



# A Practical Guide To Goods & Services Tax (GST) In Singapore

2025 EDITION



# Contents

## **Overview of GST 2025** **3**

### **For Non-GST Registered**

When Should You Register For GST?	6
Benefits Of Registering GST Voluntarily	7
How GST Hike Affects Business Cash Flow And Profit?	8
Can You Apply For Exemption For GST Registration?	9

### **For GST-Registered**

Responsibilities Of GST-Registered Business	11
Business Preparation Checklist For GST Hike	15
Transitional Rules Of Rate Change	16
Adjustments And Considerations Of Contract	17
Non Compliance Penalties	18
Tips For Better Cash Flow Management	20

## **Frequently Asked Questions** **21**

# Overview of GST 2025

In this Budget 2022 presentation, Singapore's finance minister announced increments in the GST (Goods and Services Tax) rate as follows:

- **9%** with effect from **1 Jan 2024**

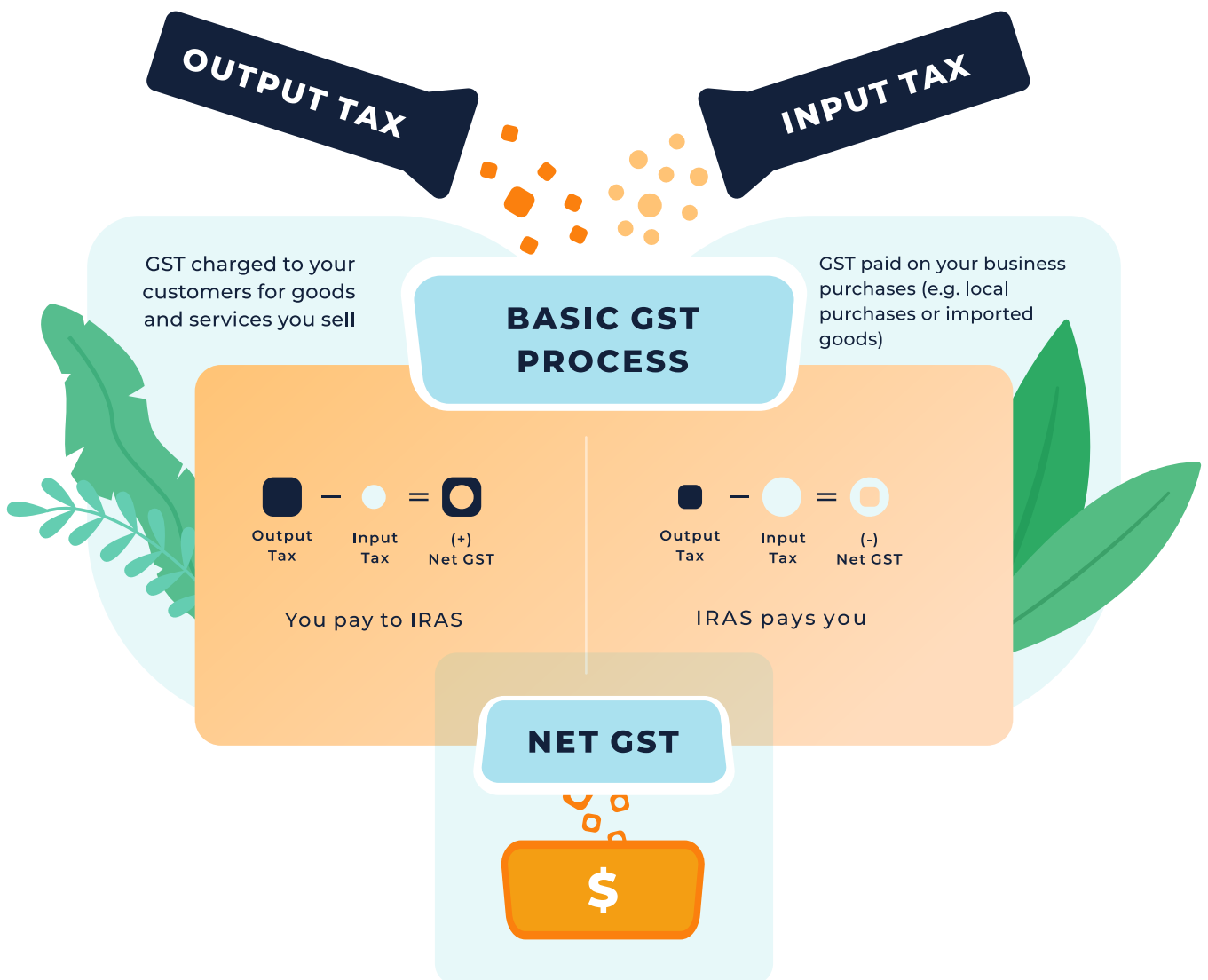
The GST rate change targets all GST-registered businesses that sell or purchases goods or services that are subject to the standard rate of GST.

