1 Can I reflect the new and old GST rates in the same tax invoice for advance billing in relation to supplies spanning rate change?</b></p> <p>My company does advance billings on a half-yearly cycle. When I issue a tax invoice on 1 Oct 2022 for services that spans from 1 Oct 2022 to 31 Mar 2023, can I bill my customer and charge GST at 7% in respect of the Oct to Dec 2022 service and 8% for Jan to Mar 2023 service in same invoice?</p>	<p>You are not allowed to reflect GST at 8% before the rate change effective date of 1 Jan 2023.</p> <p>The advance invoice pertaining to the services from 1 Oct 2022 to 31 Mar 2023 should reflect GST at 7%.</p> <p>If you do not receive full payment before 1 Jan 2023, you are required to issue a credit note for the lower of remaining payment or the remaining value of service to be performed on/ after 1 Jan 2023. Thereafter, you are required to issue a new tax invoice in respect of the amount credited out to charge GST at 8%.</p> <p>Alternatively, you may issue a credit note to cancel out the original invoice and at the same time, reissue new tax invoice(s) for the value of supply subject to GST at 7% and value of supply subject to GST at 8% .</p>
<p><b>2.2 Can I issue tax invoice now at GST of 8% for goods delivered after rate change date?</b></p> <p>Can my company issue a tax invoice at 8% GST before 1 Jan 2023 but with the knowledge that the payment and delivery of goods will be made after the rate change?</p>	<p>No. You are not allowed to issue a tax invoice with GST at 8% before the rate change effective date.</p> <p>If you issue a tax invoice before 1 Jan 2023, you should reflect 7% GST on the tax invoice. If the payment is not received before 1 Jan 2023, you will need to issue credit note to cancel the original tax invoice and to issue a new tax invoice for the goods delivered after the rate change, showing 8% as the GST rate.</p> <p>When you issue the tax invoice to your customer before 1 Jan 2023, you are advised to inform your customer on the potential GST adjustment under the rate change transitional rules to avoid dispute on the GST rate and GST amount payable on the supply.</p>

Questions	Answers
<p><b>2.3 Credit notes on goods returned 2 to 3 years after rate change</b></p> <p>For goods supplied and delivered before rate change, and returned 2 to 3 years after, how should the GST adjustments be made?</p>	<p>Company should issue credit note to adjust the GST at the rate that was originally charged and accounted for.</p>
<p><b>2.4 How do I apportion and bill the rental for a rental period that spans rate change?</b></p> <p>My company usually bills office rental covering the 5th of the current month to the 4th of the following month in advance. In view of the rate change, how should I apportion and bill the rental for 5 Dec 2022 to 4 Jan 2023 for instance?</p>	<p>You are not allowed to reflect GST at 8% before the rate change effective date of 1 Jan 2023. Hence, your invoice that is issued in Dec 2022 should reflect GST of 7% on the rental for the period 5 Dec 2022 to 4 Jan 2023.</p> <p>Subsequently, assuming payment has not been received before 1 Jan 2023, you should issue a credit note by 15 Jan 2023 to cancel the portion of the rental for the period 1 Jan 2023 to 4 Jan 2023 billed at 7%, and to issue a new tax invoice at 8% for the same period.</p> <p>The rental can be apportioned based on the number of days as follows:</p> <p>Portion of rental that is subject to the GST of 7% = Monthly rental x 27/ 31 days</p> <p>Portion of rental that is subject to the GST of 8% = Monthly rental x 4/ 31 days</p> <p>When you issue the tax invoice to your customer before 1 Jan 2023, you are advised to inform your customers on the potential GST adjustment under the rate change transitional rules to avoid dispute on the GST rate and GST amount payable on the supply.</p> <p>Please also see question 2.1 on the approach to adopt for advance billings.</p>
<p><b>2.5 How do I apportion the value of service if I am in the business of writing software programs?</b></p>	<p>You may use reasonable proxies that is reflective of the work done, such as the number of manhours or man-days in writing the program, to apportion the value of services performed before 1 Jan 2023 and on/after 1 Jan 2023.</p>
<p><b>2.6 What if I still have collaterals showing the old GST rate?</b></p> <p>What can I do if I still have marketing brochures showing prices inclusive of 7% GST on 1 Jan 2023 and it is not cost effective to destroy them?</p>	<p>You can stamp a statement on all the brochures stating that from 1 Jan 2023, prices will be adjusted to take in GST at 8%.</p> <p>If you are unable to recall back the marketing brochures showing prices inclusive of 7% GST, you can display prominent signs to inform</p>

