

IRAS e-Tax Guide

GST: General Guide on Group Registration (Second edition)



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GST: General Guide on Group Registration

1 Aim

- 1.1 This e-Tax Guide explains the mechanism and qualifying conditions for group registration¹. Group registration allows companies within a group to centralise their GST administration and reporting by filing one GST return. GST-registered companies that are interested in applying for group registration are encouraged to read this guide before proceeding with the application.

2 At a glance

- 2.1 Group registration allows two or more companies within a group to file GST returns as a group instead of individually. One of the companies in the group will be the “representative member” while the others are members. On successful application, the Comptroller will register the group in the name of the representative member.
- 2.2 Supplies of goods or services made by or to any member of the group shall be treated as being made by or to the representative member² and accounted for by the representative member.
- 2.3 The purpose of group registration is to reduce administration cost of groups of companies in GST reporting. It is not meant to facilitate tax planning by companies.
- 2.4 Existing companies with centralised group accounting functions would benefit from group registration, as they do not need to break up their present structures for GST reporting purposes. They can report GST as a group.
- 2.5 Supplies made between members of the group are disregarded for GST purposes and this helps to reduce compliance costs as well as improve cash flow for the group.

3 Effect of Group Registration

- 3.1 Submission of a single GST return

The representative member has to report the GST transactions of the whole group in a single GST return and submit the GST return within the statutory time limit. All members of the group are required to keep proper accounting records of the GST transactions declared in the group’s GST return.

¹ This e-Tax guide replaces the IRAS’s e-Tax guide titled “General Guide on GST Group Registration” published on 1 May 2008.

² Section 30(1)(c) of the Goods and Services Tax Act

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3.2 Joint and Several Liability

All the members of the group are jointly and severally liable for any tax due from the representative member³.

A former member will be held liable for tax due during its period of membership even after it has left the group. The representative member must ensure that all its group members are aware of this liability.

3.3 Input tax claim

The group is treated as one taxable person for the purpose of applying the partial exemption rules. If any member of the group makes exempt supplies, the group has to apply the partial exemption rules to the entire group which may result in lower input tax recovery as compared to before the group registration.

3.4 Offsetting GST Refunds Against Other Tax Arrears

If any member of the group owes any tax besides GST, the Comptroller of GST may be appointed to collect the outstanding tax. In such an event, all members of the GST group are required to authorise the representative member to transfer any GST credit that may be due to the GST group to pay the outstanding tax of any member of the GST group. If such authorisation is not made, the Comptroller of GST will apportion any GST credit that may be due equally and transfer an amount equal to the member's share to pay its outstanding tax.

3.5 Invoicing Requirements

A new GST registration number will be issued to the group. This number identifies the group as a whole and will not change with addition or withdrawal of members or change of representative member.

All members must quote the group registration number on their tax invoices. They are not allowed to use their individual GST registration numbers that were given to them prior to joining the group. However they should use their individual names for easy identification.

3.6 Accounting for Intra-group Supplies

Goods or services supplied between members of the same group are disregarded for GST purposes. In other words, no GST will be imposed on intra-group supplies.

Supplies of goods and services by or to any member are treated as supplies by or to the representative member. Any GST paid or payable by any

³ Section 30(2) of the Goods and Services Tax Act

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member on the importation of goods in the course of its business is also treated as paid or payable by the representative member.

3.7 Companies under Special Scheme

Companies under the Major Exporter Scheme (MES) or Import GST Deferment Scheme (IGDS) will be removed from the scheme once group registration is granted. To enjoy such a scheme again, the representative member has to apply for these schemes on behalf of the entire group.

For companies under the Zero GST Warehouse Scheme, Approved Third Party Logistics Company Scheme or any other scheme, the Comptroller will assess whether the relevant scheme can be allowed to continue after group registration. If the scheme cannot be continued, it will then be removed.

