



GST News

Expanding perspectives and possibilities

Greetings from your Tax & Legal team at Deloitte Singapore. We are pleased to update you on the following:

Standard rate of GST

The finance minister confirmed in the Budget 2020 speech on 18 February 2020 that the Goods and Services Tax (GST) rate will remain at 7% until 2021, but will increase to 9% sometime between 2022 and 2025. This is to raise tax revenue to help meet Singapore's predicted future spending requirements, particularly for healthcare spending.

Participate in GST Assisted Compliance Assurance Program (ACAP) in place of GST audit

In February 2020, the Inland Revenue Authority of Singapore (IRAS) sent letters to certain GST-registered businesses (GRB) notifying them that they had been selected for a GST audit. However, the letter also includes the option to participate in the ACAP in place of the audit. A business that does not wish to participate in the ACAP must provide the IRAS with a contact person with whom the IRAS may liaise over subsequent GST audits.

Since the introduction of the ACAP in 2011, over 600 businesses from different industries have successfully applied to participate in the program, that is part of an ongoing initiative by the IRAS to encourage GRB to strengthen their tax risk management policies and internal control measures to manage GST risks.

Benefits of participating in the ACAP compared to an IRAS audit include the following:

- A one-time waiver of all penalties for disclosure of past errors. Where errors are uncovered by the IRAS during an audit, penalties of up to 200% of the tax due may be imposed.
- Increased flexibility in scheduling the internal resources required to prepare and submit the necessary information. ACAP participants have 15 months from the date of their acceptance into the ACAP to submit the ACAP report.

Participants in the ACAP also receive the following benefits for five years (“Premium” participants with at least 80% of the required controls in place) or three years (“Merit” participants with at least 60% of the required controls in place):

- No IRAS GST audits; ACAP participants must instead conduct two self-reviews during the period for which they participate in the program;
- Expedient GST refunds;
- Faster resolution of issues and rulings; and
- Auto-renewal of GST schemes.

GRB that receive the letter from the IRAS must complete the electronic reply slip via the link provided in the letter by 30 April 2020 to apply to participate in the program.

The IRAS requires a GST Accredited Tax Advisor who is a member of the Singapore Institute of Accredited Tax Professionals (SIATP) to perform the ACAP review. Our Indirect Tax (GST) team comprises a number of SIATP accredited tax professionals with extensive experience in helping clients across various industries perform ACAP reviews and attain ACAP status.

IRAS updates to GST-related e-Tax guides and website content

The IRAS has continued to update and revise its GST-related e-Tax guides and website content. Some of the key amendments made are highlighted below:

Fringe benefits

- Temporary accommodation provided to foreign employees

Foreign employees of GRB who relocate to Singapore/another country or visit for business purposes (e.g., business meetings, projects, and trade events) may be provided with temporary accommodation for up to 31 days per visit when they are in Singapore. In an amendment to the existing administrative concession, the input tax incurred on temporary accommodation now is claimable as from 1 February 2020.

Prior to 1 February 2020, where temporary accommodation was provided for more than 31 days for a single visit, the entire input tax incurred was disallowed. Where the expense is incurred on or after 1 February 2020, GRB may claim the portion of input tax attributable to the first 31 days.

- Transport and related expenses

GRB may hire chartered buses, taxis, drivers, chauffeurs, or other pre-booked forms of transport to carry employees between their home and the workplace during ordinary working hours. The GST incurred on such transport expenses is not claimable. The IRAS' position is that it is the personal responsibility of employees to ensure that they arrive at work on time and they may choose the most suitable mode of home to work transport.

GST incurred on all other employee transport expenses is claimable (e.g., where arranged transport services transport employees between designated pick-up/drop-off points and the workplace). This is a relaxation of the existing concession that allowed GST to be claimed only where the workplace was at least a specified distance from the nearest public transport.

GST is not claimable under the concession where the expenses are incurred directly in connection with a motor car as defined under regulation 25 of the GST (General) Regulations. Such input tax is blocked under regulation 27.



