



GST News Perspective is everything

Greetings from your Indirect Tax team at Deloitte Singapore. We are pleased to share with you our latest GST newsletter on:

Updated e-Tax guide on Fringe Benefits (Second edition)

The Inland Revenue Authority of Singapore (“IRAS”) has provided clarifications with respect to GST on fringe benefits and introduced certain new administrative concessions in its recently updated e-Tax guide on Fringe Benefits (Second edition). The key changes in the updated e-Tax guide are summarised as follows:

Apportionment of mobile phone expenses used for both private and business purposes

The IRAS has provided the following proxies to apportion mobile phone expenses should you have difficulties

determining the business and private portions of the expenses:

- For full reimbursements, 4/7 (i.e. according to IRAS, this is an estimation of the number of days that an employee spends at work in a week) of the GST incurred on the mobile phone expenses is claimable;
- For partial reimbursements, 7/107 of the amount reimbursed or 4/7 of the GST incurred on the mobile phone expenses, whichever is the lower, is claimable.

Accommodation and transport expenses incurred by foreign employee

As an administrative concession, the IRAS will allow an input tax claim on the following expenses provided to foreign employees who relocate or come to Singapore on a temporary basis (i.e. not exceeding a period of 30 days), and for business activities such as meetings and projects:

- Temporary accommodation (e.g. hotel room, serviced apartment);
- Transport; and
- Settling-in expenses (e.g. first purchase of beddings, kitchen appliances, subscription to broadband Internet access and enrolment for immersion programmes for expatriates).

Transportation expenses

As an administrative concession, the IRAS will allow an input tax claim on:

- Transport expenses incurred to fetch foreign workers to and from their dormitories and their place of work; and
- Transport expenses incurred to fetch employees to and from their place of work and external venues

for meals, where the work place is located in a remote area.

A work place is considered remote if it is located:

- (i) More than 1km walking distance from the nearest MRT station and bus stop; or
- (ii) More than 1km walking distance from the nearest MRT station but within 1km walking distance from the nearest bus stop that has no more than 2 buses serving it.

Other salient changes, clarifications and new administrative concessions

- In the first edition of the e Tax guide published by the IRAS on 16 May 2016, the IRAS has introduced 6 indicators that should be used to determine whether the provision of fringe benefits has a close nexus to the taxpayer's business activities and hence the input tax incurred is claimable. The original Indicator 3 "Incurred for corporate activities" has now been amended to "Primarily promotes staff interaction".
- Input tax incurred on grooming expenses is claimable if the business requires employees to look attractive or project a uniform image when serving customers.
- Input tax incurred on gifts for special occasions / festive occasions (e.g. bereavement of employee or immediate family members, Chinese New Year, Christmas, etc) is claimable but deemed output tax is accountable if the cost of each gift (excluding GST) exceeds S\$200.
- For transport via taxi, a business should make sure to only claim GST on fees such as booking fees and administrative fees for credit card payments as taxi fares would not normally be subject to GST.

- Input tax incurred on medical examinations for the purpose of renewing employees' work permits is not claimable.

Conclusion

With the revisions made to this guide, businesses may wish to review previous returns to determine if there were any under-claim or over-claim of input tax and pay or seek a refund of the tax. It is also important that the new rules, where applicable, are incorporated into the Accounts Payable process.

How Deloitte can help

For a more in-depth discussion on the revisions and their impact on your business, please join us at our upcoming Breakfast Briefing on 23 March 2017. In the meantime, if you would like to learn more about how the changes impact your business, please contact any of the GST Partners listed below or get in touch with your usual contact in Deloitte.

We cordially invite you to join us at this briefing. Please register [here](#).

Contacts

For more information on the above or for assistance on other GST matters, please contact the listed names below or your usual GST contact in Deloitte Singapore.

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