

Indirect tax alert

This alert provides a summary of the recent GST updates.

Recent GST updates

As we move into the second half of 2025, it is worthwhile revisiting some of the key goods and services tax (GST) updates published by the Inland Revenue Authority of Singapore (IRAS) in 2025:

I. Changes to the e-Tax guide *GST: Fringe Benefits*

The aforementioned e-tax guide has been updated with the following:

- (a) Included limited transport options as an additional exception to the requirement of accounting for deemed output tax on free parking provided to employees (if the input tax incurred is allowable and has been previously claimed).

Where free parking is provided in a car park used for business activities (such as parking of delivery vehicles, parking of vehicles by customers and suppliers), the input tax incurred on the construction or leasing of the car park is generally claimable with the exception of spaces that are specifically for parking of motor cars.

To the extent that the input tax incurred is allowable and has been claimed, the GST-registered business is required to account for deemed output tax on the free parking provided to the employees unless:

- There are limited transport options available to employees [updated with effect from 19 February 2025]. Generally, limited transport options will apply if the workplace is in a remote area (such as industrial areas, shipyards or offshore islands) that is not easily accessible by public transport or where the nature or circumstances of the business requires the employees to work graveyard shifts.

Or

- Parking is provided to employees whose job functions requires them to drive (e.g. salesperson).

Or

- Parking is free for members of the public and there are no reserved lots for employees.

- (b) Extended the existing administrative concession regarding the input tax claim on the supply of fringe benefits clearly contracted in an employee's name, such as professional memberships with a professional body and work-related educational courses.



With effect from 1 July 2025, if an employee contracts directly with an overseas supplier registered under the Overseas Vendor Registration regime (OVR supplier) for the fringe benefits, input tax incurred on these expenses will be claimable provided the following conditions are met:

- The employee is reimbursed.
- The expenses are recognised as business expenses in the accounts.
- The GST-registered business maintains supporting documents showing that GST had been charged by the OVR supplier.

II. Updates on new rules for GST registration on a prospective basis

A business is liable for GST registration on a prospective basis if it can reasonably expect its taxable turnover to be more than S\$1 million in the next 12 months. The business is required to have supporting documents (such as signed contracts, accepted quotations or confirmed purchase orders from customers) for its forecast value of more than S\$1 million.

The Second Minister of Finance has announced on 28 February 2025 that businesses liable for GST registration on a prospective basis will be given a two-month grace period to start charging GST. This change takes effect from 1 July 2025. Prior to this, businesses are required to charge GST on the 31st day after the date of forecast.

A brief comparison of the GST registration rules under prospective basis before and with effect from 1 July 2025 is presented below by using an example:

Under prospective basis	GST registration liability triggered before 1 July 2025	GST registration liability triggered on or after 1 July 2025
Date of forecast (example)	2 September 2024	2 September 2025
Required to notify the IRAS of GST registration liability	Within 30 days after the date of the forecast. The business is required to notify the IRAS by 2 October 2024.	Within 30 days after the date of the forecast. The business is required to notify the IRAS by 2 October 2025.

Under prospective basis	GST registration liability triggered before 1 July 2025	GST registration liability triggered on or after 1 July 2025
Effective date of GST registration	31st day after the date of forecast The business will be registered on 3 October 2024.	Two months from the date of forecast The business will be registered on 2 November 2025.

III. Updates on the use of Gross Margin Scheme (GMS) for eligible businesses

Prior to 1 July 2025, businesses are required to obtain approval from the Comptroller of GST to use the GMS. However, this requirement is removed with effect from 1 July 2025. Businesses should instead use the “Self-Review of Eligibility to Use the Gross Margin Scheme (GMS)” checklist to self-assess their eligibility for the GMS and better understand the requirements of the scheme.

Eligible businesses must ensure that all conditions are satisfied before using the GMS. Improper use of the GMS will render the businesses liable to penalties under the GST legislation.

IV. InvoiceNow Requirement

Since the announcement on 15 April 2024 on the GST InvoiceNow Requirement for businesses to transmit invoice data directly to the IRAS, the phased adoption of GST InvoiceNow Requirement is approaching the first mandatory milestone.

With effect from 1 November 2025, newly incorporated companies that voluntarily register for GST would be required to adopt InvoiceNow to send invoice data to the IRAS. Newly incorporated companies refer to those that are incorporated within six months from the time they submit their application for GST registration.

The GST InvoiceNow Requirement would cover all new voluntary GST-registrants, regardless of their incorporation date, with effect from 1 April 2026.

The GST InvoiceNow Requirement will be implemented as an additional condition for voluntary registration. Affected voluntary GST registrants are encouraged to review the e-Tax guide *Adopting GST InvoiceNow Requirement for GST-registered Businesses (First Edition)*, published by the IRAS on 7 March 2025. This guide provides essential information regarding the requirements. Additionally, please refer to our tax alert issued in May 2025 for a concise summary of the key points from the IRAS’ e-Tax guide.

Contact us

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