**GST (Goods and Services Tax)** is a tax that the Inland Revenue Authority of Singapore (IRAS) charges on goods and services imported into Singapore. The tax is specifically meant for businesses with an annual turnover of at least SGD 1 million, although businesses with lower turnovers can voluntarily partake.

The finance minister disclosed that the revenue from the increase in GST will help provide support for the country's healthcare expenditure as well as cater for senior citizens.



# How GST Works?



The GST that a business collects from customers is called **output tax**. Conversely, GST paid on a business's purchases or paid to its suppliers is called **input tax**.

A GST-registered business can **claim credit** for its GST input tax thereby only paying GST on the amount of value-add, which is calculated as the difference between its output and input tax. This allows companies to **lower its cost by claiming credit on its input tax** as output tax are eventually pass on to the end customer.

# For Non-GST Registered Businesses



# When Should You Register For GST?



## TL;DR



1. **COMPULSORY**, if your annual turnover > \$1 million
2. **NOT COMPULSORY**, if your annual turnover < \$1 million, you can voluntarily register as well

Starting from 1 January 2019, businesses in Singapore must register for the GST if the value of their **annual taxable turnover** at the end of each calendar year (ending 31 December) **is greater than \$1 million**. This is known as the **retrospective view**.

**Prospective View:** You also must apply if you know that your taxable turnover will be more than \$1 million in the next 12 months.

You must present documentation to support the claim that your business will generate more than \$1 million in taxable turnover in the next 12 months. These documents may include the following:

- Invoices to customers.
- Signed contracts.
- Confirmed purchase orders.
- Past income statements show that the annual turnover for the past 12 months is close to \$1 million and is on an increasing trend.

**Voluntary Registration:** To do so, IRAS states that you must satisfy one of the following criteria:

- Your business **makes taxable supplies**.
- Your business only **makes out-of-scope supplies** (Out-of-scope supplies refer to sales of goods in transit and those that didn't enter Singapore).
- Your business **makes exempt supplies of financial services** that are also international services.
- Your business **procures services from overseas** service providers (you would not be entitled to full input tax credit even if you were GST-registered).

# Benefits of Voluntary Registration

Since you're voluntarily applying to become a GST-registered business, you also have to show that you understand the obligations and responsibilities of this status. IRAS requires either the company director, sole-proprietor, partner, trustee, or preparer of the GST returns (whichever is applicable) to complete and successfully pass the e-learning course "[Overview of GST](#)".



**Recovering Input Tax  
from Suppliers**



**Selling High To GST-  
Registered Customers**



**Offering And Procuring  
International Sales Easily**



**Enhanced Business  
Credibility**

# How GST Hike Affects Business Cash Flow And Profit?

If you're **not registered for GST**, you face a decision: either **absorb higher costs**, which could dent your profits, or pass those **costs to customers** through raised prices.

Consider making major purchases before the GST hike or paying early to lock in the current 9% rate—it could save you money.

As a **GST-registered business**, charging GST affects your non-registered customers, increasing their purchase costs. Some might switch to non-GST suppliers, posing a risk for you if you're considering registration.

Being GST-registered means it's on you to **file returns every quarter**, face potential audits, and keep records for five years. Though all can be done easily by outsourcing it to firms, you'll still want to assess if the GST you recover outweighs these compliance expenses for you.

Wonder whether you should be signing up GST for your business? You are free to [\*\*schedule a call with our experts\*\*](#) to advice you on this matter!

# Can You Apply For GST Exemption?

Even though you are required to register if you hit the threshold, you may apply for exemption from registration if you meet both the conditions below:

- At least 90% of its total revenue comes from supplies not subject to GST. These exempt supplies are known as **zero-rated supplies**.
- If your **input** tax is **greater than** your **output** tax. This means that IRAS would have to refund you.



Upon approval of your exemption application, you do not need to collect GST on your sales nor file GST returns. However, you **will not be able to claim** the GST incurred on your business purchases of goods and services.

