

IRAS e-Tax Guide

GST: Guide on Divisional Registration



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Table of Contents

	Page
1 Aim.....	1
2 At a glance	1
3 Conditions for Divisional Registration.....	1
4 Effects of Divisional Registration.....	4
5 Application for Divisional Registration	4
6 Contact Information.....	5
7 Updates and amendments	6

1 Aim

- 1.1 This e-Tax Guide explains the qualifying conditions and procedures in applying for divisional registration¹. Divisional registration allows GST-registered businesses with independent divisions or separate businesses to file GST returns by divisions or businesses instead of as a single entity. GST registered businesses are encouraged to read this guide before applying for divisional registration.

2 At a glance

- 2.1 A GST-registered person² that carries on business through independent divisions or separate businesses³ may find it difficult to consolidate the accounts of all its divisions or businesses to file a single GST return periodically (monthly or quarterly filing frequency). Divisional registration eases the GST administration of such a business structure by allowing the submission of GST returns by divisions or businesses.
- 2.2 A GST-registered person can choose to apply for separate registration for all his divisions, or just some of them. On successful application, the Comptroller will issue each division or business a separate GST registration number and allow each division or business to submit its own GST return.
- 2.3 GST is chargeable only on supplies made by a division or business to persons outside the entity. Supplies made between the divisions or businesses of the same entity are disregarded for GST accounting purposes. Similarly, GST is not chargeable on allocation of expenses to the various divisions.
- 2.4 Divisional registration does not alter the GST-registered person's GST liability. The parent body is still legally liable for the divisions.

3 Conditions for Divisional Registration

- 3.1 An applicant must satisfy all the following conditions to be eligible for divisional registration:
- (a) The applicant must already be registered for GST.
 - (b) There are genuine difficulties for the taxable person to submit a single return in respect of all of its businesses or divisions.

¹ This e-Tax guide replaces the IRAS's e-Tax guide on "GST: Guide on GST Divisional Registration" published on 1 Feb 2009.

² He can be a corporate body, sole-proprietor, partnership or others.

³ For example: (i) a sole-proprietor owns a few sole-proprietorship businesses of different business activities; (ii) a corporate body has a few independent divisions running businesses in different locations.

- (c) Each division or business maintains an independent accounting system.
 - The books of accounts and business records of each division or business are kept separate from those of the other divisions or businesses; and
 - The applicant is already preparing accounts on a division basis before consolidating the accounts.
 - (d) Each division or business is separately identifiable by reference to the nature of the activities carried on or by reference to the location.
 - A division or business should be carrying on different activities or operating in different locations. It need not be selling different goods or providing different services.
- 3.2 In addition, where the applicant is making both taxable and exempt supplies⁴, divisional registration can only be granted if he satisfies both (a) and (b) below:
- (a) The value of his exempt supplies must not exceed the De Minimis limit specified under Regulation 28 of the GST (General) Regulations. The current limit is \$40,000 per month on average and 5% of total supplies.
 - (b) The GST-registered person does not carry on the following business of making exempt supplies⁵:
 - (i) A full bank, wholesale bank or offshore bank required to be licensed under the Banking Act;
 - (ii) A merchant bank required to be approved as a financial institution under section 28 of the Monetary Authority of Singapore Act;
 - (iii) A life insurance company or a general or life reinsurance company required to be registered under the Insurance Act or a reinsurance broker;
 - (iv) A finance company required to be licensed under the Finance Companies Act;
 - (v) A moneylender required to be registered under the Moneylenders Act; a money changer or remitter required to be licensed under

⁴ For more information on partial exemption, please refer to our e-Tax Guide “Partial Exemption and Input Tax Recovery”, which may be downloaded from www.iras.gov.sg under Quick Links > e-Tax Guides > GST.

⁵ Regulation 34 of the GST (General) Regulations

the Money-changing and Remittance Business Act or a currency trader;

- (vi) Pawnbroker required to be licensed under the Pawnbrokers Act;
- (vii) A debt factor;
- (viii) A credit card, charge card or other payment card company;
- (ix) An investment trust or unit trust excluding any Real Estate Investment Trust (REIT), REIT special purpose vehicle (SPV), business trust or business trust SPV.

