

IRAS e-Tax Guide

GST: Pre-registration Claims on Goods and Services (For Businesses Registered for GST before 1 July 2015)



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1 Aim

- 1.1 This e-Tax Guide¹ explains the GST treatment for goods and services acquired by a business before it is registered for GST (“pre-registration GST”) and provides apportionment methods in situations where the pre-registration GST incurred is partially claimable.
- 1.2 You should read this guide if you are registered for GST **before 1 July 2015** and have acquired goods or services before your GST registration date.

2 At a Glance

- 2.1 In general, GST-registered businesses can only claim GST incurred on the portion of goods and services used or to be used to make taxable supplies after GST registration.
- 2.2 Where goods and services acquired by businesses before GST registration are used to make supplies straddling GST registration, or where goods are partially consumed before registration, businesses are required to apportion the pre-registration GST incurred. Only the portion that is attributable to taxable supplies made after registration is claimable.

Checklist

- 2.3 Before you make a pre-registration GST claim, complete the Pre-registration GST: Checklist for Self-Review of Eligibility of Claim (Annex C) to assess your eligibility for the claim. You are not required to submit the completed checklist to us but you need to maintain it as part of your records.
- 2.4 This guide provides the methods to be used in apportioning pre-registration GST claims and gives examples to illustrate the application of these methods. Businesses that wish to use other apportionment methods are required to seek the Comptroller’s prior approval by explaining the methods to be used and the basis for using the methods instead of the publicised methods.
- 2.5 As the existing legislation for pre-registration input tax claims has been in place since April 1994, businesses are required to apportion their pre-registration input tax claims even prior to the publication of this guide. However, the concessions mentioned in this guide would be applicable only to businesses that are registered for GST on or after 1 Dec 2012.

¹ This e-Tax guide replaces the IRAS’ e-Tax Guide “GST: Pre-registration Claims on Goods and Services” published on 8 Jan 2013. For businesses that have registered for GST on or after 1 July 2015, please refer to the IRAS’ e-Tax Guide “GST: Pre-registration Claims on Goods and Services (for Businesses Registered for GST on or after 1 July 2015”.

3 What is Pre-registration GST

- 3.1 The time of supply rules determine when supplies are made to a business for the purpose of claiming input tax. A supply of goods or services will be considered as made before your GST registration if the invoice is issued or the payment is received by your supplier, whichever is the earlier, before your GST registration. The GST incurred on such supplies is known as pre-registration GST. You may claim the pre-registration GST incurred if you satisfy the conditions elaborated in paragraph 4 of this guide.

4 Qualifying Conditions for Claiming Pre-registration GST

- 4.1 To claim pre-registration GST, you have to satisfy both the general rules for input tax claims² and the pre-registration GST rules under the GST (General) Regulations.

General Rules for Input Tax Claims

- 4.2 To claim pre-registration GST, you must satisfy the general input tax rules:
- a) The goods or services must have been supplied to you. For imported goods, the goods must have been imported by you;
 - b) The goods or services are used or to be used for the purpose of your business;
 - c) The goods or services must be used for the making of taxable supplies³ or out-of-scope supplies which would be taxable supplies if made in Singapore, in the course or furtherance of your business;
 - d) It must not be disallowed under regulations 26 and 27 of the GST (General) Regulations.
- 4.3 If the pre-registration GST does not satisfy any of the above conditions, it will not be claimable. For example, if the pre-registration claim is incurred in relation to an exempt supply, it is not claimable as it would have failed 4.2(c).

Pre-registration GST Rules

- 4.4 In addition to satisfying the general input tax rules, you will have to satisfy the conditions elaborated in paragraphs 4.5 to 4.6 in order to claim pre-registration GST incurred on your business acquisitions.

² Except for the requirement that businesses be GST-registered at the time when the supplies are made to them.

³ If the business makes partly exempt and partly taxable supplies after GST registration, attribution of input tax is required as only the portion attributable to the making of taxable supplies is claimable. For more information, please refer to our e-Tax Guide on "Partially Exempt Traders and Input Tax Recovery".

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Pre-registration GST incurred on goods

- 4.5 Pre-registration GST incurred on goods is not claimable if you have consumed or supplied the goods before your GST registration date.

Pre-registration GST incurred on services

- 4.6 Pre-registration GST incurred on services is not claimable if:
- The services acquired by you relate to goods already supplied or consumed by you before the date of your GST registration;
 - The services acquired by you relate to services supplied by you to your customers before the date of your GST registration;
 - The services are supplied to you more than 6 months before the date of your GST registration.

5 Attribution of Pre-registration GST

- 5.1 The key principle that can be drawn from the pre-registration GST rules is that the GST is allowable only to the extent that the goods or services acquired are used or to be used for taxable supplies made after GST registration. Hence, if the goods have been consumed or supplied, or services have been used to make supplies before registration, the pre-registration GST incurred is not allowable.
- 5.2 The need to attribute pre-registration GST arises if you make supplies both before and after registration (i.e. supplies that straddle your GST registration date). You should segregate and attribute the pre-registration GST to:
- Taxable supplies made after GST registration – claimable (for services, this is subject to the condition that the services are not acquired more than 6 months before GST registration)
 - Supplies made before GST registration – not claimable
- 5.3 In instances where the goods or services acquired are used to make supplies straddling your GST registration and they cannot be directly attributed to either supplies made before or after GST registration, the GST incurred needs to be apportioned using a reasonable basis.
- 5.4 The remaining sections of this e-tax guide focus on the apportionment of pre-registration GST where the goods or services acquired are consumed and/or supplied by the taxable person over periods straddling GST registration.

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6 Apportionment for Goods

6.1 Instances where you are required to apportion pre-registration GST include:

- Consumables such as stationery, office supplies (e.g. toner, printer paper), lubricants for machinery and equipment etc partially consumed before GST registration;
- Raw materials partially used before GST registration to produce goods;
- Trading stocks partially supplied before GST registration;
- Rental of property and consumption of utilities⁴ straddling GST registration;
- Movable and immovable properties (i.e. fixed assets) put into use or rented out before GST registration.

