

EXPLANATION TO TAX CODE

(I) GST Tax Code for Purchases:

a.	Tax Code	TX7
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This refers to goods and/or services purchased from GST registered suppliers. The prevailing GST rate is 7% wef 1 July 2007. As it is a tax on final consumption, a GST registered trader will be able to claim credits for GST paid on goods or services supplied to them. The recoverable credits are called input tax. Examples include goods or services purchased for business purposes from GST registered traders.

b.	Tax Code	IM
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All goods imported into Singapore are subjected to duties and/or GST. GST is calculated on the value which includes cost, insurance and freight plus the customs duty payable (if any), unless the imported goods are for storage in a licensed warehouse or Free Trade Zone, or imported under the Zero GST Warehouse Scheme, or under the Major Exporter Scheme. If you are a GST registered trader and have paid GST to Singapore Customs on your imports, you can claim input tax deduction in your GST returns submitted to the Comptroller of GST.

c.	Tax Code	ME
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This refers to goods imported under the Major Exporter Scheme and Third Party Logistics Scheme, where GST is suspended when the trader imports the non-dutiable goods into Singapore. These two schemes are designed to ease the cash flow of major exporters and approved Third Party Logistics Company who has significant imports.

d.	Tax Code	BL
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This refers to GST incurred by a business but the claiming of these GST are specifically disallowed under Regulations 26 and 27 of the GST (General) Regulations. Specifically, a GST registered trader is not allowed to claim input tax incurred on the following expenses:

- Club subscription fees (including transfer fee) charged by sporting and recreational clubs;
- Medical expenses, medical and accident insurance premiums incurred by your staff. Excluding those covered under the Work Injury Compensation Act or under any collective agreement under the Industrial Relations Act;
- Benefits provided to the family members or relatives of your staff;
- Costs and running expenses of a motor car (except for Q-plated cars with COE issued before 1 April 1998).
- Any transaction involving betting, sweepstakes, lotteries, fruit machines or games of chance.

e.	Tax Code	NR
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This refers to goods and services purchased from non-GST registered supplier/trader. A supplier /trader who is not registered for GST with the Comptroller of GST is not allowed to charge and collect GST. Under the GST Act, any unauthorized collection of GST is an offence.

f.	Tax Code	ZP
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This refers to goods and services purchased from GST registered suppliers where GST is charged at 0%. This is also commonly known as zero-rated purchases. Examples include purchase of air tickets, travel insurance, international freight charges and IDD calls.

g.	Tax Code	EP
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This refers to purchases in relation to residential properties or certain financial services where there no GST was levied (i.e. exempt from GST). Consequently, the no input tax would be incurred on these supplies. Examples include purchase and rental of residential properties and certain financial services defined in the Fourth Schedule of the GST Act.

h.	Tax Code	OP
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This refers to purchase of goods outside the scope of GST. An example is purchase of goods overseas and the goods did not come into Singapore, the purchase of a business transferred as a going concern and purchase made within a Zero GST Warehouse. For purchase of goods overseas, there may be instances where tax is imposed by a foreign jurisdiction that is similar to GST (e.g. VAT). Nonetheless, the GST registered trader is not allowed to claim input tax for GST/ VAT incurred for such purchases. This is because the input tax is paid to a party outside Singapore.

i.	Tax Code	TX-E33
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This is only applicable to GST registered trader that makes both taxable and exempt supplies (or commonly known as partially exempt trader). TX-E33 should be use for transactions involving the payment of input tax that is directly attributable to the making Regulation 33 Exempt Supplies. Regulation Exempt Supplies include interest income from deposits placed with a financial institution in Singapore, realised foreign exchange gains or losses, first issue of bonds, first issue of shares through an Initial Public Offering and interest received from loans provided to employees. With effect from 1st April 2008, Regulation 33 Exempt Supplies also include factoring receivables, money received from unit holders for units received by a unit trust etc. For more information, please refer to our e-tax guide "Partially Exempt Traders and Input Tax Recovery".

j.	Tax Code	TX-N33
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This is only applicable to GST registered trader that makes both taxable and exempt supplies (or commonly known as partially exempt trader). EN33 should be use for transactions involving the payment of input tax that is directly attributable to the making non-Regulation 33 Exempt Supplies. Examples of exempt supplies that are not covered under Regulation 33 include sale and rental of residential properties and financial services provided.

k.	Tax Code	TX-RE
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This is only applicable to GST registered trader that makes both taxable and exempt supplies (or commonly known as partially exempt trader). This refers to GST incurred that is not directly attributable to the making of taxable or exempt supplies (or commonly known as residual input tax). Example includes operation over-head for a development of mixed property (properties comprise of residential & commercial).

(II) **GST Tax Code for Supply:**

a.	Tax Code	SR
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A GST registered supplier must charge and account GST at 7% for all sales of goods and services made in Singapore unless the supply qualifies for zero-rating, exemption or falls outside the scope of the GST Act. The GST collected from customer is called output tax. The value of sale and corresponding output tax must be reported in the GST returns.

b.	Tax Code	ZR
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A GST registered supplier can zero-rate (i.e. charging GST at 0%) the supply of goods and services if they export the goods out of Singapore or the services fall within the description of international services under section 21(3) of the GST Act. Examples includes sale of air-tickets and international freight charges.

c.	Tax Code	ES33
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This is only applicable to GST registered trader that makes both taxable and exempt supplies (or commonly known as partially exempt trader). This refers to exempt supplies made under Regulation 33. Regulation 33 Exempt Supplies include interest income from deposits placed with a financial institution in Singapore, realised foreign exchange gains or losses, first issue of bonds, first issue of shares through an Initial Public Offering and interest received from loans provided to employees. With effect from 1st April 2008, Regulation 33 Exempt Supplies also include factoring receivables, money received from unit holders for units received by a unit trust etc. For more information, please refer to our e-tax guide "Partially Exempt Traders and Input Tax Recovery".

d.	Tax Code	ESN33
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This is only applicable to GST registered trader that makes both taxable and exempt supplies (or commonly known as partially exempt trader). This refers to exempt supplies that are not covered under Regulation 33. Examples of exempt supplies that are not covered under Regulation 33 include sale and rental of residential properties and financial services provided. For more information, please refer to our e-tax guide "Partially Exempt Traders and Input Tax Recovery" available at www.iras.gov.sg.

e.	Tax Code	DS
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GST is chargeable on supplies of goods and services. For GST to be applicable, there must be goods or services provided and a consideration paid in return. However, there are situations where the GST Act provides that a supply has taken place even though no goods or services are provided or no consideration is paid. These are known as deemed supplies. Examples include free gifts (more than \$200) and disposal of business assets without consideration.

f.	Tax Code	OS
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This refers to supplies (commonly known as out-of-scope supply) which are outside the scope of the GST Act and GST is therefore not chargeable. In general, they are transfer of business as a going concern, private transactions, third country sales (i.e. sale of goods from a place outside Singapore to another place outside Singapore) and sales made within Zero GST Warehouse.