Or

He makes other exempt supplies except the following exempt supplies⁶:

- (i) Deposit of money;
- (ii) Exchange of currency other than the supply of a note or a coin as a collector's item;
- (iii) Issue, allotment or transfer of ownership of debt security issued in the name of the trader's company;
- (iv) Issue, allotment or transfer of ownership of the trader's own equity security;
- (v) Provision of any loan, advance or credit to his staff;
- (vi) Assignment of trade receivables;
- (vii) Issue of units under any unit trust or business trust;
- (viii) Prescribed hedging activities;
- (ix) Interest received from bonds;
- (x) Interest received on the provision of trade credit;
- (xi) Issue or transfer of ownership of Islamic debt securities under an Islamic debt securities arrangement;

⁶ Regulation 33 and 35 of the GST (General) Regulations

- (xii) Provision of financing under an Islamic debt securities arrangement.

3.3 The Comptroller of GST may impose additional conditions or requirements before approving an application.

4 Effects of Divisional Registration

4.1 Each separately registered division or business will have its own GST registration number. This will be different from the registration number given earlier to the GST-registered person before divisional registration. Each division or business has to quote its own GST registration number and name on its tax invoices, files its own GST return within the statutory time limit and keeps proper accounting records of the GST transactions declared.

4.2 Divisional registration is an administrative facility and does not alter the liability or entity that is liable for GST. The taxable person (including all its divisions) remains legally responsible for any tax or penalty due under the GST Act. The separately registered divisions do not become separate taxable persons due to divisional registration. Therefore, the Comptroller may withhold any repayments to a separately registered division and may use them to satisfy another division's outstanding tax or penalty.

4.3 GST is not chargeable on supplies made between divisions of the same entity. GST is chargeable only on supplies made by a division or business to persons outside the entity.

4.4 To qualify for GST schemes such as Major Exporter Scheme (MES) or Import GST Deferment Scheme (IGDS), the GST-registered person (as one legal entity) must meet all the qualifying conditions for the scheme. A division cannot qualify for GST schemes by itself.

5 Application for Divisional Registration

5.1 A GST-registered person can apply for divisional registration by submitting GST F11 "Application for Divisional Registration" form. He must quote the GST registration number/Unique Entity Number ('UEN') when applying for separate registration for any of its divisions or businesses. He also has to state the difficulties faced in submitting a consolidated GST return of all its divisions or businesses within the due date for GST submission if divisional registration is not approved.

5.2 Only GST-registered person can apply for divisional registration. If the applicant is not a GST-registered person, he must first be registered for GST before he can be considered for divisional registration. He has to submit the following forms:

- (a) GST F1 “Application for GST Registration”; and
 - (b) GST F11 “Application for Divisional Registration”.
- 5.3 To add or remove new division(s) from the existing divisional registration or to cancel divisional registration, the GST F12 “Application for Inclusion/ Removal of Division to/ from existing Divisional Registration/ Deregistration of Divisional Registration” form has to be submitted.
- 5.4 These forms can be downloaded from our website at <http://www.iras.gov.sg>.
- 5.5 Once divisional registration is approved, a division or business shall remain separately registered for a period of not less than two years or such other shorter period as the Comptroller may determine. Therefore, application for cancellation of divisional registration will only be considered if this condition is met.
- 5.6 The Comptroller may by notice in writing cancel the divisional registration if any of the qualifying criteria are no longer satisfied or where the Comptroller thinks it is necessary for the protection of revenue. The effective date of the cancellation of divisional registration will be the date of cancellation or a later date agreed between the Comptroller and the GST-registered person.
- 5.7 A GST-registered person cannot enjoy both group and divisional registration as both forms of registration are meant for different purposes. Group registration⁷ allows submission of one periodic GST return for all the members of the group while divisional registration allows each division or business to submit one periodic return.

6 Contact Information

- 6.1 For enquiries on this e-Tax Guide, please contact:

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⁷ Refer to e-Tax Guide “GST: General Guide on Group Registration” for more information.

7 Updates and amendments

	Date of amendment	Amendments made
1	1 Apr 2016	i) Amended paragraph 2.1 on filing frequency