To support employees who are affected by the COVID-19 outbreak, businesses may provide accommodation and other types of benefits to employees during the COVID-19 period.

The Inland Revenue Authority of Singapore (IRAS) has provided guidance on circumstances where the input tax on expenses incurred in response to the COVID-19 period can be claimed.
## I. COVID-19 - Input tax claim on expenses

<table>
<thead>
<tr>
<th>GST incurred on</th>
<th>Claimable</th>
<th>Not claimable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Accommodation, food, transport to and from accommodation to testing facility and thermometers provided to employees who need to serve a Stay-Home Notice (SHN).</td>
<td>If incurred by employee who returns from a business trip overseas</td>
</tr>
<tr>
<td>2</td>
<td>COVID-19 tests and COVID-19 hospitalisation charges for employees.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>SHN expenses and accommodation provided to Malaysian workers on the Periodic Commuting Arrangement (PCA) scheme.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Accommodation provided to Malaysian workers in light of the Movement Control Order (MCO).</td>
<td>Where the Malaysian worker normally resides overseas and is required to reside in Singapore to ensure continuity of business during the MCO period, the expense is incurred for the purpose of the business.</td>
</tr>
<tr>
<td>5</td>
<td>Personal protective equipment (e.g., masks, thermometers and hand sanitiser) to employees.</td>
<td>The expense is incurred for the purpose of the business.</td>
</tr>
<tr>
<td>6</td>
<td>Utility bills, telephone bills, monthly subscription fees for mobile phone and monthly subscription fees for broadband incurred while the employee works from home (WFH) during the COVID-19 period.</td>
<td>On the business portion of the expense incurred during the COVID-19 period. The supply should be contracted in the employee’s name, and not any other person living in the same household².</td>
</tr>
<tr>
<td>7</td>
<td>Office equipment for home use (e.g., printer, toner, monitor and chair) to facilitate employees to WFH during the COVID-19 period.</td>
<td>If the company owns the office equipment.</td>
</tr>
</tbody>
</table>

¹ Unless the accommodation is allowed under the exceptions or administrative concession under paragraph 7 of the e-Tax Guide: GST: Fringe Benefits (Fourth Edition).

² If the company has difficulties in determining the business portion of the expenses:

- Utilities and home telephone bills
  The company may take the difference in the amount of expenses the employee incurred before and after WFH and apportion it equally among the working individuals in the same household. For example, if the employee’s utilities bill has increased by S$107 (inclusive of S$7 GST) and both the employee and another individual in the household WFH, the company may claim S$3.50 as its input tax.

- Mobile phone or broadband subscription fees to claim:
  - For full reimbursements, based on 4/7 of the GST incurred on the expenses.
  - For partial reimbursements, based on 7/107 of the amount reimbursed or 4/7 of the GST incurred on the expenses, whichever is the lower amount.
II. COVID-19 Support Measures - Property tax rebate and rental relief

As part of the Resilience Budget announced on 26 March 2020, qualifying non-residential properties (qualifying properties) will be granted property tax rebate for up to 100% on their property tax payable for the period 1 January 2020 to 31 December 2020. Owners of qualifying properties are required to unconditionally and fully pass on to their tenant(s) the rebate by either reducing or offsetting current or future rentals or through a payment to the tenant(s), within the prescribed timeframe.

As part of the Fortitude Budget announced on 26 May 2020, a new government cash grant will be given to qualifying property owners to offset the rental costs of qualifying small and medium-sized enterprise (SME) tenants (i.e., tenants with not more than S$100 million in annual turnover based on their corporate and individual income tax returns for Year of Assessment 2019) of qualifying properties. Qualifying property owners are required to pass on the new cash grant benefits to their qualifying SME tenants.

The IRAS has provided clarification on the GST treatment of the property tax rebate and the government cash grant as part of the rental relief passed on to tenants as follows:

► Both the passing of the property tax rebate and cash grant to tenants are treated as discounts given on the rental and GST is computed on the net rental charged regardless of the mode of disbursement.

► Where property owners and/or landlords provide voluntary rental support for their tenants beyond the property tax rebate and the government cash grant as part of rental relief, these are also treated as discounts for GST purposes.

► The amount of rental relief that can be treated as discount for GST purposes is, however, capped at the total value of contractual rent for the year 2020 and any rental relief given in excess of the contractual rent for the year 2020 will be treated as goodwill payment.

► Examples:

<table>
<thead>
<tr>
<th>Property tax rebate and government cash grant as part of rental relief</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reduction of current or future rental</td>
</tr>
<tr>
<td>Current rental:  S$1,000 before GST</td>
</tr>
<tr>
<td>Property tax rebate or cash grant:  S$100</td>
</tr>
<tr>
<td>Net rental:  S$900</td>
</tr>
<tr>
<td>GST chargeable:  S$63  [S$900 x 7%]</td>
</tr>
<tr>
<td>2. Issuance of credit note if rental has already been billed or paid</td>
</tr>
<tr>
<td>Property tax rebate or cash grant:  S$100</td>
</tr>
<tr>
<td>GST credit:  S$7(^3)</td>
</tr>
<tr>
<td>Total on credit note:  (S$107)</td>
</tr>
</tbody>
</table>

\(^3\) Original GST amount charged on rental would have been S$70  [S$1,000 x 7%]. However, with the property tax rebate or cash grant, the GST on net rental is only S$63. Therefore, a GST credit of S$7  [S$70 - S$63] would be reflected on the credit note.
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