



GST News

Expanding perspectives and possibilities

GST remission on expenses for prescribed funds managed by prescribed fund managers in Singapore (Circular no.: FDD Cir 10/2019)

The Monetary Authority of Singapore (MAS) has confirmed the GST remission rate for qualifying funds for 2020. Circular 10/2019 confirms that the fixed recovery rate for these funds will be increased to 88 percent (previously at 87 percent) for the period 1 January 2020 to 31 December 2020.

The Circular also mentions that prescribed funds will need to determine whether they would be liable to register for GST from 1 January 2020 if the fund imports, or expects to import services exceeding S\$1 million in a 12-month period and is not entitled to full input tax credit.

Meanwhile, the Inland Revenue Authority of Singapore (IRAS) will launch a new e-filing service from the first quarter of 2020 for funds to file their statement of claims online. The IRAS piloted the service in October 2019.

Deloitte Singapore's view

The GST remission for qualifying funds is a well-established arrangement, and the recovery rate fluctuates annually. The

remission continues to play an important part in encouraging funds and fund managers to set up and operate in Singapore.

The requirement to determine the liability to register for GST under reverse charge will affect all funds that are treated as belonging in Singapore (excluding offshore qualifying funds that are provided with the GST remission). The impacted funds should first determine whether they procure any services from overseas suppliers, and whether those services are within the scope of imported services. It is also important to review the value of payments made to overseas suppliers not only on a "prospective basis", but also on a "retrospective basis" as well. This would mean that the impacted funds should monitor the total value of payments made to overseas suppliers from 1 January 2019 to 31 December 2019.

Identifying imported services incurred might not be a straightforward process considering that certain services may be contracted directly by the fund or through the fund manager, e.g., brokerage services acquired for overseas investments. Additionally, for a feeder fund and an overseas master fund scenario, there is a need to determine whether any of the master fund charges to the feeder fund may fall within the scope of imported services for the feeder fund.

If the fund is required to register for GST due to the imported services requirement, the fund will file the normal quarterly GST returns from 1 January 2020 instead of the statement of claims.

Contact

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