

Penalty for late submission of GST returns

Parliament had passed the Goods and Services Tax (Amendment) bill on 2 October 2017. One of the changes to the GST Act is that they have changed the time for computing the monthly penalty for late submission of GST returns.

The time for computing the monthly penalty of S\$200 for late submission of GST returns will now commence immediately after due date of filing, instead of at the end of calendar month. IRAS will impose this penalty with effect 1 April 2018.

This will deter late filing and recognize the diligence of taxpayers who file on time.

Transfer Pricing Documentation (TPD)

Parliament had passed the Income Tax (Amendment) bill on 2 October 2017. One of the changes to the Income Tax Act is the introduction of a legal requirement to maintain TPD.

With effect from Year of Assessment (YA) 2019, businesses will be required to maintain TPD. TPD is required to be prepared no later than the statutory deadline for the filing of the tax return and must be kept for at least 5 years from the end of the basis period in which the transaction took place. A person convicted of non-compliance will be subjected to a fine not exceeding S\$10,000. The offence may be compounded by the Comptroller.

To limit the compliance burden for smaller businesses, the TPD requirement will only apply to businesses with both (a) gross annual revenue exceeding S\$10 million and (b) significant related party transactions. Existing exemptions from the preparation of TP documentation that are stated in IRAS' Guidelines continue to apply (see below for reference):

Existing exemptions as stated in IRAS' Guidelines:

- a. Local transactions where the taxpayer and its Singapore related party are subjected to the same Singapore tax rates for both parties
- b. Related domestic loans between the taxpayer and its Singapore related party where the lender is not in the business of borrowing or lending
- c. Routine support services where a 5% cost mark-up under IRAS' administrative practice for routine support services applies
- d. Taxpayer applies the indicative margin for related party loans in accordance with IRAS' administrative practice;
- e. Transactions covered by APA agreement
- f. Related party transactions excluding (a) to (d), which values or amounts disclosed in current year's financial accounts do not exceed the following thresholds per FY

- Purchase of goods from all related parties	S\$15m
- Sale of goods to all related parties	S\$15m
- Loans owed to all related parties	S\$15m
- Loans owed by all related parties	S\$15m
All other categories of related party transactions	S\$1m (per category)

In addition, with effect YA 2019, the Comptroller may apply a surcharge of 5% on the TP adjustment made by the Comptroller. This is regardless of whether the taxpayer is in a taxable position after the TP adjustment. Notwithstanding any objection or appeal, the surcharge is payable within one month of the notice of the surcharge.

Contact us

If you need assistance or advice on the above, we are here to assist you.



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