Apportionment method for consumables and trading stocks

6.2 The pre-registration GST incurred on consumables and trading stocks can be apportioned according to the actual units consumed or supplied before GST registration.

Example 1:

Company ABC who was registered for GST on 1 February 2011 purchased three cartons of lubricants for its equipment before registration. GST of \$300 was incurred on the purchase. Out of the three cartons, two cartons of the lubricants were used up before registration. Hence, GST incurred on the two cartons would be disallowed. Pre-registration GST that is allowable on the one carton:

$$1/3 \times \$300 = \$100$$

Apportionment method for raw materials

6.3 Raw materials used before GST registration to produce goods are considered as consumed before GST registration and is not allowable. However, as an administrative concession, IRAS would allow the GST incurred on the raw materials if the finished goods produced using the raw materials are not sold before GST registration. You are required to keep the necessary records to track the raw materials used to produce the finished goods and the subsequent movement of the finished goods as proof. Apportionment is required only if the raw materials are used in the production of goods, some of which are supplied before and some after GST registration.

⁴ Lease of properties such as office rental and hotel accommodation is treated as a supply of goods for GST purposes. Likewise, supply of utilities such as electricity, gas, water, light, heat, refrigeration, air-conditioning or ventilation is treated as goods for GST purposes. Hence, rental of property and utilities incurred prior to GST registration are considered as goods consumed before registration.

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Example 2:

Company ABC registered for GST on 1 Jan 2013 purchased three cartons of raw materials before registration. GST of \$300 was incurred on the purchase. Out of the three cartons, two cartons of raw materials were used before registration to produce 20 units of goods. 10 units of the goods were sold before registration. Pre-registration GST that is allowable:

$$(1/3 \times \$300) + (2/3 \times 10/20 \times \$300) = \$200$$

Apportionment method for rental and utilities

- 6.4 The pre-registration GST is to be apportioned according to the period of consumption covered by the rental or utilities bill.

Example 3:

Company XYZ which was registered for GST on 15 May 2011 incurred pre-registration GST of \$700 on its office rental for the period covering 1 Apr 2011 to 30 Jun 2011 (91 days). The portion of pre-registration GST incurred on the rental for the period covering 1 Apr 2011 to 14 May 2011 (44 days) would be disallowed. Pre-registration GST allowable for the period from 15 May 2011 to 30 Jun 2011 (47 days):

$$47/91 \times \$700 = \$361.54$$

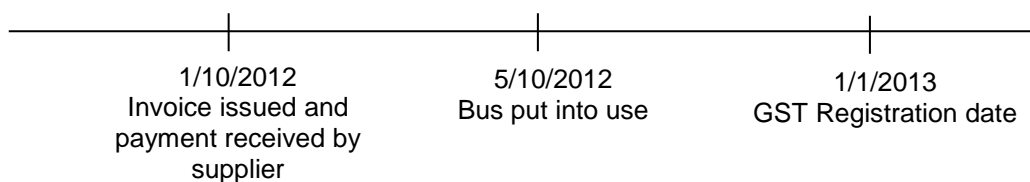
Administrative concession for movable properties acquired within 6 months and put into use before GST registration

- 6.5 Examples of movable properties include office computer and peripherals, office furniture and fittings, delivery vans and lorries.
- 6.6 For movable properties acquired and put into use or leased before the date of your GST registration, rightfully part of the GST incurred is not allowable. However, as an administrative concession to ease compliance, IRAS shall allow in full the GST (subject to the general rules for input tax claims) incurred on such properties if the movable properties were acquired by you within 6 months before the date of your GST registration and are still held at the date of your GST registration. The concession applies even if your business has commenced making supplies before its GST registration.
- 6.7 For simplification purpose and unless you are able to prove that the movable property was put into use later than the date of its acquisition⁵, the Comptroller shall take the date when the movable property was acquired as when the property was put into use.

⁵ An example would be delivery order showing that the asset is delivered only after the invoice and payment date and hence, the asset could not have been put into use earlier.

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Example 4:

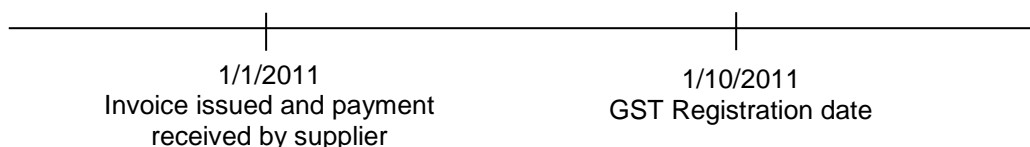


Co A has been running a private bus transport business since Oct 2010. In year 2012, Co A expanded its fleet of buses by purchasing a bus on 1 Oct 2012. The GST incurred on the bus amounted to \$9,500. The bus was put into use (i.e. to transport passengers) on 5 Oct 2012. Co A subsequently registered for GST on 1 Jan 2013. Since the bus was purchased less than 6 months before the date of registration, Co A can claim full input tax of \$9,500 on the purchase.

Apportionment method for movable properties acquired more than 6 months before GST registration

- 6.8 For movable properties acquired more than 6 months before the date of GST registration and put into use before GST registration, the apportionment of the pre-registration GST shall be based on the useful life of the asset used for income tax purposes⁶ or for accounting purposes, whichever is the shorter.
- 6.9 The useful life shall commence from the date of its acquisition. However, if you can track when the movable property was put into use and prove that it took place later than the date of its acquisition, the useful life can commence from the date when the property is put into use. No adjustment would be required should the actual life span differ from the useful life used for income tax or accounting purposes.
- 6.10 For the purpose of the administrative concession and apportionment of pre-registration GST in relation to movable properties (as mentioned in paragraphs 6.6 to 6.9 above), the date of the invoice issued by the supplier or payment made to the supplier, whichever is earlier, shall be taken as the date when the movable property is acquired.

Example 5:



Co B was in the food manufacturing business since 2009. On 1 Jan 2011, Co B purchased a food packaging machinery as part of a business expansion plan. The GST incurred on

⁶ Sixth Schedule to the Income Tax Act

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the purchase amounted to \$9,500. Co B put the machinery into use upon its acquisition. Co B subsequently registered for GST on 1 Oct 2011.

