

## Goods & Services Tax (GST) Rates For Singapore

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GST is a tax on goods and services purchased or consumed locally. Here is a quick overview of GST and how it affects your business

### What Is GST?

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- Goods and Services Tax (GST) is a tax charged on the supply of goods and services made in Singapore and on the importation of goods into Singapore.
- The current rate is 5% (from 1 January 2004). The rate will be increased to 7% from 1 July 2007.

### What Goods And Services Are Subject To GST?

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- All goods and services are taxable and known as taxable supplies.
- However, some items are specifically exempt from GST by law. Exempted items include financial services and the sale or lease of residential properties.

### When Is It Compulsory To Register?

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- Your business must be registered to collect GST if your annual turnover exceeds or is likely to exceed S\$1 million from the sale of taxable goods and services.
- This requirement may be waived if most of your goods or services are exported or supplied internationally ("zero-rated supplies").

### Can I Choose To Register?

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- You may also apply to the Comptroller of GST to collect GST voluntarily. Approval for voluntary registration is at the discretion of the Comptroller.
- Once approval is given, you must remain registered for at least two years.

## Why Should I Register?

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- Most businesses register for GST to claim back the GST incurred on their business purchases.
- When GST paid exceeds GST collected, the difference can be claimed from IRAS as a GST refund.
- When GST collected exceeds GST paid, you have to pay the difference to IRAS.
- When GST rate increase, it may make business sense to voluntarily register to collect GST in order to claim back GST incurred on business purchases.

## Who Can Register?

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- Sole proprietorships
- Partnerships
- Limited liability partnerships
- Companies
- Clubs, associations, management corporations or organizations
- Non-profit organizations
- Statutory boards
- Government bodies

## Are There Any GST Schemes To Help Businesses?

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To create a pro-enterprise environment, the Government has several assistance schemes relating to GST. These schemes generally help to ease the cash flow for businesses.

- **Goods and Services Tax (GST) Assistance Scheme**

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Get a grant to lower the costs involved in becoming a GST-registered trader. GST traders can collect GST and claim back for GST paid to suppliers.

- **Major Exporter Scheme (MES)**

Major exporters can improve their cash flow by deferring GST payments on goods imported mainly for re-export out of Singapore.

- **Licensed Warehouse Scheme**

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Transform your warehouse into a licensed warehouse for storing dutiable goods. In licensed warehouses, duty and Goods and Services Tax (GST) are suspended until the goods are released for sale into Singapore.

- **Zero GST Warehouse Scheme (ZGS)**

Businesses can transform their warehouses into zero-GST warehouses to minimize red tape and bypass the Goods and Services Tax (GST) process.

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