GST Bad Debt Relief: Test Six Conditions Before Claiming

Description

A business may recover GST already accounted for on an unpaid supply only after all six IRAS conditions are met. The claim goes into Box 7 and is declared in Box 11, must be made within five years of supply, and must be partly repaid if money is later recovered. IRAS bad debt relief. IRAS self-review checklist.

Choose the branch that matches your case

Situation	Next step
Twelve months have elapsed since supply	Test all six conditions
Debtor became insolvent earlier	Check whether the earlier trigger applies
Debt was not written off in the accounts	Do not claim yet
Customer later pays	Calculate and report the repayment in Box 6

Start with GST already paid

The relief concerns output tax that the supplier accounted for and paid on a taxable supply for money consideration. An ordinary accounting loss is not enough. IRAS bad debt relief.

Tie the tax invoice, GST return and ledger entry together before testing the remaining conditions.

Prove the debt was written off

IRAS requires the whole or relevant part of the consideration to be written off as a bad debt in the accounts. IRAS self-review checklist.

A general doubtful-debt provision is not the same evidence as a specific write-off. Keep the journal and approval.

Check the time trigger

Normally 12 months must have elapsed from the date of supply, unless the debtor became insolvent earlier.

Record the supply date, due date, insolvency evidence if used, and proposed claim period.

Document reasonable recovery steps

Reminder notices, calls, formal demands and other proportionate actions show that the business tried to recover the amount.

The correct effort depends on the debt and resources, but doing nothing is weak support for relief.

Complete the remaining conditions

The supply value must not exceed open market value, and ownership must have transferred where goods were supplied.

Use the IRAS checklist line by line and preserve it even though it is not submitted with the return.

File in the right boxes and on time

Include the GST amount in Box 7 and answer yes with the amount in Box 11. The claim limit is five years from the supply date.

Calendar the final eligible return period rather than using a loose year-end reminder.

Reverse the benefit after recovery

If the customer later pays, repay the corresponding relief using the prescribed fraction and include it in Box 6 for that period.

Keep the original claim and every later receipt linked so partial recoveries are not missed.

Build a dated decision record

Write down the exact outcome you need: document eligibility, compute the claim and preserve the recovery trail before filing the GST return. Keep the household, company, product, trip or booking facts that produced the result beside it. A result based on different facts is not a precedent, even when the headline issue looks similar.

Record the date and the controlling page you checked. For this decision, the source set is IRAS bad debt relief; IRAS self-review checklist. Save the relevant reference number, model, class, property detail, deadline, service route or ticket choice. That makes it possible to reconstruct the decision if a rule, inventory position or personal fact changes.

Use two working aids instead of a single yes-or-no note. First, make a six-condition evidence matrix. Second, add a partial-recovery gst calculation. The first shows how the facts map to the official rule or live service; the second exposes the timing, cost, trade-off or follow-up action that a simple eligibility answer can hide.

Set a stop condition before acting. Pause if you encounter claiming on a provision only, skipping recovery steps, using the current gst rate for an older supply, or if any fact no longer matches the source you checked. Re-run the relevant official tool or contact the competent organisation. The purpose of the record is not paperwork for its own sake. It prevents an old screenshot, rough estimate or remembered rule from becoming an expensive assumption.

Run a final preflight

Before committing money, submitting a form, changing a legal record, starting the trip or relying on the plan, read the opening answer again against your own facts. Confirm who is affected, which date controls, what evidence is still current and which organisation has authority to decide the case. If one of those elements is missing, the decision is not ready.

Then assign the next action and a review date. The action may be a filing, a call, a booking, a household discussion or a fresh check of the live service. Keep the answer from IRAS bad debt relief beside the supporting detail from IRAS self-review checklist. This two-source preflight is deliberately short: it is the last chance to catch a stale rule, misunderstood threshold or unsupported assumption before it becomes harder to reverse.

Work the example before the real decision

A S$10,900 invoice includes S$900 GST and later has S$5,450 still unpaid. If every condition is met, the working GST component of that unpaid half is S$450. This is an LBRD arithmetic example; use the tax rate and IRAS formula for the actual supply.

Reader checklist

1. Tie invoice to the GST return
2. Post the specific write-off
3. Record the 12-month or insolvency trigger
4. Keep recovery evidence
5. Complete the IRAS checklist
6. File Box 7 and Box 11
7. Monitor later receipts

Mistakes to avoid

- Claiming on a provision only
- Skipping recovery steps
- Using the current GST rate for an older supply
- Missing the five-year limit
- Failing to repay after recovery

Related next reads

After document eligibility, compute the claim and preserve the recovery trail before filing the GST return, calendar another ACRA filing. You can also audit the payroll record.

Questions readers ask

Must the checklist be submitted?

No, but IRAS says to retain it for possible audit.

Where is the claim entered?

Box 7, with the amount also declared through Box 11.

What happens after a later payment?

Repay the relevant amount in Box 6.

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