3.8 Changes to taxable supplies made between members before Group Registration

Following group registration, any adjustments to the supplies previously made between members prior to group registration will have to be adjusted in the individual members' GST returns using GST F7⁴. As such supplies are not intra-group supplies, adjustments to the GST charged earlier will have to be made by that group member accordingly. Debit or credit notes issued to adjust the past taxable supplies must also include the relevant GST amount.

4 Qualifying Conditions for Group Registration

4.1 To be eligible for group registration or to include a new member to an existing GST group, all, the following conditions must be satisfied:

- Each member in the proposed group must already be registered for GST individually.
- Each member⁵ in the proposed group must possess at least one of the following attributes:
 - (i) A resident in Singapore or has an established place of business in Singapore⁶;

⁴ GST F7 "Disclosure of Errors on GST return" can be requested online through 'myTax Portal'.

⁵ With effect from 1 May 2008, Regulation 3, 4 and 6 of the Goods and Services Tax (General) Regulations has been amended to allow overseas businesses to be included in the group so long as it satisfies one of the attributes.

⁶ A company has an "established place of business" in Singapore if:

- it has a place in Singapore from which it carries on its business; and
- its physical presence is connected to a particular premise in Singapore; and
- this place of business is intended to have a degree of permanence.

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- (ii) Has an annual turnover (includes standard-rated supplies, zero-rated supplies, out-of-scope supplies and exempt supplies) of at least S\$1 million;
 - (iii) Listed on a securities exchange established in or outside Singapore;
 - (iv) A subsidiary of a body corporate that fulfils (ii) or (iii); or
 - (v) Financed by an entity (as part of its venture capital investment business) that fulfils (ii) or (iii).
 - The representative member in the proposed group must be a corporate body that is a Singapore resident⁷ or corporate body with an established place of business in Singapore. In other words, an overseas company cannot be nominated as the representative member of the group.
 - Each member in the proposed group must satisfy one of the control requirements specified in Regulation 4 of the GST (General) Regulations:
 - (i) One of the members controls each of the others;
 - (ii) One non-member (whether a body corporate or an individual) controls all the members; or
 - (iii) Two or more individuals (non-member) carrying on a business in partnership control all of the members that are body corporate.
- 4.2 Group registration is subject to the approval of the Comptroller. The Comptroller can refuse an application for the protection of revenue.
- 4.3 Meaning of Control
- 4.3.1 A body corporate is said to control another body corporate if it is that body's holding company within the meaning of section 5 of the Companies Act. An individual is said to control a body corporate, if he has the control equivalent to that of a holding company within the meaning of the Companies Act.
- 4.3.2 For control to exist, there must be a holding company-subsidary company relationship. Control exists if any one of the following conditions is satisfied:

⁷ For GST purposes, 'Singapore resident' has a similar definition to income tax resident status. A corporate body is considered a Singapore resident if the control and management of the corporate body is exercised in Singapore.

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- The holding company **controls** the composition of the board of directors of the other corporate body;
- The holding company **controls** more than half of the voting power of the other corporate body;
- The holding company **holds** more than half of the issued share capital (excluding preference shares) of the other corporate body.

5 Partially-Exempt Companies & Input Tax Recovery

5.1 All group members are treated as one GST entity after group registration.

5.2 In general, input tax recovery is made on a group basis using the standard method as follows:

- Input tax directly attributable to the making of taxable supplies will be claimable;
- Input tax directly attributable to the making of Regulation 33 exempt supplies will be claimable. This is on the condition that the group members are not carrying on a Regulation 34 business and the Regulation 35 test is satisfied.
- Input tax directly attributable to the making of non-Regulation 33 exempt supplies is not claimable.
- Residual input tax, i.e. input tax that is **not** directly attributable to the making of taxable or exempt supplies shall be apportioned in the following manner:-

(i) if the group members are not carrying on Regulation 34 business and the Regulation 35 test is satisfied –

$$\begin{array}{rcccl} \text{Recoverable} & & & & \\ \text{residual input tax} & = & \text{Total residual} & \times & \frac{\text{Value of taxable supplies} + \text{Value of Regulation 33 exempt supplies}}{\text{Value of total supplies}^{\#}} \end{array}$$