To apply for exemption, you could complete the form **GST F2 Application for Exemption from Registration** and submit it to IRAS together with all the required documents stated in the form.

Once exempted from GST registration, it's important to keep monitoring your transactions to ensure you still meet the exemption criteria.

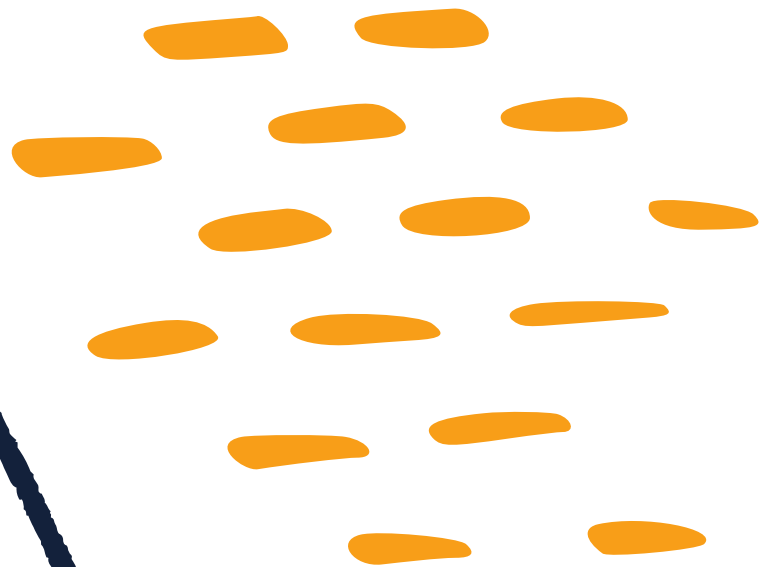
If you no longer qualify for the exemption and your yearly taxable turnover goes over S\$1 million, you need to inform IRAS within 30 days. This allows them to register you for GST.

# For GST Registered Businesses



# Responsibilities Of A GST-Registered Business

1. Charge And Account For GST On Standard-Rated Supplies
2. File GST Returns & Pay Tax Due
3. Keep Proper Business & Accounting Records
4. Display Prices With GST
5. Issue Tax Invoices With GST Registration Number
6. Notify IRAS Of Changes
7. Account For GST At Point Of De-Registration
8. Obligations For Registrants
  - a. Voluntary Registrants
  - b. Compulsory Registrants





## 1 Charge And Account For GST On Standard-Rated Supplies

In Singapore, you're required to charge and account for a 9% GST on standard-rated supplies of goods and services made locally. As of January 1, 2020, the **Reverse Charge** regime mandates GST on Business-to-Business (B2B) imported services, and the **Overseas Vendor Registration** regime covers Business-to-Consumer (B2C) digital services.

Starting from January 1, 2023, GST will expand to include imported low-value goods and B2C non-digital services. However, for local sales exceeding **\$10,000** in value of prescribed goods like mobile phones, memory cards, and off-the-shelf software subject to customer accounting, you should refrain from charging GST to your GST-registered customers. Instead, the GST-registered customer will be responsible for accounting for the GST as part of their output tax.

## 2 File GST Returns & Pay Tax Due

### File GST returns

All GST returns must be submitted via [mytax.iras.gov.sg](https://mytax.iras.gov.sg) within one month from the end of each accounting period. You can check your filing due date on myTax Portal.

If there is no transaction, a "NIL" GST return must still be filed. You may refer to [Overview of GST filing process](#) for step-by-step instructions on the filing process and on [Completing GST return](#) to learn how to complete GST returns.

### Paying GST due on time

Tax due must be paid within 1 month from the end of each accounting period (by the day when the GST return is due). If you are on GIRO plan for GST payment, GIRO deductions will take place on the 15th day of the month after the payment due date.



3

## Keep Proper Business And Accounting Records

You must keep all business and accounting records for **at least 5 years**. Here are a few types of records you should keep:

1. Income records
2. Purchase & business expense records
3. Source documents of all other business transactions that affect the output tax and input tax reported
4. Statements & accounting schedules
5. GST account



### PRO TIP

Getting the right help with **qualified accounting experts** can help you to save almost 80% of your time spent on navigating through records.

4

## Display Prices With GST

Any price displays, advertisements, publications or quotations in respect of goods or services made to the public must be inclusive of GST.

If both GST-inclusive and GST-exclusive prices are displayed, the GST-inclusive price must be displayed at least as prominently as the GST-exclusive price.

