

# CCS-MS GOODS & SERVICES TAX WEBINAR 2022

## GETTING READY FOR THE GST HIKE!

As announced in Singapore Budget 2022, amidst various concerns including the expectation of rising inflation, the Goods & Services Tax (GST) rate increase will be staggered over 2 years, starting with a rise to 8 % on 1 January 2023, and then to 9% on 1 January 2024.

Complete Corporate Services Pte. Ltd. and Moore Stephens LLP Singapore has jointly organised a GST webinar on 1 July 2022 to discuss the regulatory requirements and transitional rules to help businesses better prepare for the GST hikes, as well as address the overwhelming queries from the participants with respect to the GST rate increase. If you did not manage to attend the insightful GST webinar, do not worry as you can now access the full webinar recording and the presentation slides here: <https://complete-corp.com/event/ccs-ms-goods-services-tax-webinar-2022/>.

### [A] Preparation for the GST hike

To ensure a smooth transition to the new GST rate, there are four main things businesses need to do:

- Update systems to incorporate new GST rate
- Change your price displays
- Understand the rate change transitional rules
- Train staff on the correct application of the new rules and regulations

Businesses should take note that they cannot charge and collect GST at 8% before 1 January 2023.

### [B] Summary of transitional Rules

Businesses with transactions that straddle 1 January 2023 need to be familiarised with the rate change transitional rules to ensure that the correct GST rate is charged.

Some examples on how the transitional rules will apply are as follows:

Supply Straddling GST Rate Change	Application of Transitional Rules
<ul style="list-style-type: none"> <li>• Invoice issued for services before 1 January 2023 (when GST rate is 7%).</li> <li>• Full payment received and services are performed after 1 January 2023 (when the GST rate is 8%).</li> </ul>	<p>As full payment is received and services are performed after rate change, GST is chargeable at the new rate of 8%.</p> <p>This is notwithstanding that the invoice is issued to the customer before the rate change.</p>
<ul style="list-style-type: none"> <li>• Invoice issued for goods and full payment received after 1 January 2023.</li> <li>• Goods fully delivered before 1 January 2023.</li> </ul>	<p>Businesses can elect to charge and account for GST at 7% since the goods are fully delivered before the rate change.</p> <p>Supporting documents (e.g. delivery order, customer's acknowledgment) need to be maintained to substantiate that the goods are fully delivered before 1 January 2023.</p>

## [C] Non-GST registered Businesses

While most GST-registered businesses are able to recover their GST incurred on their expenses, this is not the case for non-GST registered businesses. The GST incurred on purchases are added business expenses and an increase in the GST rate would translate directly into higher business costs.

To alleviate such an impact, non-GST registered businesses can consider applying for GST registration on a voluntary basis even if they are not liable to do so under the GST registration rules. However, this is not a silver bullet as businesses need to weigh the benefits of claiming back the input taxes against the compliance cost of being a GST-registered business.

## [D] GST Review

The GST hike may be the well-needed impetus for businesses to take a closer look at the state of their GST compliance, since any future penalty on underpaid GST will be costlier. Business should conduct GST health-check to identify existing control gaps and minimise risks of GST errors.

To encourage businesses to implement effective GST control framework, the Inland Revenue Authority of Singapore ("IRAS") has introduced the GST Assisted Compliance Assurance Programme ("ACAP").

Successful ACAP participants who sought independent verification from qualified ACAP reviewer that the controls are sufficient will enjoy full waiver of penalties for non-fraudulent GST errors voluntarily disclosed in the course of the ACAP review. Moore Stephens LLP is one of the few qualified ACAP reviewers in Singapore.

For more information and benefits of ACAP, please visit <https://www.mooresingapore.com/services/gst-assisted-compliance-assurance-programme>

## OUR TAXATION SERVICES

As a business owner, every transaction you plan to make may have direct or indirect tax consequences.

To achieve tax efficiency so as to enhance your return on investments, it is advisable that various tax issues be considered alongside the planning and structuring of your business.

The tax landscape is changing at a rapid pace and expert advice is essential to mitigate tax risks and maintain profitability. We can assist you through our comprehensive tax compliance, tax advisory and transfer pricing services to minimise your effective tax burden.



## COMPLETE CORPORATE SERVICES

Complete Corporate Services is a leading integrated business solution provider. Working in parallel with your businesses objectives, our corporate solutions and innovative technologies enable you to maximise your capabilities for sustainable growth. Dedicated in the work that we do, our team of qualified professionals will work with you to ensure quality, effective and efficient service delivery.

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