



GST News: Cash-flow planning

Expanding perspectives and possibilities

Greetings from your Tax & Legal team at Deloitte Singapore. As we navigate through these difficult times, this alert highlights some opportunities to assist your GST compliance and/or improve cash-flow:

Extension of due date for filing of GST return and GST payment

With the execution of the “circuit breaker” to manage the COVID-19 situation, the Inland Revenue Authority of Singapore (IRAS) has announced an automatic extension until 11 May 2020 for all GST-registered businesses to submit their GST returns for the accounting period ended 31 March 2020 (the original due date was 30 April 2020).

For businesses that have a General Interbank Recurring Order (GIRO) arrangement in place, automatic deductions will be made as normal on 15 May 2020 via their designated bank accounts. For businesses that do not have a GIRO arrangement, the payment due date is extended to 11 May 2020, from 30 April 2020.

Notwithstanding this extension, businesses in a net GST refundable position for the accounting period ended 31 March 2020 still may wish to submit their GST returns as soon as possible to obtain the GST refund from the IRAS.

The IRAS also may grant a further extension until 31 May 2020 for the first GST return for a newly GST-registered business, or where staff responsible for GST reporting are:

- Subject to a quarantine order or stay-home notice, or are on leave of absence, and unable to access accounting systems or records remotely;

- Located in “lockdown” countries outside Singapore (e.g., India and Malaysia) and are unable to work; or
- Overseas and unable to return to Singapore due to border restrictions.

Businesses are encouraged to apply to the IRAS for the further extension by 24 April 2020, and the Deloitte Indirect Tax team will be pleased to assist in this regard.

GST payment via instalments

Businesses facing cash-flow challenges as a result of the current COVID-19 situation, and that are unable to make their GST payments in full may apply for instalment payments via the “Apply for Payment Plan” e-Services at myTax Portal. The IRAS will review each application on its merits.

Change GST filing frequency from quarterly to monthly

Businesses usually in a significant net GST refundable position could consider changing their GST filing frequency from quarterly to monthly. This would accelerate the receipt of GST refunds from the IRAS.

For example, a business with a standard quarterly filing cycle incurs GST in January 2020. The GST incurred would be recovered in April 2020, as an input tax credit when the business files its GST return for the period ended 31 March 2020. However, if the business were on a monthly filing cycle, the GST could have been recovered in February 2020 as an input tax credit, when the business filed its GST return for the month ended 31 January 2020.

Businesses also should consider the additional compliance resources required to file GST returns on a monthly basis. However, businesses generally may apply to the IRAS to revert to quarterly GST filing when the situation improves.

Expedite the closure of GST audits by the IRAS or negotiate for a partial GST refund

Businesses currently subject to a GST audit by the IRAS whose input tax refund has been withheld, should work closely with the IRAS to expedite the closure of the audit, or negotiate for a partial GST refund in advance.

We have extensive experience in assisting our clients in handling IRAS audits involving various GST issues, and negotiating for early closure of GST audits and/or partial GST refunds, and are well placed to assist.

Reasonableness checks on GST returns before submission to mitigate potential risk of being selected for audit

GST returns usually are selected by the IRAS for audit where there are noticeable fluctuations compared to prior returns, or where the values declared do not make logical sense (e.g., output tax is only 5% of the value of standard-rated supplies declared).

Businesses should ensure that they perform pre-filing reasonableness checks before filing GST returns. Where there are fluctuations (e.g., a significant increase in the value of input tax claims due to a one-off purchase of an expensive fixed asset) between the current GST return and previous returns, it may be advisable to contact the IRAS to explain the fluctuation before the return is selected for audit.

Apply for special schemes to suspend upfront import GST payment

Businesses that continue to import goods of significant value into Singapore may consider applying for a suitable trade facilitation scheme, such as the Major Exporter Scheme (MES) or Import GST Deferment Scheme (IDGS), so that no upfront payment of import GST is required. These schemes are specifically designed to alleviate any potential cash-flow disadvantage faced by businesses importing goods into Singapore.

GST group registration to manage administration costs and GST charges on intra-group transactions

GST group registration is a facility to allow a group of related companies to file a consolidated GST return. Further, any sales and purchases made between members of a GST group are disregarded for GST purposes (i.e., no GST is chargeable on the transactions and no tax invoices are required to be issued).

GST grouping should help to ease GST compliance costs. In addition, it improves the GST cash-flow of group members, since one member is not required to charge GST to another member, who subsequently recovers the GST.

Contact

For more information on the above or any other GST/VAT matters, please contact either the listed contacts below, or any member of the [Singapore Tax & Legal team](#).

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