

GST BULLETIN

Issue 13 / Jan 2017



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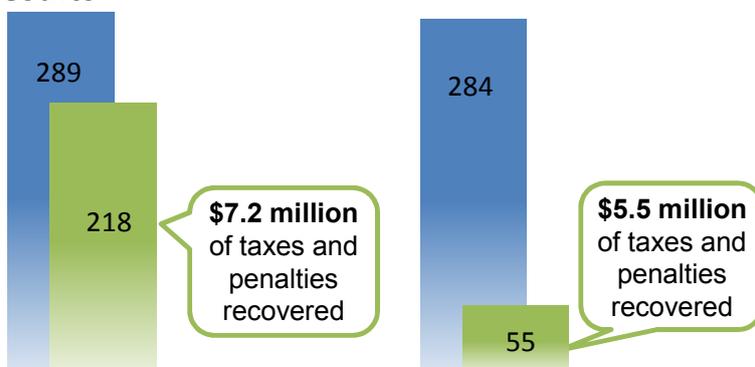
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Updates

GST Compliance Focus

In 2014 and 2015, we audited the **logistics industry** and the **sale of non-residential properties** by GST-registered businesses.

Audit Results



Logistic Industry

Sale of Non-Residential Properties

■ No. of businesses audited ■ No. of businesses which made errors

For more information, you may refer to "[Common GST mistakes made by the logistics industry](#)" & "[Common GST mistakes for sale of non-residential properties](#)"

What about in 2016 & 2017?

IRAS will stepping up audits on **large businesses** and checks on businesses' **display of GST-inclusive prices** to the public

Large Businesses with annual supplies of at least \$100 million are encouraged to undertake the GST [Assisted Compliance Assurance Programme \(ACAP\)](#) to enjoy audit exemption.

All Businesses must ensure that all your price displays, quotations, advertisements and publications to the public are inclusive of GST.



Revised e-Tax Guide – Logistic Industry



e-Tax Guide

Your Responsibilities as a Freight Forwarder

- 1** You must provide the export documents to your customers in a timely manner and comply with the Comptroller's requirements on export documents. Refer to Paragraph 13 of the e-Tax guide "[Logistic service industry](#)".
- 2** From 1 Jan 2017, you should maintain a register of the Subsidiary Export Certificates and Note of Shipments issued by you.

Revised e-Tax Guide – Fringe Benefits



You can now claim input tax on **more fringe benefits** provided to your employees. Refer to our e-Tax Guide "[GST: Fringe Benefits](#)" for the **latest** updates.

Type of Fringe Benefit	Input Tax Claimable?	Account for Output Tax?
Accommodation <ul style="list-style-type: none"> Temporary accommodation (not exceeding 30 days) provided to foreign employees who are relocated to Singapore or come to Singapore for business activities, up to their entitlement under the company policy 	Yes	No
Meals at the airport before and after business trips 	Yes	No
Transport: <ul style="list-style-type: none"> Transport foreign workers to and fro their dormitories and your work place/sites Transport employees to and fro your work place and external venues for meals, where your work place is located in a remote area not easily accessible by public transport (eg. remote industrial areas, shipyards, offshore islands) Transport for foreign employees who come to Singapore temporarily (not exceeding 30 days) for business meetings and projects 	Yes	No

Difficulties in determining the business and private portions of your employees' **mobile expenses**?



Claim input tax as follows:

- If you reimburse your employees in full, claim 4/7* of the GST incurred on their mobile phone expenses.
- If you reimburse your employees partially, claim 7/107 of the amount reimbursed or the amount in (a), whichever is lower.

**4/7 is an estimated proportion of mobile usage by employees for business purpose*

Example: Your employee incurred \$64.20 (including GST of \$4.20) of mobile phone expenses to make both business and personal calls. You reimbursed your employee the amount in full as you have difficulties determining the business and private portions of the expenses. Applying the concession and provided that you meet all other input tax claim conditions, you may claim 4/7 of the GST incurred on the mobile phone expenses, i.e. $4/7 \times \$4.20 = \2.40 .



Refer to [IRAS' website](#) for the latest updates on GST eTax Guides. You can also subscribe to our [eAlerts](#) to receive email notifications on eTax Guides and website updates.

myTax Portal Revamped

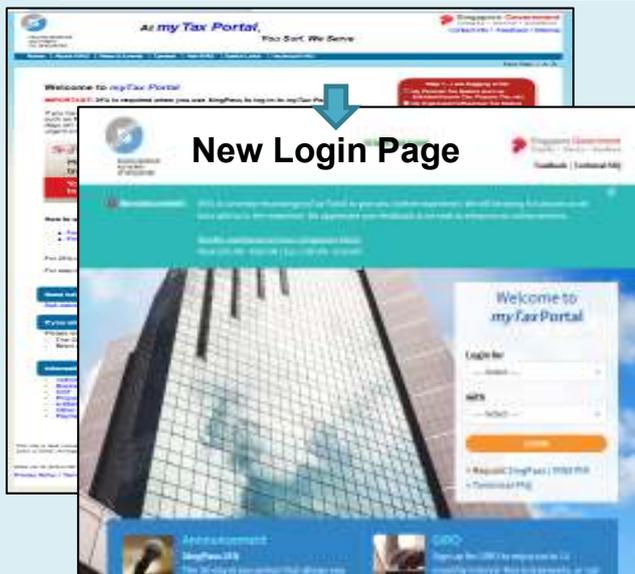
myTax Portal has a new look!

