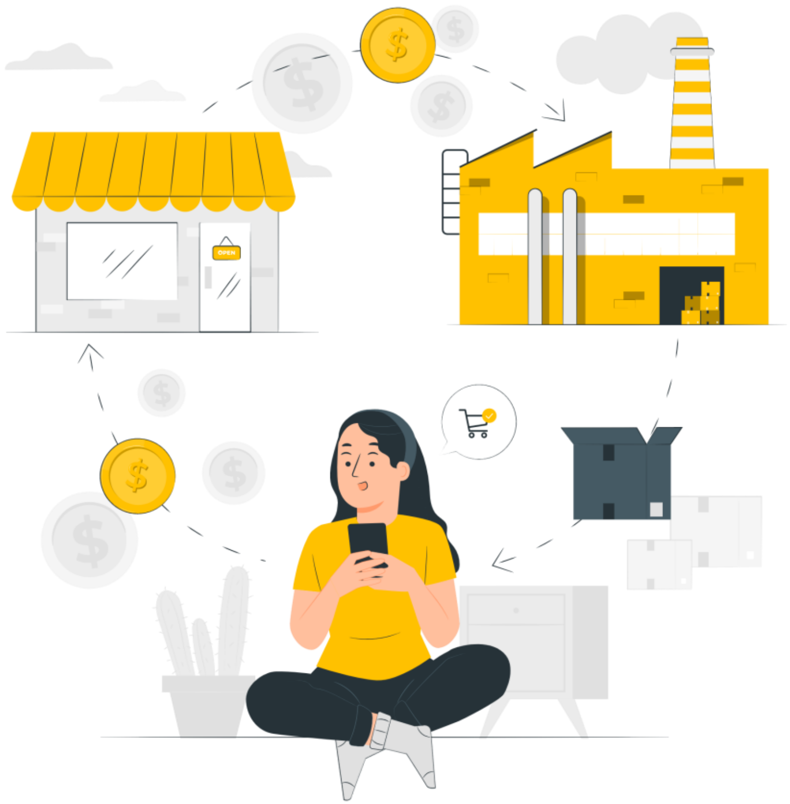
SINGAPORE KNOWLEDGE SERIES #19- GST REGISTRATION

Goods and Services Tax (GST)

The Goods and Services Tax is a broad-based consumption tax levied on nearly all supplies of goods and services in Singapore as well as importation of goods / services (when Reverse Charge basis is applicable) into Singapore.



In certain circumstances, the customer is responsible for paying the output tax** to IRAS instead (i.e., where ***'Customer Accounting'*** applies). In such case, no GST is charged or collected by the GST registered business that makes the sale.

Customer Accounting currently applies to the local sales of mobile phones, memory cards and off-the-shelf software ('prescribed goods') **exceeding $10,000** in value to a GST registered customer for his business purpose (B2B transaction)

**Output tax is the GST charged & collected by GST-registered businesses from their customers and is to be paid to Inland Revenue Authority of Singapore ('IRAS').

Requirement of GST Registration

The applicability / requirement for applying for GST registration is bifurcated into 2 views, as summarized below:

Retrospective view:

A person **must register** for GST if the taxable turnover:

- at the end of calendar quarter (i.e., 3 months ending Mar, Jun, Sep, or Dec) prior to 01 Jan 2019 and past three quarters is more than SGD 1 million or
- at the end of any calendar year on or after 01 Jan 2019 is more than SGD 1 million.

Prospective view:

A person **must register** for GST if one can reasonably expect the taxable turnover in the next 12 months to be more than SGD 1 million.

For determining the limit under prospective view, signed contracts / agreements, purchase orders from customers, invoices to customers are few supporting documents that can be considered to support the forecasted sales.

Taxable turnover means and includes standard rated supply and zero-rated supply and **does not include exempt supplies and out of scope supplies

Voluntary Registration

Even if the business is not mandatorily required to register, it may apply for GST-registration on a **voluntary basis** on satisfying **any** of the following conditions. The company must fulfil certain other conditions apart from the below before registering for GST such as - completing and passing the e-Learning course "Overview of GST", applying for GIRO, provide the security deposit, if required by the Comptroller.