Questions	Answers
<p>What can I do if I am not able to recall back the marketing brochures showing prices inclusive of 7% GST which were distributed before 1 Jan 2023?</p>	<p>customers that from 1 Jan 2023, prices will be adjusted to take in GST at 8%.</p>
<p><b>2.7 What should I do if I am absorbing the GST?</b></p> <p>Prior to 1 Jan 2023, I have issued a tax invoice to my GST-registered customer amounting to \$107 (amount before GST: \$100; GST amount: \$7) for goods delivered after rate change. Payment has not been received before rate change.</p> <p>If I am absorbing the additional GST for my customer, do I need to issue a credit note and new tax invoice to adjust the GST rate to 8%?</p>	<p>You are required to issue a credit note and new tax invoice to your GST-registered customer to reflect the GST rate of 8% for this scenario.</p>
<p><b>2.8 What kind of documentary evidence should I keep in order to support that the services are completed before 1 Jan 2023?</b></p>	<p>Examples of documentary evidence include acceptance or confirmation of services received by customers.</p> <p>Where a supply has to be apportioned, the type of documentary evidence is dependent on the basis of your apportionment. Some examples include time sheets for services that are charged based on man-hours spent to perform the work, costs statements for services charged based on cost recovery and certification of work done issued by engineers or quality surveyors for construction services.</p> <p>You may wish to write in to the Comptroller of GST to seek clarifications if you have difficulties determining a method of apportionment.</p>
<p><b>2.9 Adjustment via credit note where election is made under transitional rules</b></p> <p>My company delivers goods worth S\$1,000 excluding GST to a customer in Dec 2022 and issues a tax invoice on/ after 1 Jan 2023 with GST charged at 8%. Subsequently, under the rate change transitional rules, my company elects to charge GST at 7% on the value of goods, as they were delivered before rate change.</p>	<p>You may either</p> <ul style="list-style-type: none"> <li>a) issue a credit note for the GST of S\$10 overcharged (\$80-\$70); or</li> <li>b) issue a credit note to cancel the original invoice and re-issue a new tax invoice to charge GST at 7% (i.e. S\$1,070).</li> </ul>

