

Putting GST back on the agenda

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The progressive implementation of GST InvoiceNow from 2025 onwards is set to have wide-ranging impact on businesses. BY KOR BING KEONG AND LIN WEIJIE

THE past few years have been challenging for Singapore businesses as they dealt with the myriad changes and administrative guidance to the Goods and Services Tax (GST) system. From the introduction of customer accounting rules in 2019 and the implementation of the reverse charge regime in 2020, to the staggered GST rate hikes in 2023 and 2024, businesses have had to continuously recalibrate their processes and systems to stay compliant. As tax collecting agents for the government, this is an obligation they must fulfil.

The pace of change shows no signs of abating. In April 2024, the Inland Revenue Authority of Singapore (Iras) announced the progressive implementation of GST InvoiceNow from 2025 onwards. This development is set to have wide-ranging impact on businesses.

What is GST InvoiceNow; why is Iras implementing it?

GST InvoiceNow is an extension of the nationwide electronic invoicing initiative, InvoiceNow, introduced by the Infocomm Media Development Authority (IMDA) in 2019. It enables the direct transmission of invoices electronically from the seller's accounting system to the customer's system via the InvoiceNow network. This eliminates manual steps in printing, sending and entering invoice details into accounting systems, streamlining the entire invoicing process. According to a media release from IMDA last April, more than 60,000 businesses are already on the InvoiceNow network.

The IMDA and the Iras are driven to onboard GST-registered businesses onto the InvoiceNow network to enhance efficiency and tax compliance versus the current common practice of emailing PDF invoices. Their effort aims to increase the adoption of InvoiceNow and help businesses streamline their operations and improve tax compliance.

Rise of e-invoicing

E-invoicing is not a new concept and has been mandated in several jurisdictions. Tax authorities are embracing digitisation to reduce the overall costs of tax administration and improve collection. Across the Causeway, Malaysia recently rolled out its own e-invoicing initiative with the first wave of taxpayers (those with an annual turnover exceeding RM100 million) already on board as of Aug 1, 2024.

The benefits of e-invoicing are clear:

- Efficiency gains: Reduce manual data entry errors
- Faster processing: Quicker invoice processing and payment, improving cash flow
- Cost savings: Comparatively lower storage costs

A key requirement of GST InvoiceNow is the transmission of detailed sales data directly to the Iras for tax administration



The drive to onboard GST-registered businesses onto the InvoiceNow network is to enhance efficiency and tax compliance versus the current common practice of e-mailing PDF invoices. PHOTO: BT FILE

purposes, which is a step up from the current practice of declaring only consolidated sales, purchases and corresponding output and input tax figures in the GST filings.

From a tax administration perspective, the Iras will soon have access to data at the transactional level. The Iras has indicated that GST InvoiceNow may reduce the number of audits and speed up GST refunds for lower-risk businesses. By the same token, it also enhances the Iras' ability to enforce. The transactional data collected will help in the identification of incorrect GST treatments and unusual transactions, leading to more targeted audits and assist in the detection of errors or tax fraud.

Take action now

Based on the implementation plan announced by the Iras, newly incorporated businesses applying for GST registration voluntarily from Nov 1, 2025, must comply with GST InvoiceNow requirements. This will extend to all voluntary GST registrations from Apr 1, 2026. For all other GST-registered businesses, the implementation date is expected to be announced soon. Businesses planning to set up entities for new ventures or projects such as property purchases or other asset acquisitions should start preparing for the data, systems infrastructure and other requirements of GST InvoiceNow.

In the meantime, existing GST-registered businesses should assess the impact of GST InvoiceNow. Key considerations include the compatibility of current accounting systems and the availability of the required data points. Upgrading accounting systems is a major and costly undertaking which requires sufficient lead time and management efforts. Businesses should

also review their GST treatment for accuracy to minimise errors, as the Iras will soon have greater visibility over transactions. Conducting a GST "systems health check" with accredited professionals may help identify potential shortfalls and address compliance gaps.

Tax compliance as a priority

Once InvoiceNow is implemented nationwide, the Iras' increased visibility into transaction data will add pressure to businesses to get their "house" in order. While GST is conceptually simple, its application is anything but straightforward. Errors can accumulate to significant amounts, especially given the recurring nature of business transactions and with the GST rate now at 9 per cent.

Data is a cornerstone of all tax compliance. Hence, the need to have complete and accurate data to comply with tax reporting obligations. GST InvoiceNow offers businesses an opportunity to take a hard look at their data quality and collection processes, an area that is often neglected. In addition to focusing on data quality, when preparing to adopt GST InvoiceNow, businesses should also review their tax compliance processes, conduct GST health checks, and leverage technology solutions where feasible.

The impending roll-out of GST InvoiceNow should serve as the impetus for businesses to prioritise tax compliance. By putting tax compliance back (or higher up) on the agenda, businesses can achieve long-term and sustainable compliance cost savings.

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