Failure to comply with each of these requirements is an offence that can result in a **fine of up to \$5,000**.

5

## Issue Tax Invoices With GST Registration Number

You are required to issue tax invoices/customer accounting tax invoices for your standard-rated supplies.

If the total amount payable for your supply (including GST) does not exceed \$1,000, you may issue a simplified tax invoice.

Your GST Registration Number should be reflected on all your tax invoices, simplified tax invoices and receipts.

## 6 Notify IRAS Of Changes

You need to inform the Comptroller within 30 days after any change to your business circumstances. These changes include:

- Change in GST mailing address;
- Change in business constitution or ownership;
- Change in partner(s) or particulars of partner(s); and
- Set up of new partnership businesses with the same composition of partners.

## 7 Account For GST At Point Of De-Registration

When your GST registration is cancelled, you need to account for GST on business assets held on the last day of registration if:

- GST was previously claimed on the business assets; and
- Total market value of these business assets **is more than \$10,000**

These assets include inventories, fixed assets, non-residential properties and goods imported under the various GST schemes.

## 8 Obligation For Registrants

### Voluntary Registrant

1. Use GIRO for payment and refund of GST;
2. Remain GST-registered for at least 2 years;
3. Comply fully with the responsibilities of a GST-registered business;
4. Make taxable supplies within 2 years if you have not started making taxable supplies at the point of applying for GST registration; and
5. Any other conditions as may be imposed by IRAS.

### Compulsory Registrant

Have to comply with any conditions as may be imposed by IRAS for the protection of revenue. For instance, businesses assessed to pose a risk to revenue may have conditions imposed on their GST registration by IRAS. The Comptroller may cancel the compulsory GST registration if there is evidence to conclude that you are committing or participating in a Missing Trader Fraud arrangement.



# Business Preparation Checklist



- Update your accounting and invoicing system
- Update your cash register and POS system
- Implement price display requirements as specified in IRAS
- Train your employees on the [transitional rules](#)
- Review your contracts/agreements
- Notify your customers about the GST rate change
- Consider applying for the Major Exporter Scheme if your business is mainly focused on imports and exports



## Transitional Rules that You Should Know Of

Section 394 of the GST Act specifies certain transitional rules that can be applied to transactions that span the GST rate change. Among these transactions are **reverse charge (RC)** supplies and imported services in the **OVR** regime.

A transaction is said to span a GST rate change if one or more of the following occurrences straddles (happens on either side) the rate change's date:

- The **date when an invoice is issued**
- **Receiving a payment** (or paying for a reverse charge supply);
- The precise **date when goods are delivered or services performed** (also known as “Basic Tax Point”)

### Scenario 1

If **full payment** is **received before** the GST rate change ( before/on 1 Jan 2024 ), you should **charge GST at 8%** on the supply even though invoice is issued or the goods are delivered after the GST rate change.

### Scenario 2

If **basic tax point** occurs **before** GST rate change but **full payment received on/after** rate change, you may choose to charge **9%** according to the transaction date; or **8%** as goods were delivered before rate change.

Read [here](#) for more.



## Adjustments and Considerations

### Adjustment of Contracts on Changes in Tax

If you have entered into contracts to supply goods or services **on/after 1 Jan 2024**, you can change the contractual consideration to charge GST at **9%** if the contract does not explicitly specify that any tax change is excluded or has already been taken into account.

If the contract contains such explicit terms, then you will not be able to change the contractual consideration. In such situations, you should account for GST using the tax fraction  $8/108$  multiplied by the total consideration.

### Adjustment of Tax Previously Charged

This area covers topics such as

- Issuing or receiving credit notes due to rate change
- Volume-related rebates
- Rebate given in the form of cash
- Rebate used to offset future sales
- Returned goods
- Goods exchange



# Non-Compliance Penalties



**FAILURE TO FILE YOUR GST RETURNS BY THE DUE DATE IS AN OFFENCE.**

IRAS may take the following enforcement actions if you fail to file by the due date:

1. Issue an estimated Notice of Assessment and impose a 5% late payment penalty on the estimated tax
2. Impose a late submission penalty
3. Summon the business or persons responsible for running of the business (including the sole-proprietor, partner and director) to Court

If you are a GST-registered business that has no business activity during the accounting period, you must still file a 'Nil' GST return. If your business has ceased, please apply for **cancellation of GST registration**.

## Late submission penalty

A late submission penalty of **\$200 is imposed immediately** once the GST return is not filed by the due date.