Questions	Answers
<p>How do I make the credit note adjustment for the election?</p>	
<p><b>2.10 Can I reflect the new and old GST rates in the same tax invoice for billing made on/ after rate change?</b></p> <p>Part of my supply is subject to 7% GST and the remaining supply is subject to 8% GST. When my company bills my customer on/ after 1 Jan 2023, can my company reflect both 7% and 8% GST on the same tax invoice?</p>	<p>Yes. You can reflect the new and old GST rates in the same tax invoice issued on/ after 1 Jan 2023.</p> <p>Please refer to <a href="#">Appendix A</a> for a suggested presentation format for a tax invoice reflecting the new and old GST rates issued on/after 1 Jan 2023.</p>
<p><b>2.11 I elect to charge GST at the old GST rate. Can I issue tax invoice reflecting the old GST rate after 15 Jan 2023?</b></p> <p>My company elects to charge 7% GST for goods delivered before 1 Jan 2023. My company would only issue the invoice and collect payment from customer on/ after 1 Jan 2023. Instead of issuing invoice at 8% GST and a credit note to adjust for the 1% difference by 15 Jan 2023, can I issue an invoice directly at 7% GST even after 15 Jan 2023?</p>	<p>Yes, you can still issue the invoice at 7% GST even after 15 Jan 2023.</p>
<p><b>2.12 Can I indicate 8% GST on my purchase order/ proforma invoice issued before rate change date?</b></p> <p>My company issues a purchase order/ proforma invoice to customer before 1 Jan 2023 for goods that will be delivered on/ after 1 Jan 2023. Can I reflect GST rate of 8% on the purchase order/ proforma invoice?</p>	<p>Instead of reflecting only 8% GST on the purchase order/ proforma invoice issued before 1 Jan 2023, you should reflect either of the following on your purchase order/ proforma invoice:</p> <ol style="list-style-type: none"> <li>i. State prices inclusive of 7% GST before 1 Jan 2023 with a statement which informs customers that prices may be revised on/ after 1 Jan 2023 due to the increase in GST rate; or</li> <li>ii. State two GST-inclusive prices, one at 7% and another at 8%. You should clearly state that the prices at 8% GST would only take effect on/ after 1 Jan 2023.</li> </ol>
<p><b>2.13 Volume rebates for supplies made before rate change</b></p> <p>My company offers volume rebate to customers for purchases made exceeding a certain amount. For volume rebates given in respect of purchases</p>	<p>The GST rate on the credit note to adjust for the volume rebate should be based on the rate that was originally charged on the goods purchased by customer. Hence, although the credit note is issued on/ after 1 Jan 2023, you should reduce the selling price of the goods and GST amount based on the GST rate of 7%.</p>

Questions	Answers
<p>made before 1 Jan 2023, what is the GST rate applicable on the credit note issued on/ after 1 Jan 2023 for the volume rebates?</p>	
<p><b>2.14 What kind of documentary evidence should I keep for election to account for GST at the old GST rate for reverse charge supplies?</b></p> <p>My company procures services subject to reverse charge from an overseas supplier. The imported services are fully performed by the overseas supplier before 1 Jan 2023 but supplier will only issue an invoice and collect payment from my company on/ after 1 Jan 2023.</p> <p>I elect to account for GST on the reverse charge supplies at 7% GST. What documentary evidence should my company maintain for the election?</p>	<p>Examples of documentary evidence include service contracts showing clearly the date of completion of services, your acceptance or confirmation of the services provided by the supplier before 1 Jan 2023 or other commercial documents used in your business that are indicative of the date the services are performed.</p> <p>You must also maintain internal records (e.g. accounting entries/ other documents) of the election to account for output tax at 7%.</p>
<p><b>3. Applicability of concessions</b></p>	
<p><b>3.1 Supply taking place after rate change but GIRO deduction is in month of rate change</b></p> <p>Is the concession for GIRO payment which regards payments received in month of Jan 2023 as payments received before 1 Jan 2023 still applicable if my supply is for the entire month of Jan 2023 and GIRO is deducted within Jan 2023?</p>	<p>As an administrative concession, businesses can treat all payments received through arrangement for recurring GIRO deductions within the month of Jan 2023 as payments received before 1 Jan 2023 and charge GST at 7% provided all the following conditions are met:</p> <ul style="list-style-type: none"> <li>i. the GIRO deductions are successfully effected by the end of Jan 2023</li> <li>ii. the GIRO deductions relate to bills or invoices that have been issued before 1 Jan 2023</li> <li>iii. the bills or invoices have been issued according to the normal billing cycle of the business.</li> </ul> <p>Hence, you may apply the concession if you meet the above conditions.</p>
<p><b>3.2 Cheques dated before rate change but presented within concessionary timeframe (i.e. by 4 Jan 2023)?</b></p> <p>Can cheques reflecting a Dec 2022 date but presented between 1 Jan 2023 to 4 Jan 2023 still be treated as being received before 1 Jan 2023 and subject to GST of 7%?</p>	<p>Cheques must be presented (i.e. banked in) by 4 Jan 2023 in order to treat the payments as received before 1 Jan 2023. This is on the condition that the cheques must be successfully cleared.</p> <p>If the cheque is not presented within the concessionary period, you are required to issue</p>

