

[Singapore] IRAS e-Tax Guide (Draft) Adopting InvoiceNow Requirement for GST-registered Businesses

AIC Submission

[Draft e-Tax Guide](#): "Adopting InvoiceNow Requirement for GST-registered Businesses"

Section of e-Tax Guide	Paragraph No.	Comments	Proposed Alternative(s)
Section 8 – Mandatory Data Elements (“MDEs”)	8.1	As part of the proposed InvoiceNow Requirement, taxpayers are required to collect essential customer information such as the legal name, address and Unique Entity Number (UEN). AIC member companies have found that, in their experience, validating customer information for e-invoicing purposes can present significant challenges for businesses. This process, typically, requires access to comprehensive and reliable databases to cross-verify the customer information submitted. Establishing and maintaining such databases not only entails substantial initial set-up costs but also ongoing expenses related to the upkeep of such processes. Furthermore, integrating these validation processes into existing business systems requires additional compliance and procedural steps. In AIC’s view, the added compliance burden from this requirement outweighs the	To simplify the compliance requirements for taxpayers, the IRAS should consider excluding any requirements for businesses to validate such customer information. Where new customer information is required to be collected for InvoiceNow, IRAS should promote general awareness through education campaigns, and also allow taxpayers sufficient time to collect this data.

		benefits of validating customer information accuracy, especially for existing customers. This undermines the InvoiceNow initiative's goal of enabling businesses to focus on core priorities like growth and innovation.	
Section 7 - Scope of Transactions to Transmit to IRAS	7.9	The proposed requirement for businesses to obtain written approval from the IRAS for transaction corrections via credit notes will likely be challenging in practice for both taxpayers and the IRAS. As the volume of credit notes increases, the administrative burden of the approval process could delay business transactions.	IRAS should consider an automated correction process by allowing businesses to resend updated credit note data through an electronic information exchange or by enabling the cancellation of the original credit note followed by the issuance of a corrected invoice. Such autonomy for businesses to independently manage credit note corrections would enhance efficiency and reduce administrative burdens on the IRAS, while maintaining a standard of accountability for accurately reporting transactions.
Section 7 - Scope of Transactions to Transmit to IRAS	7.14, 7.15, 7.3, 7.5, 7.7	The e-Tax Guide includes a table of GST category codes that should be used by businesses when transmitting invoice data on transactions. Paragraph 7.15 advises that businesses may opt to transmit invoice data on transactions that are not covered under Paragraph 7.3 (standard-rated sales), 7.5 (zero-rated sales), and 7.7 (standard-rated purchases) if it eases their compliance burden. However, it does not provide guidance on which GST category codes	Clarification from IRAS on which GST category codes to use for transactions not covered in the e-Tax guide would help avoid invoicing errors.

		should be used for such transactions (e.g. out-of-scope supply sales and purchases transactions).	
Section 5 - GST InvoiceNow Requirement	5.15	The proposed GST InvoiceNow Requirement will be adopted progressively by businesses, with the option for existing GST registered businesses to adopt the InvoiceNow solutions via to InvoiceNow network. For a phased approach to be effective, there should be clear and detailed guidance for businesses within the scope of the InvoiceNow Requirement when interacting with businesses who are either outside the scope of the InvoiceNow Requirement or are scheduled to be included in future phases. Leaving taxpayers to navigate and interpret such complexities independently could lead to uncertainty regarding their compliance obligations under the InvoiceNow Requirement.	The e-Tax guidance should detail the procedural and operational steps for each party involved at different stages of the InvoiceNow Requirement implementation. As adoption expands from newly incorporated businesses that voluntarily register for GST to all GST-registered businesses, a clear phased approach will help ensure better compliance. In AIC members' experience, clarity in such phased implementations improves business adherence to invoicing requirements.
Section 5 - GST InvoiceNow Requirement	5.16	The proposed GST InvoiceNow Requirement will be implemented in phases, beginning with newly incorporated companies that voluntarily register for GST. However, experiences from other countries like Malaysia, which have implemented e-invoicing using a similar phased approach, suggest that this can lead to uncertainty for businesses and negatively impact the initiative's overall effectiveness. In practice, businesses of all sizes and tax	A unified implementation timeline ensures that all businesses are on the same page, reduces complexity, and fosters a smoother overall transition from regular invoicing to e-invoicing. Such an approach also promotes equality and efficiency among taxpayers, irrespective of their size/turnover or registration status. This also avoids mismatches in responsibility, for example, between new businesses in

