

Tax alert

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Goods and Services Tax InvoiceNow Implementation – Are you ready?

In this Tax Alert, we discuss the recent announcement by the Inland Revenue Authority of Singapore (IRAS) on the impending roll out of the transmission of Goods and Services Tax (GST) invoice data to the IRAS by GST-registered businesses using InvoiceNow solutions via the InvoiceNow network (GST InvoiceNow Requirement). This transmission is intended to be seamless through Access Point Providers of the InvoiceNow solutions via Application Programming Interface (API) technology.

Background

1. There has been much discussion about the transmission of accounting information relating to your GST returns in recent years and the adoption of API technology for such transmission. There has been much angst amongst GST-registered businesses on how soon this would be and the extent of information to be transmitted as well as the technology behind the transmission.
2. The IRAS has finally announced the timeline for the transmission for invoice data to the IRAS with the first group of businesses that must adopt this GST InvoiceNow Requirement (Requirement) being the newly incorporated companies¹ and voluntarily register for GST from 1 November 2025. This is followed by 1 April 2026 for all new voluntary GST-registrants, regardless of incorporation date or business constitution. The other GST-registered businesses are encouraged to adopt this Requirement as soon as 1 May 2025 when the soft launch kicks in, but the adoption is voluntary. A public consultation seeking views is now available till 25 July 2024.
3. Except for businesses which are going to apply for GST registration voluntarily in the future, it is reassuring for the rest of GST-registered

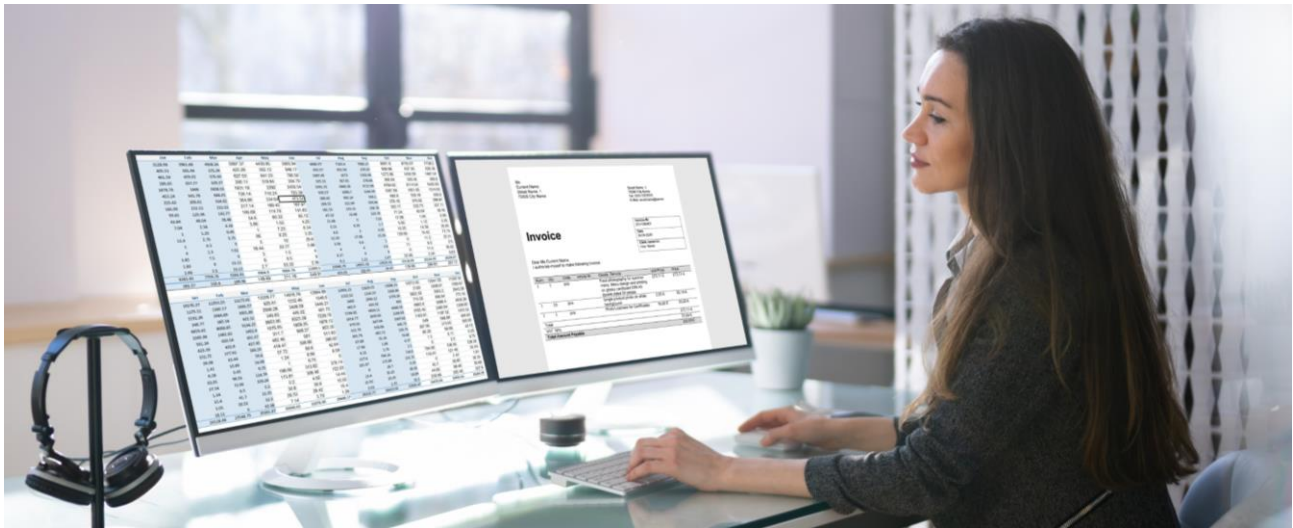
businesses which registered for GST compulsorily that no fixed date has been set for mandatory adoption. Nonetheless, the direction from the IRAS is clear. At some point in time, this Requirement would be extended to all GST-registered businesses.

What you need to know of GST InvoiceNow Requirement

4. InvoiceNow is based on the international Peppol standard for the exchange of invoices in a structured digital format between suppliers and buyers. It is a seamless transmission of digital invoices when both the supplier and customer adopt the Requirement.



¹ Companies incorporated within 6 months from the date of application for GST registration. Other forms of business such as limited liability partnerships, sole proprietorships and partnership, the timeline is deferred till 1 April 2026.



The IRAS would be able to match the output tax to be accounted by supplier and the input tax claim by the customer for a transaction and cases of mismatch would be tossed up for further review instantaneously. From the businesses' perspective, being in the digitised form would see improved productivity in invoice processing, achieve fast payment cycles, and go green by reducing the usage of paper, which is aligned with the ESG agenda which the Government promotes. Adopting InvoiceNow helps businesses better fulfil their responsibilities as GST-registered businesses, by facilitating record-keeping, billing, and payment processes right from the start for newly incorporated companies.

5. The IRAS encourages early adoption of InvoiceNow solutions for businesses because under this requirement where invoice data is transmitted directly to IRAS, GST-registered businesses could streamline their compliance processes, reduce data preparation efforts for their submissions to IRAS and enjoy faster GST refunds. In addition, there are features within InvoiceNow solutions such as receiving alerts for wrongful GST charges from non-GST registered suppliers since the IRAS matches the input tax with the output tax for each transaction.
6. Help is available for newly incorporated businesses in the form of a one-year free InvoiceNow service under the InvoiceNow Accelerate programme. To help businesses defray the cost of adoption and utilisation of InvoiceNow, the IMDA has introduced a slew of grants, such as the LEAD Connect & Transact Grant and InvoiceNow Transaction Bonus. InvoiceNow solutions are also eligible for co-funding under the Productivity Solutions Grant.

What invoice data must be transmitted?

7. Under this GST InvoiceNow Requirement, all e-invoices issued and received using the InvoiceNow Solution must be sent to the IRAS along with other invoices issued and received which are not in the Solutions such as sales made via point-of-sale systems.
8. These invoices issued include all standard-rated, zero-rated supplies but not exempt supplies, out-of-scope supplies nor reverse charge supplies while invoices received are confined to standard-rated purchases on which input tax claims are made or will be made. Hence, reverse charge purchase invoices are excluded. For point-of-sale supplies data and petty cash purchases data, businesses can choose to aggregate the transactions before transmitting to IRAS. All the invoice data must be transmitted at the earlier of filing of GST returns and the filing due date.

Key considerations

9. The first question that comes to your mind would probably be the time when the GST InvoiceNow Requirement is compulsory and when your company must be ready. What is the next step to be ready? Key considerations include whether your current ERP or accounting system is compatible with the technology for GST InvoiceNow Requirement, whether the invoice data transmitted would be safe and not be fallen on wrong hands via transmission and thus violating your confidentiality obligation with your customers, in particular for industries which need to comply with more stringent rules such as the banking sector.

10. You should also consider tapping on the grants available to defray the cost of adoption and utilisation of InvoiceNow.

How we can help

11. If you are uncertain if your ERP or accounting system can support such a transmission, detail of invoice data to be transmitted, or if the GST treatment for all your supplies and purchases are in compliance with the GST legislations and the IRAS requirements, we would be pleased to discuss with you and perform an immediate assessment and draw a timeline. If you have related entities which are considering applying

for GST registration in the future, you should bear in mind of this additional requirement. Given that the IRAS would have all the information concerning your supplies and purchases, any non-compliance would be flagged at the touch of a button. It is never too early to review or set up a robust due diligence process on your GST compliance to avoid any penalty or reputational risks when errors are surfaced.

As your committed tax advisor, please contact us to validate how ready you are with this impending adoption of GST InvoiceNow Requirement.



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