



INLAND REVENUE
AUTHORITY
OF SINGAPORE

IRAS e-Tax Guide

GST: Reverse charge
(Sixth Edition)

Published by
Inland Revenue Authority of Singapore

Published on 1 Jan 2024

First Edition on 4 Feb 2019
Second Edition on 22 Aug 2019
Third Edition on 11 Feb 2022
Fourth Edition on 3 Aug 2022
Fifth Edition on 1 Jan 2023

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1 Aim

- 1.1 The Minister for Finance announced in Budget 2018 that GST would be applied on imported services in the context of business-to-business (“B2B”)¹ transactions by way of a reverse charge mechanism with effect from 1 Jan 2020.²
- 1.2 With effect from **1 Jan 2023**, GST will apply to imported low-value goods (“LVG”) by way of extending the reverse charge and overseas vendor registration (“OVR”) regimes. This will achieve parity in GST treatment for all imported low-value goods consumed in Singapore regardless of whether they are procured from overseas or locally.
- 1.3 This guide explains the features of the reverse charge mechanism and the related registration and compliance rules. It also covers the amendments to the zero-rating provisions and transitional rules for transactions spanning the implementation date of 1 Jan 2020 for reverse charge on imported services and 1 Jan 2023 for reverse charge on LVG.
- 1.4 This guide is applicable to:
- (i) GST-registered persons who procure services from overseas suppliers, import LVG, and are either not entitled to full input tax credit or belong to GST groups that are not entitled to full input tax credit; and
 - (ii) Non-GST registered persons who procured or will procure services from overseas suppliers and imported LVG exceeding S\$1 million in a 12-month period and would not be entitled to full input tax credit even if GST-registered.

2 At a Glance

- 2.1 Under the reverse charge mechanism, when a supplier who belongs outside Singapore³ makes a B2B⁴ supply of services⁵ to a GST-registered person who belongs in Singapore, the GST-registered recipient would be required to 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. With effect from 1 Jan 2023, the application of reverse charge would be extended to the purchase of LVG. The requirement to perform reverse

¹ Business-to-Business (“B2B”) supplies refer to supplies made to GST-registered persons, including companies, partnerships and sole-proprietors.

² An overseas vendor registration regime was also implemented on 1 Jan 2020 to tax business-to-consumer (“B2C”) cross-border supplies of digital services. Refer to the e-Tax Guide “GST: Taxing imported services by way of an Overseas Vendor Registration Regime” for information on the overseas vendor registration regime.

³ Refer to the e-Tax Guide “GST: Guidelines on Determining the Belonging Status of Supplier and Customer” for the guidelines for determining the belonging status of the supplier.

⁴ Reverse charge also applies to services provided by individuals who belong overseas in his personal or business capacity. Refer to Paragraph 4.4.1 for more information.

⁵ Reverse charge does not apply to imported goods which are not low-value goods (refer to paragraph 4.3). Import of goods would be subject to GST at the point of importation into Singapore unless it qualifies for import GST relief.

charge applies to all LVG and includes LVG purchased from local and overseas suppliers, electronic marketplaces and redeliverers, regardless of whether they are GST-registered or not. The GST-registered recipient would be allowed to claim the corresponding GST as his input tax, subject to the normal input tax recovery rules.⁶

- 2.2 A non-GST registered recipient of supplies of imported services and LVG may become liable for GST registration by virtue of the reverse charge rules. Once registered, he would be required to apply reverse charge and account for GST on his imported services and LVG just like any GST-registered business who is subject to reverse charge.
- 2.3 For the purposes of reverse charge, inter-branch transactions (i.e. transactions between a Singapore branch and its offshore head office, or Singapore head office and its offshore branches) and intra-GST group transactions⁷ (i.e. transactions between a Singapore member and its offshore members who are registered as a GST group under section 30 of the GST Act) are not disregarded.
- 2.4 With the implementation of reverse charge, the “directly benefit” condition in the zero-rating provisions would also be modified.
- 2.5 For imported services and LVG that span 1 Jan 2020 and 1 Jan 2023 respectively, there are transitional rules that ascertain whether and to what extent the transactions are subject to tax and when the tax has to be accounted.

3 Background

- 3.1 With the advent of technology, businesses in Singapore may increasingly procure services from overseas that in the past could only be supplied by local service providers. Prior to 1 Jan 2020, a supply of services (other than an exempt supply) procured from a local GST-registered supplier is subject to GST, while the same supply of services, if provided from an overseas supplier (i.e. imported), is not subject to GST even if the services are consumed in Singapore.
- 3.2 In addition, under the current rules, the importation of LVG is not subject to import GST by Singapore Customs and neither does the supplier charge GST on the supply of the LVG⁸.
- 3.3 Example 1 Scenario (a) illustrates the difference in the GST treatment prior to 1 Jan 2020 between locally sourced services and imported services.

⁶ Where applicable, businesses may apply their prescribed fixed input tax recovery rates or special input tax recovery formula to compute the input tax claimable on reverse charge transactions.

⁷ This does not refer to transactions between separate legal entities within the same corporate group (e.g. transactions between an overseas holding company and a Singapore subsidiary).

⁸ This is on the assumption that the ownership of the goods were transferred to the RC Business while the goods are still located outside Singapore and the goods belong to the RC Business at the point of importation i.e. the RC Business is the “importer” on the import permit.

Example 1 Scenario (b) illustrated the difference in the current GST treatment between locally sourced goods and imported LVG.

Example 1

Scenario (a)

Co. A engages a local advertising firm to provide media planning services. As the local advertising firm is GST-registered, it charges GST on the fees billed to Co. A. Co. A being a partially exempt business is not able to recover the GST as its input tax in full. If Co. A engages an overseas advertising firm, the overseas advertising firm does not charge GST and Co. A will not bear any GST, under the GST regime prior to 1 Jan 2020.

Scenario (b)

Co. B purchased office supplies (e.g. stationary) from a local supplier where the value of the goods is S\$300. As the local supplier is GST-registered, it charges GST on the sale of the goods to Co. B. Co. B being a partially exempt business is not able to recover the GST as its input tax in full. If Co. B now purchases the same goods from another supplier where the goods are imported via air, the goods would qualify as LVG and would not be subject to import GST as the goods are non-dutiable goods and the value does not exceed the import relief threshold of S\$400. As such, Co. B will not bear any GST under the current GST regime.

- 3.4 As shown in Example 1, all things being equal, the local suppliers may have to lower its service fee/price of goods in order to be on par with the overseas service provider / supplier of LVG. Hence, the absence of GST on imported services and LVG results in an uneven playing field between the local suppliers and the overseas service provider / supplier of LVG and puts local suppliers at a disadvantage.
- 3.5 To level the GST treatment for services procured from overseas and those procured locally so as to achieve parity in GST treatment for all services consumed in Singapore, the reverse charge mechanism will be implemented on 1 Jan 2020 with the intent of taxing imported services.
- 3.6 Similarly, to achieve parity in GST treatment for all LVG consumed in Singapore regardless of whether they are procured from overseas or in Singapore, the reverse charge mechanism will be extended to LVG on 1 Jan 2023.

4 The Reverse Charge Mechanism

4.1 Persons subject to reverse charge

- 4.1.1 In this e-Tax Guide, we refer to a person who is subject to reverse charge as an “**RC Business**”.

(1) *GST-registered persons*

4.1.2 If you are a GST-registered person who procures services from overseas suppliers⁹ and LVG, you are an RC Business when:

- (a) You are not entitled to full input tax credit; or
- (b) You belong to a GST group that is not entitled to full input tax credit.¹⁰

4.1.3 If you are an RC Business, you must account for GST on the value of your imported services (with effect from 1 Jan 2020) and LVG (with effect from 1 Jan 2023) as if you were the supplier. You can claim the GST accounted for on your imported services and LVG as your input tax.

Examples of RC Businesses:

- Taxable businesses that make substantial exempt supplies such as interest from inter-company loans
- Partially exempt businesses such as developers of mixed-use properties, banks and other financial institutions
- Fully taxable businesses that do not make any exempt supplies but are GST group registered with partially exempt members
- Charities and voluntary welfare organizations (“VWO”) that receive outright grants, donations and sponsorships and provide free/ subsidised services
- Investment-holding companies that derive dividend income

To determine whether you are entitled to full input tax credit

4.1.4 You are not entitled to full input tax credit if you fall under either of the following circumstances:

- (a) You carry out non-business activities (i.e. provide free or subsidised services)¹¹; or
- (b) You fail the De Minimis Rule under regulation 28 of the GST (General) Regulations¹² at the end of any prescribed accounting period, unless you meet the conditions in paragraph 4.1.5.

In either case, you would be an RC Business.

4.1.5 Even if you fail the De Minimis Rule, you may be entitled to full input tax credit¹³ (and hence not an RC Business), when you meet any of the following conditions:

⁹ Refer to e-Tax Guide “GST: Guidelines on Determining the Belonging Status of Supplier and Customer” for the guidelines for determining whether the supplier belongs in or outside Singapore.

¹⁰ Where a GST group has any member who is not entitled to full input tax credit, reverse charge will apply to every member in the GST group.

¹¹ As charities and VWOs provide free/ subsidised activities, they are not entitled to full input tax credit. Refer to e-Tax Guide “GST: Guide For Charities And Non-Profit Organisations” for the input tax rules for charities and VWOs.

¹² The De Minimis Rule is satisfied if the total value of all exempt supplies made does not exceed (a) an average of S\$40,000 a month; and (b) 5% of the total value of all taxable supplies and exempt supplies made in that period. The value of taxable supplies in (b) shall exclude the value of imported services subject to reverse charge, value of digital services supplied by an electronic marketplace operator on behalf of underlying suppliers under the overseas vendor registration regime and value of relevant supplies received from your supplier that are subject to customer accounting.

¹³ Input tax disallowed under regulations 26 and 27 of the GST (General) Regulations is still not claimable.

- (a) You make only exempt supplies listed in regulation 33 of the GST (General) Regulations (“regulation 33 exempt supplies”) and the nature of your business is not one of those listed in regulation 34 of the GST (General) Regulations (“regulation 34 business”);

Example 2

Co. B is a manufacturing company (i.e. not a regulation 34 business). At the end of the prescribed accounting period 31 Mar 2020, Co. B determined that it does not satisfy the De Minimis Rule. The nature of the exempt supplies made by Co. B are realised foreign exchange differences and interest income received in respect of a fixed deposit account placed with a local bank (i.e. regulation 33 exempt supplies). Notwithstanding that Co. B does not satisfy the De Minimis Rule, the input tax for the prescribed accounting period ending 31 Mar 2020 is claimable in full. Hence, Co. B is not required to apply reverse charge.

- (b) You are entitled to apply a provision in the GST legislation that grants you the right to claim your input tax in full; or

Example 3

Co. C is an Approved Refiner under section 37B of the GST Act. Although Co. C makes both taxable supplies and exempt supplies comprising local sales of Investment Precious Metals, it is able to recover all its input tax incurred in the course or furtherance of its business pursuant to regulation 46A(16) of the GST (General) Regulations. Hence, Co. C is not required to apply reverse charge.

- (c) Your non-regulation 33 exempt supplies do not exceed 5% of the total value of your taxable and exempt supplies (i.e. you pass the Regulation 35 test), you do not incur expenses (including imported services that are within the scope of reverse charge) that are directly attributable to the making of non-regulation 33 exempt supplies, and your recoverable residual input tax ratio is 100%.

GST-registered persons with fluctuating exempt supplies may elect to apply reverse charge at the end of the longer period

- 4.1.6 GST-registered persons who are entitled to full input tax credit in some accounting period(s) and not entitled to full input tax credit in other period(s) within a particular tax year (referred to as “GST-registered persons with fluctuating exempt supplies”) may be liable to apply reverse charge in one accounting period but not so in the next accounting period.

For administrative ease, they may elect to apply reverse charge only at the end of the longer period, instead of each accounting period.¹⁴ There is no need to write in for the Comptroller’s approval.

¹⁴ 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. In addition, please note that this election is only applicable for GST-registered person with fluctuating exempt supplies as defined in Paragraph 4.1.6. If the GST-registered person is expected not to be entitled to full input tax credit for all of the accounting periods within a tax year, it is not eligible for this election.

To make the election, the GST-registered person has to:

- (1) Complete the “Declaration of Reverse Charge Election” form¹⁵ and keep it as part of his records. He may be asked to provide the form in the course of an audit; and
- (2) Proceed to only apply reverse charge at the end of the longer period, if necessary.

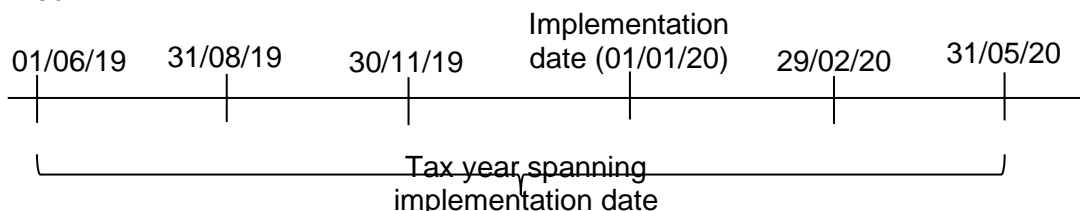
Example 4

Co. D makes both taxable and exempt supplies comprising the supply of management services and provision of inter-company loans respectively. The value of its exempt supplies fluctuates from period to period depending on the prevailing interest rate and amount of outstanding loans to related companies. This resulted in Co. D being entitled to full input tax credit in some periods and not being entitled to full input tax credits in other periods within a tax year. Co. D makes the election to determine if it is subject to reverse charge at the end of the longer period. If Co. D determines that it is entitled to full input tax credit for the longer period, it would not be required to apply reverse charge on its imported services and LVG for the longer period.

The election shall be made yearly, within one month from the end of the first accounting period of the longer period in which the GST-registered person imports services and LVG which are within the scope of reverse charge¹⁶. Once made, the election will apply to the current and the subsequent accounting period(s) of the longer period.

Example 5

Co. E’s prescribed accounting periods are Mar-May, Jun-Aug, Sep-Nov and Dec-Feb.



Co. E procures services from overseas suppliers on a regular basis. It has fluctuating exempt supplies and would like to elect to apply reverse charge at the end of the longer period. For the tax year from 1 Jun 2019 to 31 May 2020, Co. E would make the election by completing the “Declaration of Reverse Charge Election” form by 31 Mar 2020 (i.e. within one month from the end of the first accounting period of the longer period in which Co. E imports services which are within the scope of reverse charge). The election will apply up to 31 May 2020.

Co. E will only assess whether it is required to apply reverse charge (i.e. whether it is entitled to full input tax credit¹⁷) for the tax year when it files the GST return for the prescribed accounting period ending 31 Aug 2020.

¹⁵ You can access the form on IRAS website at www.iras.gov.sg > Quick Links > Forms > GST > Self-review.

¹⁶ As imported services will only be subject to reverse charge from 1 Jan 2020, such election shall only be made on/ after 1 Jan 2020.

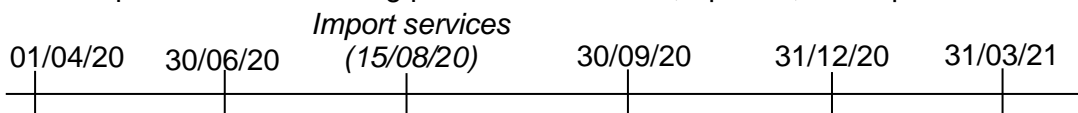
¹⁷ Co. E shall use the value of supplies made in the tax year from 1 Jun 2019 to 31 May 2020 to perform the De Minimis test and input tax apportionment computation.

Example 5 (continued)

For the subsequent tax year from 1 Jun 2020 to 31 May 2021, if Co. E would like to continue to apply reverse charge at the end of the longer period, it would have to make the election by completing the “Declaration of Reverse Charge Election” form by 30 Sep 2020.

Example 6

Co. F’s prescribed accounting periods are Jan-Mar, Apr-Jun, Jul-Sep and Oct-Dec.



For the tax year from 1 Apr 2020 to 31 Mar 2021, Co. F received the first supply of imported services from an overseas supplier on 15 Aug 2020.

Co. F has fluctuating exempt supplies and would like to elect to apply reverse charge at the end of the longer period. Co. F will make the election by completing the “Declaration of Reverse Charge Election” form by 31 Oct 2020 (i.e. within one month from the end of the first accounting period of the longer period in which Co. F imports services which are within the scope of reverse charge). The election will apply up to 31 Mar 2021.

Co. F will only assess whether it is required to apply reverse charge (i.e. whether it is entitled to full input tax credit¹⁸) for the tax year from 1 Apr 2020 to 31 Mar 2021 when it files the GST return for the prescribed accounting period ending 30 Jun 2021.

GST-registered persons who are entitled to full input tax credit may elect to apply reverse charge

4.1.7 Although you are not required to apply reverse charge, you may elect to do so. There is no need to write in for the Comptroller’s approval.

To make the election, you have to:

- (1) Complete the “Declaration of Reverse Charge Election” form¹⁹ and keep it as part of your records. You may be asked to provide the completed form in the course of an audit; and
- (2) Proceed to apply reverse charge on your imported services and LVG that are within the scope of reverse charge²⁰.

The election must be made yearly, within one month from the end of the first accounting period from which you wish to apply reverse charge.

¹⁸ Co. F shall use the value of supplies made in the tax year from 1 Apr 2020 to 31 Mar 2021 to perform the De Minimis test and input tax apportionment computation.

¹⁹ This form is posted on IRAS website at www.iras.gov.sg > Quick Links > Forms > GST > Self-review.

²⁰ The scope of imported services and LVG which are subject to reverse charge is defined in paragraphs 4.2.1 and 4.3 respectively.

Once you make the election, you must consistently account for GST on your imported services and LVG for one year. You will be subject to the same rules and record keeping requirements that apply to RC Businesses.

Examples of GST-registered businesses that may wish to elect to apply reverse charge:

- Businesses that make infrequent and irregular non-regulation 33 exempt supplies. They may elect to apply reverse charge to avoid having to constantly track if they meet the De Minimis Rule, to determine if they are required to apply reverse charge.
- Fully taxable persons that belong to corporate groups (which consist of both fully taxable persons and partially exempt persons) with centralised accounting functions or share the same accounting system. Administratively, it might be easier for all GST-registered persons in the corporate group to apply reverse charge.

(2) Non-GST registered persons

4.1.8 If you are a non-GST registered person who procures services from overseas suppliers or LVG, you would be liable for GST registration by virtue of the reverse charge rules if you satisfy the following conditions:

- (a) Your imported services and LVG which are within the scope of reverse charge²¹ exceed S\$1 million in a 12-month period (under either the retrospective or prospective basis)²²; and
- (b) You would not be entitled to full input tax credit if you were GST-registered.

Once you are liable for GST registration by virtue of the reverse charge rules, you would be an RC Business.

To determine whether you would be entitled to full input tax credit if you were registered

4.1.9 You would not be entitled to full input tax credit even if you were registered, if you fall within either of the circumstances under paragraph 4.1.4. To determine if you fail the De Minimis Rule, you are required to apply the tests under the De Minimis Rule using the same basis you have applied in determining if your imported services and LVG exceed S\$1 million. For example, if the sum of your imported services and LVG exceed S\$1 million on a retrospective basis, you too are required to apply the tests under the De Minimis Rule on a retrospective basis.

4.1.10 If a non-GST registered person becomes registered or liable for registration by virtue of the reverse charge rules, he must comply with the responsibilities

²¹ The scope of imported services and LVG which are subject to reverse charge is defined in paragraphs 4.2.1 and 4.3 below.

²² The definition of retrospective basis and prospective basis is in paragraph 10.1.1 below.

and obligations of a GST-registered person²³. Besides accounting for GST on imported services and LVG, he would also be required to report his supplies and account for GST on any standard-rated supplies made in the course or furtherance of his business. At the same time, he would be entitled to input tax claims, subject to the normal input tax recovery rules.

4.1.11 Annex A provides diagrammatic flowcharts for determining whether a person would be subject to reverse charge.

4.2 **Scope of imported services**

4.2.1 RC Businesses must account for GST on all imported services other than:

- (a) services that fall within the description of exempt supplies under the Fourth Schedule to the GST Act;
- (b) services that qualify for zero-rating under section 21(3) of the GST Act had the services been made to them by a taxable person belonging in Singapore;
- (c) services provided by the government of a jurisdiction outside Singapore, if the services are of a nature that fall within the description of non-taxable government supplies under the Schedule to the GST (Non-Taxable Government Supplies) Order of the GST Act; and
- (d) services that are directly attributable to taxable supplies (*this exclusion is only applicable to RC Businesses that are not prescribed a fixed input tax recovery rate or on special input tax recovery formula to be applied on all input tax claims²⁴*).

Examples of (d):

- RC Business procures shared services (e.g. IT, legal, marketing services) from overseas service providers and recovers a portion of the shared service fees from his related entities. The recovery of the shared service fees constitutes taxable supplies made by the RC Business. Hence, the portion of the shared service fees which is recovered is considered directly attributable to his taxable supplies and therefore not subject to reverse charge.
- RC Business procures overseas brokerage services in respect of his sale of shares on an overseas exchange, which is zero-rated supplies. Hence, the overseas brokerage services procured is not subject to reverse charge.