For accounting purposes, Co B estimated that the machinery would have a useful life of 7 years; whereas for income tax purposes, the useful life of the machinery was 6 years. This being the case, the shorter useful life of 6 years would be used to compute the input tax claimable.

Remaining useful life: 6 yrs – 9 months (from 1/1/2011 to 30/9/2011) or 0.75 yrs = 5.25 yrs

$$\begin{aligned}\text{Input tax allowable} &= (\text{Remaining useful life} / 6 \text{ years}) \times \text{Pre-registration GST incurred} \\ &= 5.25 / 6 \times \$9,500 \\ &= \$8,312.50\end{aligned}$$

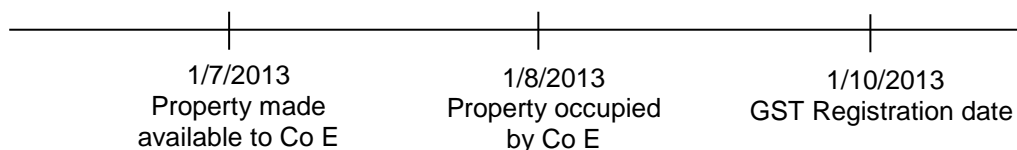
Administrative concession for immovable properties put into use but no supplies made before GST registration

- 6.11 Examples of immovable properties include land, office buildings, factories, permanent building fixtures such as lifts, escalators, mounted cabinets and mounted air-conditioners.
- 6.12 If you have used (i.e. consumed) the immovable property as your business premises before GST registration but you have yet to commence making supplies, as an administrative concession, IRAS will allow the GST incurred on the immovable property in full (subject to general rules for input tax claims e.g. the property is used wholly for the making of taxable supplies in the course or furtherance of your business) if the property is still held by you at the date of your GST registration.
- 6.13 For simplification purpose and unless you can prove otherwise, the Comptroller shall take the date when the immovable property is made available to you (e.g. date when temporary occupation permit is issued) as the date when the property is put into use by you.
- 6.14 However, the concession does not apply if you let a third party use the immovable property for free. You would need to apportion the pre-registration GST incurred on the property if the use by the third party⁷ straddles your GST registration.

⁷ Paragraph 5(3) of the Second Schedule to the GST Act provides that there is a supply of services if the goods held or used for the purposes of business are put into non-business or private use. Where no consideration is received, you are deemed to have made a supply if you have been allowed input tax on the property.

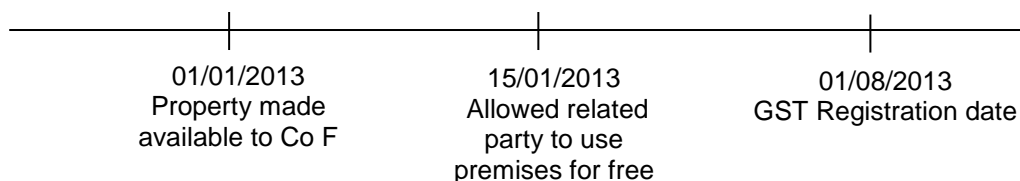
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Example 6:



Co E, incorporated on 1 May 2013 and a wholesaler of dried foods, purchased a commercial property and paid GST of \$50,000 on the purchase. The property was made available to Co E on 1 Jul 2013 and on 1 Aug 2013, staff of Co E moved into the property. Co E registered for GST on 1 Oct 2013 and made its 1st taxable supply on 3rd Oct 2013. As a concession, Co E can claim full input tax of \$50,000.

Example 7:



On 1 Jan 2013, Co F purchased a completed commercial property and incurred GST of \$350,000. The property was only put to use on 15 Jan 2013 when Co F allowed its related Company FB to use its premises for free. Co F was registered for GST on 1 Aug 2013. Based on the Valuation List, the annual value of the property for 2013 was \$60,000.

Period of use before GST registration (from 15/01/2013 to 31/07/2013) = 198 days

$$\begin{aligned}
 \text{Input tax allowable} &= \text{GST on property} - [(\text{Annual value} / 365) \times 198 \times 7\%] \\
 &= \$350,000 - [(\$60,000 / 365) \times 198 \times 7\%] \\
 &= \$350,000 - \$2278.36 \\
 &= \$347,721.64
 \end{aligned}$$

Apportionment method for immovable properties

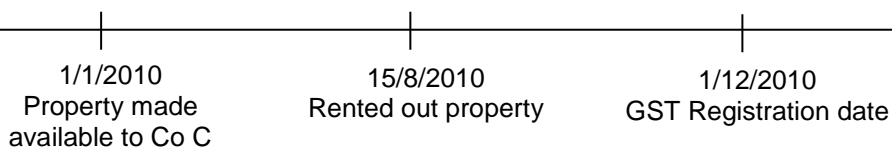
- 6.15 If you have used an immovable property as your business premises or leased it out to make supplies straddling GST registration, the administrative concession stated above will not apply and you are required to apportion the pre-registration GST incurred on the property.
- 6.16 The apportionment formula for non-residential properties that are used (including those rented out) to make supplies before registration is as follows:

$$\text{Input tax allowable} = \text{Pre-registration GST incurred on property} - \left(\frac{\text{Annual value of property}}{365^8} \times \text{Period that property was put into use before registration} \times 7\% \right)$$

⁸ Businesses may, if they prefer, use 366 days for leap years.

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Example 8:



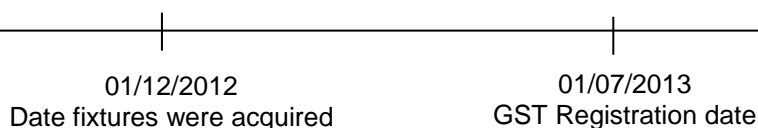
On 1 Jan 2010, Co C purchased a completed commercial property for \$5 mil (exclusive of GST) and incurred GST of \$350,000. Co C was able to show that the property was renovated from the date when property was made available and rented out only on 15 Aug 2010 upon completion of the renovation. Co C was registered for GST on 1 Dec 2010. Based on the Valuation List, the annual value of the property for 2010 was \$60,000.