[Read more](#)

GST treatment and documentary requirements for retailers operating at Changi International Airport

The GST treatment and documentary requirements applies to the following:

- **Shops located in the airport public areas:** GRB are required to charge and account for 7% GST on all sales made in shops located in the airport's public areas.
- **Shops located in the airport transit/restricted areas:** The GST treatment and documentation requirements for sales of goods and services by shops located in the airport transit/restricted areas (i.e., after the immigration check-in area) is clarified as follows:

| Scenario | GST treatment | Documentation requirements |
|------------------------------------|------------------------------------|---|
| Goods sold to departing passengers | Zero-rate | Sight of the passenger's passport and boarding pass to ensure that the passenger will be leaving Singapore Where a single sale amounts to at least S\$500, GRB must record the passenger's passport number and flight number |
| Goods sold to arriving passengers | 7% GST Exception: duty-free | Record the passenger's passport number and flight number |

| | | |
|--|---|-----|
| | items such as liquor do not attract GST | |
| Goods sold to airport staff | 7% GST | N/A |
| Financial services (e.g., exchange of currency) | Exempt | N/A |
| Services other than financial services (e.g., hairdressing and spa services) | 7% GST | N/A |

 [Read more](#)

New boxes in GST return

With the implementation of Reverse Charge and Overseas Vendor Registration, GST returns for periods ending on or after 1 January 2020 will include two new boxes (box 14 and box 15). The first quarterly GST returns including the two new boxes will be for the following periods:

- 1 November 2019 to 31 January 2020;
- 1 December 2019 to 29 February 2020; and
- 1 January 2020 to 31 March 2020.

Box 14 applies only to reverse charge businesses (e.g., financial institutions, residential property developers, etc.), whilst box 15 applies only to electronic marketplace operators supplying digital services.

All other GRB may complete their GST returns as usual.

For Reverse Charge Businesses and Electronic Marketplace Operators only

14 Did you import services subject to GST under **Reverse Charge**? Yes No

15 Did you operate an **electronic marketplace** to supply digital service subject to GST on behalf of third-party suppliers? Yes No

 [Read more](#)

Links to other updated guides/websites

[Budget 2020 – Overview of tax changes](#)

[Retail](#)

[Explanatory notes to GST remission for prescribed funds](#)

[User guide for funds e-filing for statement of claims \(SOC\)](#)

[Completing GST return](#)

[GST: Assisted self-Help Kit \(ASK\) annual review guide \(Tenth edition\)](#)

[GST on imported services](#)

[Purchasing digital services from overseas service providers](#)

[GST: Transfer of business as a going concern and other excluded transactions \(Fifth edition\)](#)

[GST: Guide on reimbursement and disbursement of expenses \(Fourth edition\)](#)

[GST: Guide on exports \(Sixth edition\)](#)

[GST: Guide on hand-carried exports scheme \(Third edition\)](#)

[GST: Guide for e-commerce](#)

[e-commerce](#)

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](#).

Richard Mackender
Indirect Tax Leader
Deloitte Asia Pacific

+65 6216 3270
rimackender@deloitte.com

Danny Koh
Indirect Tax Partner
Deloitte Singapore

+65 6216 3385
dakoh@deloitte.com

Robert Tsang*
Indirect Tax Partner
Deloitte Singapore

+65 6530 5523
robtsang@deloitte.com

*on secondment with Deloitte Middle East



Deloitte's 175th milestone year is the first anniversary to be acknowledged and celebrated globally.

This uniquely unifying moment offers the opportunity to demonstrate the value of Deloitte's role in the world—past and future. Deloitte has been making an impact that matters for 175 years and will continue to do so for many years to come.



[Dbriefs](#) is a series of live, on-demand and interactive webcasts focusing on topical tax issues for business executives. Obtain your Continuing Professional Education (CPE) credit for career development when you watch the webcast.

[Subscribe for the latest webcasts.](#)



Access the latest global and regional tax news, information, and resources from **Deloitte tax@hand**: A digital platform designed for global tax professionals, available anytime, on any device.

deloitte.com/taxathand



Deloitte Singapore | Add Deloitte as safe sender

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organisation"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax & legal and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the "Deloitte organisation") serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 312,000 people make an impact that matters at www.deloitte.com.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Ho Chi Minh City, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Shanghai, Singapore, Sydney, Taipei, Tokyo and Yangon.

About Deloitte Singapore

In Singapore, services are provided by Deloitte & Touche LLP and its subsidiaries and affiliates.

Deloitte & Touche LLP (Unique entity number: T08LL0721A) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organisation”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2020 Deloitte & Touche LLP