(ii) otherwise –

$$\begin{array}{rcccl} \text{Recoverable} & & & & \\ \text{residual input tax} & = & \text{Total residual} & \times & \frac{\text{Value of taxable supplies}}{\text{Value of total supplies}^{\#}} \end{array}$$

[#] The value of total supplies includes the value of taxable supplies and exempt supplies (Regulation 33 and non-Regulation 33 exempt supplies). Exempt supplies that can be treated as incidental exempt supplies under regulation 29(3) of the GST (General) Regulations can be deducted from the value of total

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supplies. For more information, please refer to the e-Tax Guide “GST: Partial Exemption and Input Tax Recovery”.

[Note: Any GST incurred on expenses specifically disallowed under Regulations 26 and 27 of the GST (General) Regulations, or for non-business purposes, is not claimable.]

6 Comptroller’s Powers

6.1 The Comptroller will consider each application on its own merits.

6.2 The Comptroller is empowered to de-register a group or remove any member from an existing group if:

- The group or any member has at any time ceased to satisfy any of the control requirements;
- The group or any member has failed to comply with any conditions or requirements imposed by the Comptroller as he may think fit;
- The group or any member has provided any false, misleading or inaccurate declaration or information in its application;
- The representative member of the group ceases to satisfy any of the requirements for eligibility to be a representative member;
- None of members of the group is eligible to be a representative member; or
- It is necessary for the protection of revenue.

7 Application for GST Group Registration

7.1 Before applying for GST group registration, the group should nominate a “representative member” and ensure all members of the group satisfy the qualifying criteria.

7.2 GST-G-1: Application for Group Registration

- All members of the group must make a joint application to the Comptroller using Form GST-G-1. In the application, they should specify the name of the nominated representative member.
- The application must be made **at least 90 days** before the proposed effective date of the group registration.

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- The Comptroller reserves the right to approve grouping on a date later than that requested if the application for group registration is not made at least 90 days before the requested date for group registration.

7.3 GST-G-2: Application for Inclusion/Removal of Member To/From the GST Group

Application Form GST-G-2 must be submitted to include new members in the group or when a member leaves/is removed from the group. The Comptroller can refuse the application if he thinks fit.

7.4 GST-G-3: Application for Deregistration of Group

Application Form GST-G-3 must be submitted to deregister the group. Once the group is deregistered, the group GST registration number will be cancelled. From that point onwards, all members must use their individual GST registration number that were given to them before the group registration.

7.5 GST-G-4: Application for Change of Group Representative Member

Application Form GST-G-4 must be submitted to change the group representative member. The Comptroller has the right to refuse the application if he thinks it is necessary to do so.

7.6 The application forms can be downloaded from our website at www.iras.gov.sg under Quick links > Forms > GST.

8 Obligations under Group Registration

8.1 The Comptroller must be informed when any member starts to make exempt supplies.

8.2 Every member of the group and its representative member must continue to satisfy all the qualifying conditions at all times.

8.3 The representative member must inform the Comptroller in writing within 30 days if any of the members ceases to satisfy any of the qualifying conditions. The Comptroller shall remove the affected member from the group or deregister the group altogether.

8.4 On notification and subsequent review, the Comptroller may decide to de-register the group or remove any member from the group where appropriate.

8.5 Notwithstanding the above, the Comptroller has the power to de-register a group or remove any member of an existing group.

9 Contact Information

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

Goods & Services Tax Division
Inland Revenue Authority of Singapore
55 Newton Road
Singapore 307987
Tel: 1800 356 8633
Fax: (+65) 6351 3553
Email: gst@iras.gov.sg

10 Updates and amendments

	Date of amendment	Amendments made
1	5 Apr 2016	Amended the note [#] under paragraph 5.2

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Annex 1 – Notes for form completion

GST-G1: Application for Group Registration

These notes and the General Guide on Group Registration must be read jointly when completing the application form.

Please fill in all particulars as required as an incomplete form may delay processing of your application.