Questions	Answers
	a credit note to cancel the entire invoice and issue a new tax invoice, charging 8% GST.
<b>4. Others</b>	
<p><b>4.1 Will rate change affect bad debt relief claims?</b></p>	<p>No. Bad debt relief is to be claimed based on the tax invoice issued for the supply for which the payment is now irrecoverable.</p> <p>Company should satisfy the qualifying conditions for bad debt relief before making a claim.</p>
<p><b>4.2 Is the election to charge GST at old GST rate mandatory?</b></p> <p>Under the rate change transitional rules, my company may elect to charge GST at 7% if the delivery of goods occurs before 1 Jan 2023 even though the invoice is issued and payment is received on/ after 1 Jan 2023.</p> <p>Does my company have to elect to charge GST at 7% for all transactions where the delivery of goods occurs before 1 Jan 2023?</p>	<p>For invoice issued and payment received on or after 1 Jan 2023, the time of supply would be triggered after the rate change. Hence, the supply should be subject to 8% GST. However, where the goods are fully delivered or services performed before 1 Jan 2023, the transitional rules allow suppliers to elect to charge 7% GST.</p> <p>You may choose to charge 7% on all or any transaction that qualifies for the election, so long as you maintain sufficient documentary evidence to prove that the delivery of goods/ services is completed before 1 Jan 2023.</p>
<p><b>4.3 Can I charge 8% GST on all invoices issued on or after 1 Jan 2023 for administrative ease, regardless of the payment received date?</b></p>	<p>The factors determining which GST rate is to be applied in your invoicing are:</p> <ol style="list-style-type: none"> <li>when payment is received from your customer</li> <li>when goods are delivered/ services are performed for your customer.</li> </ol> <p>If you have received payment from your customer before 1 Jan 2023, you must charge GST at 7% as the time of supply has been triggered before 1 Jan 2023. You cannot choose to charge 8% GST.</p>
<p><b>4.4 Filing of GST returns for transactions subject to different GST rates</b></p> <p>Can I report my sales and purchase transactions which are subject to different GST rates of 7% and 8% in the same GST return or is there a separate GST return to be submitted?</p>	<p>There is no separate GST return to be completed for transactions subject to different GST rates.</p> <p>For example, you may have the following transactions to report for your GST return for the prescribed accounting period 1 Jan 2023 to 31 Mar 2023:</p> <ul style="list-style-type: none"> <li>Taxable purchases and corresponding input tax at 7% and 8% GST</li> <li>Standard-rated supplies and corresponding output tax at 7% and 8% GST</li> </ul>



Questions	Answers
	<ul style="list-style-type: none"> <li>• Credit note adjustments due to application of rate change transitional rules</li> </ul> <p>You should sum up the value of the supplies, purchases and GST amounts at different GST rates and include them in the relevant boxes of the GST return for GST reporting purposes. To support the figures reported in your GST return, you should maintain transaction listings and the relevant supporting documents.</p> <p>For more information on the details required in your transaction listings, please refer to paragraphs 5.11 and 5.12 of the e-Tax Guide: Record-Keeping Guide for GST-Registered Businesses.</p> <p>For more guidance on filing of GST returns during rate change, you may also refer to paragraphs 12.7 and 12.8 of the e-Tax Guide: 2023 GST Rate Change: A Guide for GST-registered Businesses.</p>
<p><b>4.5 Accounting for GST adjustments</b></p> <p>My company issues a credit note and a new tax invoice on 12 Jan 2023 based on the rate change transitional rules for an invoice which is originally issued on 1 Nov 2022. Should I include the GST adjustments for the credit note and new tax invoice in the GST return covering the prescribed accounting period 1 Oct 2022 to 31 Dec 2022 or in the prescribed accounting period 1 Jan 2023 to 31 Mar 2023?</p>	<p>You should declare the adjustments in your GST F5 return covering the prescribed accounting period in which the credit note and new tax invoice are issued. In this case, as the credit note and new tax invoice are issued on 12 Jan 2023, you should include the GST adjustments in the GST return covering the prescribed accounting period 1 Jan 2023 to 31 Mar 2023.</p>

