



## GST News Perspective $\Rightarrow$ everything

Greetings from your Indirect Tax team at Deloitte Singapore. We are pleased to update you on the following Singapore GST developments:

### Singapore Goods and Services Tax (“GST”) Updates

#### New rules on displaying and quoting prices

All GST registered businesses are required to show and quote prices that are inclusive of GST. This includes all prices that are displayed, advertised, published or quoted for any supply of goods or services made.

With effect from 1 April 2015, if GST registered businesses choose to display the GST-inclusive price as well as the GST-exclusive price, the GST-inclusive price must be at least as prominent as the GST-exclusive price. This new requirement is pursuant to the new

Regulation 77(1A) of the Goods and Services Tax (General) Regulations which was enacted with effect from 1 April 2015.

It is an offence for GST registered businesses not to comply with the new price display requirements and any such business could be fined up to S\$5,000.

If your business has not been compliant in the past or needs clarification on its pricing displays, please contact us.

### Input tax claims relating to membership fees for professional bodies and education fees of employees

The Inland Revenue Authority of Singapore's ("IRAS") position on professional bodies' membership fees for employees has historically been that the supply of the services was made to the employee in his personal capacity. As a result, the input tax incurred was disallowed and the input tax could not be recovered by the GST registered business.

With effect from 1 January 2014 (officially announced by the IRAS on 4 May 2015), the IRAS will treat the employee as acting as an agent on behalf of the business for the supply of professional membership fees if the following conditions are satisfied:

1. The employee must be fully reimbursed by his employer for the professional membership fee;
2. Evidence of the reimbursement must be maintained; and
3. There are conditions or limitations on the types of membership the employee can acquire. If there are no restrictions on the types of membership the employee can acquire, evidence of prior approval obtained for the membership must be maintained.

Furthermore, the IRAS would allow GST registered businesses to claim input tax on education expenses for courses that enhance employees' job performance. Such education expenses typically include tuition fees for graduate or post-graduate courses which would be relevant for the employee's job performance. These education expenses were previously disallowed as they were treated as personal benefits conferred on the employee.

The concession will apply to input tax for employees' education expenses incurred on or after 1 January 2014; if the course fees satisfy all the conditions above. The input tax will be

recoverable as the employee will be treated as an agent of the GST registered business in incurring the course fees.

Contact us if you would like to learn more or need assistance with input tax which you have previously not claimed.

### Simplification of annual input tax apportionment rate for charities

The IRAS will allow charities to choose to claim input tax using an annual fixed recovery rate to claim input tax in GST return periods from 30 June 2015 onwards.

This annual fixed rate will be computed based on the actual input tax recovery rate of the charity's preceding financial year. In order to ease compliance, charities also do not need to make any adjustments to their input tax claims at the end of the financial year. Charities will compute the annual input tax recovery rate for the next financial year based on the actual rate of the current year.

Note that charities will not be able to opt out once they choose to apply the annual fixed recovery rate method.

The rules around business / non-business for charities are complex. If you need assistance, please contact us.

### Simplification of rules for claiming pre-registration GST on or after 1 July 2015

During Budget 2015, it was announced that the IRAS would simplify the rules for claiming pre-registration input tax for businesses that are registered for GST on or after 1 July 2015. The simplification of the rules is meant to ease the compliance burden of businesses in apportioning their pre-registration input tax claims when submitting their first GST return.

The new rules mean that if you are registered for GST on or after 1 July 2015, you can claim in full the GST incurred on the following goods and services acquired in the 6 months prior to your GST registration date:

1. Goods held by your business at the point of GST registration; and

2. Property rental, utilities and services, which are not directly attributable to any supply made by your business before GST registration.

Hence, you need to apportion your pre-registration GST only for goods and services which do not meet the above conditions.

Contact us if you would like assistance to register for GST and assistance with pre-registration GST for your business.

### Other recent GST updates

<a href="#"><u>GST Treatment of Hire Purchase Agreements and Financing Instruments</u></a>
<a href="#"><u>Major Exporter Scheme</u></a>
<a href="#"><u>GST Guide for the Aerospace Industry</u></a>
<a href="#"><u>Approved Refiner and Consolidator Scheme (ARCS)</u></a>
<a href="#"><u>Approved Contract Manufacturer and Trader (ACMT) Scheme</u></a>
<a href="#"><u>Guide on Imports</u></a>
<a href="#"><u>Assisted Self-Help Kit (ASK) Annual Review Guide</u></a>
<a href="#"><u>GST Guide on Attribution of Input Tax</u></a>

### Contacts

For more information on the above or if you need assistance on other GST matters, please contact the below or your usual GST contact in Deloitte.

Name	Contact Number	Email
Richard Mackender	+65 6216 3270	rimackender@deloitte.com
Robert Tsang	+65 6530 5523	robsang@deloitte.com
Danny Koh	+65 6216 3385	dakoh@deloitte.com



[Deloitte Touche Tohmatsu Limited](#)

6 Shenton Way, OUE Downtown 2, #33-00,  
Singapore 068809

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