

TAX ALERT

SEPTEMBER 2025

Goods and Services Tax (GST) has become a cornerstone of Singapore's tax landscape, now firmly established as the second-largest source of tax revenue. According to the latest Financial Year (FY) 2024/2025 Annual Report released by the Inland Revenue Authority of Singapore (IRAS), GST collections reached around S\$20 billion, representing 22.6% of the nation's total tax revenue of S\$88.9 billion.

Alongside these positive trends, the IRAS has also intensified its compliance efforts to safeguard the integrity of Singapore's tax system. In FY 2024/2025, the IRAS has carried out over 8,600 audits and investigations, uncovering S\$507 million in taxes and penalties. Of these, more than 2,800 cases were GST-related, resulting in S\$205 million in recoveries.

In this edition of our Tax Alert, we highlight two GST non-compliance cases and the lessons businesses can take away from them. As part of good GST governance, we strongly encourage businesses to embark on the GST **Assisted Self-Help Kit (ASK)** self-review initiative. This structured review helps businesses assess the accuracy of their GST submissions, identify past errors early, and make voluntary disclosures to IRAS. By doing so, businesses can enjoy full penalty waivers or reduced penalties, as opposed to the higher penalties imposed when errors are uncovered by IRAS during audits or investigations.



Case 1: Non-genuine input tax claims

Company ABC purchased storage devices and camera accessories from newly GST-registered suppliers for sale to overseas customers. It claimed GST input tax credits on these purchases and reported the onward sales as zero-rated supplies. For these back-to-back transactions, Company ABC was promised a pre-determined profit margin with the customers and was not required to hold any inventory.

The issue

However, Company ABC failed to exercise caution and did not conduct due diligence on its suppliers. It was subsequently found to be involved in a Missing Trader Fraud (MTF) arrangement, resulting in the disallowance of input tax claims and the nullification of zero-rated supplies. Consequently, the company had to repay over S\$10 million in input tax and penalties.

Key takeaway

MTF remains a top compliance risk for businesses. Companies found to be involved in such arrangements, even unknowingly, can face heavy penalties or the cancellation of their GST registration. The criminal liability is also significant as syndicate members may face up to 10 years' imprisonment and/or a S\$500,000 fine, while directors, partners, or sole proprietors involved in MTF schemes can be liable for up to 12 months' imprisonment and/or a S\$50,000 fine.

To protect themselves, businesses should always be vigilant and perform thorough checks on suppliers and business arrangements. Avoid deals that seem too good to be true, and if any errors are discovered, consider making a voluntary disclosure to IRAS.



To mitigate such risks, businesses should stay up to date with the latest GST regulations and are encouraged to participate in GST review initiatives to identify and flag unusual or high-risk transactions promptly. Additionally, proactive voluntary disclosures to IRAS can help reduce penalties, demonstrate a commitment to compliance, and safeguard the business against more severe consequences during audits.



Case 2: Incorrect GST treatment for trade-in transactions

Company A trades in fuels and provides intercompany services, transacting regularly with Company B. Both are GST-registered entities. Under a one-off business arrangement, the companies agreed to net off their respective supplies, with Company A issuing a credit note to Company B for the net difference on purchases made. Company A reported the credit note in its GST return by reducing its output tax liability, and its routine GST processes did not detect this irregularity.

Assisted Self-Help Kit (ASK)

The issue

Every GST-registered business is required to account for GST on its taxable supplies. As separate GST-registered entities, Company A and Company B were obligated to levy GST on the full selling price of their goods and services and issue proper tax invoices to each other. Consequently, both companies should have reported output tax based on the gross value of their sales while claiming input tax on purchases in accordance with the input tax conditions.

The GST ASK is a comprehensive self-assessment compliance package that helps businesses review the accuracy of their GST submissions and detect past errors early. By doing so, businesses can benefit from IRAS' Voluntary Disclosure Programme (VDP), which may result in reduced or waived penalties for errors identified.

Features of ASK

ASK is structured into three sections, which businesses may implement individually or together:

Following an IRAS audit, it was found that the companies had under-accounted output tax. Both entities subsequently revised their documentation for the counter-supplies and rectified the under-reported output tax. As a result, the output tax shortfall and penalties of close to S\$5 million were recovered from Company A, while Company B was required to report output tax on its supplies to Company A in full.

- **GST Practices** – Helps establish internal processes covering record-keeping, systems, and Internal controls to ensure overall GST compliance. Recommended for businesses planning to register for GST or newly registered GST entities.
- **Pre-Filing Checklist** – Supports quality checks on GST returns before submission, ideal for first-time filers or businesses with new arrangements or GST personnel.
- **ASK Annual Review** – Enables regular review of past GST returns for early detection of errors and is recommended for all GST-registered businesses.

Key takeaway

This case highlights the critical importance of maintaining robust GST processes and internal controls, particularly for businesses involved in complex or intercompany transactions. Compliance errors often stem from insufficient oversight, misapplication of GST rules, or gaps in staff training.



Adoption of ASK

ASK can be adopted voluntarily by GST-registered businesses but is mandatory when applying for or renewing certain GST schemes such as Major Exporter Scheme (MES). The ASK Annual Review must be performed or certified by an accredited tax professional - either an Accredited Tax Advisor (GST) or Accredited Tax Practitioner (GST) certified by the Singapore Chartered Tax Professionals (SCTP).

Benefits of ASK

Businesses that participate in the GST ASK review will enjoy the following benefits:

- Review the accuracy of GST submissions and reduce the risk of penalties on common errors
- Detect past errors early and make timely voluntary disclosures to IRAS
- Benefit from administrative concessions for errors identified through ASK Annual Review
- Fulfil requirements for GST scheme applications or renewals

How we can help?

At CCS, we provide comprehensive support throughout the ASK process based on the IRAS prescribed methodology. Our services cover all phases of the review, including verification and analytical review of GST returns, reconciliation with financial statements, and selection of GST returns for detailed testing.

We also perform substantive checks on source documents, recording findings in the prescribed ASK templates, and assist in preparing and submitting ASK declaration forms to IRAS. Where errors are identified, we provide detailed explanations to help mitigate or waive penalties, and follow up with IRAS to resolve any outstanding issues.

By leveraging our team of Accredited Tax Advisors (GST), CCS ensures that the ASK review is conducted efficiently, thoroughly, and in full compliance with IRAS requirements. This structured approach helps your business strengthen internal controls, address past errors proactively, and maintain robust GST compliance.

If you require any clarification on the updates shared in this newsletter or would like to discuss how these developments may impact your business, please feel free to reach out to us. Our team is ready to assist you with your tax compliance and advisory needs.



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