Period of use before GST registration (from 15/08/2010 to 30/11/2010) = 108 days

$$\begin{aligned}\text{Input tax allowable} &= \text{GST on property} - [(\text{Annual value}/365) \times 108 \times 7\%] \\ &= \$350,000 - [(\$60,000/365) \times 108 \times 7\%] \\ &= \$350,000 - \$1,242.74 \\ &= \$348,757.26\end{aligned}$$

- 6.17 If you acquire building fixtures such as mounted cabinets, air-conditioners and wall partitions separately from the immovable property, you may use a useful life of 3 years to apportion the pre-registration GST incurred. The useful life commences from the date when the fixtures are put into use. For simplification purposes and unless you can prove otherwise, the Comptroller shall take the date of acquisition of the fixtures as the date when the fixtures are put into use.

Example 9:



Co D acquired new built-in cabinets for its business premises on 1 Dec 2012 and incurred GST of \$350 on the cabinets. Co D subsequently registered for GST on 1 July 2013.

Remaining useful life: 3 yrs – 7 months (from 01/12/2012 to 30/06/2013) = 2.42 yrs

$$\begin{aligned}\text{Input tax allowable} &= (\text{Remaining useful life} / 3 \text{ year}) \times \text{Pre-registration GST incurred} \\ &= 2.42 / 3 \times \$350 \\ &= \$282.33\end{aligned}$$

7 Apportionment for Services

7.1 For services that relate to:

- Taxable supplies of services made before and after registration (i.e. supplies straddling GST registration); or
- Consumption or supply of goods straddling GST registration,

you are required to attribute the services to the specific supplies made or the specific goods consumed where possible. Some examples of services attributable to specific supplies and services performed on goods consumed or disposed of are:

- Pre-registration GST incurred on valuation services acquired by a watch dealer to determine the sales price of a specific one-of-a-kind antique watch that was sold during an exhibition held before the watch dealer was registered for GST. The GST incurred is not allowable since it is attributable to goods already supplied before registration.
- Pre-registration GST incurred on advertisement services acquired by an event organiser to promote his concert that was held before the event organiser was registered for GST. The GST incurred is not allowable since it is attributable to services already supplied before registration.
- Pre-registration GST incurred on advertising services acquired by a retailer to publicise the sale of Product A at a discounted price for a specific promotional period that took place before he was registered for GST. The GST incurred is not allowable since it is attributable to goods specifically supplied during the promotional period before registration.
- Pre-registration GST incurred on maintenance of office computers which were disposed off before the business' GST registration date. The GST incurred is not allowable since it is attributable to services performed on goods that were already supplied before registration.
- Pre-registration GST incurred on cleaning services acquired by an exhibition facility provider to clean up an exhibition hall that was leased to his customer for an exhibition that took place before the former was registered for GST. The GST incurred is not allowable since it is attributable to services performed on goods⁹ that were already supplied before registration

7.2 For services which can be attributed to specific supplies of goods or services; or consumption of goods, you may use the following proxies to apportion the

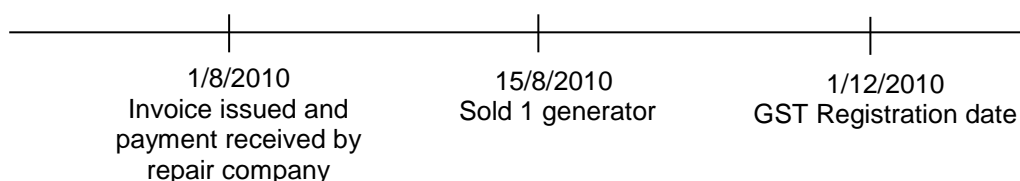
⁹ Rental of exhibition facility is treated as a supply of goods for GST purposes (see footnote 4 above)

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pre-registration GST incurred and arrive at the portion which is attributable to supplies made or goods consumed before registration:

- Proportion of units of goods consumed or supplied before GST registration to total units of goods. Examples of services which can be apportioned using this apportionment method are repair services and storage services for goods.

Example 10:

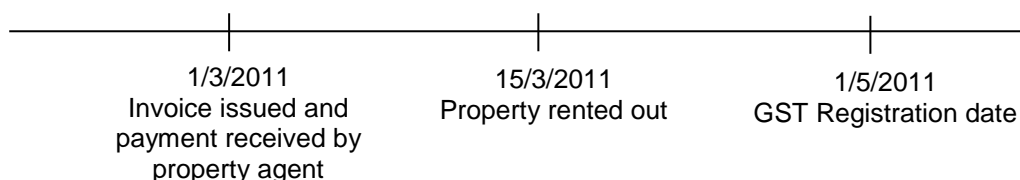


On 1 Aug 2010, Mr A, sole-proprietor paid for and incurred GST of \$70 on repair services performed on 2 generators, one of which he sold before he registered for GST on 1 Dec 2010.

$$\begin{aligned}\text{Input tax allowable} &= \$70 \times \frac{1}{2} \\ &= \$35\end{aligned}$$

- Period over which goods consumed/supplied or services supplied before GST registration over total period of goods consumed/supplied or services supplied. Examples of services which can be apportioned using this formula are property agent services incurred to secure a tenant and advertising services to promote sale of a particular product line during a specific period.

Example 11:



On 1 Mar 2011, ABC Partnership, paid for and incurred GST of \$700 on commission charged by a property agent for securing a 2-year rental for a commercial property that it owns. The rental commenced on 15 Mar 2011. ABC Partnership registered for GST on 1 May 2011.

Rental period before GST registration (from 15/03/2011 to 30/04/2011) = 47 days
Total rental period (2 years or 365×2) = 730 days

$$\begin{aligned}\text{Input tax allowable} &= \text{GST on commission} - \text{GST attributable to rental period before GST registration} \\ &= \$700 - [(47/730) \times \$700] \\ &= \$700 - \$45.07 \\ &= \$654.93\end{aligned}$$

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- 7.3 If the services cannot be attributed to any specific supply made or goods consumed before and after registration, you should use the General Apportionment Formula (as illustrated in paragraph 7.4). Examples of such services are audit services acquired by a public listed company for it to fulfill regulatory requirements and training services acquired by a manufacturing company to upgrade the skills of its human resource staff.

