

Goods and Services Tax (GST)

GST claims on expenses for qualifying funds

An enhanced administrative is granted to allow a qualifying fund to claim GST on expenses incurred in the second year if it meets the conditions of its specific income tax concession at the end of the second year.

GST remission has been granted until 31 December 2024 to allow funds that meet qualifying conditions to claim the GST on all expenses that are incurred for the purpose of the fund's qualifying investment activities at an annual fixed recovery rate, even though the funds are not registered for GST in Singapore. This is with the exception of disallowed expenses under regulations 26 and 27 of the GST (General) Regulations.

Specifically, to qualify for the GST remission, the funds must:

- ▶ Be managed by a prescribed fund manager in Singapore
- ▶ Satisfy the conditions for specific income tax concessions as at the last day of their preceding financial year

Administrative concession – Fund meets the conditions of income tax concession at the end of first year

Currently, for funds that do not have a preceding year in respect of the specific income tax concession (i.e., funds in their first year of the specific income tax concession), the funds are allowed to claim the GST incurred in the first year if they meet the conditions of the specific income tax concession at the end of the first year. See example 1 below for illustration.

Enhanced administrative concession – Fund meets the conditions of income tax concession at the end of second year

From August 2022, for funds that do not meet the conditions of the specific income tax concession at the end of the first year due to the minimum spending requirement but is able to meet the conditions at the end of the second year, the funds are allowed to claim the GST incurred in the second year under this enhanced administrative concession. The GST incurred in the first year remains not claimable. See example 2 below for illustration.

Example 1

Fund's financial year end	31 December		
Date of fund granted approval for the specific income tax concession	1 July 2022		
Eligibility for income tax concession	As at 31 December 2022 (First year)	YA2023	Eligible as all conditions for income tax concession met
Eligible for GST remission	1 January 2023 to 31 December 2023		
	<p>GST incurred for this period can be claimed as the funds meet the conditions for income tax concession as of the last day of the preceding financial year, 31 December 2022.</p> <p>1 July 2022 to 31 December 2022</p> <p>Under the administrative concession, the GST incurred for the first year can be claimed after the fund establishes that it satisfies the conditions for the income tax concession as of 31 December 2022.</p>		

Example 2 (Enhanced administrative concession from August 2022)

Fund's financial year end	31 December		
Date of fund granted approval for the specific income tax concession	1 November 2022		
Eligibility for income tax concession	31 December 2022 (First year)	YA2023	Not eligible as minimum spending requirement not met
	31 December 2023 (Second year)	YA2024	Eligible as all conditions for income tax concession met
Eligible for GST remission	1 January 2024 to 31 December 2024		
	<p>GST incurred for this period can be claimed as the funds meet the conditions for income tax concession as of the last day of the preceding financial year, 31 December 2023.</p> <p>1 January 2023 to 31 December 2023</p> <p>Under the enhanced administrative concession, the GST incurred for second year can be claimed after the fund establishes that it satisfies the conditions for the income tax concession as of 31 December 2023.</p>		
	<p>1 November 2022 to 31 December 2022</p> <p>The GST incurred for the first year is not claimable.</p>		

The funds are not required to seek prior approval from the Inland Revenue Authority of Singapore to apply the enhanced administrative concession. Funds that qualify for the enhanced administrative concession can claim the GST in their next Statement of Claims and maintain the relevant documents to support the GST claims.

Fixed recovery for prescribed funds from 1 January 2023 to 31 December 2023

From 1 January 2023 to 31 December 2023, the fixed recovery rate for the prescribed funds is 91%.

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