		registration statuses interact with each other, creating potential confusion when invoicing rules apply differently to certain businesses.	this case who may be required to issue e-invoices at an early stage and their older customers who may not yet have to issue e-invoices but should be able to receive e-invoices from their suppliers.
Section 4 – InvoiceNow	4.1	The InvoiceNow e-invoicing network is based on the Peppol standard. Whilst the Peppol 5-corner model provides a decentralized approach to e-invoicing, it is important to recognize the varying needs and capacities of businesses, especially those with high transaction volumes.	IRAS should consider allowing business to connect directly to the IRAS portal via an API connection in addition to the existing proposed method of using a third-party service provider (e.g., a Peppol access point), as this could provide an alternative option for businesses that enhances flexibility and potentially reduces compliance costs for larger businesses. Allowing the direct integration with IRAS' systems would provide a more streamlined and cost-effective way for large businesses to manage their e-invoicing obligations.
Section 4 – InvoiceNow	4.3	It is important for IRAS to clarify the extent of taxpayers' obligations to issue e-invoices via InvoiceNow. Specifically in cases where customers did not initially provide sufficient information (i.e. UEN) for taxpayers to determine whether they are on the InvoiceNow network, it is unclear if there is a legal obligation for taxpayers to ensure an e-invoice is issued when such information is retrospectively made available to the taxpayer.	For ease of compliance, taxpayers should be allowed to issue traditional invoices (e.g. PDFs) by default in the absence of information that indicate that a customer is on InvoiceNow at the time of invoice issuance. The option to reissue an e-invoice should be a commercial decision and no legal obligation should be imposed on taxpayers to re-issue e-invoices when such

			information is later provided to the taxpayer. IRAS should also provide clear guidance on how taxpayers should re-issue e-invoices in such cases (if taxpayers decide to do so). In particular, IRAS should clarify whether taxpayers can invalidate or issue a credit note against the original invoice, and re-issue an e-invoice with the same contents as the original invoice (such as invoice number, date).
Section 6 – How Invoice Data is Transmitted to IRAS	6.4	The proposed InvoiceNow Requirement indicates that Solution Providers will have access to the IRAS API, enabling them to construct validation checks that can identify GST-registered taxpayers, validate GST and identify incorrect GST treatments.	To enhance compliance and data accuracy, IRAS should consider making the validation rules and tools (such as Validex) accessible to all businesses within the scope of the InvoiceNow Requirement. By extending the access to such validation tools, businesses will be able to mitigate the transmission of incorrect or incomplete data which will reduce the likelihood of invoice rejections, ultimately leading to a more streamlined and efficient compliance process. Such an approach supports businesses in fulfilling their invoicing obligations and fosters a more compliant and error-resistant e-invoicing system.
Section 6 – How Invoice Data is Transmitted to IRAS	6.3	It is important for IRAS to clarify if the requirement for reporting full invoice data encompasses all invoices, whether received through the	In AIC members' experience, the requirement to transmit data should only apply to those invoices that are received

		InvoiceNow system or through other means such as paper invoices or PDF.	electronically (i.e., a Peppol invoice). Limiting the e-invoicing reporting obligation to electronically received invoices exclusively aligns with the objective of streamlining compliance and reducing administrative burdens. Requiring businesses to report invoices received in paper or PDF format could necessitate additional manual data entry, which could lead to increased operational costs .
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2. What additional details would you like to see in the draft e-Tax Guide to have more clarity on the GST InvoiceNow Requirement?

Contingency procedures

IRAS should provide guidance on contingent protocols, policies, and procedures in the event the InvoiceNow system/solutions are unavailable and/or if there is a transmission failure. Specifically, the IRAS should provide guidance on offline invoicing capabilities, post-downtime compliance, record keeping and validation for transactions occurring during the unavailability period, IRAS's method of communication and support when the InvoiceNow system is unavailable. By establishing a comprehensive framework for handling systems downtimes or failures, the IRAS can ensure that businesses will be able to handle such disruptions effectively and confidently.

Validation checks

The current e-Tax guide does not specify whether InvoiceNow will conduct format or content validations on submitted invoice data. For transparency and to facilitate compliance, it would be helpful for businesses to be provided with comprehensive access to the validation rules and associated error codes that will be completed by IRAS or required to be completed by Solution Providers. This access should include clear information on what format and content validations are performed, a detailed list of possible error codes, and the exclusion of free text fields that are difficult to stringently validate to ensure that invoices are not unnecessarily rejected falsely.

3. Are there any areas in the GST InvoiceNow Requirement that can be further simplified, without diminishing the value proposition of the GST InvoiceNow Requirement for businesses and the government?

Please see comments above.

4. Any other feedback or comments?

Lead time

Based on AIC members' experience on the implementation of e-Invoicing in other countries, a lead time of 18 to 24 months should be provided from the date the final and full technical and legislative guidance is made available to businesses. This period should also include a robust testing phase of 3 to 6 months within a sandbox environment that utilizes the same validation rules and error codes as the production environment for incoming and outgoing data flows. This will ensure that taxpayers have a real chance to test transaction scenarios effectively, prepare their systems adequately, and save potential administrative time/costs in the future.

After the go-live date, AIC also advises a soft-landing period of 3 to 6 months where the IRAS exercises discretion in enforcing penalties for inaccurate or non-reporting of invoices. Such leniency would support and encourage taxpayers who encounter naturally technical or commercial difficulties, thereby ultimately fostering compliance and positive relationships with the IRAS.

Public consultation and workshops

We welcome invitations from the IRAS for businesses to provide their feedback on the InvoiceNow Requirement. We would ask the IRAS to continue to provide such opportunities regularly through online consultations and in-person or virtual meetings/workshops to ensure an effective and successful introduction of the InvoiceNow regime.