General Apportionment Formula

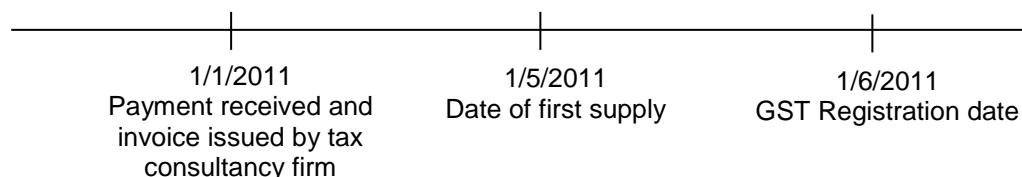
- 7.4 The General Apportionment Formula for services is as shown below:

$$\begin{aligned} \text{Input tax allowable} &= \text{Estimated proportion of input tax used to make supplies after registration} \times \text{Pre-registration GST incurred} \\ &= (365 - Y) / 365^{10} \times \text{Pre-registration GST incurred} \end{aligned}$$

- 7.5 Y would refer to the number of days between an Event and your GST registration date (i.e. including the Event date but excluding the GST registration date). Event date would refer to any one of the following applicable dates:

- a) If you have not made your first supply when the pre-registration GST is incurred, the Event would be the date of your first supply.

Example 12:



Co E is in the business of selling computers. On 1 Jan 2011, Co E sought the advice of a tax consultancy firm to know more about the GST rules. Co E received the tax invoice for the tax advisory services and made full payment (inclusive of \$300 GST) on the same day. It commenced business and made its first sale on 1 May 2011. Co E then applied for GST registration and was registered on 1 Jun 2011.

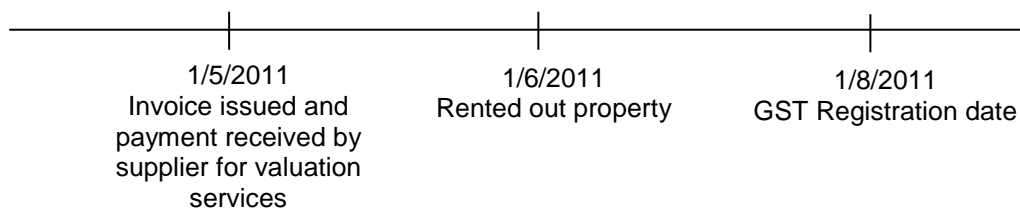
As Co. E had not made its first supply when the pre-registration GST was incurred on 1 Jan 2011, the Event would be the date of first supply made (i.e. 1 May 2011).

$$\begin{aligned} \text{Input tax allowable} &= (365 - Y) / 365 \times \text{Pre-registration GST incurred} \\ &= (365 - 31) / 365 \times \$300 \\ &= \$274.52 \end{aligned}$$

¹⁰ The basis for using 12 months (or 365 days) in the general apportionment formula is because in most cases, IRAS expects services acquired would be attributable to supplies made within the next 12 months. The use of a standard 12-month period also eases compliance. You may, if you prefer, use 366 days for leap years.

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Example 13:



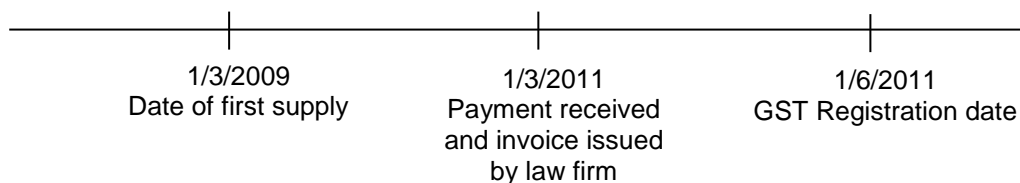
Co F intended to purchase a commercial property to carry on a property rental business. On 1 May 2011, Co F incurred GST of \$500 on valuation services before purchasing the desired property. Co F subsequently purchased the property and started to rent out the property on 1 Jun 2011. Co F was then registered for GST on 1 Aug 2011.

As Co. F had not made its first supply when the pre-registration GST was incurred on 1 Jan 2011, the Event would be the date of first supply made (i.e. 1/6/2011).

$$\begin{aligned}
 \text{Input tax allowable} &= (365 - Y) / 365 \times \text{Pre-registration GST incurred} \\
 &= (365 - 61) / 365 \times \$500 \\
 &= \$416.44
 \end{aligned}$$

- b) If you have already made your first supply when the pre-registration GST is incurred, the Event would be the time of supply ("TOS") date of your pre-registration acquisitions.

Example 14:



Ms Tan has been running a sole-proprietorship business involved in selling baby products since 1 Mar 2009 when she made her first supply. On 1 Mar 2011, Ms Tan sought the advice of her lawyers on legal issues pertaining to the use of a particular logo for her products. She received the tax invoice for the legal services and made full payment (inclusive of \$400 GST) on the same day. Ms Tan then applied for GST registration and was registered on 1 Jun 2011.

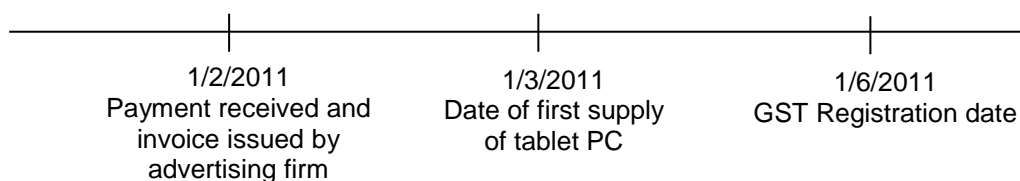
As Ms Tan had already made her first supply when the pre-registration GST was incurred on 1 Mar 2011, the Event would be the TOS date of the taxable supply received (i.e. 1/3/2011).

$$\begin{aligned}
 \text{Input tax allowable} &= (365 - Y) / 365 \times \text{Pre-registration GST incurred} \\
 &= (365 - 92) / 365 \times \$400 \\
 &= \$299.18
 \end{aligned}$$

- c) For services incurred to make specific type or line of goods or services, you are allowed to treat the date of first supply as the date when the first batches of that specific type of goods or services to which the direct expenses relate are supplied.