A further penalty of \$200 is imposed for every completed month that the GST F5/F8 return is not filed. The maximum penalty amount for each outstanding F5/F8 return is **\$10,000**. You must pay the late submission penalty along with the GST payments (if any).



## Estimated Notice of Assessment

IRAS will issue an estimated Notice of Assessment based on any information that IRAS may have. A 5% late payment penalty will be imposed on the estimated tax.

If your business receives an estimated **Notice of Assessment**, you must:

1. File your GST return immediately
2. The estimated tax and penalty will be revised once you declare your actual GST liability. Refer to the guide on [how to revise the estimated assessment](#).
3. Pay the GST inclusive of 5% late payment penalty before the due date stated on the late payment penalty notice
4. [Recovery actions](#) will be taken on any overdue amount if you fail to pay your GST.

The estimated GST payable can only be revised if the GST F5/F8 is submitted within 5 years from the end of the relevant accounting period.

## Appealing For Waiver Of Late Submission Penalty

Appeals can be made online via our [Appeal Penalty Waiver](#) digital service at [mytax.iras.gov.sg](https://mytax.iras.gov.sg).

You will need the following information to complete the appeal for waiver of penalty request online.

1. Accounting period ending (For example, for the period 1 Jan 2022 – 31 Mar 2022, please indicate “Mar 2022”.)
2. Designation
3. Contact number
4. Email Address

Appeals will only be considered if:

1. Your business has submitted the outstanding GST returns; and
2. Your business has paid all the overdue GST\*; and
3. Your business has filed its GST returns on time for the past 2 years.

*\*Payment must be reflected in your tax account. You can refer to [GST payments](#) for the various payment modes and processing times.*

# Tips For Better Cash Flow Management

Do you find yourself running out of cash before your next GST payout? Here are four strategies to help you counter this cash flow drain and sustain your business:

## 1 Invoice Promptly And Efficiently

Issue invoices to your customers as soon as the goods are delivered or services are rendered. This accelerates the collection of GST on your sales, improving your cash flow.

Consider offering early payment discounts to incentivise customers to pay promptly. This can further boost your incoming cash flow.

## 2 Optimise Your Payment Terms

Negotiate favorable payment terms with your suppliers, aiming for extended credit periods. This allows you to hold on to your cash for a longer duration before paying out GST on your purchases.

For example, you can buy large purchase of raw ingredients on a payment terms of 60 days instead of the standard 30 days. This gives you an additional 30 days to sell your goods and collect GST from customers before paying the supplier.

## 3 Utilise Advanced Financial Tools

Employ financial tools that are able to track your receivables and payables closely, so you are able to predict your future cash inflows and outflows. This helps you anticipate potential cash shortfalls and take proactive measures to mitigate them.



# Frequently Asked Questions

## **For administrative ease, can a business charge 9% GST on all invoices Issued on or after 1 Jan 2024, regardless of the payment received date?**

If the business received payment from a customer before 1 Jan 2024, it must charge 8% GST because the time of supply occurred before 1 Jan 2023. Therefore, the business cannot charge 9% GST.

## **Can I issue tax invoice now at GST of 9% for goods delivered after rate change date?**

No. You are not allowed to issue a tax invoice with GST at 9% before the rate change effective date. If you issue a tax invoice in 2023, you should reflect 8% GST on the tax invoice.

If the payment is not received before 1 Jan 2024, you will need to issue a credit note to cancel the original tax invoice and to issue a new tax invoice for the goods delivered after the rate change, showing 9% as the GST rate. When you issue the tax invoice to your customer before in 2023, you are advised to inform your customer on the potential GST adjustment under the rate change transitional rules to avoid disputes on the GST rate and GST amount payable on the supply.

## **Can I reflect the new and old GST rates in the same tax invoice for billing made on/ after rate change?**

Yes. You can reflect the new and old GST rates in the same tax invoice issued on/ after 1 Jan 2024.

## **What kind of documentary evidence should a company keep for election to account for GST at the old GST rate for Reverse Charge supplies?**

Examples of documentary evidence include service contracts clearly showing the date of completion of services, your acceptance or confirmation of the services provided by the supplier in 2023 or other commercial documents used in your business that are indicative of the date the services are performed. You must also maintain internal records (e.g. accounting entries/other documents) of the election to account for output tax at 8%.

# Grow Your Business Hassle-Free

GIVE US A CALL TODAY!

Leave the numbers to us while you spend time doing things that matters.

