

## Advance Ruling Summary No. 01/2022

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### 1. Subject:

Whether the Company is liable for GST registration following the sale of a non-residential property.

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### 2. Relevant background and facts:

The Company is a non-GST registered business that purchased a non-residential property (“**the Property**”) more than 50 years ago. The Property was first used for the conduct of the Company’s business. After the Company wound down its business operation in the 1990s, it became an investment holding company with the sole business of holding the Property to derive rental income and/or for the purpose of capital appreciation.

In 2021, the Company decided to sell the Property. Excluding the sale of the Property, the annual taxable supplies of the Company did not exceed S\$1 million.

Other than the sale of the Property, the Company has not sold any other property.

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### 3. Relevant legislative provisions:

The liability to register is prescribed under Paragraph 1(1) of the First Schedule to the GST Act, which provides that a person who makes taxable supplies is liable to be registered —

- a) at the end of any year if the total value of all his taxable supplies made in Singapore in that calendar year has exceeded S\$1 million; or
- b) at any time, if there are reasonable grounds for believing that the total value of his taxable supplies made in Singapore in the next 12 months will exceed S\$1 million.

In determining the value of taxable supplies for the purpose of GST registration, paragraph 1C(2) of the First Schedule to the GST Act provides that the supplies of capital assets (either supply of goods or services) in the course or furtherance of the business shall be excluded.

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### 4. The ruling:

The sale of the Property is a sale of capital assets. Accordingly, the value of the sale need not be included in the value of taxable supplies when determining the Company’s liability to register for GST. Since the Company does not make other taxable supplies exceeding the GST registration threshold of S\$1 million, it would not be required to register for GST.

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## **5. Reasons for the decision:**

The sale of the Property is regarded as a sale of capital assets on the basis that:

- (a) The Property was acquired by the Company more than 50 years ago. Considering the long period of ownership, the Company was unlikely to have purchased the Property with a view towards speculative gain;
- (b) Since the 1990s, the Property has been held by the Company to derive rental income and/or for the purpose of capital appreciation. Further, the Company had recorded the Property in its financial accounts under the category of "Investment Property"; and
- (c) Other than the sale of the Property, the Company has not sold any other properties.

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