GST: Pre-registration Claims on Goods and Services (For Businesses Registered for GST before 1 July 2015)

Example 15:



Co G has been in the business of selling handphones since 1 Jan 2004. In Year 2011, it decided to start selling tablet PCs. Co G put up an advertisement to publicise the sale of the tablet PCs. On 1 Feb 2011, it was issued a tax invoice for the advertising services and made full payment (inclusive of \$200 GST). Co G made its first tablet PC sale on 1 Mar 2011. Co G registered for GST on 1 Jun 2011.

Co G had started making supplies (of handphones) before the advertising services were incurred. However, the advertising services were incurred to advertise the sale of tablet PCs (i.e. a new product line) and not the handphones. The sale of tablet PCs took place only after the advertising services were incurred. This being the case, the event would be the date of first tablet PC sale (i.e. 1/3/2011).

$$\begin{aligned}\text{Input tax allowable} &= (365 - Y) / 365 \times \text{Pre-registration GST incurred} \\ &= (365 - 92) / 365 \times \$200 \\ &= \$149.59\end{aligned}$$

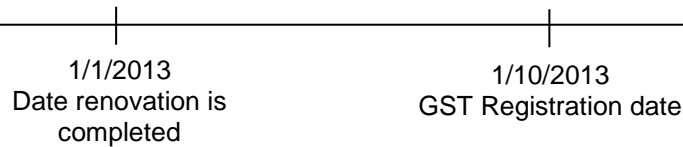
- 7.6 As an administrative concession, supplies such as the issuance of shares upon incorporation of companies and units upon the constitution of unit trusts shall be disregarded for the purpose of determining when the first supply is made under the General Apportionment Formula. That is, such supplies will not trigger the Event date. However, input tax on expenses specifically incurred to make such supplies before GST registration is not claimable. An example of such disallowable input tax is legal fees incurred to make the first issue of shares upon incorporation whereby the shares are issued before the date of GST registration.

8 Apportionment of Pre-registration GST on Renovation

- 8.1 For GST purposes, property renovation is treated as comprising supplies of both goods and services. This would mean that rightfully, you would have to identify the various separate supplies made to you and determine whether they qualify as supplies of goods or services.
- 8.2 As an administrative concession to simplify compliance, you are allowed to apportion renovation by applying a useful life of 3 years commencing from the date when the renovated property is put into use. For simplification purpose and unless you can prove otherwise, the Comptroller shall take the date when the renovation is completed as the date when the renovated property is put into use. No adjustment would be required should the actual life span be different.

GST: Pre-registration Claims on Goods and Services (For Businesses Registered for GST before 1 July 2015)

Example 16:



Co A was in the retail business selling clothing and accessories. In 2012, it acquired a new retail outlet in Orchard Road and renovated the outlet. The renovation was completed on 1 Jan 2013 and Co A. Co A incurred GST of \$700 on renovation. Co A subsequently registered for GST on 1 Oct 2013.

Remaining useful life: 3 yrs – 9 months (from 1/1/2013 to 30/9/2013) or 0.75 yrs = 2.25 yrs

$$\begin{aligned}\text{Input tax allowable} &= (\text{Remaining useful life} / 3 \text{ year}) \times \text{Pre-registration GST incurred} \\ &= 2.25 / 3 \times \$700 \\ &= \$525\end{aligned}$$

9 Documents to Maintain for Pre-registration GST

9.1 For services, you are required to maintain a list showing:

- a) description of services purchased;
- b) date of purchase; and
- c) date of use of the service (if any)

9.2 For goods, you are required to maintain a stock account with these details:

- b) quantities purchased;
- c) quantities used in the making of other goods;
- d) date of purchase; and
- e) date and manner of subsequent disposal of both quantities in a) and b)

10 When to claim Pre-registration GST

10.1 You should claim pre-registration GST in your first GST return provided that you satisfy all the conditions for claiming pre-registration GST.

10.2 The value of taxable purchases and corresponding GST amount should be included in Box 5 and Box 7 respectively.

11 Frequently Asked Questions

11.1 Can I claim in full post GST registration claims relating to supplies made before GST registration?

No. For GST incurred on purchases of goods or services after GST registration, where such goods or services are partly used by you to make supplies prior to your GST registration, the portion of GST attributable to supplies made before registration is not allowable. You may use the apportionment methods in this guide to arrive at the allowable amount of input tax.

11.2 Can I claim in full post GST registration input tax relating to goods and services consumed prior to GST registration?

If you have not commenced making any supplies before GST registration, the claims are fully claimable provided that they meet the general rules for claiming input tax (e.g. attributable to taxable supplies made in the course or furtherance of business). Examples of such claims are office phone and utilities bills relating to period prior to GST registration but invoiced and paid for after your GST registration. However, if you have commenced making supplies before your GST registration, you are required to apportion the GST incurred (see paragraph 9.1).

11.3 Can I claim in full pre-registration GST on movable and immovable properties if the properties are not put into use¹¹ before GST registration? What are some examples of properties put into use?

You can claim the GST incurred in full if the property is not put into use before your GST registration, provided that you satisfy the general input tax rules.

Examples where GST incurred may be claimed in full although the properties are acquired before GST registration as they are not considered as “put into use”:

- Non-residential property left vacant before GST registration and put into use (including being rented out) only after GST registration
- Non-residential property under-going renovation, repairs or fitting out and is rented out or occupied by the owner only after GST registration
- Vehicles (other than motor cars¹²) under-going repairs or maintenance and ready for use only after GST registration

¹¹ Comptroller shall assume that the properties are put into use upon acquisition unless the business can prove otherwise. See paragraphs 5.8 and 5.12.