²³ Refer to e-Tax Guide “GST: General Guide For Businesses” for details on the responsibilities and obligations of a GST-registered person.

²⁴ An RC Business that is required to directly attribute its input tax and is granted a special input tax recovery formula that applies only on its residual input tax is entitled to exclude imported services which are directly attributable to his taxable supplies from RC.

On the other hand, an RC Business that is accorded fixed input tax recovery rates or granted the use of a special input tax recovery formula to be applied on all input tax claims is not entitled to this exclusion, unless it reverts to the use of the standard input tax recovery formula as agreed with the Comptroller.

4.3 Scope of LVG under reverse charge

4.3.1 LVG²⁵ refer to goods which at the point of sale:

- (i) 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 Act²⁶;
- (ii) are not exempt from GST;
- (iii) are located outside Singapore and are to be delivered to Singapore via air or post; and
- (iv) each item of the goods has a value not exceeding the import relief threshold of S\$400.

In the above definition, 'Point of sale' refers to the time at which an order confirmation is issued by the supplier or such other time as agreed with the Comptroller, whilst 'Singapore' refers to customs territory.

4.3.2 From 1 Jan 2023, a GST-registered RC Business is required to perform reverse charge on all supplies of LVG, unless the LVG is directly attributable to its taxable supplies (*this exclusion is only applicable to an RC Business that is not prescribed a fixed input recovery rate or special input tax recovery formula to be applied on all input tax claims*).

4.3.3 The requirement to perform reverse charge applies to all supplies of LVG (except those directly attributable to taxable supplies, where applicable) and includes LVG supplied by local and overseas suppliers²⁷, regardless of whether the suppliers are GST-registered or not.

Determining whether the value of the goods exceed the import relief threshold of S\$400

4.3.4 An RC Business should use the value of each item of imported goods, determined in accordance with Section 18 of the GST Act ("import value"), to determine whether the value of each item of goods exceeds the import relief threshold of S\$400. Generally, the import value comprises the Cost, Insurance and Freight ("CIF") value, any customs duties payable, commission and other incidental charges.

Determining whether the goods are located outside Singapore or to be delivered to Singapore via air or post

4.3.5 Generally, the RC Business would usually know from the contract or sales arrangement with the supplier whether the goods are located outside Singapore at the point of sale and whether the goods are to be delivered to Singapore via air or post.

²⁵ LVG are referred to as 'distantly taxable goods' in the Singapore Goods and Services Tax Act 1993.

²⁶ Intoxicating liquor and tobacco products do not fall within the scope of LVG.

²⁷ This includes local and overseas electronic marketplace operators and redeliverers who are treated as the supplier of the LVG.

- 4.3.6 For ease of compliance, if an RC Business is unable to verify the location of the goods at the point of sale, or the mode of transport by which the goods will be delivered to Singapore, the RC Business may rely on the best available information to do so.
- 4.3.7 Examples of information which the RC Business may rely upon includes information on the location and/or mode of transport of the goods stated on the supplier's website/mobile application or the supplier's invoice, confirmation on the location and/or mode of transport from the supplier, or the import or shipping documents for the goods.

Example 7

Co. A is a GST-registered RC Business. It purchases two books, each with an import value of S\$300, for delivery to Singapore via air freight. As the import value of each book does not exceed S\$400, the supply of the books will be considered as supplies of LVG. Co. A will be required to apply reverse charge on the supplies of LVG.

Example 8

Co. A purchases an office chair with an import value of S\$700, for delivery to Singapore via air freight. As the import value of the chair exceeds S\$400, Co. A will not be required to apply reverse charge on the supply.

At the Customs border, the existing import GST rules will continue to apply. That is, GST will be levied by Singapore Customs on the importation of the chair since the import value exceeds the import relief threshold of S\$400.

4.4 **Common scenarios on whether imported services or LVG will fall into the scope of reverse charge**

Supplies procured from individuals

- 4.4.1 When an RC Business procures imported services or LVG that fall within the scope of reverse charge from a supplier who is an individual, reverse charge would similarly apply regardless of whether the individual is carrying on a business.
- 4.4.2 This is because the GST treatment of imported services and LVG should be considered from the recipient's perspective as the supplier. As the recipient (i.e. the RC Business) is regarded as if it had itself supplied the goods or services in the course or furtherance of its business, the goods or services procured will be subject to reverse charge, regardless of whether the supplies are made by the individual suppliers in their business or personal capacity.

Purchases made by employees for business purposes

- 4.4.3 When the RC Business reimburses its employee for purchase of imported services or LVG that the employee made on behalf of the business, the RC

Business needs to perform reverse charge unless the imported services or LVG fall outside the scope of reverse charge.

4.4.4 Refer to Annex B for examples of imported services that fall in and out of the scope of reverse charge.

4.5 **Election to apply reverse charge on all imported services and LVG**

4.5.1 You may elect to account for GST on all your imported services and LVG, including services and LVG that are specifically excluded from the scope of reverse charge (as listed in paragraphs 4.2.1 and 4.3.2 respectively). You will be allowed to recover the corresponding input tax, subject to the normal input tax recovery rules. There is no need to write in for the Comptroller's approval.

4.5.2 To make the election, you have to:

(1) Complete the "Declaration of Reverse Charge Election" form²⁸ and keep it as part of your records. You may be asked to provide the completed form in the course of an audit; and

(2) Proceed to apply reverse charge on all your imported services and LVG, including services and LVG that are specifically excluded from the scope of reverse charge²⁹.

4.5.3 The election must be made yearly, within one month from the end of the first accounting period in which you wish to start applying reverse charge on all imported services and LVG.

4.5.4 Once you make the election, you must account for GST on all your imported services and LVG consistently for one year, from the first day of the accounting period for which you make the election.

Example 9

Co. G is a partially exempt business. Its prescribed accounting periods are Jan-Mar, Apr-Jun, Jul-Sep and Oct-Dec.

For compliance ease, Co. G decides to make an election to subject all its imported services to reverse charge, from the implementation of reverse charge on 1 Jan 2020.

As the first accounting period for which reverse charge will apply is from 1 Jan 2020 to 31 Mar 2020, Co. G can make the election by completing the "Declaration of Reverse Charge Election" form any time from 1 Jan 2020 to 30 Apr 2020 (i.e. within one month from the end of the first accounting period in which Co. G wishes to apply reverse charge on all imported services).

²⁸ This form will be posted on IRAS website at www.iras.gov.sg > Quick Links > Forms > GST > Self-review.

²⁹ The scope of imported services and LVG which are subject to reverse charge is defined in paragraphs 4.2 and 4.3 respectively.

Example 9 (continued)

Once the election is made, Co. G will have to apply reverse charge on all its imported services for one year, from 1 Jan 2020 (i.e. first day of the accounting period for which Co. G makes the election) to 31 Dec 2020.

If Co. G would like to continue to apply reverse charge on all its imported services after 2020, it will have to make a yearly election by completing the “Declaration of Reverse Charge Election” form by 30 Apr each year.

4.6 Preventing double taxation on the supply of imported services and LVG

When the supply of imported services has been taxed before

4.6.1 Notwithstanding the rules set out in paragraph 4.2.1, when a supply of imported services has been subject to Singapore GST previously, an RC Business is not required to account for GST on the imported services to the extent the supply has been taxed in Singapore. The RC Business is required to maintain supporting documents (e.g. invoice on the first leg of transaction showing that GST has been charged on the services) to substantiate that the imported services have been subject to Singapore GST previously.

4.6.2 Example 10 illustrates a scenario where a supply of imported services was subject to GST previously and the extent to which reverse charge does not have to be applied on the imported services.

Example 10

Local Supplier A is engaged by Foreign Business B to provide valuation services in respect of a commercial building in Singapore. As Local Supplier A is GST-registered and the valuation services cannot qualify for zero-rating, it charges GST on the valuation fees billed to Foreign Business B. Foreign Business B onward supplies the same valuation services to Local Customer C. In this instance, Local Customer C will not be required to account for GST on the supply of valuation services by Foreign Business B to the extent the supply has been subject to GST in Singapore.

(i) *Supply from Local Supplier A to Foreign Business B:*

- Valuation fee charged by Local Supplier A to Foreign Business B = S\$10,000
- GST charged by Local Supplier A to Foreign Business B = S\$10,000 x 9%³⁰ = S\$900

(ii) *Supply from Foreign Business B to Local Customer C:*

- Valuation fee charged by Foreign Business B to Local Customer C = **S\$12,000** (i.e. S\$2,000 more than the fee charged by Local Supplier A to Foreign Business B)
- GST charged by Foreign Business B to Local Customer C = Nil (Foreign Business B is not GST-registered in Singapore)

³⁰ The GST rate has been increased from 8% to 9% with effect from 1 Jan 2024. Please refer to the e-Tax Guide “2024 GST Rate Change: A Guide for GST-registered Businesses” for more information on rate change.

Example 10 (continued)

Local Customer C is required to account for GST on S\$2,000 (i.e. S\$12,000 – S\$10,000; the portion of the valuation fee charged by Foreign Business B that has not been subject to GST).

Accordingly, Local Customer C must account for the imported valuation services as follows:

Value of imported services = S\$12,000 – S\$10,000 = S\$2,000

Value of GST on imported services = S\$2,000 x 9% = S\$180

When OVR suppliers had incorrectly charged GST or when GST on LVG was paid to Singapore Customs

4.6.3 A GST-registered OVR supplier would charge GST on his supplies of digital services/remote services³¹ or LVG³² if he regards the customer as a non-GST registered person in Singapore. Hence, in the event an RC Business procures digital services/remote services²⁹ or LVG³⁰ from an OVR supplier but does not correctly represent to the supplier that he is GST-registered in Singapore, he would be charged GST on his purchase of digital services/remote services²⁹ or LVG³⁰.

4.6.4 Where the RC Business has been wrongly charged GST by the OVR suppliers, the RC Business should comply with the following:

- (i) the RC Business should first contact the OVR supplier to obtain a refund of the GST wrongly charged, instead of making an input tax claim on the purchase; and
- (ii) if the RC Business obtained a refund of the GST paid on the imported services or LVG and no GST was paid to Singapore Customs at the point of importation of the LVG, it is required to perform reverse charge on the imported services or LVG (provided that the imported services or LVG falls within the scope of reverse charge). Subject to the normal input tax recovery rules, the RC business can claim the corresponding input tax.

4.6.5 To prevent double-taxation, an RC Business need not perform reverse charge on a supply of imported services or LVG with effect from 1 Jan 2023 if:

³¹ With effect from 1 Jan 2023, the Overseas Vendor Registration Regime will be extended to supplies of non-digital services made to non-GST registered customers in Singapore. In other words, all supplies of services procured from overseas suppliers by non-GST registered customers in Singapore, whether digital or non-digital, which can be supplied and received remotely (i.e. known as “remote services”) will be taxed under the Overseas Vendor Registration Regime.

³² With effect from 1 Jan 2023, imported LVG in respect of business-to-consumer (“B2C”) transaction will be subject to GST by way of extending the Overseas Vendor Registration Regime. GST-registered OVR suppliers must duly charge GST on their supplies of LVG, if their customer is not GST-registered. OVR suppliers should not charge GST on supplies of LVG made to GST-registered customers that have provided their GST registration numbers. Instead, the GST-registered customers (i.e. the RC Business) will perform reverse charge on these overseas purchases if they fall within the scope of reverse charge.

- (i) the RC Business did not obtain a refund of the GST that was wrongly charged by the OVR supplier on that supply of imported services or LVG and it has already paid the GST to the GST-registered OVR supplier at the point of purchase.
However, the RC Business is also not allowed to claim the GST paid to the OVR supplier as its input tax³³.
- (ii) the RC Business has already paid GST to Singapore Customs at the point of importation of the LVG. As mentioned in Paragraph 4.6.6 below, such input tax is claimable, subject to the normal input tax recovery rules.

4.6.6 There could also be cases where the RC Business paid GST on the LVG to Singapore Customs, which may occur if the CIF value of the goods exceeds the import relief threshold of S\$400 during importation (e.g. due to exchange rate fluctuations from the point of sale to the point of importation), resulting in Customs collecting GST on the import. In such cases where import GST is correctly levied, the RC Business can claim the import GST paid on the LVG, subject to the normal input tax recovery rules.

4.6.7 For clarity, notwithstanding paragraph 4.6.5, in determining whether a non-GST registered business is liable for GST registration by virtue of the reverse charge rules, the business must include the supplies of imported services and LVG even where GST has been paid to the OVR suppliers or Singapore Customs at the point of importation in computing its value of imported services and LVG.

Example 11

Co. A is an RC Business who made a purchase of LVG from local GST-registered electronic marketplace operator E. As Co. A provided its GST registration number to marketplace operator E, marketplace operator E should not charge and account for GST on the supply. Instead, Co. A is required to account for GST under the reverse charge on the purchase of LVG.

Example 12

Co. A makes a purchase of remote services from an overseas GST-registered electronic marketplace operator F. Co. A inadvertently omitted to provide its GST registration number. Hence, electronic marketplace operator F charged and accounted for GST on the supply to Co. A. Co. A did not seek a refund of the GST from marketplace operator F.

With effect from 1 Jan 2023, since Co. A has paid GST on the imported services to marketplace operator F at the time of purchasing the services, Co. A is not required to account for GST under the reverse charge on the supply of imported services. However, Co. A is not allowed to claim the GST paid to marketplace operator F as its input tax.

³³ As the scope of tax under the OVR regime only covers B2C sales of digital services/remote services and LVG (i.e., sales to non-GST registered customers), any GST charged on a B2B sale would mean that GST was incorrectly charged by the OVR Vendor. Accordingly, no input tax claims will be allowed to the customer.

Example 13

Co. B is an RC business who made a purchase of LVG from overseas supplier G. The supply of LVG was made in foreign currency and had an import value of S\$390 at the time of supply.

At the time of importation, the actual import value of the goods was S\$420 due to exchange rate fluctuations. As the import value of the goods exceeded the S\$400 import relief threshold, GST was levied by Singapore Customs on the imported goods.

Since Co. B has already paid GST on the LVG to Singapore Customs at the time of importation, Co. B is not required to account for GST under the reverse charge on the supply of LVG. Co. B is allowed to claim the GST paid to Singapore Customs as its input tax, subject to the normal input recovery rules.

5 Time of supply for imported services (made on/after 1 Jan 2020) and LVG (made on/after 1 Jan 2023)³⁴

5.1 General time of supply rule

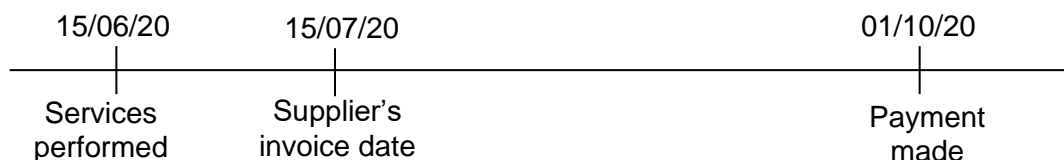
5.1.1 The general time of supply rule for reverse charge is the earlier of the following two events:

- (a) When invoice in respect of the supply is issued; and
- (b) When payment in respect of the supply is made.

RC Business

5.1.2 You are required to account for GST on your imported services and LVG based on the date of the supplier's invoice or the date you pay the supplier, whichever is earlier.

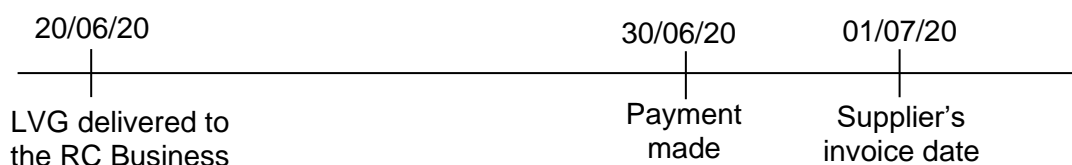
Example 14



According to the general time of supply rule for reverse charge, the time of supply shall be on 15 Jul 2020, i.e. the earlier of the date of the supplier's invoice and the date of payment. If your prescribed accounting periods are Jan-Mar, Apr-Jun, Jul-Sep and Oct-Dec, you 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.

³⁴ Refer to paragraph 13 for the transitional time of supply rule for transactions straddling 1 Jan 2020 and 1 Jan 2023.

Example 15



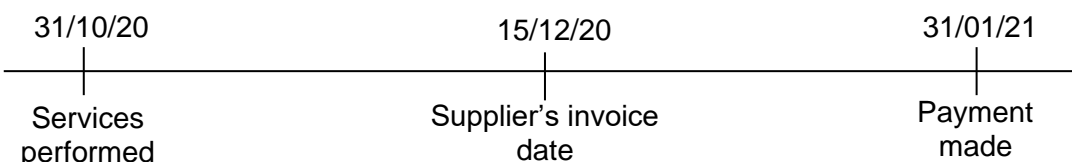
According to the general time of supply rule for reverse charge, the time of supply shall be on 30 Jun 2020, i.e. the earlier of the date of the supplier's invoice and the date of payment. If your prescribed accounting periods are Jan-Mar, Apr-Jun, Jul-Sep and Oct-Dec, you shall account for GST on the imported services in the prescribed accounting period ended 30 Jun 2020.

Non-GST registered business

- 5.1.3 If you are a non-GST registered business, you will apply the general time of supply rule for reverse charge to determine when your imported services and LVG exceed the S\$1 million threshold. You will treat the date of the supplier's invoice or the date of payment to the supplier, whichever is earlier, as the date the imported services and LVG are being supplied to you.

Example 16

You are a non-GST registered business who would not be entitled to full input tax credit if you were GST-registered. You make a procurement of IT services from an overseas supplier. You paid S\$1.1 million for the imported IT services.



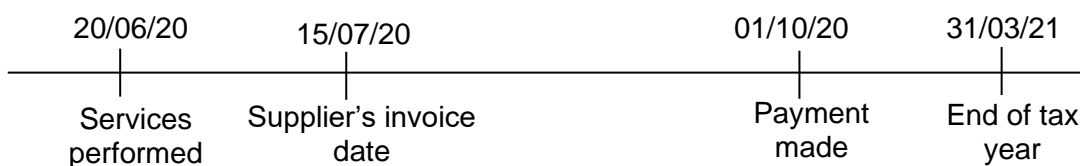
Based on the general time of supply rule for reverse charge, the supply of imported IT services is considered as being made on 15 Dec 2020, i.e. the earlier of the date of the supplier's invoice and the date of payment. To the extent the IT services fall within the scope of reverse charge, you will be liable for GST registration on 31 Dec 2020 (i.e. the end of the calendar year in which the total value of your imported services exceed S\$1 million).

5.2 **RC Business that elected to apply reverse charge at the end of the longer period**

- 5.2.1 Notwithstanding the above, if you are a GST-registered RC Business that elected to apply reverse charge at the end of the longer period (as mentioned in paragraph 4.1.6), the time of supply of your imported services and LVG shall be on the day immediately after the last day of the longer period, i.e. the first day of the accounting period in which the longer period adjustment is made. Hence, you will only be required to account for GST on your imported services and LVG for the longer period in the GST return following the end of the longer period.

Example 17

Your prescribed accounting periods are Jan-Mar, Apr-Jun, Jul-Sep and Oct-Dec and you have elected to apply reverse charge at the end of the longer period.

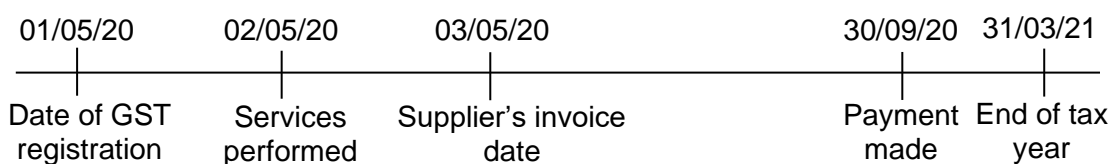


According to the general time of supply rule for reverse charge, the time of supply is 15 Jul 2020. However, as you have elected to apply reverse charge at the end of the longer period, the time of supply for this imported service is 1 Apr 2021. At the end of the tax year 1 Apr 2020 to 31 Mar 2021:

- if you establish that you are not entitled to full input tax credit, you will account for GST on the imported services in the GST return for the prescribed accounting period ended 30 Jun 2021.
- if you establish that you are entitled to full input tax credit, you are not required to account for GST on the imported services.

Example 18

Your prescribed accounting periods are Jan-Mar, Apr-Jun, Jul-Sep and Oct-Dec, you have elected to apply reverse charge at the end of the longer period. You started making exempt supplies from 1 May 2020.



According to the general time of supply rule for reverse charge, the time of supply is 3 May 2020. However, as you have elected to apply reverse charge at the end of the longer period, the time of supply for this imported service is 1 Apr 2021. At the end of the longer period 1 May 2020 to 31 Mar 2021:

- if you establish that you are not entitled to full input tax credit, you will account for GST on the imported services in the GST return for the prescribed accounting period ended 30 Jun 2021.
- if you establish that you are not subject to reverse charge, you are not required to account for GST on the imported services.

