In this issue of our Indirect Tax Alert, we review the recent GST developments that will impact GST-registered businesses.

I. Customer accounting for prescribed goods

Effective 1 January 2019, customer accounting has been implemented for the local sale of prescribed goods by a GST-registered supplier to a GST-registered customer for his business purpose if the GST-exclusive value of the sale exceeds SGD10,000 in a single invoice. The prescribed goods are mobile phones, memory cards and off-the-shelf software.

A revised e-Tax guide “GST: Customer accounting for prescribed goods (Second Edition)” was published on 13 December 2018 to provide clarification and additional examples of prescribed and non-prescribed goods.

II. Compulsory GST registration under the retrospective basis

Prior to 1 January 2019, it was mandatory for a person to register for GST if the total value of his taxable supplies at the end of any calendar quarter and the preceding three calendar quarters exceeded SGD1 million (this is commonly known as the “retrospective basis”).

Effective 1 January 2019, under the retrospective basis, it is only mandatory for a person to register for GST if the total value of his taxable supplies at the end of the calendar year exceeds SGD1 million. With this change, under the retrospective basis, a person will only need to monitor if he has a liability to register for GST at the end of every calendar year (i.e., 31 December).
III. Introduction of GST on imported services

Singapore will be implementing GST on imported services with effect from 1 January 2020 as follows:

► Business-to-Business (B2B) imported services will be taxed via a reverse charge mechanism.
► Business-to-Consumers (B2C) imported digital services, will be taxed via the introduction of an Overseas Vendor Registration (OVR) regime.

The GST (Amendment) Act 2018 which provides for the implementation of the above two new GST rules on imported services was passed by Parliament on 19 November 2018 and gazetted on 27 December 2018. Please refer to our Indirect Tax Alert Issue 1/2019 issued in January 2019 for more details on the GST (Amendment) Act 2018.

The Inland Revenue Authority of Singapore (IRAS) has also issued two new e-Tax guides on 4 February 2019 – “GST: Taxing imported services by way of reverse charge (First Edition)” and “GST: Taxing imported services by way of an overseas vendor registration regime” to provide more details on the above.

IV. Late GST submission

Stricter penalties have been introduced for late GST submission. Prior to 1 April 2018, the late submission penalty of SGD200 would only be imposed one month after the submission due date.

With effect from 1 April 2018, the late submission penalty of SGD200 will be imposed immediately once the GST return is not filed by the due date. Additional penalty of SGD200 will continue to be imposed for every completed month that the GST return is outstanding, up to the maximum of SGD10,000 for each outstanding GST return. GST-registered businesses must still file the overdue return after they pay the late submission penalty as they can be prosecuted if the GST return is not filed.

V. GST e-Tax guides

The new or revised GST e-Tax guides recently introduced include the following:

► Meetings, Incentive Travel, Conventions and Exhibitions (MICE) industry

A new e-Tax guide “GST: Exhibition, Convention and Ancillary Services” was published on 3 December 2018 to provide guidance on the GST treatment of supplies made by businesses in the MICE industry.

► Fringe benefits

A revised e-Tax guide for fringe benefits “GST: Fringe Benefits (Third Edition)” was published on 27 July 2018 and provides further clarification, as well as new or extended administrative concessions on certain expenses such as mobile phone and transport expenses.

VI. IRAS GST audit landscape

The IRAS has stepped up its audits on large businesses across various industries such as financial services, wholesale, retail, manufacturing and real estate and construction. From the GST audits conducted on 308 large businesses since 2015, 77% of these businesses made GST errors and the total amount of tax and penalties recovered was approximately SGD73 million.

The IRAS continues to conduct GST audit reviews and issue letters to invite businesses to participate in the Assisted Compliance Assurance Programme (ACAP) or to conduct a self-review using the Assisted Self-Help Kit (ASK) Annual Review.

Businesses should therefore continue to remain vigilant about the prospect of an IRAS GST audit. Businesses that wish to enhance their GST compliance should consider participating in ACAP or performing a self-review using the ASK Annual Review.
Contact us

Yeo Kai Eng  
Partner, Indirect Tax Services  
Ernst & Young Solutions LLP  
Tel: +65 6309 8208  
Email: kai.eng.yeo@sg.ey.com

Chew Boon Choo  
Partner, Indirect Tax Services  
Ernst & Young Solutions LLP  
Tel: +65 6309 8764  
Email: boon-choo.chew@sg.ey.com

Liza Drew  
Partner, Indirect Tax Services  
Ernst & Young Solutions LLP  
Tel: +65 6340 2788  
Email: liza.drew@sg.ey.com

Tax leaders in Singapore

Ernst & Young Solutions LLP

Head of Tax  
Soh Pui Ming  
Email: pui.ming.soh@sg.ey.com

Business Tax Services  
Angela Tan  
Email: angela.tan@sg.ey.com

Global Compliance and Reporting  
Chai Wai Fook  
Email: wai-fook.chai@sg.ey.com

Financial Services Organisation  
Amy Ang  
Email: amy.ang@sg.ey.com

Indirect Tax Services  
Yeo Kai Eng  
Email: kai.eng.yeo@sg.ey.com

International Tax Services  
Chester Wee  
Email: chester.wee@sg.ey.com

Transfer Pricing  
Luis Coronado  
Email: luis.coronado@sg.ey.com

People Advisory Services  
Panneer Selvam  
Email: panneer.selvam@sg.ey.com

Transaction Tax  
Darryl Kinneally  
Email: darryl.kinneally@sg.ey.com

Legal Services  
(provided by Atlas Asia Law Corporation, an independent member firm of the global EY network)  
Evelyn Ang  
Email: evelyn.ang@atlasasialaw.com.sg