¹² GST incurred on motor cars are disallowed under Regulation 27 of the GST(General)

GST: Pre-registration Claims on Goods and Services (For Businesses Registered for GST before 1 July 2015)

Examples of property put into use:

- Warehouse used to store own goods
- Pick-up used to transport workers
- Non-residential property occupied by a third party, regardless of whether any consideration is received in return

11.4 Can I claim the GST incurred on services performed on goods if the services are supplied to me within 6 months before my GST registration but the goods are already consumed or supplied before registration? What are some examples of such services?

No, you cannot claim the GST incurred on the services if the goods are consumed or supplied before your GST registration. For example, you cannot claim GST incurred on the following:

- Cleaning services performed on a property rented for periods prior to your GST registration.
- Repair services performed on goods consumed or supplied before your GST registration
- Transportation and storage services incurred on goods already sold before your GST registration.

11.5 Can I claim in full pre-registration GST on services which are not performed on goods consumed before GST registration if I only commence making supplies after I register for GST?

Yes, you may claim in full the GST incurred provided that you meet the general input tax rules such as the services are used for the making of taxable supplies in the course or furtherance of your business and the services are supplied to you within 6 months before the date of your GST registration.

12 Contact Information

12.1 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

GST: Pre-registration Claims on Goods and Services (For Businesses Registered for GST before 1 July 2015)

13 Updates and Amendments

	Date of amendment	Amendments made
1	11 Jul 2017	Revised paragraph 2 to include sub paragraph 2.3 on pre-registration checklist. Added Annex C (Pre-registration GST: Checklist for Self-Review of Eligibility of Claim).

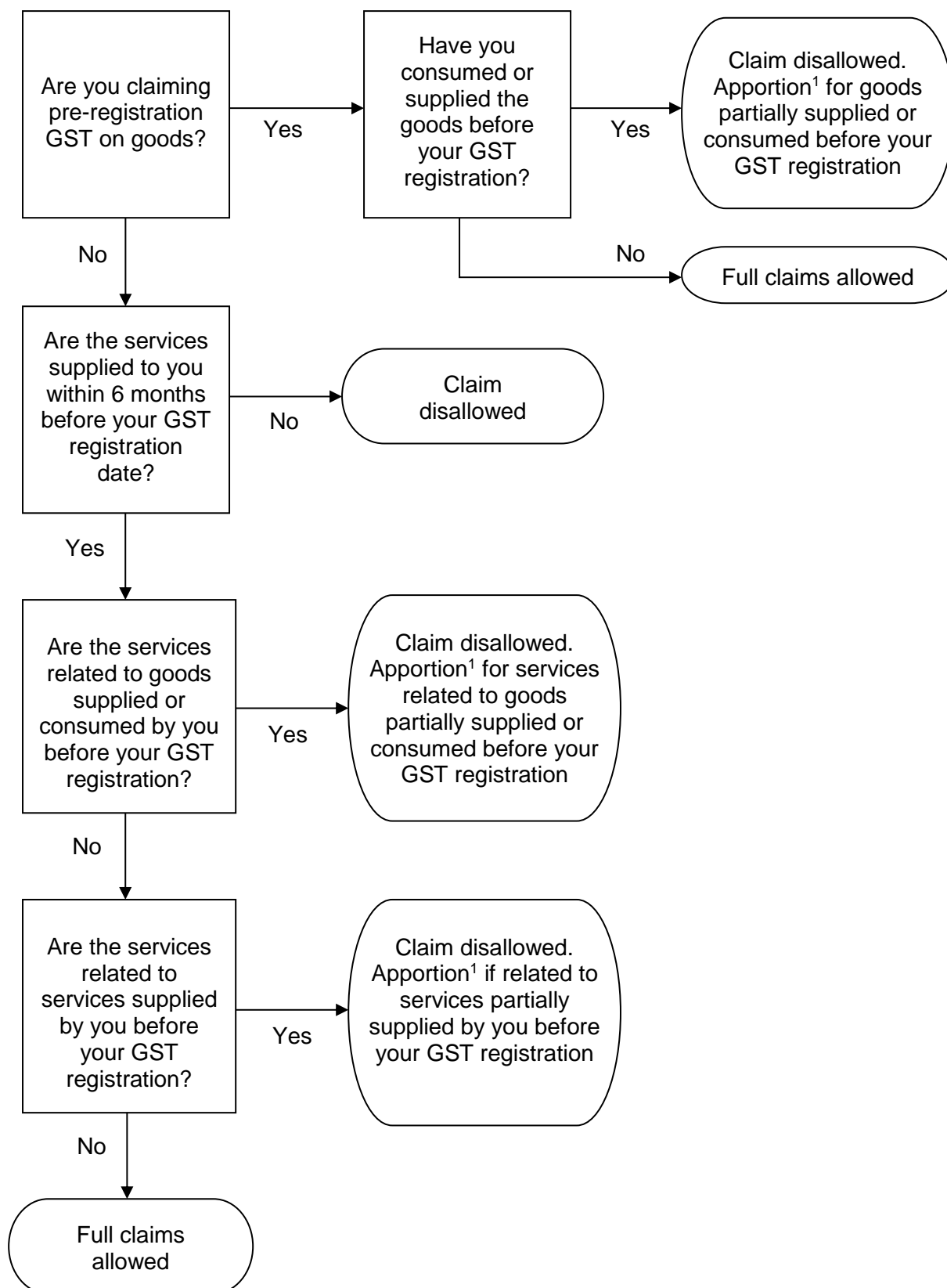
Annex A – Regulation 26 and 27 of the GST (General) Regulations

The expenses disallowed under Regulation 26 and 27 are as follows:

- Club subscription fees (including transfer fees) charged by sporting and recreational clubs;
- Medical expenses and medical and accident insurance premiums incurred by the claimant's staff unless they are obligatory under the Work Injury Compensation Act or under any collective agreement within the meaning of the Industrial Relations Act;
- Benefits provided to the family members or relatives of the claimant's staff;
- Costs and running expenses of a motor car (except for Q-plate cars with COE issued before 1 April 1998); and
- Any transaction involving betting, sweepstakes, lotteries, fruit machines or games of chance.