5.2.2 The table below summarises the general time of supply rules for reverse charge:

Types of businesses	Time of supply
RC Business	Earlier of issuance of supplier's invoice or payment made
Non-GST registered business (to determine GST registration liability)	
RC Business that elected to determine the application of reverse	Day immediately after the last day of the longer period (i.e. first day of

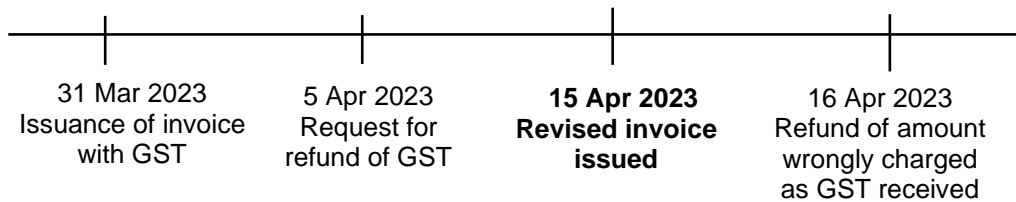
charge at the end of the longer period	the accounting period in which the longer period adjustment is made)
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5.3 **GST was wrongly charged and refunded by supplier**

5.3.1 There are instances where the suppliers have wrongly charged GST on supplies of imported services and LVG to an RC business³⁵. Where the RC business requests for a refund of the GST incorrectly charged on the imported services and LVG from the supplier and correspondingly needs to account for reverse charge on the imported services and LVG, it is required to apply reverse charge on the imported services and LVG at the earlier of:

- (i) when a revised invoice in respect of the supply of imported services and/or LVG is issued or posted; and
- (ii) when the refund of the amount wrongly charged as GST is received from the supplier.

Example 19



Co. B is an RC business who made a purchase of LVG from GST-registered electronic marketplace operator G. Co. B inadvertently omitted to provide its GST registration number. Hence, electronic marketplace operator G charged GST on the supply to Co. B and issued an invoice for the sale on 31 Mar 2023.

Co. B contacted marketplace operator G to seek a refund of the GST incorrectly charged and provided its GST registration number to the marketplace. On 15 Apr 2023, a revised invoice was issued by the OVR Vendor to correct the GST wrongly charged. The refund of the monies was received on 16 Apr 2023.

Based on the time of supply rules, the time of supply for the reverse charge transaction is triggered on 15 Apr 2023, when the revised invoice was issued. Co. B is therefore required to apply reverse charge on the LVG on 15 Apr 2023.

5.4 **Situations where RC Businesses must track the time the imported services are performed or when the LVG are delivered to RC Businesses**

5.4.1 The following are situations where RC Businesses must track the time the imported services are performed or the LVG are delivered (i.e. the Basic Tax Point):

³⁵ Refer to Paragraph 4.6.5.

(1) To determine whether an imported service or LVG that straddles GST-registration date³⁶ is subject to reverse charge

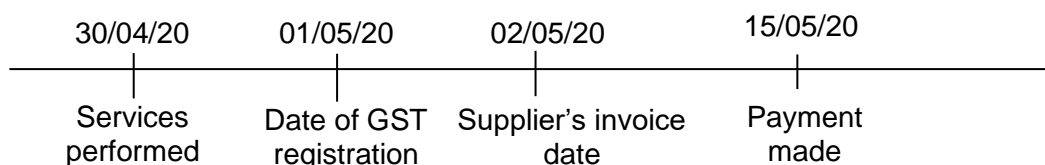
Imported services or LVG received by a newly-registered RC Business may straddle its GST registration date.

In such circumstances, if the supplier's invoice is issued and payment is made after the RC Business' effective date of GST registration, the supply of the imported services or LVG shall be treated as taking place after the RC Business' date of GST registration and hence, reverse charge shall apply.

However, if the Basic Tax Point takes place before the RC Business becomes GST-registered, the RC Business may rely on the Basic Tax Point to determine when the supply is made and hence, not apply reverse charge on the imported services which are performed or LVG which is received before its GST registration. If the RC Business wishes to rely on the Basic Tax Point to determine the time of supply, the RC Business must maintain supporting documents (e.g. service contracts, delivery note) to substantiate that the Basic Tax Point took place before its GST registration.

Example 20

The services that you procure from an overseas supplier is performed by 30 Apr 2020. You maintain a service agreement to prove that the services are performed by 30 Apr 2020. You are GST-registered on 1 May 2020.



According to the general time of supply rule for reverse charge, the time of supply is 2 May 2020. However, as the transaction straddles the date of GST registration (i.e. services performed before GST registration), you are allowed to treat the supply as taking place on 30 Apr 2020 and hence, not apply reverse charge on the transaction. Correspondingly, you are not entitled to claim any input tax in respect of the transaction.

(2) To determine whether an imported service or LVG that straddles de-registration date³⁷ is subject to reverse charge

³⁶ A transaction would be considered as straddling the GST-registration date if one or two of these three events occur(s) before the RC Business' effective date of GST registration: services performed, supplier's invoice issued, payment made.

³⁷ A transaction would be considered as straddling the de-registration date if one or two of these three events occur(s) before the RC Business' effective date of de-registration: services performed, supplier's invoice issuance, payment made.

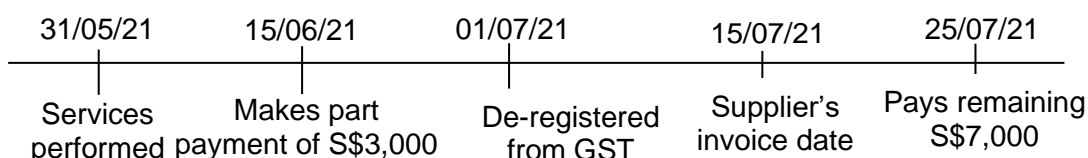
Imported services or LVG received by an RC Business that has cancelled its GST registration may straddle its GST de-registration date.

In such circumstances, when the Basic Tax Point takes place before the RC Business becomes de-registered and full output tax on the imported services or LVG has not been accounted for as at the date of de-registration, the supply of imported services or LVG shall (to the extent that it is not covered by any invoice issued or payment made) be treated as taking place on the day immediately before it ceases to be registered for GST.

In other words, RC Businesses are required to apply reverse charge on imported services which are performed and LVG which is received prior to its de-registration.

Example 21

You procure services from an overseas supplier on 15 May 2021 before de-registering from 1 July 2021. The value of the supply of imported services is S\$10,000.



You have to account for GST on the part payment of S\$3,000 made on 15 Jun 2021. As the Basic Tax Point (i.e. services performed) took place before you become de-registered, notwithstanding that the time of supply for the remaining balance of S\$7,000 has not been triggered by the supplier's invoice or payment before the de-registration date, you are required to account for GST on the remaining balance of S\$7,000 on 30 Jun 2021 (i.e. the day immediately before you are de-registered), in your final GST F8 return for the period ending 30 Jun 2021.

(3) To determine the time of supply for a supply of imported services and LVG procured from a connected person, overseas branch or head office or overseas member within the same GST group³⁸

A supply of imported services or LVG procured from a connected person, overseas branch or head office (as mentioned in paragraph 7.2.1(a) below), or overseas member within the same GST group (as mentioned in paragraph 7.2.1(b) below) shall be treated as taking place at the earliest of the following:

- (a) when invoice is issued;
- (b) when payment is made; and
- (c) 12 months after the Basic Tax Point (i.e. when the LVG is delivered to the RC Business and when the services are performed).

³⁸ Refer to Annex C for the definition of connected persons.

Example 22

You engaged your overseas subsidiary to provide accounting support services to you for the period from 1 Jan 2020 to 31 Dec 2020.

If your overseas subsidiary does not issue any invoice to you and you do not make any payment for the services before 31 Dec 2021, the time of supply of the imported services shall be triggered on 31 Dec 2021 (i.e. 12 months after the Basic Tax Point). Accordingly, you shall account for GST on the accounting support services in your GST return for the period in which 31 Dec 2021 falls.

However, the 12-month rule does not apply to the following supplies of imported services and LVG:

- a supply of imported services or LVG 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
- a supply of imported services (including telecommunication services) for a period for a consideration the whole of part of which is determined or payable periodically or from time to time
- a supply of imported 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
- a supply of imported services or LVG 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
- a supply of LVG under an arrangement where:
 - (i) the supplier retains the property in the goods until the goods or a part of them are appropriated under the agreement by the buyer; and
 - (ii) the whole or part of the consideration is determined at the time of that appropriation.

For the abovementioned supplies of imported services and LVG, GST is to be accounted for based on the general time of supply rule for reverse charge as stated in paragraph 5.1 above.

5.5 **Accounting for GST on imported services and LVG based on posting date**

5.5.1 Notwithstanding paragraphs 5.1.1 and 5.1.2, GST-registered RC Businesses are allowed to account for GST on their imported services and LVG based on the posting date³⁹ of the imported services and LVG in their business

³⁹ Refers to invoice posting date or journal posting date (in the absence of the supplier's invoice).

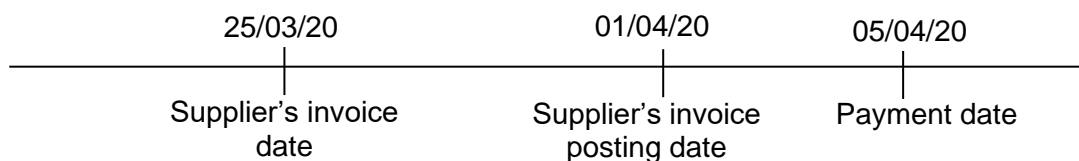
accounts (instead of the supplier's invoice date) if the method is consistently applied for all GST returns.

- 5.5.2 However, a payment made to the overseas supplier before the posting date will still trigger the time of supply.

Example 23

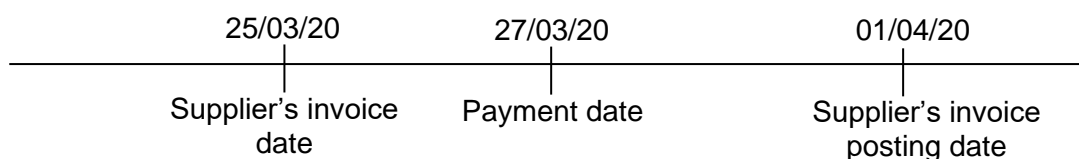
Your prescribed accounting periods are Jan-Mar, Apr-Jun, Jul-Sep and Oct-Dec.

Scenario (a)



According to the general time of supply rule for reverse charge, the time of supply is 25 Mar 2020, i.e. when the supplier's invoice is issued. However, if you consistently account for GST on imported services based on the posting date of suppliers' invoices, you will account for GST on this supply of imported services on 1 Apr 2020 (i.e. earlier of invoice posting date and payment date), in your GST return for the prescribed accounting period ending 30 Jun 2020.

Scenario (b)



According to the general time of supply rule for reverse charge, the time of supply is 25 Mar 2020, i.e. when the supplier's invoice is issued. If you consistently account for GST on imported services based on the posting date of suppliers' invoices, you will account for GST on this supply of imported services on 27 Mar 2020 (i.e. earlier of invoice posting date and payment date), in your GST return for the prescribed accounting period ending 31 Mar 2020.

5.6 Request for alternative time of supply

- 5.6.1 In the event where you face difficulty in reporting the supplies that are subject to reverse charge based on the earlier of when the supply is entered into your books of account or when you pay the consideration for the supply, you may write to the Comptroller to request for an alternative time of supply for reporting your reverse charge transactions. However, the proposed alternative time of supply must be earlier than the normal time of supply for the reverse charge transaction.

6 Value of supply

- 6.1.1 GST is to be accounted for on the value of the imported services and LVG at the time of supply.

6.1.2 Consideration paid wholly in money

If an RC Business pays the overseas supplier for the imported services and/or LVG wholly in money, the value of imported services and/or LVG will be the amount equal to the consideration paid for the services and/or LVG. Accordingly, the GST to be accounted for shall be computed based on 9% of the consideration paid for the imported services and/or LVG as follows:

$$\begin{aligned}\text{Value of supply} &= \text{Money consideration} \\ \text{GST} &= \text{Money consideration} \times 9\%\end{aligned}$$

6.1.3 Consideration is not consisting or not wholly consisting of money

If an RC Business does not pay for the imported services and/or LVG wholly in money, the value of the imported services and/or LVG will be its open market value. Accordingly, the GST to be accounted for shall be computed based on 9% of the open market value of the imported services and/or LVG as follows:

$$\begin{aligned}\text{Value of supply} &= \text{Open market value} \\ \text{GST} &= \text{Open market value} \times 9\%\end{aligned}$$

6.1.4 Services and LVG procured from a connected person⁴⁰ (including an overseas member within the same GST group) or an overseas branch/ head office

If an RC Business procures services and/or LVG from (i) an overseas related party who is a “connected person” (including an overseas member within the same GST group) or (ii) its overseas branch or head office, the value of the imported services and/or LVG would be the open market value if the consideration paid for the imported services and/or LVG is less than the open market value of the supply.

If there is a cost allocation from an overseas member within the same GST group or its overseas branch/ head office, the value of the imported service⁴¹ may be reduced by the salaries, wages and interest cost components of the imported service, including their proportionate mark-up in accordance with transfer pricing policy (refer to paragraph 7.3.1 below for details).

6.1.5 Foreign currency denominated invoices

If an imported service and/or LVG is invoiced in a foreign currency, the RC Business is required to convert the invoice amount using an acceptable exchange rate⁴² and account for GST on the reverse charge transaction based on the Singapore dollar equivalent. To compute the Singapore dollar equivalent of the corresponding input tax, the RC Business is required to

⁴⁰ Refer to Annex C for the definition of connected persons.

⁴¹ This does not apply to LVG.

⁴² Refer to the e-Tax Guide “Exchange Rates for GST Purpose” for the definition of acceptable exchange rates.

apply the same exchange rate that is used to compute the SGD equivalent of the output tax.

Subject to the conditions in the e-Tax Guide “GST: Exchange Rates for GST Purpose”, an RC Business may use his in-house exchange rates to convert the value of the imported services and LVG.

6.1.6 Reverse charge supplies subject to withholding tax

If a reverse charge supply comprising imported services and/or LVG is to be subject to withholding tax, the value of the supply shall be the consideration paid for the supply, without any deduction of withholding tax⁴³.

6.1.7 Related services for supply of LVG

In addition, the value of supply of LVG should also include any amounts paid by the RC Business for related services such as transportation and insurance for the goods.

Example 24

Co. B is a GST-registered RC Business who purchased an office chair for S\$350. The supplier charged Co. B an additional S\$30 for the transportation and insurance costs to deliver the chair to Singapore.

The value of supply of the chair is the total monetary consideration of S\$380.

7 Intra-GST group and inter-branch transactions

7.1 GST treatment under normal GST rules

7.1.1 Under normal GST rules, any supply made between members of the same GST group are disregarded for GST purposes. Likewise, supplies made between head office and its branches are disregarded for GST purposes, as they are regarded as a single legal entity.

7.2 GST treatment of imported services and LVG under reverse charge rules

7.2.1 However, reverse charge will apply in the following circumstances:

- (a) A local branch or head office procuring services or LVG from an overseas branch or head office.
- (b) A local member of a GST group procuring services or LVG from an overseas member within the same GST group.

⁴³ If RC Business pays withholding tax (e.g. S\$100) out of the consideration for the reverse charge supply (e.g. S\$1,000) and only pays the net amount of S\$900 to the supplier, he should account for reverse charge based on S\$1,000. On the other hand, if the consideration for the supply is S\$1,000 but the RC Business pays an additional S\$100 for withholding tax, he should still account for reverse charge on S\$1,000.

7.3 **Value of intra-GST group and inter-branch transactions for imported services**

7.3.1 If you are a local branch or head office procuring services from your overseas branch or head office (i.e. supplies within the same legal entity), or a local member of a GST group procuring services from an overseas member within the same GST group⁴⁴, you shall account for GST on the value of the inter-branch or intra-GST group transaction which is subject to reverse charge, which can be calculated as follows:

Value of inter-branch or intra-GST group transaction =

[Consideration or open market value⁴⁵] – [Salaries, wages⁴⁶ and interest costs⁴⁷, including their proportionate mark-up in accordance with transfer pricing policy, to the extent you are able to identify and segregate the cost components of the cost allocation (see Note 1 below)]

GST = Value of inter-branch or intra-GST group transaction x 9%

Note 1:

You may write to the Comptroller if you wish to use a proxy to compute the portion of the cost allocation which relates to salaries or wages and/ or interest costs and their proportionate mark-up. The proposed proxy must be:

- a) *A reasonable estimate of the salaries, wages and interest costs ("SWI") component (e.g. direct cost allocation);*
- b) *Sourced from reliable data;*
- c) *Timely⁴⁸; and*
- d) *Consistently applied.*

7.3.2 There must be direct cost allocation of salaries, wages and interest cost in the computation of the fee that is charged by the overseas branch/ head office or overseas member within the same GST group for the salaries, wages and interest costs to be deducted from the fee. For example, if the fee is computed based on the percentage of revenue earned by the local branch, there is no direct cost allocation and the local branch will not be able to accurately identify and segregate the portion of the costs that relates to salaries and wages. Therefore, in the absence of direct cost allocation, reverse charge would apply to the entire fee.

⁴⁴ The exclusion of salaries, wages and interest costs from the value of imported services does not apply to supplies made by an overseas related company of the RC Business where the overseas related company is a separate entity from the RC Business (i.e. not a branch) and is not within the same GST Group as the RC Business.

⁴⁵ Refer to paragraph 6 to determine whether the consideration or the open market value should apply.

⁴⁶ Salaries and wages refer to the money paid to employees for work done, including bonuses, perquisites, allowances, commission, gratuity, pensions, fringe benefits (including meal expenses and training expenses) and contributions to employees' social security accounts.

⁴⁷ Interest costs refers to the money you pay if you have borrowed money or are buying something on credit.

⁴⁸ The RC Business may use the preceding financial year data as a proxy if it performs an adjustment to reflect the actual year proxy once the actual data is available.

Example 25

You are a GST-registered partially exempt Singapore branch.

Your UK head office provides administrative and management services to you and its other branches.

Your UK head office also enters into a global contract with a related legal firm in the US to procure and on-supply legal services to you and its other branches. The related US legal firm bills your UK head office for the legal services, which is computed based on its staff salary cost plus 10% mark-up.

Your UK head office then allocates to you a portion of the legal fee incurred, interest cost and salary cost of its staff who provides the administrative and management services provided to you. In addition, a 5% mark-up is applied on all the costs recovered from you.

The total cost allocation (inclusive of 5% mark-up) is S\$105,000.

Scenario (a)

If you are able to identify the cost components of the cost allocation, reverse charge would only apply on the legal fee and its proportionate mark-up. The related US legal firm's staff salary cost and mark-up cannot be excluded from reverse charge.

If the cost components can be identified as follows:

- Legal fee (i.e. related US legal firm's staff salary cost plus 10% mark-up) (inclusive of 5% mark-up): S\$84,000
- Interest cost (inclusive of 5% mark-up): S\$5,250
- Salary cost (inclusive of 5% mark-up): S\$15,750

The amount of output tax to be accounted for is S\$7,560 (i.e. legal fee and its proportionate mark-up of S\$84,000 x 9%). You may claim the corresponding input tax according to the input tax recovery rules.

Scenario (b)

If you are not able to identify the portion of the cost allocation that relates to the salaries and interest costs, reverse charge would apply to the entire cost allocated to you. Accordingly, the amount of output tax to be accounted for is S\$9,450 (i.e. total cost allocation of S\$105,000 x 9%). You may claim the corresponding input tax according to the normal input tax recovery rules.

8 Claiming of input tax

8.1 Rules for claiming input tax

- 8.1.1 In the same prescribed accounting period when reverse charge is applied (i.e. output tax is accounted) on a supply of imported services or LVG, the RC Business can claim the corresponding input tax according to the normal input tax recovery rules.

8.1.2 However, RC Businesses prescribed with a fixed input tax recovery rate or on special input tax recovery formula shall apply the prescribed rate or formula to compute the input tax claimable.

8.1.3 The value of imported services and LVG should not be taken into account as taxable supplies made by the RC Businesses for the purpose of computing the residual input tax claimable. This means that the value of imported services and LVG should not be included in both the numerator and denominator of the input tax recovery formula⁴⁹ used to compute the residual input tax claimable.

8.2 **Supporting input tax claim with alternative documents**

8.2.1 An RC Business may maintain alternative documents⁵⁰ (e.g. payment evidence, accounting entries) to support his input tax claim in respect of a reverse charge transaction in the event the following circumstances arise:

- (i) the time of supply for accounting for GST on the imported services or LVG has been triggered by the payment made to the supplier; and
- (ii) he has not received the supplier's invoice.

9 **Reverse charge and transfer pricing**

9.1 **Scope of reverse charge on payments to overseas related parties⁵¹**

9.1.1 To ascertain whether the RC Business' payment to its overseas related parties is subject to reverse charge, you have to consider the following:

Step 1: Whether the payment made by the RC Business constitutes consideration in return for services supplied by the overseas related party to the RC Business.

9.1.2 A supply includes all forms of supply and reverse charge supplies, but not anything done otherwise than for a consideration. Therefore, the RC Business has to ascertain if its overseas related party has provided any services in return for the consideration that the RC Business pays to the overseas related party. Whether a supply exists depends on the form (e.g.

