



Getting GST Compliance Right

Stay Ahead Of GST Changes And Avoid Common Pitfalls

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KEY TAKEAWAYS

- A shipment label is now recognised as a valid transport document for zero-rating purposes for exports via a Singapore-based courier company, in addition to parcel despatch notes, courier consignment notes, and air waybills.
- A GST-registered business is required to account for output tax based on the consideration it receives when selling its business assets (including disposal of or transfer of asset to another party with consideration received).
- As a general rule of thumb, a supply of services is made when business assets are used for non-business or private purposes, regardless of whether any consideration was received.

At a recent webinar organised by the [Singapore Chartered Tax Professionals](#), officers from the Inland Revenue Authority of Singapore (IRAS) discussed key GST updates in 2024 and 2025, common GST compliance errors, and more.

Key GST Updates in 2024 and 2025

EXPORT EVIDENCE FOR ZERO-RATING

A GST-registered company exporting goods through a Singapore-based postal or courier company to an overseas customer must maintain the relevant export evidence to zero-rate the supply to its customer.

Transaction Documents

Effective 8 July 2024, IRAS requires proof of delivery from the postal or courier company (showing that the goods have reached the overseas customers) as a mandatory transaction document for zero-rating. The proof of delivery can be in the form of online tracking records from the postal or courier company.

In view of the amended transaction document requirement, it is timely for businesses to review their internal processes and ensure that they are able to retrieve the proof of delivery from the postal or courier company for compliance purposes.

Transport Documents

A shipment label is now recognised as a valid transport document for zero-rating purposes for exports via a Singapore-based courier company, in addition to parcel despatch notes, courier consignment notes, and air waybills.

Separately, it should be noted that the requirement for transport documents to be endorsed has been removed.

INPUT TAX CLAIMS ON COMMISSION PAID TO GST-REGISTERED AGENTS AND INTERMEDIARIES

It has been clarified that input tax incurred on commissions or incentives paid to GST-registered agents or intermediaries for the sale of life insurance policies to persons belonging in Singapore is regarded as directly attributable to the making of exempt supplies and should not be claimed.

The above applies to insurance companies which are required to directly attribute their input tax claims to the supplies made when performing input tax apportionment, but does not apply to insurance companies that are on a special input tax recovery formula where the formula is to be applied to all input tax incurred.

In view of IRAS' clarification, relevant insurance companies should review their input tax claims on commissions or incentives.

Common GST Compliance Errors

SALE AND DISPOSAL OF BUSINESS ASSETS

Generally, a GST-registered business is required to account for output tax based on the consideration it receives when selling its business assets (including disposal of or transfer of asset to another party with consideration received). The business must account for GST at the earliest of the following events:

- (i) When it issues the invoice;
- (ii) When it receives the payment; or
- (iii) (For the sale of land or immovable property only) When title of the property is transferred upon legal completion/made available to the buyer for occupation.

Similarly, the GST-registered business is also required to account for output tax when it disposes of, transfers or gives away its business assets for free and these assets still have market value, unless the cost of the asset is not more than \$200 or no credit for input tax was allowed on the purchase/import of the assets. When assets are disposed of for free, the business must account for GST on the date when it disposes of, transfers, or gives away the assets.

"What if the company purchased 10 office chairs with the total cost exceeding \$200 in one transaction, but each chair costing less than \$200, and subsequently gives the chairs away for free to its related company? In this scenario, assuming that input tax was previously claimed on the purchase, the company must account for output tax on the chairs even though each chair costs less than \$200," clarified officers from IRAS.

In practice, businesses often overlook their GST compliance requirements and fail to account for output tax when they sell, dispose of, transfer or give away their business assets. Even if the business remembers to account for output tax, it may sometimes overlook the correct taxing point and account for GST late.

NON-BUSINESS OR PRIVATE USE OF BUSINESS ASSETS

Another common error that businesses make relates to non-business or private use of business assets. As a general rule of thumb, a supply of services is made when business assets are used for non-business or private purposes, regardless of whether any consideration was received. Where no consideration is received, a business is deemed to have made a supply on the free use of its assets, unless no input tax was claimed on the purchase or import of the assets. GST on the deemed supply is accounted for based on the full cost incurred in providing the services.

The business may pay for the output tax charged on the deemed supply. Alternatively, if the asset user pays for the output tax charged on the deemed supply, the asset user can claim the GST paid based on the tax certificate issued to it.

Take the example of Company A, which allows its related entity to use its office printer for free. For GST purposes, Company A is deemed to have made a supply on the free use of the asset and accordingly, should account for GST on the use of the printer based on the full cost of providing the service. However, if Company A has not claimed input tax when it purchased the printer, then the free usage of the printer will not attract GST.

INPUT TAX CLAIMS ON PURCHASES NOT FOR OWN BUSINESS PURPOSES

Another common error is claiming input tax on purchases not made for business purposes or not attributable to the making of taxable supplies.

Consider the following example, where Company B's related entity made some purchases from a GST-registered supplier, but the tax invoice is addressed to Company B. As the purchase was not contractually made by Company B and not attributable to Company B's taxable supplies, Company B cannot claim the input tax even though the tax invoice was addressed to it. At the same time, Company B's related entity cannot claim the input tax as well due to the lack of a valid tax invoice. Consequently, Company B should request for the supplier to reissue the tax invoice to its related entity.

Conclusion

Achieving hassle-free GST compliance requires staying informed of the latest tax changes and proactively avoiding common pitfalls. Regularly review your processes, maintain proper documentation, and consult IRAS as needed.

Stay informed, stay ahead, and stay GST compliant.

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This technical event commentary is written by SCTP's Tax Head, Accredited Tax Advisor (Income Tax) Felix Wong and Senior Tax Manager, Accredited Tax Practitioner (Income Tax & GST) Joseph Tan. For more insights, please visit <https://sctp.org.sg/Tax-Articles>.

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