CONDITIONS

(a) Registration for GST

Members who wish to be grouped must first be registered individually for GST.

The Comptroller reserves the right to allow grouping on a date later than that requested.

(b) Time for filing application

You are required to submit your application to the Comptroller at least 90 days before the proposed effective date of the group registration. Please ensure that the group's accounting and administrative system is ready by the proposed date.

(c) Proposed Group Structure

Please attach the organisational chart of the proposed group together with the application form. The organisation chart must highlight the following particulars:

- (i) the name of the person controlling the group;
- (ii) the names of all members in the proposed group;
- (iii) how the person in paragraph (i) controls each member mentioned in paragraph (ii), stating the percentage of voting power, or the issued share capital, or the basis of control over the composition of the board of directors of each member;
- (iv) indicate the position of the nominated representative member in the organisational chart; and
- (v) indicate all partially-exempt members.

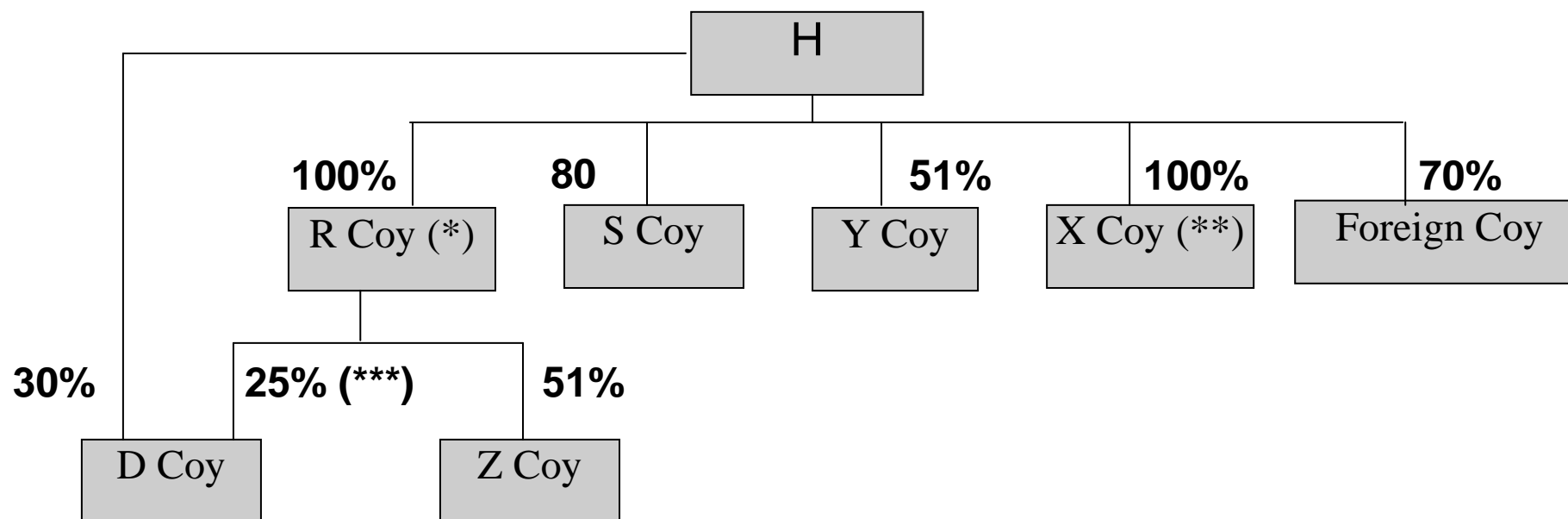
An example of the above is illustrated in **Annex 2**.

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(d) Members applying for group registration

All members applying for group registration must declare and sign in this application form. They will all be liable jointly and severally for any tax due from the proposed representative member.

Annex 2 – Example of a proposed group structure



Note: -

Person controlling the group is H

*Nominated Group Representative Member

** Partially-exempt member

*** Through R Coy, H controls the composition of the Board of Directors of D Coy