⁴⁹ i.e. for input tax recovery formula that is based on value of supplies. On a separate note, the value of the following supplies should also be excluded from the numerator and denominator of the apportionment formula when computing the amount of residual input tax claimable:

- (i) relevant supplies received from the taxpayer's supplier that are subject to customer accounting;
- (ii) supplies of digital services and remote services (with effect from 1 Jan 2023) made on behalf of underlying suppliers through the taxpayer's electronic marketplaces under the Overseas Vendor Registration regime; and
- (iii) supplies of LVG made on behalf of underlying suppliers through the taxpayer's electronic marketplaces or supplies of LVG that is treated as made by the taxpayer as a redeliverer under paragraph 4B of the Seventh Schedule, under the Overseas Vendor Registration regime.

⁵⁰ Refer to Paragraph 11.3.3 for the required information on the alternative document.

⁵¹ Two parties are related if either party controls the other, or they are under the common control of another party, whether directly or indirectly. Related parties include branches and head offices.

contractual arrangement and terms and conditions, transfer pricing documentation) and substance of the transaction.

- 9.1.3 What may not be regarded as a supply of service by one related party to another from the Transfer Pricing perspective may be regarded as so from the GST perspective. The Transfer Pricing method being adopted simply represents the basis by which the consideration for a supply between related parties is to be computed. In this regard, if the facts establish that there is a supply for GST purposes, the transfer pricing method is simply a basis of computing the fees received by the overseas related party for the services it renders to the RC Business.

Step 2: Determine the nature of the services

- 9.1.4 If there is a supply made by the overseas related party to the RC Business, you have to determine the nature of the services provided by the overseas related party to the RC Business.

Step 3: Determine whether the supply of services fall within the scope of reverse charge

- 9.1.5 Based on the nature of the services provided by the overseas related party, you have to ascertain if the services fall within the list of services in Paragraph 4.2.1 which are excluded from reverse charge. If the service does not fall into the list of services in Paragraph 4.2.1, the supply will be subject to reverse charge.

Example 26

You are a local branch that is subject to RC and you have an overseas head office ("HO").

The HO incurred costs to manage its local branch (i.e. you) and this includes the provision of executive and general administrative services. The HO does not recover the costs from you (i.e. the HO does not issue any invoice to you and you did not make any payment to the HO). However, for transfer pricing purposes, the costs incurred by the HO to manage the local branch (i.e. you) will be allocated as expenses to you and the allocated expenses are allowed as a tax deduction in your tax computation for corporate tax purposes. You do not recognise the costs as expense in your books and the HO does not recognise the costs allocated out as revenue in its books.

For a supply to exist, a consideration must be present, and the recipient of the monies must have done something in return for the consideration (i.e. there must be a direct and immediate link between payment and supply). Something that is done gratuitously and for which there is no consideration, is therefore not a supply.

In this case, assuming that the allocation of costs is not linked to a previous or a new supply of goods or services, the allocation of costs does not constitute consideration from a GST perspective and is consequently not subject to GST nor reverse charge.

Example 27

You are an RC Business and a local branch of an overseas bank. The overseas bank and you are involved in a cross-border financing transaction. The transaction involves:

- (A) The “originating site” that identifies potential borrowers or clients in its country; and
- (B) The “booking site” that extends offshore loans to these borrowers / provides the financial products to these clients.

Generally, loans granted should be booked in the site that predominantly markets the transaction. However, due to regulatory reason in the overseas country, you have to be the booking site (lender) for loans that are extended to the overseas corporate borrowers even though the loan is marketed by the overseas bank. The relationship managers (“RMs”) who are conversant of the client’s business is at the overseas bank (i.e. the originating site) but the loan contract is signed between you and the borrowers.

The originating site and booking site will split the profit according to the terms in the transfer pricing agreement. You collect all interest and fees from the borrowers and thereafter, pay a cut of the profit to the originating site (i.e. the overseas bank who assumed the RM role) according to the terms in the Transfer Pricing agreement that was signed between you and the overseas bank.

The Transfer Pricing Agreement states that you are required to provide banking services, such as granting of external commercial borrowings to the overseas clients (i.e. the borrowers). On the other hand, the overseas bank is required to provide marketing and support services such as identifying potential borrowers, marketing products to existing and potential borrowers, carrying out preliminary credit reviews and structuring to allow you to provide loans, and ongoing management of client relationship and undertaking of periodic credit review.

As the contract for the cross-border financing is signed between you (i.e. the Booking Site) and the end-client, the Originating Site (i.e. the overseas bank) is not a party to the contract and thus it could not be said to be providing services to the borrowers. If not for the marketing and relationship management activities performed by the Originating entity, you would not be able to provide loans to the borrowers. As such, the Originating entity is introducing clients to you and arranging for your provision of loan to the borrowers. The fee split that the Originating entity receives would constitute consideration for introductory and arranging services rendered to you. Since the introductory and arranging service would be taxable if provided by a local GST-registered entity, your payment to the Originating entity (i.e. the overseas bank) would be subject to reverse charge.

9.2 **Transfer pricing adjustments**

9.2.1 A transfer pricing adjustment has GST implications if it gives rise to a change in the value of a supply and hence requires corresponding GST adjustments.

9.2.2 The GST treatment for such transfer pricing adjustments follow the GST treatment of the original supply. If the original supply is taxable, the corresponding transfer pricing adjustment would also be taxable.

9.2.3 Similarly, if a supply of imported services has been subject to reverse charge, the corresponding transfer pricing adjustment that gives rise to the change in value of the supply would also be subject to reverse charge.

9.2.4 If there is a GST adjustment arising from a transfer pricing adjustment, the GST adjustment should be made in the current accounting period when the transfer pricing adjustment is made, based on the earlier of the following two events:

- (a) When invoice/ credit note in respect of the transfer pricing adjustment is issued; and
- (b) When payment in respect of the transfer pricing adjustment is made.

10 Registration and Deregistration

10.1 Registration rules

10.1.1 If you are a non-GST registered business, you would be liable for GST registration by virtue of the reverse charge rules when you meet the following conditions:

- (i) Your imported services⁵² and supplies of LVG⁵³ which fall within the scope of reverse charge exceed S\$1 million⁵⁴ in a 12-month period (under either the retrospective or prospective basis) as follows:
 - (a) Retrospective basis: The value of imported services and LVG for the calendar year (i.e. 1 Jan to 31 Dec) needs to be summed up to ascertain if your imported services and LVG have exceeded S\$1 million. This applies even if your financial year does not end on 31 Dec.

Notwithstanding that you had assessed that you are liable to register for GST on a retrospective basis, you will also need to ascertain if you would be liable to register for GST on a prospective basis at an earlier time.

⁵² As defined in paragraph 4.2.1.

⁵³ With effect from 1 Jan 2023, the value of LVG should be included in assessing your registration liability under the reverse charge regime. The value of LVG procured from local and overseas GST and non-GST registered suppliers should be counted towards the value of the non-GST registered person's LVG, regardless of whether GST was charged on the LVG by the supplier. This also includes LVG where the GST was paid to Singapore Customs at the point of importation (see paragraph 4.6.4).

⁵⁴ The registration threshold of S\$1 million for reverse charge is based on the "value of imported services and LVG which are within the scope of reverse charge" only and should not include the "value of taxable supplies" made by the non-GST registered person. The "value of taxable supplies" should be taken into account only when determining a person's registration liability under paragraphs 1 and 1A of the First Schedule to the GST Act. However, the value of remote services procured from overseas vendors who are registered under the paragraph 1A of the First Schedule to the GST Act should be counted towards the value of the non-GST registered person's imported services.

- (b) Prospective basis: You expect your imported services and LVG for the next 12 months to exceed S\$1 million⁵⁵; and
- (ii) You would not be entitled to full input tax credit if you were GST-registered⁵⁶. You would not be entitled to full input tax credit, if you:
 - (a) carry out non-business activities or do not make any supply; or
 - (b) fail the De Minimis Rule

for the same 12-month period during which the value of your imported services and LVG has exceeded or will exceed S\$1 million. Even if you fail the De Minimis Rule, you would be regarded as entitled to full input tax credit, if you fall within the exceptions under paragraph 4.1.5.

10.1.2 If you make a “one-off” import of services and/or supply of LVG exceeding S\$1 million and are not expecting to import significant services and/or LVG in the subsequent year, you would still be liable for GST registration (under the retrospective basis), if you would not be entitled to full input tax credit if you were GST-registered.

Example 28

Co. F is a non-GST registered investment holding company.

Scenario A – Retrospective basis

Co. F’s sum of imported services and LVG that is subject to reverse charge exceed the S\$1 million threshold in the calendar year ending 31 Dec 2022. To determine if it is liable for registration, Co. F has to determine if it meets the De Minimis Rule for the calendar year ending 31 Dec 2022. The supplies made by Co. F for the calendar year ending 31 Dec 2022 are:

Types of supplies	Value of supplies
Standard rated supplies	S\$120,000
Zero-rated supplies	S\$4,800,000
Exempt supplies	S\$240,000
Total supplies	S\$5,160,000

Average value of exempt supplies per month:

$$S\$240,000 / 12 = S\$20,000 \text{ per month}$$

Percentage of the exempt supplies over the total supplies:

$$S\$240,000 / S\$5,160,000 \times 100\% = 4.7\%$$

⁵⁵ For example, investment holding companies would be able to reasonably estimate the value of imported services at the point when an acquisition/divestment deal is confirmed or agreements are signed. As such, the date of forecast could be the date when the deal is confirmed, the date of the signing of the acquisition/divestment agreement or the closing date of the deal depending on the circumstances of the case.

⁵⁶ Refer to paragraph 4.1.9 for the rules on determining whether a non-GST registered person would be entitled to full input tax credit if he was GST-registered.

Example 28 (continued)

Scenario B – Prospective basis

Co. F expects the sum of its imported services and LVG that is subject to reverse charge for the calendar year ending 31 Dec 2023 to exceed S\$1 million. To determine if it is liable for registration, Co. F has to determine if it meets the De Minimis Rule for the calendar year ending 31 Dec 2023. The supplies Co. F expects to make for the calendar year ending 31 Dec 2023 are:

Types of supplies	Value of supplies
Standard rated supplies	S\$180,000
Zero-rated supplies	S\$5,200,000
Exempt supplies	S\$180,000
Total supplies	S\$5,560,000

Average value of exempt supplies per month:

$$S\$180,000 / 12 = S\$15,000 \text{ per month}$$

Percentage of the exempt supplies over the total supplies:

$$S\$180,000 / S\$5,560,000 \times 100\% = 3.2\%$$

Since the De Minimis Rule is satisfied in either scenario, Co. F would be entitled to full input tax credit if it were registered. Hence, notwithstanding that the imported services and LVG exceed S\$1 million, Co. F is not liable for GST registration by virtue of the reverse charge rules.

10.1.3 You may refer to table below which summarises the rules on the liability to register, notification of liability and the effective date of registration:

	Retrospective basis	Prospective basis
You are liable for GST registration	<p>The total value of your imported services and LVG which fall within the scope of reverse charge for the calendar year (i.e. 1 Jan to 31 Dec) is more than S\$1 million and you would not be entitled to full input tax credit if you were registered for the same calendar year.</p> <p>You should include your purchases of LVG from 1 Jan 2022 to 31 Dec 2022 when assessing your liability to register for GST under the retrospective basis for the calendar year ending Dec 2022.</p>	<p>At any time, if there are reasonable grounds (e.g. signing of a contract or business agreement) to believe that your imported services and LVG which fall within the scope of reverse charge in the next 12 months will be more than S\$1 million and that you would not be entitled to full input tax credit for the same 12-month period.</p> <p>If your <u>date of forecast</u> is before 1 Jan 2023, you should include any purchase of LVG on/after 1 Jan 2023 in assessing your liability to register for GST under the prospective basis⁵⁷.</p> <p>For example, your date of forecast is 15 Aug 2022. You will be liable to register for GST if you expect the value of your imported services from</p>

⁵⁷ Where the forecast date is after 1 Jan 2020 and before 1 Jan 2023, when assessing your liability to register for GST, you should assess the value of your imported services for the next 12 months from the date of forecast, and the value of the sum of your imported services and LVG from 1 Jan 2023 to 31 Dec 2023.

		16 Aug 2022 to 15 Aug 2023 to exceed S\$1 million. If not, you may still be liable to register for GST if you expect the sum of your imported services and LVG from 1 Jan 2023 to 31 Dec 2023 to exceed S\$1 million.
You are required to notify your GST registration liability	Within 30 days of the end of that relevant calendar year, i.e. by 30 Jan.	<p>Within 30 days from the date on which you made a forecast that your imported services and LVG for the next 12 months will be more than S\$1 million. For example, if your date of forecast is 15 Mar, you are required to inform the Comptroller by 14 Apr.</p> <p>If your liability for GST registration is triggered before 1 Jan 2023 as a result of the purchases of LVG:</p> <ul style="list-style-type: none"> - If the date of forecast and liability to register is triggered on/before 23 Sep 2022⁵⁸, you are required to inform the Comptroller between 1 Sep 2022 to 1 Oct 2022 (both dates inclusive); - If the date of forecast and liability to register is triggered during the period from 24 Sep to 31 Dec 2022 (both dates inclusive), you are required to inform the Comptroller by 31 Jan 2023.
Your effective date of GST registration will be on	End of the month following the month in which the 30th day falls, i.e. 1 Mar.	<p>31st day from the date of your forecast. For example, if your date of forecast is 15 Mar, you will be registered on 15 Apr.</p> <p>If your liability for GST registration is triggered before 1 Jan 2023 as a result of the purchases of LVG:</p> <ul style="list-style-type: none"> - Your effective date of GST registration will be on 1 Jan 2023 if the liability to register is triggered on/before 23 Sep 2022 - Your effective date of GST registration will be on 1 Feb 2023 or earlier if the liability to register is triggered during the period from 24 Sep to 31 Dec 2022 (both dates inclusive)

⁵⁸ 23 Sep 2022 is the legislated cut-off date for RC Businesses to determine prospective registration liability before 1 Jan 2023 as a result of the purchases of LVG.

Example 29 – Retrospective basis

Total value of imported services and LVG		Business A (\$)	Business B (\$)	Business C (\$)
<i>Determination date (“DD”)</i>		31 Dec 2018	31 Dec 2019	31 Dec 2022
Calendar year ending on the DD (Actual)	<i>Imported services</i>	1,100,000	970,000	970,000
	<i>LVG</i>	10,000	50,000	50,000
	Total	1,110,000	1,020,000	1,020,000
12 months from DD (Expected)	<i>Imported services</i>	1,100,000	1,100,000	900,000
	<i>LVG</i>	10,000	10,000	Unable to forecast
	Total	1,110,000	1,110,000	Unable to forecast
<i>Registration required</i>		No ⁵⁹	Yes ⁶⁰	Yes ⁶¹
<i>Submit your application for GST by</i>		-	31 Jan 2020	30 Jan 2023

Example 30 – Prospective basis

Total value of imported services and LVG	Business E (\$)	Business F (\$)	Business G (\$)	Business H (\$)
<i>Determination date (“DD”)</i>	23 Sep 2022	1 Oct 2022	1 Oct 2022	31 Mar 2023
12 months from DD (Expected)	1,100,000	1,100,000	1,000,000	1,100,000
<i>Registration required</i>	Yes	Yes	No	Yes
<i>Submit your application for GST by</i>	1 Oct 2022	31 Jan 2023	-	30 Apr 2023

10.2 Exemption from GST registration

10.2.1 If you are liable for GST registration by virtue of the reverse charge rules, you may apply for exemption from GST registration if you satisfy the following conditions:

⁵⁹ “No” because on 31 Dec 2018, you were not required to determine your GST registration liability for the purposes of reverse charge. However, should your imported services indeed exceed the registration threshold for the calendar year 2019, you will be liable for registration and be required to submit your application for GST by 30 Jan 2020.

⁶⁰ The business is not liable to register on a retrospective basis as only the value of imported services is taken into consideration. However, the business is liable to register for GST on a prospective basis. As the DD is before 1 Jan 2020, the 12-month period for determining prospective registration liability is 1 Jan 2020 to 31 Dec 2020, where the value of imported services is expected to exceed S\$1m.

⁶¹ The business is liable to register on a retrospective basis as the total value of imported services and LVG exceed S\$1m for the calendar year 2022.

- (i) the taxable supplies⁶² you make can be wholly or substantially (i.e. at least 90%) zero-rated; and
- (ii) you are in a net GST refund position, i.e. your total output tax payable (including the GST on reverse charge transactions) is less than your total input tax claimable (including the corresponding input tax claims in respect of reverse charge transactions).

10.2.2 To apply for exemption from GST registration, please submit a completed GST F2 “Application for Exemption from Registration” form.

10.2.3 If you are granted the exemption, you need not file GST returns. Conversely, you will not be able to claim any GST incurred on your business purchases.

10.2.4 In the event that you cease to make wholly or substantially zero-rated supplies, you are required to inform the Comptroller within 30 days from the day when the change occurred or within 30 days of the end of the quarter in which it occurred if a specific date cannot be established.

10.3 **Voluntary GST registration**

10.3.1 If you procure imported services or LVG but you do not meet condition (i) provided in paragraph 10.1.1 above, you may apply for voluntary GST registration.

10.3.2 You will be subject to the same eligibility conditions and documentary requirements as existing voluntary registrants. You can refer to the IRAS website at www.iras.gov.sg > GST > Non-GST registered businesses > Registering for GST > Factors to Consider Before Registering Voluntarily for GST for the eligibility conditions and documentary requirements for voluntary registrants.

10.4 **Registration procedures**

10.4.1 Please refer to IRAS website at www.iras.gov.sg > GST > Non-GST registered businesses > Registering for GST > Applying for GST Registration for a step-by-step guide on the GST registration process.

10.5 **De-registration**

10.5.1 If you are a GST-registered RC Business, you may apply for cancellation of your GST registration if the Comptroller is satisfied that:

- (a) Your taxable turnover for the next 12 months will be S\$1 million or less;

⁶² The value of imported services and LVG should not be taken into account as taxable supplies made by the RC Businesses for the purpose of determining liability for registration under paragraph 1 of the First Schedule to the GST Act, or eligibility for exemption from GST registration or Major Exporter Scheme when computing the percentage of zero-rated supplies to total supplies.

- (b) Your imported services and LVG⁵⁶ for the next 12 months will be S\$1 million or less; and
- (c) You are not under voluntary registration for less than two years.

10.5.2 Please refer to IRAS website at www.iras.gov.sg > GST > GST registered businesses > Other services > Cancelling GST registration for the de-registration rules and information on the application process.

11 Reporting and record-keeping requirements

11.1 General reporting requirements

11.1.1 RC Businesses are required to report its imported services (with effect from 1 Jan 2020) and LVG (with effect from 1 Jan 2023) which are subject to reverse charge in the following boxes of the GST return:

To report	Boxes in GST F5
Value of imported services and LVG ⁶³ subject to reverse charge	Box 1, Box 5 and Box 14
Value of output tax to be accounted for on the imported services and LVG ⁵⁶	Box 6
Value of input tax claimable on the imported services and LVG ⁵⁶	Box 7

11.1.2 If you make only exempt supplies, or make no supply, and become liable for GST registration by virtue of the reverse charge rules, you may apply for an administrative concession to only report the value of your imported services and LVG (in Box 1 and Box 14) and the corresponding output tax (in Box 6). This application is subject to the Comptroller's approval. You are required to submit a "nil" return even if you do not import any services for the accounting period.

11.2 Adjustment for unpaid invoices

11.2.1 An RC Business is allowed to make an adjustment for previously accounted reverse-charged GST when payment is not made to the overseas supplier within 12 months from the time of supply of the reverse charge transaction if the following conditions are met:

- (i) he has accounted for and paid GST on the imported services or LVG;
- (ii) due to genuine commercial reasons (e.g. dispute over the supplier's invoice), the payment to the overseas supplier has been outstanding for more than 12 months from the time of supply of the reverse charge transaction; and

⁶³ With effect from 1 Jan 2023.

(iii) the corresponding input tax claim is also reduced⁶⁴.

11.2.2 To make an adjustment, you have to:

- (1) Complete the “Refund for Reverse Charge Transaction: Checklist for Self-Review of Eligibility of Claim” checklist⁶⁵ and keep it as part of your records. You may be asked to provide the completed checklist in the course of an audit; and
- (2) If you satisfy all the conditions in the self-review checklist, proceed to make the adjustment in your GST return as follows:

To report	Boxes in GST F5
Net GST claim amount (i.e. difference between the output tax accounted for on the unpaid amount and the input tax claimed on the unpaid amount)	Box 7 and Box 11

The adjustment has to be made within 5 years from the time of supply of the reverse charge transaction.

Example 31

Time of supply	1 Apr 2024
Value of imported services	S\$1,000
Accounting period in which the imported services were supplied	1 Apr 2024 to 30 Jun 2024 (Output tax accounted: S\$90; Input tax claimed: S\$81)

Scenario (a) - No payment made to the supplier

If you do not make any payment to your supplier by 1 Apr 2025 (i.e. after 12 months from time of supply) due to a dispute over the supplier’s invoice amount, you may make an adjustment to recover the net GST accounted for on the imported services (i.e. difference between the output tax accounted and input tax claimed on the imported services).