- It makes taxable supplies;
- It makes only out-of-scope supplies.
- It makes exempt supplies of financial services that are also international services; or
- It procures services from overseas service providers and would not be entitled to full input tax credit even if it were GST-registered.

If the business hasn't initiated the above transactions but intends to do so in future, it may apply for voluntary GST registration. In such case, the Controller has to get satisfied that the company is operating or carrying on a business and has firm orders/ intentions to carry out the above transactions.

Taxable turnover

Taxable turnover includes standard rated and zero-rated supplies. The total taxable turnover is the combined revenue, fees and income earned from say all the business activities, Sole proprietorship businesses, rental of commercial properties, rental of furniture & fittings.

EXEMPT SUPPLY

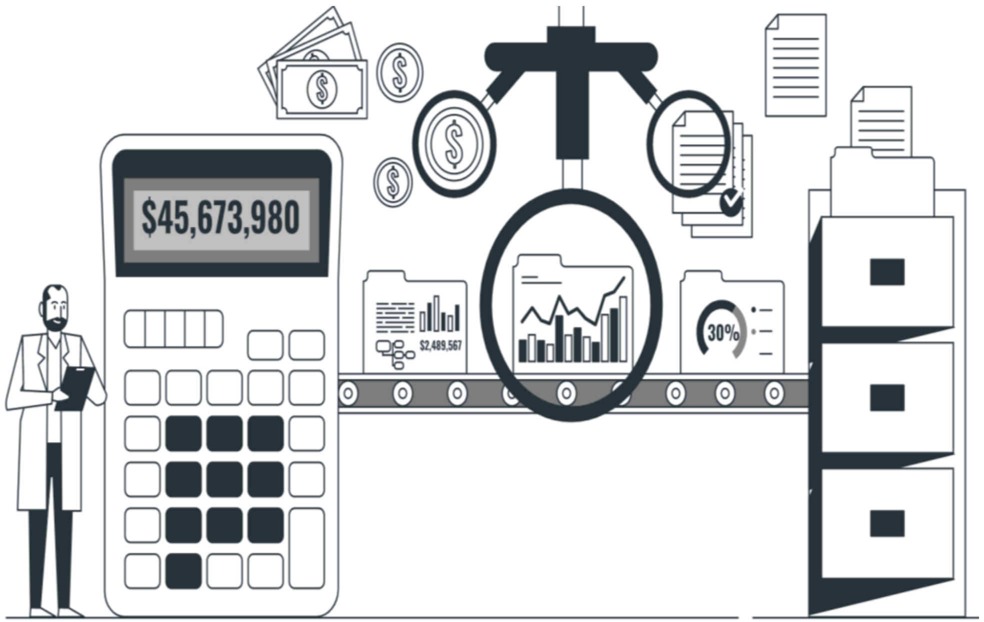
Sale and lease of bare residential property Most financial services, e.g., bank interest

ZERO-RATED SUPPLY

- Export of goods from Singapore
- International Services as described in Section 21(3) of the GST Act

OUT OF SCOPE SUPPLY

Third-country sales, e.g., sale of goods from China to India where the goods do not enter Singapore



Exemption from GST registration

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A person who is required to get registered shall be exempted from registration if it satisfies the below two conditions **<u>and</u>** applies for exemption from GST registration in form F2:

- The percentage of zero-rated supplies (i.e., export) is **more than 90%** of the total taxable supplies and
- If registered, the person would have been in a **net refundable position** (i.e., where output tax is less than the input tax claimable on imports and domestic purchases).

The exemption should be applied **within 30 days of triggering the liability to register**, failing which would result in delay in filing of registration and may attract penalty. If voluntary disclosure is made, **the penalty can be waived by the authorities at their discretion.**

It shall be noted that even after getting the said exemption, if any of the above conditions are breached, then the entity shall be liable for registration.

