

Getting Ready for GST Rate Change



In the 2022 Budget Statement, the Minister for Finance announced that the Goods and Services Tax (GST) will be raised from 7% to 8% with effect from 1 Jan 2023 and 8% to 9% with effect from 1 Jan 2024.

This mailer highlights areas you need to take note of to prepare for the first rate change on 1 Jan 2023. IRAS will provide more details and updates to prepare businesses for the second rate change by Apr 2023.

What you need to know

Generally, you will need to account for GST at the new rate of 8% for your standard-rated supplies of goods and services (including reverse charge supplies) made on or after 1 Jan 2023.

Under normal circumstances, you would refer to the time of supply rules to determine when your supply is treated as taking place for GST purposes and therefore when to account for GST on the supply.

However, for your supplies straddling the change of GST rate, you will need to consider the transitional rules to determine whether to charge GST at 8% or 7%. Some examples are as follows:



1 Application of Transitional Rules for Supply Straddling GST Rate Change



Supply Straddling GST Rate Change

Application of Transitional Rules

- Invoice issued for a supply of goods before 1 Jan 2023 (when the GST rate is 7%).
- Full payment received and goods delivered after 1 Jan 2023 (when the GST rate is 8%).

As full payment is received and goods delivered **after the rate change**, GST must be accounted at the new rate of 8%. This is even though the invoice is issued to your customer before the rate change.

- Invoice issued for services and full payment received after 1 Jan 2023.
- Services fully performed before 1 Jan 2023.

You can elect to charge and account for GST at 7% since the services are fully performed **before the rate change**. This is even though the invoice is issued and payment is received after the rate change.

In addition to the transitional rules, there are other details and requirements that you must follow. These are explained in IRAS' e-Tax Guide and webpage on GST Rate Change. Some examples are listed below:



2 GST Rate Applicable

GST is chargeable at the prevailing GST rate. If you issue an invoice before 1 Jan 2023, you should charge GST at 7%. You are not allowed to charge or reflect GST at 8% on invoices that are issued before 1 Jan 2023.

If you are required to charge and account for GST at 8% on a supply due to the transitional rules, you should issue a credit note and a new tax invoice to your customer to reflect the new GST rate and GST chargeable.



3 Point-of-Sale, Invoicing and Accounting Systems

To apply the transitional rules and implement the new GST rate, you may need to modify your point-of-sale, invoicing, accounting, and other systems.

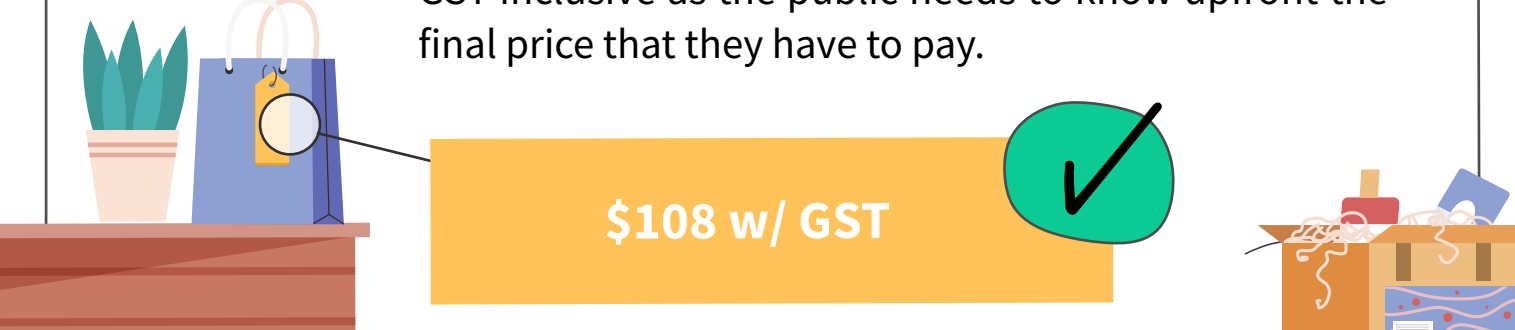
For assistance on your systems, please contact your vendors early.



Not using an accounting software? Accounting software can help you to comply with record-keeping and other tax obligations. Do refer to the [IRAS Accounting Software Register Plus \(ASR+\)](#) for the list of accounting software that meet IRAS' technical requirements and find out if you are eligible for funding support under the Productivity Solutions Grant (PSG).

4 Price Displays

GST-registered businesses* must show **GST-inclusive prices** on all price displays (e.g. price tags, price lists, advertisements, publicity brochures, website). Prices that are quoted, whether written or verbal, must be GST-inclusive as the public needs to know upfront the final price that they have to pay.



With the GST rate change, your price displays should be inclusive of GST at 8% with effect from 1 Jan 2023, 12 a.m. If you are unable to change your price displays overnight, you may display two prices:

- **Prices inclusive of GST at 7% applicable before 1 Jan 2023**
- AND**
- **Prices inclusive of GST at 8% applicable with effect from 1 Jan 2023**



**As an exception, hotels and food & beverage businesses are not required to display GST-inclusive prices for goods and services that are subject to service charge. However, they must still prominently display a statement informing customers that the prices displayed are subject to GST and service charge.*

For more information, please refer to the webpage on [Displaying and Quoting Prices](#).

It is important that you adhere to these rules and requirements to account for GST correctly in your GST returns and avoid penalties.

What you need to do

Go through the materials

To help you better prepare for the upcoming GST changes, do take some time to read the e-Tax Guide and webpage available below. These materials will provide you with all the required information for your GST rate change preparations, including transitional rules and other requirements that you must comply with.

- IRAS' e-Tax Guide: [2023 GST Rate Change - A Guide for GST-Registered Businesses](#)
- IRAS' webpage on [GST Rate Change](#)



Webinars

Read through the materials and still have questions? IRAS will be organising live webinar sessions running until Dec 2022. The webinars are only for businesses who still need assistance after reading through the materials. Please refer to [IRAS' webpage](#) for more details.