Adjustments to GST F5 for the prescribed accounting period 1 Apr 2025 to 30 Jun 2025:

- Input tax and refunds claimed (Box 7): Add S\$9 (i.e. S\$90 - S\$81)
- Refund claim for reverse charge transaction (Box 11): Add S\$9

⁶⁴ RC Businesses that are prescribed fixed input tax recovery rates are required to use the historical input tax recovery rate (i.e. the input tax recovery rate at the time of supply of the imported services) to compute the amount of corresponding input tax claim to be reduced. Likewise, for other RC businesses, the amount of input tax claim to be reduced has to be the amount that was originally claimed.

⁶⁵ This checklist will be posted on IRAS website at www.iras.gov.sg > Quick Links > Forms > GST > Self-review.

Example 31 (continued)

Scenario (b) – Partial payment made to the supplier

If you pay S\$600 but the remaining S\$400 remains unpaid as at 1 Apr 2025, you may make an adjustment to recover the net GST accounted for on the unpaid amount (i.e. difference between the output tax accounted for on the unpaid amount and the input tax claimed on the unpaid amount):

- Output tax accounted on the unpaid amount = $(S\$400 / S\$1,000) \times S\$90 = S\36
- Input tax claimed on the unpaid amount = $(S\$400 / S\$1,000) \times S\$81 = S\32.40

Adjustments to GST F5 for the prescribed accounting period 1 Apr 2025 to 30 Jun 2025:

- Input tax and refunds claimed (Box 7): Add S\$3.60 (i.e. S\$36 - S\$32.40)
- Refund claim for reverse charge transaction (Box 11): Add S\$3.60

11.2.3 If payment is subsequently made to the supplier (within 5 years from the time of supply of the reverse charge transaction), the RC Business must make the necessary adjustments to repay the reverse-charged GST to the Comptroller and can reclaim the corresponding input tax in the accounting period in which the payment to the supplier is made.

Example 32

You first account for GST on the imported services supplied on 1 Apr 2024 and claim the corresponding input tax in your GST return for the prescribed accounting period ending 30 Jun 2024. If you do not pay your supplier within 12 months from the time of supply (by 1 Apr 2025), you can recover the output tax accounted for if you repay the corresponding input tax that you claimed.

Subsequently, if you pay your supplier S\$700 on 1 Oct 2026 (i.e. within 5 years from 1 Apr 2024) which is part of the invoiced amount, you must repay part of the refund claimed previously. You may claim back the corresponding input tax⁶⁶ in your GST return for the prescribed accounting period that covers 1 Oct 2026.

With reference to Scenario (a) in Example 31

Net amount of refund claim to be repaid to the Comptroller = $S\$9 \times (S\$700/S\$1,000)$
= S\$6.30

Adjustments to GST F5 for the prescribed accounting period 1 Oct 2026 to 31 Dec 2026:

- Amount of output tax to be repaid to the Comptroller = $S\$90 \times (S\$700/S\$1,000)$
= S\$63 [report in Box 6]
- Amount of corresponding input tax claimable = $S\$81 \times (S\$700/S\$1,000)$
= S\$56.70 [report in Box 7]

11.2.4 For each adjustment, you are required to maintain the supplier's invoice and supporting business or accounting records showing:

⁶⁶ You are required to apply the input tax recovery rate as at the original time of supply to determine the amount of input tax claimable. For foreign currency denominated transactions, you should also use the exchange rate as at the original time of supply.

- The time, nature, supplier and the consideration for the supply of the imported services
- You have accounted for and paid GST on the imported services or LVG
- You have not made full payment to the supplier (e.g. bank statement, creditors' aging report)
- You have made all efforts to resolve the dispute over the consideration for the supply of the imported services or LVG

11.3 **Documentary evidence and record keeping**

11.3.1 RC Businesses will rely on the supplier's invoice to account for output tax and to claim input tax⁶⁷. The supplier's invoice should minimally contain the following information:

- (a) Supplier's name and address;
- (b) Invoice number and date;
- (c) A description of the services or LVG supplied;
- (d) Where an invoice is issued in a foreign language, the RC Business must be able to translate this information to English on request. In addition to the invoice, the RC Business may also provide contracts/agreements entered into with the supplier to explain the nature of the services received; and
- (e) The value of the supply (i.e. consideration to be paid).

11.3.2 RC Businesses must retain records for all reverse charge transactions reported in the GST returns and the corresponding input tax claims made in respect of the reverse charge transactions. The records required include:

- (i) Invoices issued by suppliers;
- (ii) Transactional listings of reverse charge purchases;
- (iii) Accounting system records and journal entries that support the reverse charge transactions;
- (iv) Evidence of payment made to suppliers (e.g. bank statement, contra entries);
- (v) Contracts or agreements entered into with suppliers; and
- (vi) Workings for input tax apportionment.

As manual entries are more prone to errors, to strengthen tax compliance, RC Businesses could consider modifying their accounting systems to identify reverse charge transactions (such as designating a specific tax code to record reverse charge purchases) and automating the accounting of output and input tax.

11.3.3 In instances where RC Businesses do not receive invoices from their suppliers for the services rendered or supply of imported LVG, the RC Business can maintain other documentary evidence (e.g. internal accounting

⁶⁷ The RC business does not need to issue tax invoice to itself when it accounts for GST on imported services and LVG.

entries and other additional documents such as email, agreement, head office memo, sales order confirmation, shipping document) to support the input tax claim on the RC transactions. The RC Businesses do not need to seek the Comptroller's approval on the alternative document if the alternative documents contain the following information:

- (a) The supplier's name[^] and address*;
- (b) A description of the services supplied or imported LVG; and
- (c) The value of the supply (i.e. consideration to be paid).

Note[^]: The document is still acceptable if the supplier's full name is not indicated but there is a unique identifying ID for each supplier where the RC Business can identify the supplier based on the ID in its accounts.

Note*: The document is still acceptable even if the document does not show the supplier's address in the following situations:

- i. If the LVG is supplied and/or the service is provided by a related party on the basis that the RC Business would have records of the addresses of their related parties; or
- ii. If the LVG is supplied and/or the service is provided by a third-party supplier, on the basis/condition that the supplier's address is stored in the source systems of the RC Business and the RC Business can readily retrieve and provide the information to the Comptroller upon request.

In the event that the document is in a foreign language, the GST-registered business must be able to provide the English translation upon our request.

11.3.4 The RC Businesses should complete the Self-Review Checklist "Maintaining alternative document for Reverse Charge Transactions"⁶⁸ to ensure that their alternative document contains all the required information mentioned above. The Checklist does not need to be submitted to the Comptroller. The RC Business is required to maintain the Checklist and provide it to IRAS upon request.

12 Amendment to "Directly Benefit" Condition

12.1 Prior to 1 Jan 2020, a supply of service must "directly benefit"⁶⁹ a person belonging outside Singapore in order to qualify for zero-rating under sections 21(3)(j), 21(3)(k), 21(3)(s) and 21(3)(y) of the GST Act.

12.2 Without the "directly benefit" condition, a local GST-registered supplier can zero-rate his services provided to a local customer by contracting with a related overseas person of the local customer (i.e. "round-tripping"). When the overseas person recharges the costs of the services to the local

⁶⁸ The checklist is posted on www.iras.gov.sg > Quick Links > Forms > GST > Self-review.

⁶⁹ The e-Tax Guide "GST: Clarification on "Directly in Connection With" and "Directly Benefit"" provides the guidelines for determining the direct beneficiaries of a service.

customer, the imported services will not be subject to GST in the absence of reverse charge.

- 12.3 With the implementation of reverse charge from 1 Jan 2020, the “directly benefit” condition in the relevant zero-rating provisions will be amended to allow the zero-rating of a supply of services to the extent that the services directly benefit a person belonging outside Singapore or a GST-registered person in Singapore. In other words, zero-rating would not apply if the services directly benefit any non-GST registered persons (including private individuals) in Singapore.
- 12.4 The change in the “directly benefit” condition would lessen the compliance costs for businesses as they would only be required to consider the “directly benefit” condition for transactions that involve non-GST registered persons in Singapore.

13 Transactions Straddling Implementation Date of Reverse Charge for Imported Services and LVG

13.1 Transitional rules for imported services straddling 1 Jan 2020

13.1.1 A supply of imported services would be considered as “straddling 1 Jan 2020” and hence subject to the rules mentioned in this section of the e-Tax Guide when at least one of these events take place wholly or partially on/after 1 Jan 2020:

- (a) Issuance of invoice
- (b) Performance of services
- (c) Settlement of payment

For example, the supplier’s invoice is issued and the services are performed before 1 Jan 2020 but the payment for that service is made on/ after 1 Jan 2020.

*If event (a) occurs **before** 1 Jan 2020*

- 13.1.2 The RC transaction straddling 1 Jan 2020 will be subject to tax to the extent the services are performed or the payment is made on/ after 1 Jan 2020, whichever value is lower.
- 13.1.3 If full payment is made before 1 Jan 2020, or the services are fully performed before 1 Jan 2020, the RC transaction would not be subject to tax. Conversely, if no payment is made and no service is performed before 1 Jan 2020, the entire value of the supply of imported services would be subject to tax, to the extent the supply is within the scope of imported services subject to reverse charge.

13.1.4 If part of the payment is made or part of the services is performed before 1 Jan 2020, the corresponding part of the payment or part of the services performed on or after 1 Jan 2020 would be subject to tax.

If event (a) occurs on/ after 1 Jan 2020

13.1.5 The general time of supply rules will apply, unless the RC Business elects otherwise (as elaborated in paragraph 13.1.6 below). The issuance of invoice will trigger the time of supply for the RC transaction straddling 1 Jan 2020 such that the entire value will be subject to tax. However, if part of the payment is made before 1 Jan 2020, only the corresponding part of the payment on/ after 1 Jan 2020 will be subject to tax. If full payment is made before 1 Jan 2020, the RC transaction will not be subject to tax.

13.1.6 Alternatively, the RC Business may elect⁷⁰ to subject the RC transaction to tax to the extent the services are performed or payment is made on/ after 1 Jan 2020, whichever value is lower. This is similar to the treatment for an RC transaction with invoice issued before 1 Jan 2020. In other words, if full services are performed before 1 Jan 2020, notwithstanding that the invoice issuance and payment settlement occur on/ after 1 Jan 2020, the RC transaction need not be subject to tax.

13.1.7 Annex D sets out the application of tax on RC transactions straddling 1 Jan 2020, while Annex E provides the diagrammatic flowcharts for determining whether and to what extent an RC transaction straddling 1 Jan 2020 would be subject to tax.

13.2 **Methods of apportionment of the value of services**

13.2.1 To apportion the value of services performed before 1 Jan 2020 and that on/ after 1 Jan 2020, you can base it on an apportionment method which is acceptable for the accrual of the particular expense in your accounts (e.g. time based, percentage of completion).

13.3 **If the RC transaction straddling 1 Jan 2020 is partly/ fully subject to tax, when do I have to account for the tax?**

13.3.1 If the supplier's invoice is issued or payment is made **on/ after** 1 Jan 2020, you will account for the tax on the date when the invoice is issued or the payment is made, or the earlier of the two events if both invoice is issued or payment is made after 1 Jan 2020.

13.3.2 If the supplier's invoice is issued **before** 1 Jan 2020, you are required to account for the tax in the GST return for the accounting period in which the later of the following falls:

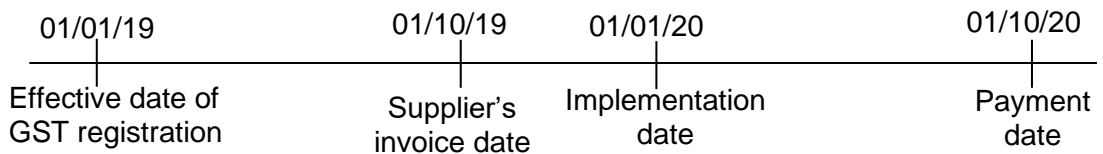
⁷⁰ There is no need for the RC Business to complete any form or to seek prior approval from the Comptroller for this election. The RC Business is only required to maintain documentary evidence of when the invoice is issued, payment is made and services are performed.

- (a) 1 Jan 2020; and
- (b) the effective date of your GST registration.

Example 33

You are a GST-registered RC Business and you engage a third party overseas IT vendor to provide IT support services to your staff for one year, from 1 Oct 2019 to 30 Sep 2020. You will only pay the overseas IT vendor at the end of the service period. You can do a valuation of the work performed before and on/ after 1 Jan 2020. Assume that the IT support services are within the scope of imported services subject to reverse charge.

Scenario (a) – Supplier’s invoice is issued before 1 Jan 2020 and effective date of GST registration is before 1 Jan 2020



As the supplier’s invoice is issued prior to 1 Jan 2020 and a part of the services is performed prior to 1 Jan 2020, this transaction is considered as straddling 1 Jan 2020.

The tax on the imported IT support services has to be accounted in the GST return for the accounting period in which 1 Jan 2020 falls in. As 25% of the services is performed before 1 Jan 2020 (i.e. service from Oct to Dec 2019 is 3 out of 12 service months), 75% of the services will be subject to tax.

Scenario (b) – Supplier’s invoice is issued before 1 Jan 2020 and effective date of GST registration is on/ after 1 Jan 2020

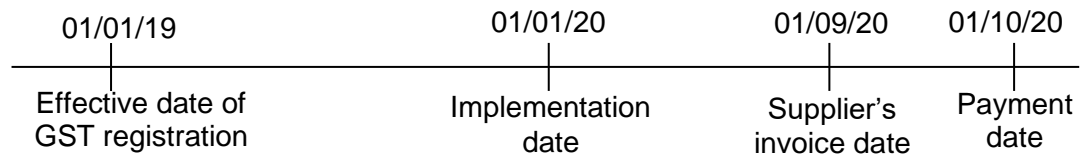


As the supplier’s invoice is issued prior to 1 Jan 2020 and a part of the services is performed prior to 1 Jan 2020, this transaction is considered as straddling 1 Jan 2020.

The tax on the imported IT support services has to be accounted in the GST return for the accounting period in which 1 Mar 2020 falls in. As 25% of the services will be performed before 1 Jan 2020 (i.e. service from Oct to Dec 2019 is 3 out of 12 service months), 75% of the services will be subject to tax.

Example 33 (continued)

Scenario (c) - Supplier's invoice is issued on/ after 1 Jan 2020



As a part of the services is performed prior to 1 Jan 2020, this transaction is considered as straddling 1 Jan 2020.

Based on the rules set out in paragraph 13.3.1 above, the time of supply will be on 1 Sep 2020, i.e. the earlier of supplier's invoice date and payment date.

As the supplier's invoice is issued and the payment is also made to the overseas supplier on/ after 1 Jan 2020, the full value of the imported IT support services will be subject to tax. Alternatively, you may choose to exclude the portion of the services performed before 1 Jan 2020 (i.e. 25% of the service performed from Oct to Dec 2019) from tax, and only subject the portion of the services performed on/ after 1 Jan 2020 (i.e. remaining 75% of the service performed from Jan to Sep 2020) to tax.

13.4 Transitional rules for LVG supplies straddling 1 Jan 2023

13.4.1 Special transitional rules apply to transactions of LVG supplies that straddle the implementation date of 1 Jan 2023.

Where invoice is issued before 1 Jan 2023

13.4.2 Transactions whereby a supply of LVG will be treated as straddling the implementation date of 1 Jan 2023 and subject to the transitional rules include supplies where:

- (i) the supplier's invoice is issued before 1 Jan 2023⁷¹; and
- (ii) the goods are delivered to the RC Business and payment is made on/after 1 Jan 2023.

13.4.3 A supply of LVG straddling 1 Jan 2023 is subject to GST, to the extent of the payment made or the value of the goods which are delivered to the RC Business on or after 1 Jan 2023, whichever value is lower.

13.4.4 If full payment is made or the goods are fully delivered to the RC Business before 1 Jan 2023, the transaction would be outside the scope of GST.

⁷¹ However, if the supplier's invoice is issued before 16 Feb 2021, the supply will not be subject to the transitional rules and no GST needs to be accounted.

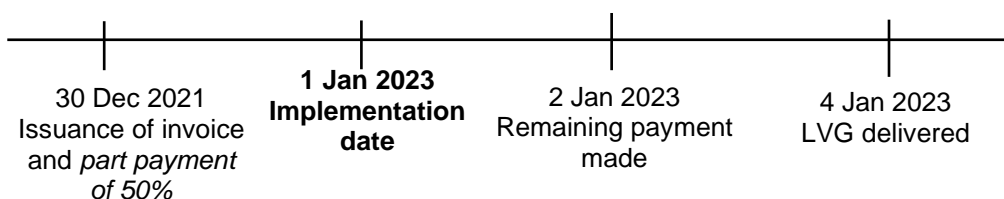
13.4.5 Where part of the payment is made or part of the goods is delivered to the RC Business after 1 Jan 2023, this remaining part of the payment or part of the goods delivered to the RC Business on or after 1 Jan 2023 would be subject to GST. GST should be accounted for on the lower of the value of the remaining payment or goods delivered to the RC Business on or after 1 Jan 2023.

13.4.6 You may apportion the value of goods delivered to you on or after 1 Jan 2023 based on a reasonable apportionment method (e.g. accrual of the particular expense in your account, commercial value of the goods declared by the supplier for shipment purposes).

13.4.7 A supply of LVG straddling 1 Jan 2023 should be reported in the GST return for the accounting period in which the later of the following falls:

- (i) 1 Jan 2023; and
- (ii) the effective date of your GST registration.

Example 34



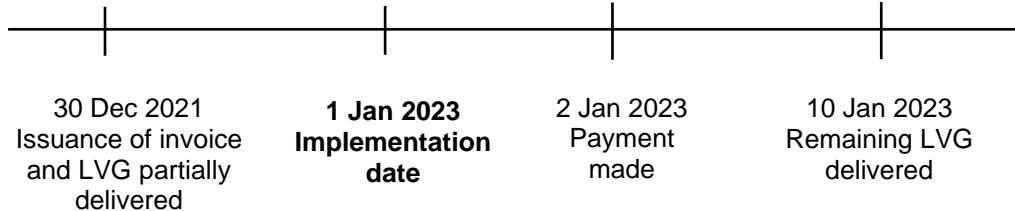
Notwithstanding that the invoice is issued and part payment is made before the implementation date, the remaining payment is made and the LVG is delivered after 1 Jan 2023. Hence, GST will be applicable on the remaining payment made on 2 Jan 2023, as the value of the remaining payment is lower than that of the value of the LVG delivered on or after 1 Jan 2023.

The GST applicable on the supply should be accounted for in the relevant GST accounting period on which 1 Jan 2023 or the RC Business's effective GST registration date falls, whichever date is later.

13.4.8 There may also be rare instances where the LVG is partially delivered before the implementation date, and the remaining LVG is delivered after the implementation date. The example below illustrates the GST applicable in such circumstances.

Example 35

Co. B is a GST-registered RC Business who made a purchase of a video conference phone set which comes with two cameras and wireless microphones. As the supplier did not have sufficient stock, the supplier agreed with Co. A to first deliver the phone set and one camera and microphone. The remaining camera and microphone will be separately delivered to the RC Business at no extra charges.



Notwithstanding that the invoice is issued and part of the LVG is delivered before the implementation date, the remaining LVG is delivered on or after 1 Jan 2023. Hence, GST is applicable on the remaining portion of the LVG delivered on or after 1 Jan 2023, as the value of the remaining LVG delivered is lower than that of the value of payment made on or after 1 Jan 2023.

The GST applicable on the supply should be accounted for in the relevant GST accounting period on which 1 Jan 2023 or the RC Business's effective GST registration date falls, whichever date is later.

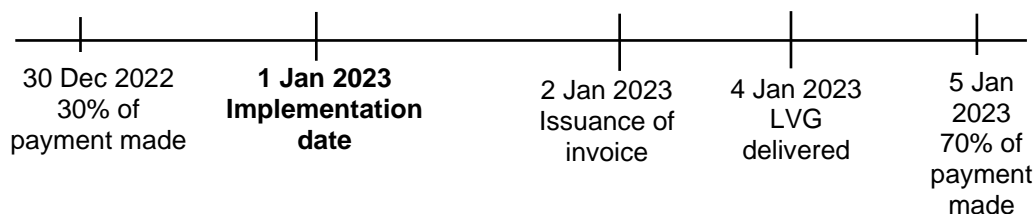
Where invoice is issued on or after 1 Jan 2023

13.4.9 The general time of supply rules will apply, unless you elect otherwise (as elaborated in Paragraph 4.1.6). The issue of invoice will trigger the time of supply for supplies of LVG straddling 1 Jan 2023 such that the entire value will be subject to tax. However, if part of the payment is received before 1 Jan 2023, only the corresponding part of the payment made on/ after 1 Jan 2023 will be subject to tax. If full payment is made before 1 Jan 2023, the supply of LVG will not be subject to tax.

13.4.10 Alternatively, you may elect⁷² to subject the supply of LVG to tax to the extent the goods are delivered to you or payment is made on/ after 1 Jan 2023. This is similar to the treatment for a supply of LVG where invoice is issued before 1 Jan 2023. In other words, if the goods are fully delivered to you before 1 Jan 2023, notwithstanding that the invoice is issued and payment is made on/ after 1 Jan 2023, the supply of LVG need not be subject to tax.

⁷² There is no need for you to complete any form or to seek prior approval from the Comptroller for this election. You are only required to maintain documentary evidence of when invoice is issued, payment is made, and goods are delivered.

