



Regulatory Alerts & Updates

Regulatory Alert: Singapore GST Rate Increase

December 19, 2022

BACKGROUND

The Singapore Minister of Finance announced that the Singapore Goods and Services Tax (GST) rate will be increased from:

- (i) 7% to 8% with effect from 1 Jan 2023; and
- (ii) 8% to 9% with effect from 1 Jan 2024.

The rate change will affect all ancillary services performed in Singapore as well as domestic freight charges within Singapore that are currently subject to 7% Singapore GST.

This applies to all customers, including payers billed outside Singapore and payers billed inside Singapore, to comply with the Singapore Tax regulations.

Q & A

1. Why is there a rate change and effective from when?

The Singapore GST rate change will be in two phases:

- (i) first rate change will be from 7% to 8% with effect from 1 Jan 2023; and
- (ii) second rate change will be from 8% to 9% with effect from 1 Jan 2024.

These changes were announced by the Singapore Minister of Finance as part of the Singapore Budget.

Our billing system will be updated accordingly for this change.

2. How can customers determine the applicable Singapore GST rate for their shipments?

The Invoice date will be used to determine whether the services is subject to the existing 7% GST or 8% GST. If the services provided by FedEx are subject to

Singapore GST, 7% GST rate will apply if the invoice is issued prior to Jan 1, 2023. If the invoice is issued after Jan 1, 2023, 8% GST will apply.

The same conditions apply to the rate change from 8% to 9% effective from 1 January 2024.

3. Will this rate change impact my shipment which originally subject to 0% GST?

No. The rate change will only impact the ancillary services as well as domestic freight charges within Singapore that are currently subject to 7% GST.