

# Goods and Services Tax (GST)

## GST InvoiceNow Requirement

This alert provides a summary of the recently announced IRAS GST InvoiceNow Requirement.

### Overview of GST InvoiceNow Requirement

The Inland Revenue Authority of Singapore (IRAS) announced on 15 April 2024, the adoption of InvoiceNow that will allow GST-registered businesses to transmit invoice data directly to the IRAS using InvoiceNow solutions.

### Phased adoption

To allow sufficient lead time for businesses, the GST InvoiceNow Requirement will be implemented by the IRAS in a calibrated and progressive manner, as follows:

- ▶ From 1 May 2025, a soft launch for early adoption by allowing all existing GST-registered businesses to transmit invoice data voluntarily to the IRAS using InvoiceNow solutions via the InvoiceNow network.
- ▶ From 1 November 2025, for newly incorporated companies that voluntarily register for GST. Newly incorporated companies refer to those that are incorporated within six months from the time they submit their application for GST registration.
- ▶ From 1 April 2026, for all new voluntary GST-registrants, regardless of their incorporation date.

The GST InvoiceNow Requirement will be implemented as an additional condition for voluntary GST registration.

## Exclusions

The following groups of businesses will be exempted from the GST InvoiceNow Requirement:

- ▶ Overseas entities (including overseas vendors that are registered under the Overseas Vendor Registration regime).
- ▶ Businesses registered under the Reverse Charge regime.

## Transmission of invoice data

Businesses under the GST InvoiceNow Requirement are required to transmit to the IRAS invoice data relating to the following types of transactions:

- ▶ Standard-rated supplies (excluding reverse charge supplies).
- ▶ Zero-rated supplies.
- ▶ Standard-rated purchases on which input tax claims are made or will be made (excluding reverse charge purchases).

For point-of-sale supplies data and petty cash purchases data, businesses can choose to aggregate the transactions before transmitting to the IRAS.

Invoice data is to be transmitted to the IRAS at the earlier of:

- ▶ The date in which the relevant GST return<sup>#</sup> is filed.

Or

- ▶ The filing due date of the relevant GST return<sup>#</sup>

<sup>#</sup> A relevant GST return means the GST return with an accounting period pertaining to the time of supply of the invoice issued or the date shown on the supplier's tax invoice.

In general, if the customer has adopted InvoiceNow, when the supplier transmits the invoice data to the customer via the InvoiceNow network, the supplier can activate the feature to have the same invoice data transmitted automatically to the IRAS.

If the customer has not adopted InvoiceNow and the invoice data cannot be transmitted to the customer via the InvoiceNow network, the supplier will have to collate and transmit the invoice data to the IRAS separately.

## GST returns

Notwithstanding the introduction of InvoiceNow, the IRAS would expect GST-registered businesses to continue preparing and filing their GST returns within the stipulated deadline.

GST-registered businesses would need to continue to adhere to the record keeping requirements, which remain unchanged. The adoption of the GST InvoiceNow Requirement does not preclude GST-registered businesses from having to comply with the mandatory GST record keeping requirements.

## The Infocomm Media Development Authority (IMDA) and IRAS support

The IMDA will be publishing the list of InvoiceNow solutions that are connected to the IRAS by May 2025.

To help businesses defray the cost of adoption and utilisation of InvoiceNow, the IMDA has introduced a variety of grants, such as the LEAD Connect & Transact Grant and InvoiceNow Transaction Bonus.

Using the IMDA's pre-approved e-invoicing solution provider may also be eligible to apply for the Productivity Solutions Grant for IT solutions and equipment, including InvoiceNow solutions.

The IMDA and IRAS are currently reviewing the need for further support and measures to ease tax compliance and will provide more details when available.

## Key considerations

Businesses wishing to adopt InvoiceNow and transmit invoice data automatically to the IRAS from May 2025 should commence the preparation process early. To be ready for GST InvoiceNow Requirement, companies may now consider the following:

- ▶ Run current-state assessment of readiness of people, processes and systems, and highlight any gaps and develop plans in line with anticipated regulatory changes.
- ▶ Ensure data quality and availability by focusing on master data and tax determination, automating processes as much as possible, with minimal or zero manual interventions. The invoice data sent to the IRAS should be accurate and complete to avoid penalties.

- ▶ Determine the most suitable InvoiceNow technology solution for the business, such as procuring ready-made InvoiceNow solutions with the feature to transmit the invoice data to the IRAS or configure in-house ERP systems to be InvoiceNow ready and connection to the IMDA pre-approved access point for transmission of the invoice data.

## Conclusion

In conclusion, GST InvoiceNow Requirement has been brewing for some time and is aligned with recent e-invoicing developments in the ASEAN region.

Getting it right is crucial, as it is an opportunity for GST-registered businesses to overhaul their GST compliance by streamlining their processes, reduce errors and costs, and improve cashflow management. This would allow GST-registered businesses to focus on core priorities while ensuring compliance with the GST requirements.

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