Example 36



Notwithstanding that the invoice is issued and the LVG is delivered to the RC Business after the implementation date of 1 Jan 2023, as part payment is made on 30 Dec 2022, only 70% of the payment for the supply of LVG is subject to tax under the reverse charge regime.

13.4.11 Annex F sets out the application of GST on transactions straddling 1 Jan 2023 under various scenarios.

14 Frequently Asked Questions

14.1 *If a business is currently not GST-registered, can it choose either the “retrospective basis” or “prospective basis” to determine its GST registration liability under the reverse charge rules (i.e. to determine whether the value of imported services and LVG which falls within the scope of reverse charge exceeds S\$1 million)?*

The business should apply the rules under both the “retrospective basis” and “prospective basis” to determine its GST registration liability. If the liability to register is triggered under both bases, the earlier of the two dates would apply.

14.2 *If an investment holding company only derives exempt supplies that fall within the description in regulation 33 of the GST (General) Regulations, is the company required to register for GST if the value of its imported services and LVG exceed S\$1 million in a year?*

Regulation 33 is only applicable to businesses making taxable supplies. As the investment holding company does not make any taxable supplies, it would not be entitled to full input tax credit even if it were GST-registered. Hence, the company is required to register for GST if the value of its imported services and LVG falling within the scope of reverse charge exceeds S\$1 million in a year.

14.3 *Is a GST-registered RC Business required to apply reverse charge on the goods that it imports to Singapore in the course of its business?*

With effect from 1 Jan 2023, a GST-registered RC Business is required to apply reverse charge on its imports of LVG. The requirement to perform

reverse charge applies to all LVG and includes LVG purchased from local⁷³ and overseas suppliers, electronic marketplace operators and redeliverers (collectively referred to as “OVR Vendors”), regardless of whether they are GST-registered or not. If you purchase LVG from a GST-registered OVR Vendor, you should provide your GST-registration number to the OVR Vendor so that GST is not charged on the LVG by the OVR Vendor at the point of sale.

You are not required to apply reverse charge on imported goods that do not fall into the definition of LVG as per Paragraph 4.3 above.

- 14.4 *I am a non-profit organisation and I carry on activities which are subsidised. For input tax apportionment purposes, I claim input tax based on a provisional rate (i.e. actual recovery rate for the preceding financial year) as allowed under the e-Tax Guide, GST: Guide For Charities And Non-Profit Organisations. Would my imported services and LVG that are directly attributable to taxable supplies be within the scope of reverse charge?*

It depends on whether you perform direct attribution for input tax claiming purposes.

No direct attribution

If you do not perform direct attribution to taxable supplies but instead claim your GST incurred on purchases as a global pool, you will have to apply reverse charge even on imported services and LVG that are directly attributable to the making of taxable supplies. The GST accounted on imported services and LVG will be subject to input tax apportionment in the same way as input tax incurred on local purchases.

Direct attribution

However, if you perform direct attribution, you need not apply reverse charge on the imported services and LVG that are directly attributable to the making of taxable supplies*. This is so even though you use the value of taxable supplies for the preceding year instead of the value of taxable supplies of the current year to apportion your input tax.

**This refers to taxable supplies made in relation to non-subsidised activities i.e., activities that are not funded by outright donations, grants and sponsorships and where market prices are charged on goods and services.*

- 14.5 *Is the services procured by a GST-registered RC business from an overseas supplier that is GST-registered in Singapore subject to reverse charge?*

With effect from 1 Jan 2023, under the Overseas Vendor Registration (OVR) regime, the GST-registered overseas supplier will charge GST on the supply of remote services⁷⁴ to consumers (i.e. individuals and non-GST registered

⁷³ Refers to local suppliers (belong in Singapore for GST purposes) who store their goods outside Singapore.

⁷⁴ Remote services refer to any services where, at the time of the performance of the service, there is no necessary connection between the physical location of the recipient and the place of physical performance.

businesses). On the other hand, the GST-registered overseas supplier will not charge GST on the supplies of remote services to a GST-registered business in Singapore.

A GST-registered business who is purchasing remote services from a GST-registered overseas service provider under the OVR regime, should provide its GST registration number to the provider so that GST will not be charged on business purchases of remote services.

The GST-registered RC business is required to account for GST on the imported remote services by way of reverse charge instead. If the GST-registered business had been incorrectly charged with GST by the overseas supplier, it should inform the overseas supplier that it is GST-registered and seek a refund of the GST.

However, if the GST-registered overseas supplier belongs in Singapore for the services provided (e.g., it is supplying the services through its fixed establishment in Singapore), the remote services would not be subject to reverse charge. As the place of supply is in Singapore, the GST-registered overseas supplier would have charged GST on such supplies at the prevailing standard-rate, unless the supplies qualify for zero-rating or are exempt supplies.

- 14.6 *Should the value of imported services or LVG include the foreign indirect tax (e.g. value-added tax) charged by the overseas supplier?*

To the extent that the foreign indirect tax is imposed or levied by reason of the supply of services, the value of the imported services or LVG will include the foreign indirect tax paid or payable.

- 14.7 *Should the value of imported services include the foreign stamp duty?*

The value of the imported services should exclude the foreign stamp duty.

- 14.8 *Is a supply of services from an overseas related entity to a local related entity (where the entities are separate legal entities and not part of a GST group) subject to reverse charge?*

Yes. Reverse charge will apply to all services procured by an RC Business from its overseas related entities, unless the supply of services is specifically excluded from reverse charge (see paragraph 4.2.1 for the exclusions).

- 14.9 *Can imported services that qualify for zero-rating under any of the sub-provisions of section 21(3) of the GST Act be excluded from reverse charge?*

Yes. The imported services can be excluded from reverse charge if the services would have qualified for zero-rating under any of the sub-provisions of section 21(3) of the GST Act had the services been supplied by a taxable person belonging in Singapore.

However, the recipient of imported services would be unable to satisfy the following zero-rating provisions because he belongs in Singapore:

- Section 21(3)(j), (k), (s), (y): both contractual party and beneficiary have to belong overseas
- Section 21(3)(g): the services must be supplied to a person belonging overseas

Where the imported services cannot qualify for zero-rating, the recipient/importer is required to apply reverse charge on the services.

14.10 *Is a supply of services from an overseas vendor to an offshore fund with a Singapore fund manager subject to reverse charge?*

Currently, by way of a GST remission, GST is not chargeable on services supplied to a qualifying fund that is incorporated or formed/ constituted overseas and belongs in Singapore only due to its whole reliance on a Singapore Fund Manager⁷⁵. Similarly, GST remission will be extended to cover services imported by such offshore qualifying funds, such that reverse charge will not be applicable.

14.11 *Are fully taxable funds that are part of a partially exempt GST group excluded from reverse charge?*

No. A fully taxable fund that is part of a partially exempt GST group is required to apply reverse charge.

14.12 *Are Real Estate Investment Trusts listed on the Singapore Exchange (“S-REITs”), qualifying Singapore-listed Registered Business Trusts (“S-RBTs”) and their local Special Purpose Vehicles (“SPVs”) excluded from reverse charge?*

No. S-REITs, qualifying S-RBTs and their local SPVs are not excluded from reverse charge.

Non-registered S-REITs, qualifying RBTs and their local SPVs would be liable for GST registration under the reverse charge registration rules if the total value of their imported services and LVG which fall within the scope of reverse charge exceeds S\$1 million in a 12-month period. Please refer to paragraph 10 for details on the registration rules, due dates for notification of registration liability and registration procedures. Once GST-registered, they will file quarterly GST returns.

S-REITs and qualifying S-RBTs that are GST-registered by virtue of reverse charge registration rules will be required to report and account for GST on

⁷⁵ Refer to the e-Tax Guide “GST: Guide for the Fund Management Industry” for details.

their imported services. They are not required to report, charge or account for GST on other supplies made.

However, if the S-REIT/ qualifying S-RBT subsequently makes or reasonably expects to make taxable supplies exceeding S\$1 million in a 12-month period (i.e. becomes liable for registration by virtue of its taxable turnover as well), the remission of tax on its other supplies will no longer apply⁷⁶. Accordingly, the trust will be required to report, charge and account for GST on its taxable supplies.

14.13 *Are qualifying funds⁷⁷ excluded from reverse charge?*

No. Qualifying funds are not excluded from reverse charge.

Non-GST registered qualifying funds are allowed to claim the GST incurred on their expenses at an annual fixed recovery rate by way of a GST remission⁷⁸. They are not entitled to full input tax credit. Hence, they would be liable for GST registration under the reverse charge registration rules if the total value of their imported services and LVG which fall within the scope of reverse charge exceeds S\$1 million in a 12-month period. Please refer to paragraph 10 for details on the registration rules, due dates for notification of registration liability and registration procedures.

Once GST-registered, qualifying funds will file quarterly GST returns instead of statement of claims. Their GST returns shall include:

- (i) Imported services and/or LVG subject to reverse charge: To report the value of imported services and/or LVG in Box 1, 5 and 14, account output tax in Box 6 and claim the corresponding input tax claim based on the fixed recovery rate in Box 7.
- (ii) Local expenses (excluding those disallowed under Regulations 26 and 27 of the GST (General) Regulations): To report the value of taxable purchases in Box 5 and claim the corresponding input tax based on the fixed recovery rate in Box 7.

Qualifying funds that are GST-registered by virtue of reverse charge registration rules are not required to report, charge or account for GST on other supplies made, except in either of the following circumstances:

- (A) Supplies made in periods when the fund does not qualify for the GST remission; or

⁷⁶ Had the S-REIT/ qualifying S-RBT not been liable for registration by virtue of the reverse charge registration rules, it would have been liable for registration by virtue of the value of its taxable supplies exceeding S\$1 million, and accordingly had to charge and account for GST on its taxable supplies.

⁷⁷ A qualifying fund is managed by a prescribed fund manager in Singapore and satisfies conditions of the income tax concession as at the last day of its preceding financial year.

⁷⁸ Details of the GST remission are explained in the circular issued by the Monetary Authority of Singapore (MAS).

- (B) The fund subsequently makes or reasonably expects to make taxable supplies exceeding S\$1 million in a 12-month period (i.e. the fund becomes liable for registration by virtue of its taxable turnover as well)⁷⁹.

The remission of tax on other supplies made by the funds will not apply during the relevant periods under circumstance (A) and with effect from the date circumstance (B) arise. Accordingly, the funds will be required to report, charge and account for GST on its taxable supplies.

- 14.14 *Can qualifying funds who are GST-registered as a result of the reverse charge registration rules continue to claim input tax based on the annual fixed recovery rate accorded under the GST remission?*

Generally, qualifying funds who are GST-registered should claim input tax based on the standard input tax recovery formula. However, as a concession, qualifying funds that are entitled to claim GST via the GST remission but are now registered for GST by virtue of reverse charge may opt to claim GST incurred on both their imported services and local expenses based on the annual fixed recovery rate accorded under the GST remission. Such election is irrevocable.

The qualifying funds do not have to write in to the Comptroller to make the election. However, they should adopt the same basis of claiming input tax consistently.

- 14.15 *Is the irrecoverable input tax arising from the application of reverse charge deductible for Income Tax purposes?*

Yes. RC Businesses are allowed to claim income tax deduction for the amount of irrecoverable input tax arising from the application of reverse charge, subject to the normal income tax rules for deduction⁸⁰.

- 14.16 *Are RC Businesses allowed to adopt self-billing for imported services?*

No. RC Businesses are not allowed to adopt self-billing for imported services.

- 14.17 *If a GST-registered person with fluctuating exempt supplies accounted for GST on imported services in certain period(s), but at the end of the longer period determines that he is entitled to full input tax credit for the longer period (i.e. not required to apply reverse charge for the longer period), how should he adjust for the imported services accounted for during the longer period?*

⁷⁹ Had the qualifying fund not been liable for registration by virtue of the reverse charge registration rules, it would have been liable for registration by virtue of the value of its taxable supplies exceeding S\$1 million, and accordingly had to charge and account for GST on its taxable supplies.

⁸⁰ Section 15(1) of the Income Tax Act (Cap. 134) has been amended to make clear that income tax deduction in respect of irrecoverable GST arising from the application of reverse charge is not prohibited under the provision.

The GST-registered person is allowed to claim back the exempt and/ or residual input tax that was not claimed during the longer period. In other words, he can recover full input tax on the imported services accounted for during the longer period in full. He may include the claim amount in Box 7 of the first GST return after the longer period, i.e. the GST return period in which he performs longer period adjustment.

The amount he can claim back for his imported services accounted for during the longer period is the difference between (i) the amount of output tax accounted and (ii) the amount of corresponding input tax claimed.

14.18 *If a corporate group consists of numerous investment holding companies that derive mainly dividend income, and are only liable for GST registration due to the reverse charge registration rules, is there any administrative concession that can be granted to ease compliance costs for such groups of entities?*

Yes. The group of entities may write in to request for the Comptroller's approval to register as a Pay-Only GST group under the reverse charge regime (i.e. known as the Pay-Only GST RC Group) if the group satisfies the qualifying conditions.

Benefits of Pay-Only GST RC Group registration

- Simplified registration process with the submission of *Pay-Only GST RC Group template**. The template will serve as the application form for registering a new Pay-Only GST RC Group, registering and including new members to a Pay-Only GST RC Group, and/ or de-registering and removing members from the existing Pay-Only GST RC Group.
- Reduced GST reporting requirements. The Pay-Only GST RC Group is required to submit only one consolidated GST return for all the members. Only Boxes 1, 6, 11 and 14 of the GST returns have to be completed. In essence, the Pay-Only GST RC Group only needs to report imported services subject to reverse charge and the corresponding output tax.
- Reduced filing frequency from quarterly to half-yearly. Accounting periods will be 1 Jan to 30 Jun, and 1 Jul to 31 Dec.

* *You may write to IRAS to request for approval to register as a Pay-Only GST group. Once your request is approved, the Comptroller will provide you with the Pay-Only GST RC Group template. This template is currently not published on IRAS' website.*

Qualifying conditions

- (i) Each member of the Pay-Only GST RC Group **undertakes not to claim any input tax.**

- (ii) Each member of the Pay-Only GST RC Group is individually registered for GST (apply for registration via *Pay-Only GST RC Group template*)
- (iii) Each member of the Pay-Only GST RC Group, including the group representative member, is a body corporate, resident in Singapore or has an established place of business in Singapore.
- (iv) Each member of the Pay-Only GST RC Group satisfies one of the control requirements below:
 - One member controls each of the others;
 - A body corporate or an individual controls all the members; or
 - Two or more individuals carrying on a business in partnership control all of the members that are body corporate.
- (v) Each member of the Pay-Only GST RC Group generally does not make any taxable supplies apart from exempt supplies that qualify for zero-rating. However, if any member makes any standard-rated supply, the member will charge and account for GST on the standard-rated supply in the Pay-Only GST RC Group's GST return.
- (vi) There are generally no intra-GST group supplies between the members of the Pay-Only GST RC Group.
- (vii) The Pay-Only GST RC Group will apply for GIRO for GST payment when the Pay-Only GST RC Group registration is approved.
- (viii) The Pay-Only GST RC Group will abide by the following rules for determining the members' effective dates of registration/ de-registration and inclusion/ removal from the Pay-Only GST RC Group, unless otherwise agreed with the Comptroller:
 - Effective date of registration and inclusion of new member into existing Pay-Only GST RC Group is as follows -
 - For prospective registration: 31st day from the date of forecast (e.g. if date of forecast is 15 Mar 2020, registration date is 15 Apr 2020)
 - For retrospective registration: 1 Mar of the year following the calendar year that triggers the registration liability
 - For voluntary registration: First day of the next prescribed accounting period (e.g. if the date of submission of *Pay-Only GST RC Group template* is on 30 Apr 2020, registration date is 1 Jul 2020)
 - Effective date of removal of member from Pay-Only GST RC Group and de-registration of the member shall be the last day of the prescribed accounting period in which the member's liability for registration ends, or its business ceases, is liquidated or transferred, whichever is earlier.

- (ix) The group representative member informs the Comptroller in writing 30 days before an event that makes any member cease to satisfy any of the above qualifying conditions (e.g. member starts to make taxable supplies apart from zero-rated exempt supplies, member would like to start claiming input tax), stating the reason and the date of the event. The member shall be removed from the GST group with effect from the date of the event.
- (x) Each member of the Pay-Only GST RC Group maintains good internal controls and proper accounting records.
- (xi) The Comptroller may terminate the registration of the Pay-Only GST RC Group when he detects non-compliance with any of the qualifying conditions.

14.19 *Under an intercompany agreement, local Co A is required to provide the use of a trading software to all its APAC subsidiaries, including local Co B. Co A contracts with an overseas Supplier C, to build and maintain the trading platform which will be used by local Co A's subsidiaries. Co A rebills part of the amount paid for the trading platform to Co B. Co A is an RC Business. How should Co A account for reverse charge on the imported services under section 14(1AA) of the GST Act?*

Section 14(1AA) of the GST Act is intended to clarify on the recipient of an RC supply in a scenario where the RC supply is contractually made to Y but directly benefits another RC business (X). In such a scenario, the RC supply is treated as made to X to the extent of the consideration paid by X directly or indirectly to the supplier.

In this example, Supplier C's services are contractually made to Co A and directly benefits Co A and its APAC subsidiaries. Arising from its internal group policy, the intercompany agreement provides that Co A is providing an onward supply of software services to its APAC subsidiaries, including Co B. This onward supply is a separate supply from the supply made by Supplier C. When Co B makes payment to Co A, it is for Co A's onward supply of software services. Co B is not making a payment to Supplier C for Supplier C's supply of services.

Accordingly, Co B will not be regarded as the recipient of the imported services under section 14(1AA) of the GST Act. Co A will be required to apply reverse charge on the full value of the imported services based on the total consideration paid to Supplier C and will also be required to charge and account for GST on its onward supply to Co B.

14.20 *Overseas Supplier C enters into a global contract with local Co A for Supplier C to provide payroll processing services to Co A and its subsidiaries. Co A has a local subsidiary Co B. Co A and Co B made payments of \$1,000 and \$2,000 respectively to Supplier C for their respective portion of the payroll processing services. There is no separate agreement between Co A and B*

providing for a supply of payroll processing services from Co A to B. Both Co A and Co B are RC Businesses. How should they account for reverse charge on the imported services?

In this scenario, the imported services directly benefit both Co A and Co B and both companies would pay for their respective share of the payroll processing services. Pursuant to Section 14(1AA) of the GST Act, Co A and Co B will have to account for reverse charge on their respective consideration paid for the imported services i.e. Co A applies reverse charge on \$1,000 and Co B applies reverse charge on \$2,000.