Questions	Answers
<p><b>4.6 Customer accounting</b></p> <p>Prior to 1 Jan 2023, my company makes a relevant supply of prescribed goods<sup>2</sup> to my GST-registered customer and issues a customer accounting tax invoice for \$21,400 (including GST at 7%).</p> <p>The goods are delivered on 10 Jan 2023 and payment is received from the customer upon delivery.</p> <p>How do the transitional rules apply to a supply made under customer accounting?</p>	<p>Customer accounting merely shifts the responsibility to account for output tax on a relevant supply from the GST-registered supplier to the GST-registered customer. The transitional rules will apply to relevant supplies subject to customer accounting in the same way they apply to normal supplies.</p> <p>In this example, since the goods are delivered and payment received after the rate change, the applicable GST rate on the transaction under the transitional rules is 8%. You will have to adjust for the transaction (by issuing a credit note and new customer accounting tax invoice for \$21,600 (including GST at 8%) by 15 Jan 2023. Your customer will have to account for GST at 8% on the supply in the prescribed accounting period in which 15 Jan 2023 falls (i.e. quarter ended 31 Mar 2023 if your customer is a Q3 filer).</p> <p>For more information on customer accounting including the details to be displayed on credit notes and customer accounting tax invoices, please refer to the e-tax Guide: Customer Accounting for Prescribed Goods.</p>

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<sup>2</sup> From 1 Jan 2019, you are required to apply customer accounting on your local sale of prescribed goods made to a GST-registered customer for his business purpose if the GST-exclusive value of supply exceeds \$10,000. The prescribed goods are mobile phones, memory cards and off-the-shelf software.

## 5. Updates and Amendments

	<b>Date of amendment</b>	<b>Amendments made</b>
1	5 Aug 2022	<ul style="list-style-type: none"><li>• Amended question 2.1 to include an alternative option for suppliers to issue credit notes and new tax invoices</li><li>• Added questions 1.10 to 1.14, 2.9 and 4.2 to 4.4</li></ul>
2	6 Sep 2022	<ul style="list-style-type: none"><li>• Added questions 1.15 to 1.17, 2.10 to 2.14 and 4.5</li><li>• Other editorial changes</li></ul>
3	28 Oct 2022	<ul style="list-style-type: none"><li>• Amended question 1.11 to provide more clarity.</li><li>• Added question 1.18</li></ul>
4	5 Jan 2023	<ul style="list-style-type: none"><li>• Amended question 1.15 following the release of the Singapore Customs circular</li><li>• Added Appendix A and amended question 2.10 to make reference to Appendix A</li><li>• Added question 1.19 and 4.6</li></ul>

6. Appendix A

## Tax Invoice

Gallery Photo Supplier  
888 Jalan Ang Teng  
Singapore 560009

GST Reg No: M2-1234567-K

(Customer's Name)

Date: 31/01/2023

(Customer's Address)

(Customer's Address)

(Customer's Address)

Invoice No: F012345

Type of Supply: Cash/Credit Sale

S/No	Description	Qty	Unit Price (S\$)	Total (S\$)
1	Camera (Brand A)	10	900	9,000.00
2	Camera (Brand B)	20	1,000	20,000.00
	Sub-total			29,000.00
	Add: GST @ 7%			2,030.00
3	Camera (Brand C)	30	200	6,000.00
4	Camera (Brand D)	40	220	8,800.00
	Sub-total			14,800.00
	Add: GST @ 8%			1,184.00
	Total (amount before GST)			43,800.00
	Total GST			3,214.00
	<b>Amount due</b>			<b>47,014.00</b>