GST: Pre-registration Claims on Goods and Services (For Businesses Registered for GST before 1 July 2015)

Annex B – Flowchart for Pre-registration Claims on Goods and Services



GST: Pre-registration Claims on Goods and Services (For Businesses Registered for GST before 1 July 2015)

Annex C – Pre-registration GST: Checklist for Self-Review of Eligibility of Claim

Important Notes:

- (1) This checklist may take 20 minutes to complete.
- (2) This checklist serves as a guide for you to assess your eligibility for pre-registration GST claim under the GST (General) Regulations. It specifies the type of records and documents you must maintain to support your claim. These records and documents must be made available for verification should we carry out an audit review on your claim.
- (3) Before making a claim in your first GST return, please ensure that you have satisfied all the conditions in the relevant sections below.
- (4) **DO NOT** submit the completed checklist unless requested by IRAS.



INLAND REVENUE
AUTHORITY
OF SINGAPORE

55 Newton Rd
Revenue House
Singapore 307987
Tel: 1800 356 8633

SECTION 1: CLAIMANT'S PARTICULARS

Name		GST Registration Number	
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SECTION 2: QUALIFYING CONDITIONS

For Businesses Registered for GST before 1 July 2015

2.1 GOODS

I have satisfied all the following conditions:

(a) goods are purchased or imported by my business for the purpose of making taxable supplies;

(b) goods are not consumed or supplied¹ by me before the date of my GST registration.

Yes

☐☐

2.2 SERVICES

I have satisfied all the following conditions:

(a) services are purchased by my business for the purpose of making taxable supplies;

(b) services are not related to goods already supplied or consumed by me before the date of my GST registration²;

(c) services are not supplied to my business more than 6 months before the date of my GST registration;

(d) services are not used for the on-supply of my services to my customers before the date of my GST registration³.

Yes

☐☐☐☐

¹Example:

GST incurred on food and beverages; utilities; rental of office space, hotel accommodation, inventory sold before registration, equipment used before registration cannot be claimed.

²Example:

GST incurred on services (such as maintenance) relating to the lease of non-residential properties prior to the date of your GST registration cannot be claimed.

³Example:

Your sub-contractor charges you GST on sub-contract work such as electrical wiring. You in turn on-charge such services to your customer before the date of your GST registration. The GST charged by your sub-contractor cannot be claimed.

GST: Pre-registration Claims on Goods and Services (For Businesses Registered for GST before 1 July 2015)

2.3 I have excluded all GST incurred on the following expenses because they are specifically disallowed under the GST (General) Regulations.

Yes ☐

- club subscription fee;
 - family benefits;
 - medical expenses;
 - medical and accident insurance;
- (Excluding those covered under the Work Injury Compensation Act or Industrial Relations Act)*
- any transactions involving betting, sweepstakes, lotteries, fruit machines or games of chance;
 - purchase or importation of a motor car (except commercial vehicles such as vans and lorries); and
 - supply or importation of goods or supply of services, used by me directly in connection with a motor car

SECTION 3: MAINTENANCE OF DOCUMENTS AND RECORDS

I have maintained a stock account showing:

Yes ☐

Goods

- quantities purchased;
- quantities used in the making of other goods;
- date of purchase; and
- date and manner of subsequent disposal of both the quantities purchased and quantities used in the making of other goods

Services

- description of services purchased;
- date of purchase; and
- date of use of the service (if any)

I have also maintained the following documents / records to support my GST claims as mentioned in Section 5:

- all copies of tax invoices and simplified tax invoices addressed to my business;
- all documentation relation to importation such as permits and bills of lading
- credit notes, debit notes or other documents received by my business which show any change in consideration; and
- my business and accounting records

Additional documents required for purchase of non-residential property

- sales and purchase agreement (if available);
- option to purchase and acceptance of the option;
- correspondences between myself / my solicitors and the seller / seller's solicitors;
- evidence of payment such as receipts and bank statement; and
- loan agreement; and
- completion account

GST: Pre-registration Claims on Goods and Services (For Businesses Registered for GST before 1 July 2015)

SECTION 4: BREAKDOWN OF MY PRE-REGISTRATION GST (Only include items that have satisfied all conditions)

		(Indicate 'NA' if not applicable)	
		Total Value of Taxable Purchases	Total Amount of GST Claim
4.1 GOODS			
• Trading stock		\$ <input type="text"/>	\$ <input type="text"/>
• Assets (other than properties) being used to make taxable supplies (Examples: plant, equipment, machinery etc.)		\$ <input type="text"/>	\$ <input type="text"/>
• Non-residential property		\$ <input type="text"/>	\$ <input type="text"/>
• Rental and utilities		\$ <input type="text"/>	\$ <input type="text"/>
• Others (Examples: stationery & pantry items)		\$ <input type="text"/>	\$ <input type="text"/>
4.2 SERVICES			
• Services supplied to me <i>not more than 6 months</i> prior to my date of GST registration		\$ <input type="text"/>	\$ <input type="text"/>
TOTAL		\$ <input type="text"/>	\$ <input type="text"/>

SECTION 5: PROCEDURE TO CLAIM

If your self-assessment showed that you have satisfied all the above conditions, you are eligible to claim pre-registration GST. You may proceed to include the value of taxable purchases and corresponding GST claims in Box 5 and Box 7 respectively of your first GST return. If you have already submitted your first GST return, you may make amendments by requesting a GST F7 (Disclosure of Errors on GST Return) online via *myTax Portal* (<http://www.iras.gov.sg>). Your claim will be subjected to our verification should we conduct an audit review on your claim. Do not submit this checklist unless requested by us.

SECTION 6: APPORTIONMENT OF PRE-REGISTRATION GST

If the services or goods acquired by you are used to make supplies straddling your GST registration or the goods are partially consumed before your GST registration, you need to apportion the GST incurred. Only the portion of GST that is attributable to the supplies made after registration is claimable.