When you log into myTax Portal from 2 Jan 2017, you can expect:

- ✓ More user-friendly experience
- ✓ Clearer navigation
- ✓ Responsive web design across mobile devices
- ✓ A new summary page to view your filing status and tax account summary at a glance

These GST e-Services have been renamed:

- Update Contact Details (previously 'Update Contact Details & Subscribe to Alerts')
- View Filing Status (previously 'View Return Status')
- Notices (previously 'View Correspondences/Notices')



New Login Page



New Summary Page

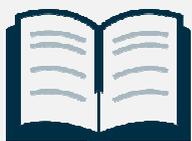
Coming Up

myTax Portal revamp is still ongoing. The other GST e-Services are being refreshed and will be launched in mid 2017.

GST Sharing

Input Tax on Motor Car Expenses

GST-registered businesses are entitled to claim GST incurred on business expenses if **all** of the [conditions for claiming input tax](#) are satisfied.



Regulation 27

GST incurred on the cost and running expenses (e.g. petrol, parking) of motor cars are NOT claimable

You cannot claim input tax relating to **motor cars**, including those that are:

- registered under the business' or individual's name, or
- hired for business or private use.



A 'motor car' is defined as one that is constructed/adapted for the carriage of not more than seven passengers exclusive of the driver and the weight of which unladen does not exceed 3,000 kilograms.

Deposits Received



When should I charge GST?

- You do not need to charge GST on deposits received that are refundable. E.g. rental deposit that is refundable at the end of the tenancy period.
- You need to charge GST on the deposit received if it is an advance payment for the goods or services to be supplied by you.

Filing of GST F7

Made an error in your GST filing?

You should file a GST F7 to correct the errors made in the submitted GST F5/F7/F8 forms.

As an [administrative concession](#), you can adjust the errors in your next GST F5 if both of the following conditions are met:

1. The **net GST amount in error** (i.e. output tax error - input tax error) for all the affected prescribed accounting periods is **not more than \$1,500**; and
2. The **total non-GST amounts in error** for (each of) the affected accounting period(s) is **not more than 5%** of the total value of supplies declared in the submitted GST return (i.e. Box 4). If there was no supply made in the affected accounting period, the 5% rule applies to the total value of the taxable purchases (i.e. Box 5).

Need help?



Click on the icon above to download our GST F7 Calculator

Example:



1. On 30 Dec 2016, ABC Pte Ltd discovered an error in its GST F5 filed for the period of Jul to Sep 2016



2. Does the error meet both conditions for the above administrative concession? **Yes**



3. ABC Pte Ltd can include the adjustment in its current GST F5 return for the period of Oct to Dec 2016

Lorries/Van not under the definition of motor cars:

G _ series: Light Goods vehicles (class 3/4/5) (e.g., GA – GZ)
(G-Plate lorries with maximum laden weight not exceeding 3,500 kg)

Y or X_ series: Heavy goods vehicles (class 3/4)
(X- or Y-Plate lorries with maximum laden weight exceeding 3,500 kg)

Regulation 27: *Disallowance of input tax relating to motor car*

27.—(1) *Input tax incurred by a taxable person on —*

(a) the supply or importation of a motor car; or

(b) the supply or importation of goods or supply of services, used by him directly in connection with a motor car, shall be excluded from any credit under sections 19 and 20 of the Act.

(2) Paragraph (1) shall not apply to any supply or importation of goods or supply of services used by an insurer directly in connection with a motor car of a person who contracted with the insurer for the insurance cover on that motor car, where the insurance cover commences on or after 1st January 2007.

Interesting observation:

75.4% (8 out of 10 audited) of logistics companies audited by IRAS GST is non-compliance with errors in GST submission and are made to pay penalties and GST recovery. Average penalty per company is \$33,000

19.3% (2 out of 10 audited) of companies with sale of commercial properties audited by IRAS GST is non-compliance with errors in GST submission and are made to pay penalties and GST recovery. Average penalty per company is \$100,000

Logistics companies are 4 times more likely to have GST errors vs companies with commercial properties, however, the fine and GST recovery for the latter is 3 times more than the former.



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