Effective date of GST registration

A

Under retrospective view, the effective date of GST registration is **1st March of the subsequent calendar year** in which the threshold to get GST registered was crossed.

B

Under prospective view, the **31st day from the date of forecast**** for expected sales to cross the threshold limit is the effective date of GST registration.

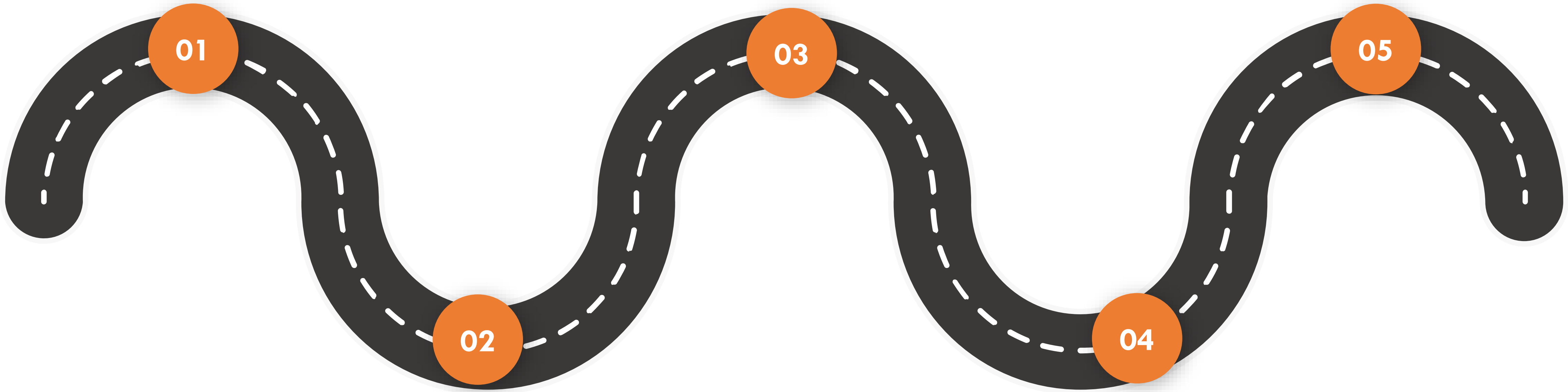
Late registration or failure to register

Businesses may be subject to a fine of up to $10,000 and a penalty of 10% of the tax due, in addition to the tax due.

Penalties may be waived for businesses that voluntarily come forward to register for GST in a timely manner.

**The date on which the value of aggregate / cumulative invoices exceeds SGD 1 million, or the contracts/agreements/purchase orders of a value more than the threshold are signed can be considered the forecast day

Steps for Registration



Determination of applicability of GST Registration based on annual taxable turnover

E-Learning course - Voluntary registration must complete two e-learning courses for the purpose of registration

Application Submission - Form GST F1 and other supporting documents are to be submitted to IRAS

Processing of Application – Submission of other relevant supporting documents as requested by IRAS during processing of application

Notification of registration – Upon registration, a notification will be received at the registered office address.

Upcoming Singapore Knowledge Series

Please find below the list of completed & upcoming alerts from the series. In case you have missed the previous alerts, click on the hyperlink for the completed alerts to refer the same.

Corporate law related

1. Incorporation of Company
2. Allotment of shares
3. Issuance of share certificate
4. Register of registerable controllers
5. Employment Pass
6. XBRL Filing
7. Annual General Meeting
8. ACRA Return filing
9. Audit requirements
10. Strike off company

Income Tax Related

11. Taxability of individuals
12. Taxability of corporates
13. Certificate of Residence (TRC)
14. Dormant Company
15. Estimated Chargeable Income
16. Tax Return Requirements
17. Withholding tax
18. Auto Inclusion Submission

GST related

19. **GST Registration**
20. GST Filing Requirement
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