Input tax recovery and partial exemption

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland and Germany),
Solicitor (England & Wales and Hong Kong)
Of Counsel, KGP Legal LLC
alexander.ressos@kgplegal.com.sg
www.ressos.com.sg

A business that makes both taxable and exempt supplies may recover only the input tax attributable to taxable supplies. Input tax attributable to exempt supplies is recoverable only if the exempt supplies fall within the de minimis rule or within the list in regulation 33 of the GST (General) Regulations. That list covers certain financial supplies made to overseas persons or to taxable persons.[1] For a DPT business this means that the exempt supply of tokens to Singapore customers blocks recovery of a proportionate share of input tax on overheads, while the same supply to overseas customers is zero-rated and allows recovery.

The Guide confirms that exempt DPT supplies can be zero-rated when contractually made to a person belonging outside Singapore who directly benefits an overseas person or a GST-registered Singapore person, provided the recipient is not in Singapore when the service is performed.[2] Belonging status is determined under the normal rules, and where it cannot reasonably be verified the Guide permits proxies: at least two non-conflicting pieces of evidence from payment, residence and access indicators. In their absence the customer is presumed to belong in Singapore. The proxy approach is a concession to the reality that exchanges do not always know

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where a wallet holder sits, and it imposes a data-collection duty that overlaps with the customer due diligence described in Part L, Chapter II. The KYC file should capture residence evidence in a form that the GST team can use.

Notes

1. Goods and Services Tax (General) Regulations, regs 28 (de minimis rule), 29–30 (apportionment) and 33 (exempt supplies regarded as taxable for input tax purposes). ↩
2. IRAS, e-Tax Guide *GST: Digital Payment Tokens*, third edition, 30 January 2026, section on zero-rating (supplies to persons belonging outside Singapore) and on determining belonging status, including proxy indicators. ↩

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Author contact: Dr Alexander Ressos, TEP · contact@ressos.com

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