

In this issue, KPMG Tax Services highlights an Inland Revenue Authority of Singapore (IRAS) administrative concession that enables a GST-registered business to claim the Singapore GST incurred by its overseas related company under a global or regional contract arrangement.

#### Background

It is not uncommon to have an overseas holding company or related company (Overseas Company) enter into a global contract with a Singapore GST-registered supplier for services to be provided to the Overseas Company as well as companies within the group located in and outside Singapore.

A portion of the fee billed by the Singapore GST-registered supplier to the Overseas Company is subject to GST at seven percent in view that a portion of the services directly benefits companies located in Singapore and hence could not be zero-rated. In the situation where the Overseas Company is not registered for GST in Singapore and could not claim the GST charged, this GST represents a cost to the Overseas Company.

#### IRAS administrative concession

The IRAS recognises the commercial reasons behind the global contract arrangement. Hence, it is prepared to grant the administrative concession to the Singapore GST-registered company which directly benefits from the services provided by a Singapore GST-registered supplier, upon application. To qualify for this administrative concession, the Singapore GST-registered company must meet the following requirements:

- (1) It has borne the GST on the portion of the services that it has directly benefited from and maintains documentation to support this; and
- (2) It satisfies the normal input GST claiming conditions, had the supply been made to it directly.

#### How KPMG can help

We have successfully assisted Singapore GST-registered companies in claiming the GST incurred through this IRAS administrative concession. If your Overseas Company has entered into a global or regional contract arrangement and incurred GST not otherwise claimable, do contact us and we would be pleased to assist you.

## Contact us

**Lam Kok Shang**  
Executive Director  
Tel: +65 6213 2596  
kokshanglam@kpmg.com.sg

**KPMG Tax Services**  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581  
Tel: +65 6213 3388  
Fax: +65 6224 1345

KPMG's Tax Alert highlights the latest tax developments, impending change to laws or regulations, current practices and potential problem areas that may have an impact on your business. As certain issues discussed herein are time sensitive, it is advisable to make plans accordingly.

Tax Alert is issued exclusively for the information of clients and staff of KPMG Tax Services and should not be used or relied upon as a substitute for detailed advice or a basis for formulating business decisions.

© 2009 KPMG Tax Services Pte Ltd (Registration No: 200003956G), a Singapore incorporated company and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. All rights reserved. Printed in Singapore.