15 Contact Information

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

16 Updates and Amendments

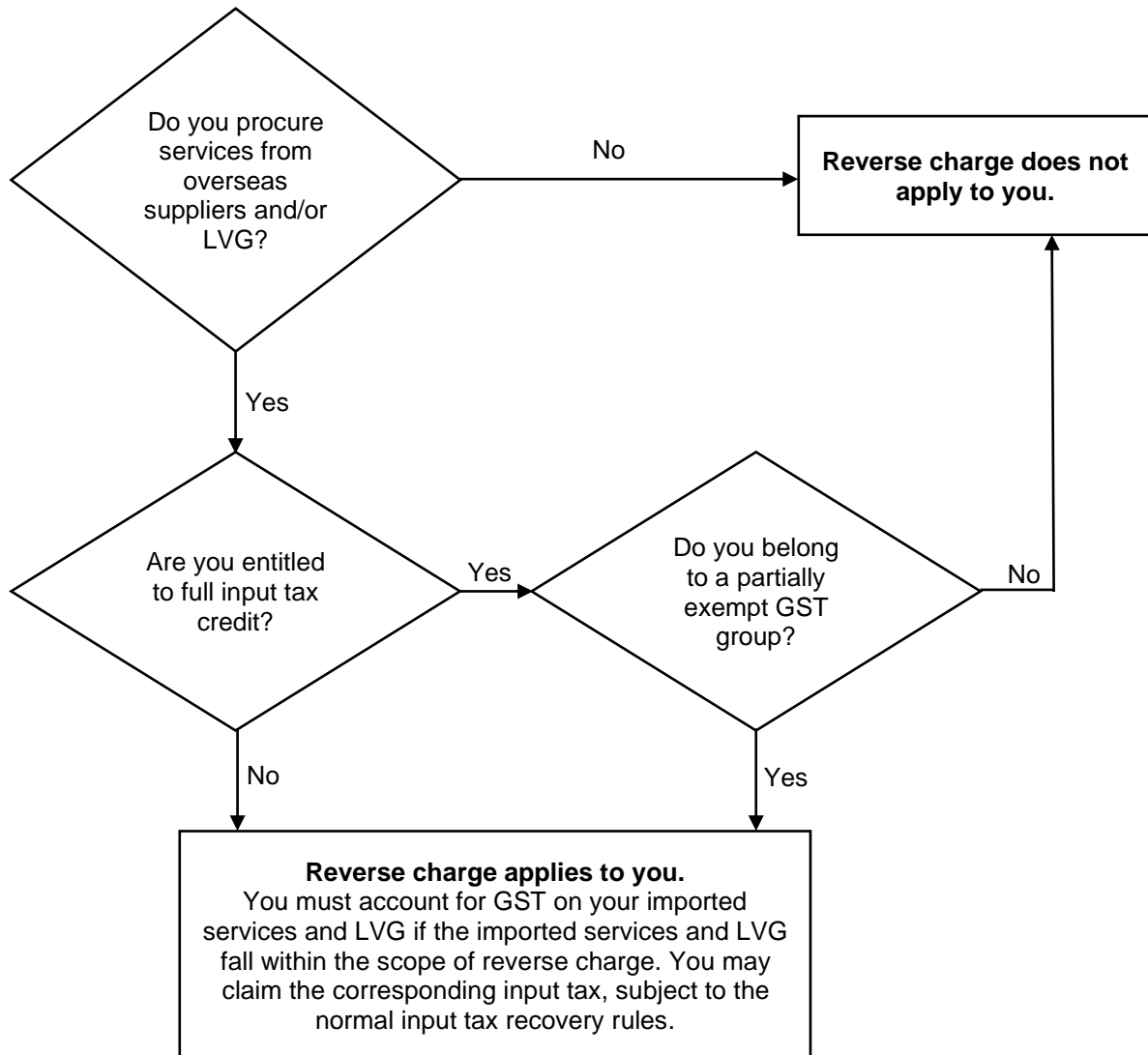
	Date of amendment	Amendments made
1	22 Aug 2019	<ul style="list-style-type: none"> • Amended footnote 9 on the definition of taxable supplies for performing De Minimis test • Amended paragraph 4.1.5 on businesses that make non-regulation 33 exempt supplies but are entitled to full input tax credit • Inserted a note in paragraph 5.1.3's table on the relevant 12-month period for prospective registration liability occurring before 1 Jan 2020 • Amended paragraph 5.5 on the boxes in the GST F5 return for reporting of imported services subject to reverse charge • Amended paragraph 5.7 on the rules and relevant boxes in the GST F5 return for reporting adjustments for unpaid reverse charge transactions • New footnote 43 on checklist • New footnote 44 on the input tax recovery rate to be applied on a subsequent repayment of a reverse charge transaction • Amended paragraph 7, deleted original footnote 44, inserted new footnote 46 and amended example 24 on the rules for reverse charge transactions straddling 1 Jan 2020 • Amended paragraph 8.5, deleted original footnote 47 and inserted new footnote 48 for S-REITs, S-RBTs and SPVs' registration liability, GST remission on other supplies and reporting requirements • New footnote 49 on the definition of a qualifying fund • New paragraph 8.6 and footnote 51 for qualifying funds' registration liability, GST remission on other supplies and reporting requirements • New paragraph 8.9 on adjustment of input tax when a GST-registered person determines he is not required to apply RC for a longer period • New paragraph 8.10 on benefits and qualifying conditions for Pay-Only GST RC Group • Amended S/N 27 and 34 of Annex B on director's fee and overseas representative office's expenses • Amended Annexes D and E on the rules for transactions straddling 1 Jan 2020 with suppliers' invoices issued on/ after 1 Jan 2020 • Other editorial changes

	Date of amendment	Amendments made
2	11 Feb 2022	<ul style="list-style-type: none"> Amended S/N 10 of Annex B on brokerage and other related transaction fees charged by an overseas broker
3	3 Aug 2022	<ul style="list-style-type: none"> Included changes relating to the implementation of LVG. New Paragraph 3.2, amended Paragraph 3.4 and new example 1 scenario (b) to include background of LVG. New Paragraph 4.3 on the scope of LVG. New Paragraph 4.4 on common scenarios in which imported services and LVG will fall into the scope of reverse charge. New Paragraph 4.6.3 on new rules where reverse charge supplies need not be accounted if the supply had been wrongly charged GST by the OVR supplier. Revised Paragraph 5.4.1 point 3 on situations where the 12-month rules does not apply. New Paragraph 6.1.7 on the inclusion of related services in the value of the supply of LVG. New Paragraph 9 on Payments made to overseas related parties. New Paragraph 11.3.3 on the alternative documents to maintain for RC transactions Amended Note in 7.3.1 to elaborate on the proxy to compute the portion of cost allocation that relates to salary, wages and interest (“SWI”) New footnote 41 to highlight that the exclusion of SWI does not apply to transactions between related companies that are not members of the same GST Group. New point in Paragraph 10.1.1 to highlight that the prospective basis should also be considered if the entity was found to be liable to register for GST on a retrospective basis. Amended Paragraph 10.1.3 to reflect the rules relating to compulsory registration after taking into account LVG. New example 32 to illustrate the reporting requirements when the RC Business subsequently pays its supplier and repays the refund claimed previously. New Paragraph 13.4 on transitional rules for LVG supplies straddling 1 Jan 2023.

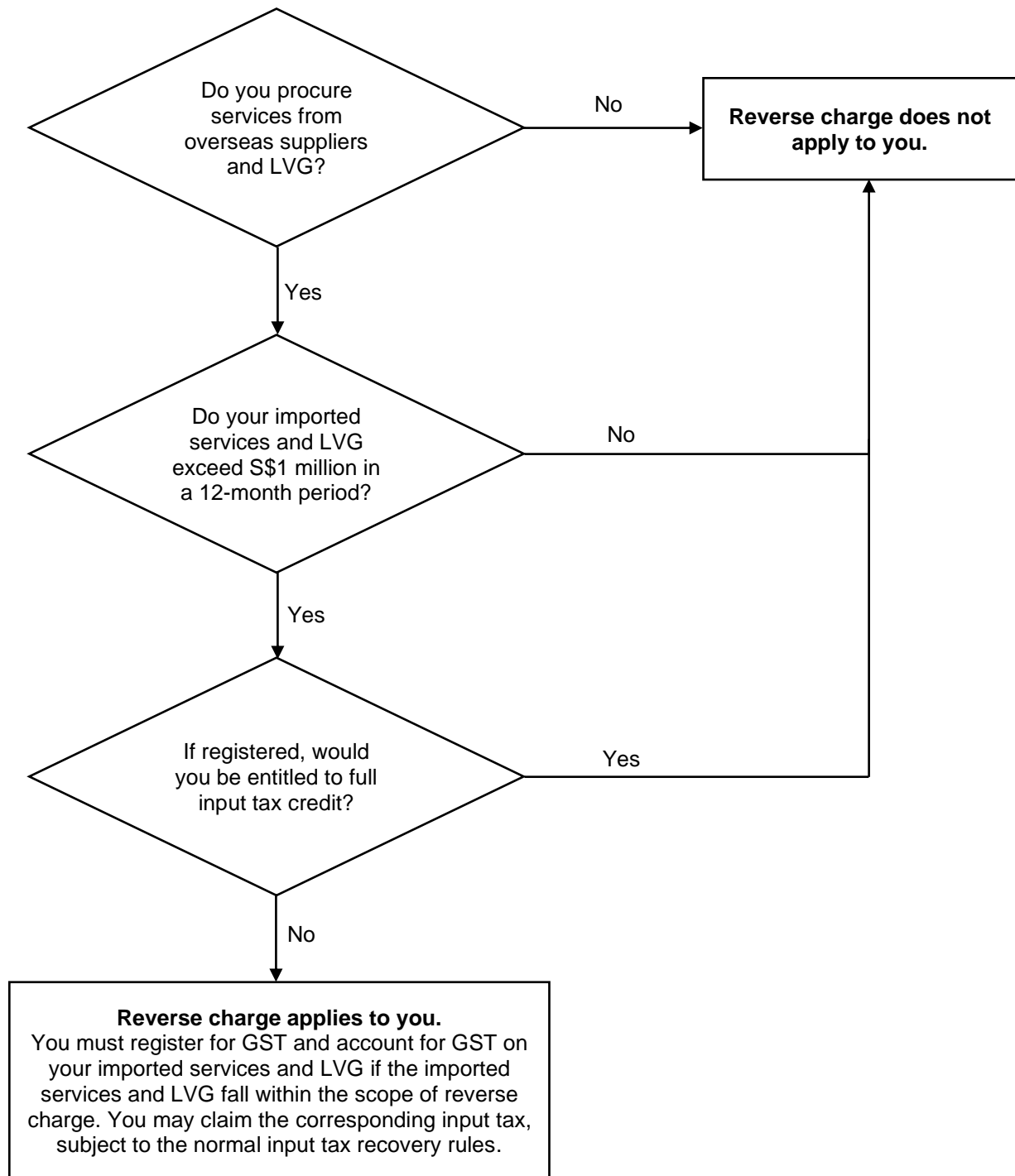
	Date of amendment	Amendments made
		<ul style="list-style-type: none"> • New Paragraph 14.7 on qualifying funds claiming input tax based on the annual fixed recovery rate. • New examples in Annex B on services provided by individual who belong overseas, recovery of insurance premiums and remittance and subscription fees for SWIFT.
4	1 Jan 2023	<ul style="list-style-type: none"> • Amended paragraphs 6.1.2, 6.1.3 and 7.3.1 and examples 10, 25 and 31 to reflect the rate change from 7% to 8% with effect from 1 Jan 2023. • Inserted footnote 30 to reflect the GST rate change from 7% to 8% with effect from 1 Jan 2023 and from 8% to 9% with effect from 1 Jan 2024. • Inserted an example in the table in Paragraph 10.1.3 to illustrate how to assess liability to register for GST on a prospective basis. • Amended paragraphs 8.2.1, 11.3.2 and 11.3.3 and inserted paragraph 11.3.4 on the change in the procedure to request to maintain alternative documents in situations where the supplier did not issue invoice for reverse charge transactions. • Inserted FAQs in paragraphs 14.1 to 14.7. • Amended example 31 in Annex B.
5	1 Jan 2024	<ul style="list-style-type: none"> • Amended paragraphs 6.1.2, 6.1.3, and 7.3.1, examples 10, 25, 31, and 32, and footnote 30 to reflect the rate change from 8% to 9% with effect from 1 Jan 2024. • Amended paragraph 4.1.6 and example 4 to clarify on the election to apply reverse charge only at the end of the longer period. • Editorial changes to paragraphs 7.3.2 and 14.1, example 36, and footnote 20. • Inserted FAQs in Paragraphs 14.19 and 14.20 to clarify on the application of Section 14(1AA) of the GST Act.

Annex A – Whether you are subject to reverse charge

(1) For GST-registered persons



(2) For non-GST registered persons



Annex B – Services that fall within or outside the scope of reverse charge (“RC”)

Professional, financial and other services

S/N	Nature of imported services	Subject to RC? ⁸¹	Rationale / Conditions
1	Legal and professional service fees incurred to comply with foreign regulations and/ or to conduct due diligence pertaining to transferred or new loans	Yes	Such services are not exempt from GST
2	Debt collector’s fee on successful recovery of offshore loan	Yes	Such services are not exempt from GST
3	Membership/ subscription to SWIFT, SHIFT and equivalent for funds transfer	Yes	Such services are not exempt from GST Remittance transaction fees (“usage”) - Can be zero-rated under Section 21(3)(q) of the GST Act (and not subject to RC) to the extent that the charges relating to international transmission of messages can be identified. - If charges cannot be attributable to local or international transmission of messages, the entire fee has to be standard-rated and subject to RC. Subscription fees ⁸² - The access to use the SWIFT message platform for both local and international transmission with no breakdown should be standard-rated and subject to RC.

⁸¹ For all the tables in Annex B, please assume the imported services are not directly attributable to taxable supplies. If the services are directly attributable to taxable supplies and you are not accorded fixed input tax recovery rates or granted the use of a special input tax recovery formula to be applied on all input tax claims, the imported services will not be subject to RC.

⁸² This fee covers various services (e.g. e-learning, online training, online user guide) that are priced separately from the remittance transaction fees.

S/N	Nature of imported services	Subject to RC? ⁸¹	Rationale / Conditions
4	Reinsurance payments pertaining to the arrangement, provision, or transfer of ownership of any contract of re-insurance	No	Such services are exempt under paragraph 1(q) of the Fourth Schedule to the GST Act
5	Legal and professional services relating to collaterals situated outside Singapore	Yes	The legal and professional services supplied are not regarded as “directly in connection with” the collaterals situated outside Singapore. Hence, had the services been supplied by a taxable person belonging in Singapore, it would not qualify for zero-rating under section 21(3)(e) or (f) of the GST Act.
6	Mortgagee’s interest insurance premiums on mortgaged assets situated outside Singapore which are taken over by banks in relation to loans	Yes	The interest insurance is for insuring against the risk of providing the loan (i.e. borrower defaults on a loan) instead of the underlying asset situated outside Singapore. Hence, had the insurance been supplied by a taxable person belonging in Singapore, it would not qualify for zero-rating under section 21(3)(e) or (f) of the GST Act.
7	Services that are directly in connection with land/ property situated outside Singapore (e.g. surveyor fee to assess damages to collaterals overseas)	No	Had the services been supplied by a taxable person belonging in Singapore, it would qualify for zero-rating under section 21(3)(e) of the GST Act.

Brokerage services

S/N	Nature of imported services	Subject to RC?	Rationale / Conditions
8	Brokerage and other related transaction fees for treasury products sold over-the-counter to counterparties outside Singapore	No	If RC Business is on standard input tax recovery formula and the fees can be directly attributed to the RC Business’ treasury products sold to overseas counterparties (i.e. zero-rated supplies).
		Yes	If RC Business is either not on standard input tax recovery formula or if the fees could not be directly attributed to the RC Business’ treasury products sold to overseas counterparties.

S/N	Nature of imported services	Subject to RC?	Rationale / Conditions
9	Brokerage and other related transaction fees pertaining to proprietary sale of shares through an overseas exchange	No	If RC Business is on standard input tax recovery formula and the fees can be directly attributed to the RC Business' securities sold on an overseas exchange (i.e. zero-rated supplies).
		Yes	If RC Business is either not on standard input tax recovery formula or if the fees could not be directly attributed to the RC Business' securities sold on an overseas exchange.
10	Brokerage and other related transaction fees charged by an overseas broker to a local broker, pertaining to the end-client's trading of shares through an overseas exchange, where the local broker merely acts as an agent in the transaction	No	<u>Before 1 Jan 2023</u> If, for the subsequent recovery of the transaction fees from the end-client, the local broker: (i) does not impose any mark-up on the fees charged by the overseas broker; or (ii) separately indicates any mark-up imposed on the fees charged by the overseas broker.
		Yes	<u>Before 1 Jan 2023</u> If, for the subsequent recovery of the transaction fees from the end-client, the local broker imposes a mark-up on the fees charged by the overseas broker and does not separately indicate the mark-up in the billing to the end-client.
		No	<u>From 1 Jan 2023</u> If a direct contractual relationship exists between the end-client and the overseas entities such that the end-client is liable to pay for the brokerage and other related transaction fees to the overseas broker or overseas exchanges/authorities, the local broker is merely paying the charges on the end-client's behalf. If the end-client is an RC Business, the end-client needs to apply RC on the costs where applicable.
		Yes	<u>From 1 Jan 2023</u>

S/N	Nature of imported services	Subject to RC?	Rationale / Conditions
			If the local broker, an RC Business, is contractually liable to pay for the brokerage and other related transaction fees to the overseas broker or overseas exchanges/authorities.
11	Brokerage differential paid to joint book-runner outside Singapore based on the pre-agreed sharing ratio	No	The payment of the brokerage differential to the joint book-runner based on the pre-agreed sharing ratio is not a consideration for any supply made by the joint booker-runner.

Telecommunication and network services and supply of data

S/N	Nature of imported services	Subject to RC?	Rationale / Conditions
12	Purchase of market data, online data information, access to website, industry reports (e.g. bond pricing, credit rating) for bank's operations	Yes	Such supplies of data/ information would not qualify for zero-rating or exemption from GST.
13	Global network services where online data are saved onto supplier's server (i.e. web-hosting services) and made available to various parties (e.g. online signature management, social media platforms)	Yes	Had the web-hosting services been supplied by a taxable person belonging in Singapore, it would not qualify for zero-rating under section 21(3)(j) of the GST Act.
14	Telecommunication services which fall within the definition of prescribed telecommunications services under the Fifth Schedule to the GST (International Services) Order incurred outside Singapore	No	Had the services been supplied by a taxable person belonging in Singapore, it would qualify for zero-rating under section 21(3)(q) of the GST Act.

S/N	Nature of imported services	Subject to RC?	Rationale / Conditions
15	Global network services for transmission of data (e.g. writing, images) via internet	No	Had the services been supplied by a taxable person belonging in Singapore, it would qualify for zero-rating under section 21(3)(q) of the GST Act.
16	Web meeting costs which fall within the definition of prescribed telecommunications services under the Fifth Schedule to the GST (International Services) Order	No	Had the services been supplied by a taxable person belonging in Singapore, it would qualify for zero-rating under section 21(3)(q) of the GST Act.

Advertising services

S/N	Nature of imported services	Subject to RC?	Rationale / Conditions
17	Sponsorship to overseas client's event, where client is obliged to advertise for the sponsor during the event in return for the sponsorship and the place of circulation of the advertisement is at least 51% outside Singapore	No	Prior to 1 Jan 2022, had the services been supplied by a taxable person belonging in Singapore, it would qualify for zero-rating under section 21(3)(u) of the GST Act.
		Yes	With effect from 1 Jan 2022, the GST treatment of media sales will no longer depend on the place of circulation of the advertisement. Instead, the supply of media sales will be zero-rated under section 21(3)(j) if the supply is contractually made to an overseas person and directly benefit an overseas person and/or a GST-registered person belonging in Singapore. Had the services been supplied by a taxable person belonging in Singapore, it would not qualify for zero-rating under section 21(3)(j) of the GST Act.

S/N	Nature of imported services	Subject to RC?	Rationale / Conditions
18	Advertising services via an online platform (e.g. Asiamoney) where the place of circulation of advertisements is at least 51% outside Singapore	No	Prior to 1 Jan 2022, had the services been supplied by a taxable person belonging in Singapore, it would qualify for zero-rating under section 21(3)(u) of the GST Act.
		Yes	With effect from 1 Jan 2022, had the services been supplied by a taxable person belonging in Singapore, it would not qualify for zero-rating under section 21(3)(j) of the GST Act.

Entertainment, training and convention services

S/N	Nature of imported services	Subject to RC?	Rationale / Conditions
19	Entrance fee for airport premium lounge	Yes	If the entrance fee is incurred for staff who is overseas for business purposes (e.g. to attend business meeting) other than business entertainment purposes.
		No	If the entrance fee is incurred for business entertainment purposes (e.g. staff entertains a business client at the airport premium lounge), the services would qualify for zero-rating under section 21(3)(i)(i) had it been supplied by a taxable person belonging in Singapore.
20	Classroom cost and trainer fees for training held overseas	No	Had the services been supplied by a taxable person belonging in Singapore, it would qualify for zero-rating under section 21(3)(i)(i) of the GST Act.

S/N	Nature of imported services	Subject to RC?	Rationale / Conditions
21	Entertainment of clients outside Singapore	No	Had the services been supplied by a taxable person belonging in Singapore, it would qualify for zero-rating under section 21(3)(i)(i) of the GST Act.
22	Overseas education cost fee incurred in employee's name	No	Had the services been supplied by a taxable person belonging in Singapore, it would qualify for zero-rating under section 21(3)(i)(i) of the GST Act.
23	Overseas awards events (e.g. Euromoney Awards)	No	Had the services been supplied by a taxable person belonging in Singapore, it would qualify for zero-rating under section 21(3)(i)(ii) of the GST Act.
24	Overseas consulting professor engaged in his personal capacity to teach a program in a school in Singapore where the educational services are performed in Singapore	Yes	It does not matter whether the professor as an individual makes the supply of services in a business or personal capacity to the local school. As the local school is receiving the educational services from the professor in the course and furtherance of the school's business and the educational services are performed in Singapore, reverse charge would apply.
		No	However, if the educational services are performed wholly outside Singapore, reverse charge would not apply as the services would qualify for zero-rating under section 21(3)(i) of the GST Act.

Staff reimbursements and related costs

S/N	Nature of imported services	Subject to RC?	Rationale / Conditions
25	Staff reimbursement claim in relation to airfare	No	The staff making the claim acts as an agent of the RC Business in receiving the supply of international transportation services from the overseas vendor.

S/N	Nature of imported services	Subject to RC?	Rationale / Conditions
			Had the international transportation services been supplied by a taxable person belonging in Singapore, the services would qualify for zero-rating under section 21(3)(a).
26	<p>Staff reimbursement claim in relation to relocation costs:</p> <p>(i) Pertaining to international transportation</p> <p>(ii) Pertaining to local transportation</p>	<p>(i) No</p> <p>(ii) Yes</p>	<p>The staff making the claim acts as an agent of the RC Business in receiving the supply of international transportation services from the overseas vendor. Had the relocation services been supplied by a taxable person belonging in Singapore:</p> <p>(i) the costs pertaining to international transportation would qualify for zero-rating under section 21(3)(a) or (b); and</p> <p>(ii) the costs pertaining to local transportation would not qualify for zero-rating under section 21(3)(a) or (b).</p>
27	Foreign recruitment agency fees incurred to hire foreign candidates to work in Singapore	Yes	Had the services been supplied by a taxable person belonging in Singapore, it would not qualify for zero-rating under section 21(3)(j) of the GST Act.
28	Director's fee charged by an individual director whose usual place of residence is not in Singapore	Yes	<p>The GST treatment of imported services should be considered from the recipient's perspective as the supplier.</p> <p>As the recipient is regarded as having supplied the services in the course or furtherance of a business, the directorship services will be considered as being supplied by the recipient in his business capacity and accordingly fall within the scope of reverse charge, notwithstanding that the directorship services is provided by an individual director.</p>
29	Rental of overseas premises for staff use	No	The rental of overseas premises is an out-of-scope supply.

S/N	Nature of imported services	Subject to RC?	Rationale / Conditions
30	Rental of furnished service apartment in Singapore for employees who are overseas expatriates, during their employment in Singapore, where the apartment is leased from a landlord who is an individual that belongs overseas.	Yes	As the lease of furniture and fittings does not fall under the exclusion list for the scope of reverse charge supplies ⁸³ , the lease of furniture and fittings would be subject to reverse charge.
31	Staff travels overseas for work trips and seeks reimbursement for expenses incurred overseas during the work trips. Staff reimbursement claims in relation to overseas hotel accommodation, overseas transport costs, meal expenses, laundry, and medical expenses incurred overseas.	Yes / No	<p>The overseas hotel accommodation is an out-of-scope supply. Hence, it is not subject to reverse charge.</p> <p>Meals are treated as supply of goods but do not fall into the definition of LVG. Even if the meals are taken at a restaurant and treated as a mixed supply of goods and services, as a concession, such meals will not fall within the scope of reverse charge.</p> <p>Laundry services are supplied directly in connection with goods (i.e. clothes) outside Singapore when the services are performed. Accordingly, laundry services can qualify for zero-rating under section 21(3)(f) of the GST Act. Hence, it is not subject to reverse charge.</p> <p>The staff making the claim for overseas transport costs acts as an agent of the RC Business in receiving the supply of transportation services from the overseas vendor. Had the overseas transportation services been supplied by a taxable person belonging in Singapore, the services would qualify for zero-rating under section 21(3)(a). Hence, the overseas transport cost is not subject to reverse charge.</p> <p>Medical services are subject to reverse charge, as such services would not qualify for zero-rating even if supplied by a taxable person belonging in Singapore.</p>

⁸³ Paragraph 3(3) of Part III of the Fourth Schedule of the GST Act provides that the sale and lease of any furniture, furnishings, fittings, appliances or effects are not to be treated as exempt along with the sale and lease of residential properties provided for in paragraph 2 of the Fourth Schedule.

S/N	Nature of imported services	Subject to RC?	Rationale / Conditions
32	Secondment costs (wage/ non-wage benefits) recovered without mark-up, where the cross-border secondment satisfies all the conditions under the staff secondment concession ⁸⁴	No	Had the manpower services been supplied by a taxable person belonging in Singapore, the services would be treated as out-of-scope for GST purposes.
33	Recovery of staff discretionary performance or compensation costs (e.g. share based compensation/ awards) from the local company under which the staff is employed	No	<ul style="list-style-type: none"> - If the overseas person had paid the staff on behalf of the local company under which the staff is employed, the pure recovery of the discretionary performance or compensation costs from the local company constitutes a disbursement which is not subject to GST; <u>or</u> - If this is an inter-branch or intra-GST group transaction where the overseas person recharges the discretionary performance or compensation costs as part of a cost allocation to the local company.
		Yes	If this is <u>not</u> an inter-branch/ intra-GST group transaction and the overseas person recharges the discretionary performance or compensation costs as part of a cost allocation to the local company.

Payment to overseas regulators, exchanges, professional bodies or governments

S/N	Nature of imported services	Subject to RC?	Rationale / Conditions
34	Payments to overseas regulators, professional bodies, exchanges, government and statutory bodies (e.g. membership, subscription, registration charges)	No	If the services are provided by the government of an overseas jurisdiction and the services are of a nature that fall within the description of non-taxable government supplies under the Schedule to the GST (Non-Taxable Government Supplies) Order of the GST Act.
		Yes	<p>If the services are either:</p> <ul style="list-style-type: none"> - not provided by the government of an overseas jurisdiction; or

⁸⁴ Refer to the e-Tax Guide “GST: Guide on Reimbursement and Disbursement of Expenses” for the conditions under the staff secondment concession.

S/N	Nature of imported services	Subject to RC?	Rationale / Conditions
			- provided by the government of an overseas jurisdiction but the nature of the services does not fall within the description of non-taxable government supplies under the Schedule to GST (Non-Taxable Government Supplies) Order of the GST Act.
35	Court fees paid to the court of an overseas jurisdiction	No	Court fees are non-taxable government supplies under paragraph (G) of the Schedule to the GST (Non-Taxable Government Supplies) Order of the GST Act.

Others

S/N	Nature of imported services	Subject to RC?	Rationale / Conditions
36	Expenses incurred by an overseas representative office of a Singapore entity	Yes	If the expenses incurred by the representative office (and booked in Singapore entity's accounts) relates to services provided by an overseas vendor and the services are used by the Singapore entity, the expenses would constitute consideration paid for services imported by the Singapore entity, and accordingly subject to tax if the services fall within the scope of reverse charge.
		No	If the overseas representative office constitutes a business or fixed establishment of the Singapore entity outside Singapore, and the overseas representative office is the establishment that most directly uses the services procured from the overseas supplier, then the supply is considered as being made by the overseas supplier to the overseas representative office. Hence, it is not an imported service.
37	Purchase of mileage from overseas airlines as credit card rewards, where the supply of miles by the overseas airlines qualify as multi-redemption	No	GST is not chargeable on the sale of MRVs if the MRVs are sold at or below their specified value.

S/N	Nature of imported services	Subject to RC?	Rationale / Conditions
	vouchers (MRVs) and is sold at or below the specified value		
38	Purchase of credit cards and engraving services performed outside Singapore	No	<p>If the engraving services are ancillary to the purchase of the credit cards, the transaction will be considered a single supply of credit cards (i.e. a supply of goods). If the credit cards are imported into Singapore, import GST will apply accordingly.</p> <p>Even if the engraving services are not ancillary to the purchase of the credit cards, the engraving services performed outside Singapore would qualify for zero-rating under section 21(3)(f) had it been supplied by a taxable person belonging in Singapore.</p>
39	Referral fees charged by individuals who belong outside Singapore	Yes	It does not matter whether the individual makes the supply of referral services in a business or personal capacity to the RC business. As the RC business is receiving the referral services from the individual in the course and furtherance of its business, reverse charge would apply.
40	Recovery of insurance premiums by overseas branch	No	<p><u>Term or Life Insurance</u></p> <p>Not subject to reverse charge as the provision of life insurance is exempt from GST under paragraph 1(l) of Part I of the Fourth Schedule.</p>
		Yes	<p><u>BBB Insurance⁸⁵, PI Insurance⁸⁶, DO Insurance⁸⁷</u></p> <p>The provision of an insurance contract, except for life insurance and reinsurance, is a taxable supply of services. Hence, the recovery of</p>

⁸⁵ Banker's Blanket Bond ("BBB") insurance is an insurance policy that provides coverage against the direct financial loss from forgery, cyber fraud, physical loss of or alteration to property, extortion, and employee dishonesty.

⁸⁶ Professional Indemnity ("PI") insurance is an insurance that protects professionals such as accountants, lawyers and physicians against negligence and other claims initiated by their clients.

⁸⁷ Director and Officers Liability ("DO") insurance is an insurance that protect individuals from personal losses if they are sued as a result of serving as a director or an officer of a business or other type of organisation.

S/N	Nature of imported services	Subject to RC?	Rationale / Conditions
			insurance premiums paid for BBB insurance, PI insurance and DO insurance are subject to Reverse Charge.
41	Travel arranging services	No	Prior to 1 Jan 2023, had the travel arranging services been supplied by a taxable person belonging in Singapore, the services would qualify for zero-rating under section 21(3)(c).
		Yes	With effect from 1 Jan 2023, the basis for determining whether zero-rating applies to a supply of travel arranging services will be based on section 21(3)(j) of the GST Act. Had the travel arranging services been supplied by a taxable person belonging in Singapore, the services would not qualify for zero-rating under section 21(3)(j).

Annex C – Connected persons

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:

- 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

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. In particular, a person (or group of persons) would generally 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 Annex —

"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 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.

Annex D – Checklist for applying tax on reverse charge transactions straddling 1 Jan 2020

(1) Supplier's invoice issued before 1 Jan 2020

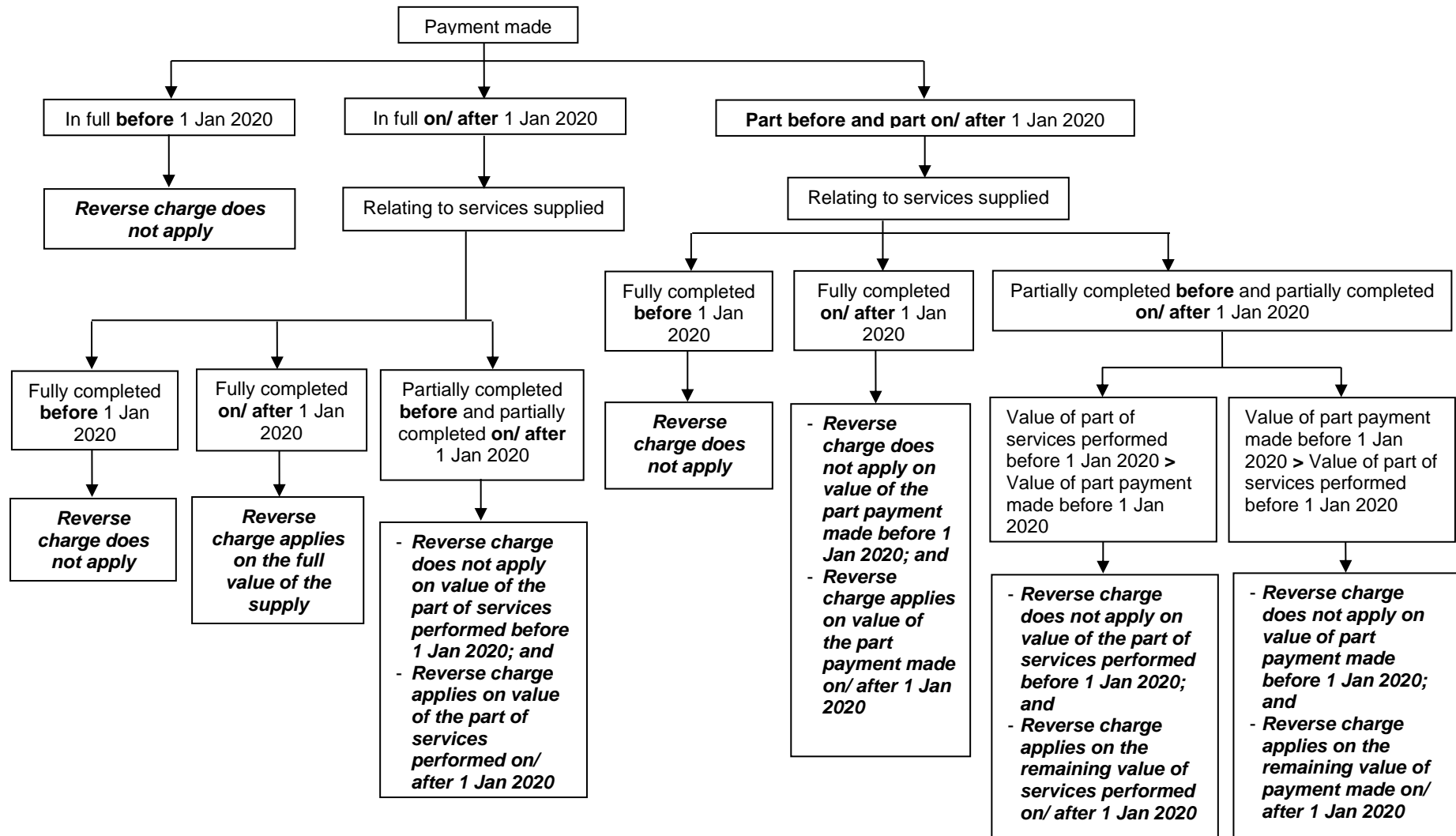
Payment made	Services performed	Subject to reverse charge?	Remarks
Before 1 Jan 2020	Before 1 Jan 2020	No	When full payment is made and/ or full services are performed before 1 Jan 2020, the transaction is not subject to tax.
Before 1 Jan 2020	On or after 1 Jan 2020	No	
On or after 1 Jan 2020	Before 1 Jan 2020	No	
Before 1 Jan 2020	Part before and part on/ after 1 Jan 2020	No	
Part before and part on/ after 1 Jan 2020	Before 1 Jan 2020	No	
On or after 1 Jan 2020	Part before and part on/ after 1 Jan 2020	Partial	The part of the services performed on/ after 1 Jan 2020 is subject to tax
Part before and part on/ after 1 Jan 2020	On or after 1 Jan 2020	Partial	The part payment made on/ after 1 Jan 2020 is subject to tax
Part before and part on/ after 1 Jan 2020	Part before and part on/ after 1 Jan 2020	Partial	The <u>lower</u> of the value of (i) the payment made on/ after 1 Jan 2020 and (ii) the services performed on/ after 1 Jan 2020 is subject to tax
On or after 1 Jan 2020	On or after 1 Jan 2020	Yes	When no payment is made and no service is performed before 1 Jan 2020, the entire transaction is subject to tax.

(2) Supplier's invoice issued on/ after 1 Jan 2020

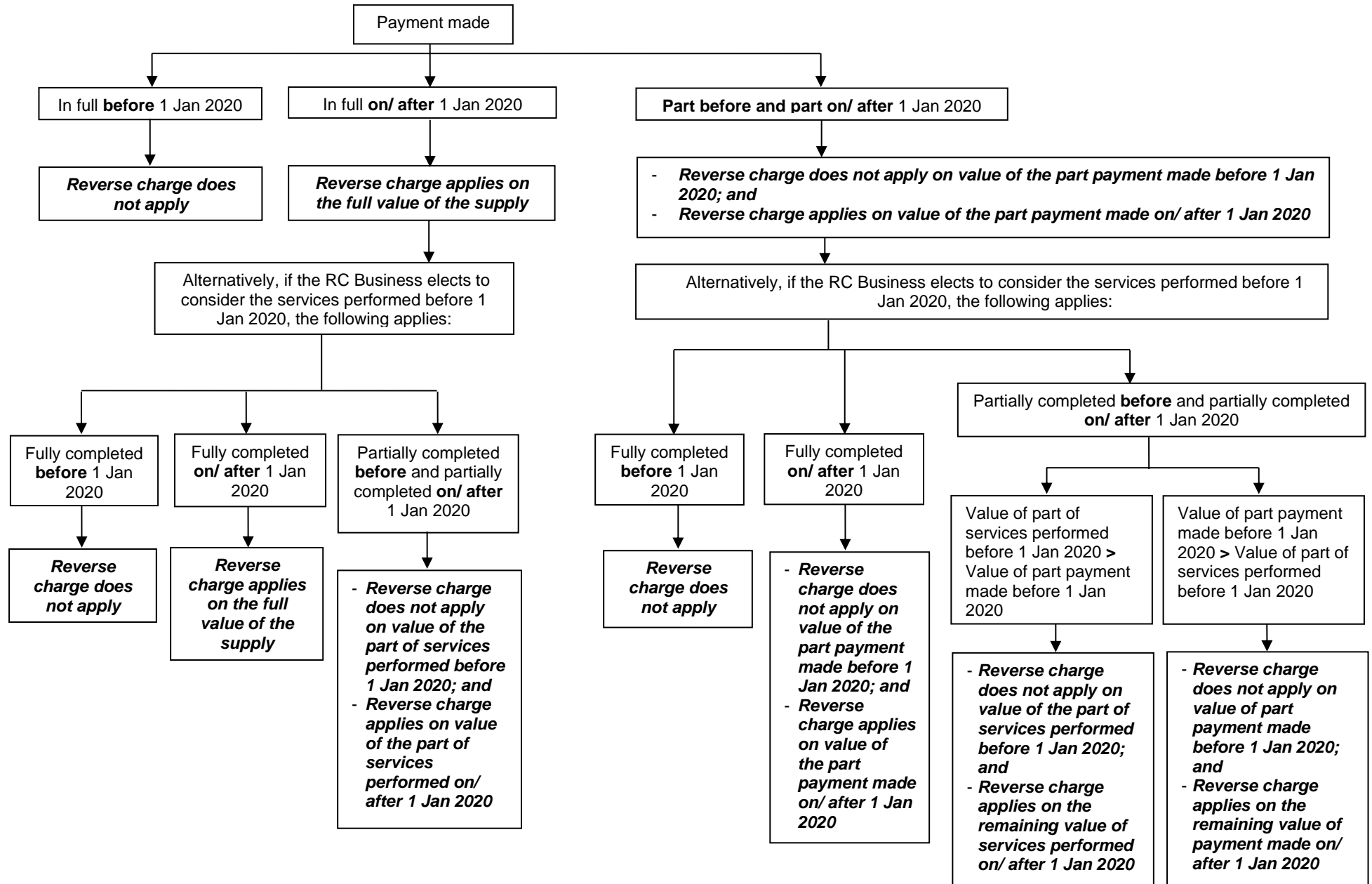
Payment made	Services performed	Subject to reverse charge?	Remarks
Before 1 Jan 2020	Before 1 Jan 2020	No	When full payment is made before 1 Jan 2020, the transaction is not subject to tax.
	On or after 1 Jan 2020	No	
	Part before and part on/ after 1 Jan 2020	No	
Part before and part on/ after 1 Jan 2020	Before 1 Jan 2020	Partial / No	The part payment made on/ after 1 Jan 2020 is subject to tax. Alternatively, the RC Business may elect for the <u>lower</u> of the value of (i) the payment made on/ after 1 Jan 2020 and (ii) the services performed on/ after 1 Jan 2020 to be subject to tax, if applicable
	On or after 1 Jan 2020	Partial	
	Part before and part on/ after 1 Jan 2020	Partial	
On or after 1 Jan 2020	On or after 1 Jan 2020	Yes	When no payment is made before 1 Jan 2020, the entire transaction is subject to tax.
	Before 1 Jan 2020	Yes / No	
	Part before and part on/ after 1 Jan 2020	Yes / Partial	Alternatively, the RC Business may elect for the <u>lower</u> of the value of (i) the payment made on/ after 1 Jan 2020 and (ii) the services performed on/ after 1 Jan 2020 to be subject to tax, if applicable.

Annex E – Step-by-step guide for reverse charge transactions straddling 1 Jan 2020

(1) Supplier's invoice issued before 1 Jan 2020



(2) Supplier's invoice issued on/ after 1 Jan 2020



Annex F – Checklist for the taxability of transactions straddling 1 Jan 2023 (after the implementation of RC on LVG)

(1) Supplier’s invoice issued before 1 Jan 2023

Date of payment made	Date of goods being delivered to RC Business	Subject to GST?	Remarks
Before 1 Jan 2023	Before 1 Jan 2023	No	When full payment is made and/or goods are fully delivered to the RC Business before 1 Jan 2023, the transaction is not subject to GST.
	Part before and part on/ after 1 Jan 2023		
	On or after 1 Jan 2023		
Part before and part on/ after 1 Jan 2023	Before 1 Jan 2023		
On or after 1 Jan 2023			
On or after 1 Jan 2023	Part before and part on/ after 1 Jan 2023	Partial	The part of the goods delivered on/ after 1 Jan 2023 is subject to GST.
Part before and part on/ after 1 Jan 2023	On or after 1 Jan 2023	Partial	The part payment made on/ after 1 Jan 2023 is subject to GST.
Part before and part on/ after 1 Jan 2023	Part before and part on/ after 1 Jan 2023	Partial	The <u>lower</u> of the payment made, or value of goods delivered, on/ after 1 Jan 2023 is subject to GST.
On or after 1 Jan 2023	On or after 1 Jan 2023	Yes	When payment is not made and goods are not delivered to the RC Business before 1 Jan 2023, the entire supply is subject to GST.

(2) Supplier's invoice issued on/ after 1 Jan 2023

Date of payment made	Date of goods being delivered to RC Business	Subject to GST?	Remarks
<u>Before 1 Jan 2023</u>	Before 1 Jan 2023	No	When full payment is made before 1 Jan 2023, the transaction is not subject to GST.
	Part before and part on/ after 1 Jan 2023		
	On or after 1 Jan 2023		
Part before and part on/ after 1 Jan 2023	Before 1 Jan 2023	Partial / No	The part payment made on/ after 1 Jan 2023 is subject to GST. Alternatively, the RC Business may elect for the <u>lower</u> of (i) the payment made on/ after 1 Jan 2023 and (ii) the goods delivered on/ after 1 Jan 2023 to be subject to GST, if applicable.
	Part before and part on/ after 1 Jan 2023	Partial	
	On or after 1 Jan 2023	Partial	
On or after 1 Jan 2023	Before 1 Jan 2023	Yes / No	When full payment is made on/ after 1 Jan 2023, the entire transaction is subject to GST. Alternatively, the RC Business may elect for the <u>lower</u> of (i) the payment made on/ after 1 Jan 2023 and (ii) the goods delivered on/ after 1 Jan 2023 to be subject to GST, if applicable.
	Part before and part on/ after 1 Jan 2023	Yes / Partial	
	On or after 1 Jan 2023	Yes	When payment is not made and goods are not delivered to the RC Business before 1 Jan 2023, the entire transaction is subject to GST.