



Voluntary GST Registration: Run the Two-Year Cost Test

Description

Voluntary GST registration is a two-year operating commitment, not just a way to reclaim input tax. Model customer pricing, output tax, recoverable input tax, InvoiceNow readiness and recurring filing work across the full period.

This guide is written for an sme below the compulsory gst threshold considering voluntary registration. It resolves a specific job: compare the two-year cash and compliance consequences before applying. Start with the branch that matches the facts, then keep the supporting record until the transaction, visit, filing or safety task is complete.

Choose the branch before acting

Your situation	Next move
Most customers can recover GST	Test whether adding GST changes price competitiveness and cash timing
Customers are mainly consumers or exempt businesses	Model whether the business absorbs part of GST or raises final prices
Large taxable start-up costs are expected	Check whether input tax is claimable and supported, not merely incurred
Systems cannot produce compliant records	Fix invoicing, accounting and InvoiceNow readiness before applying

Do not combine branches merely because two labels sound similar. The correct branch depends on the actual person, date, property, product, service or location involved. If one fact is unknown, pause at that row and verify it instead of carrying an assumption into the rest of the task.

Start with the counterfactual

The benefit is not the gross amount of GST on every purchase because restrictions and business-use rules can limit claims. The current position is set out by [IRAS factors before voluntary GST registration](#).

Build a base case in which the business remains unregistered and compare it with the registered case. Add the relevant date, document, amount, location or responsible person to the same record. That makes the choice reproducible and prevents a broad rule from being applied to the wrong facts.

Model output tax by customer type

A GST-registered corporate buyer may treat GST differently from a household or exempt-sector customer. The supporting detail is available from [IRAS responsibilities of GST-registered businesses](#).

Split revenue by customer segment and test both price-plus-GST and GST-inclusive pricing. Add the relevant date, document, amount, location or responsible person to the same record. That makes the choice reproducible and prevents a broad rule from being applied to the wrong facts.

Test input tax claimability

A valid tax invoice and business purpose are necessary but may not be sufficient for every expense.

Classify recurring costs, capital items, mixed-use expenses and blocked claims with the IRAS rules. Add the relevant date, document, amount, location or responsible person to the same record. That makes the choice reproducible and prevents a broad rule from being applied to the wrong facts.

Include the two-year lock-in

IRAS says voluntary registrants generally must remain registered for at least two years.

Run monthly cash flow for 24 months, not one unusually purchase-heavy quarter. Add the relevant date, document, amount, location or responsible person to the same record. That makes the choice reproducible and prevents a broad rule from being applied to the wrong facts.

Cost the compliance system

Returns, tax invoices, records, adjustments and reconciliations require staff time and reliable accounting data.

Assign an owner, reviewer and recurring close calendar before registration. Add the relevant date, document, amount, location or responsible person to the same record. That makes the choice reproducible and prevents a broad rule from being applied to the wrong facts.

Check InvoiceNow readiness

New voluntary applications can fall within the phased GST InvoiceNow requirement.

Confirm the business's incorporation date, application timing and solution capability against current IRAS guidance. Add the relevant date, document, amount, location or responsible person to the same record. That makes the choice reproducible and prevents a broad rule from being applied to the wrong facts.

Plan the end state

Deregistration is an application with its own conditions and effective date, not an automatic exit at month 24.

Keep asset records and stop charging GST only from the approved effective date. Add the relevant date, document, amount, location or responsible person to the same record. That makes the choice reproducible and prevents a broad rule from being applied to the wrong facts.

Worked example

Illustrative year: S\$600,000 of GST-exclusive sales to consumers and S\$270,000 of fully claimable GST-exclusive costs would create S\$54,000 output tax and S\$24,300 input tax at 9%, a net S\$29,700 before pricing effects, restricted claims and compliance cost. Rebuild the model with actual facts.

The example is a calculation or planning model, not a promise about an individual outcome. Replace every example input with the live figure, document, route condition or case fact. Keep intermediate workings, because rounding too early or skipping one stage can produce an answer that looks plausible but cannot be checked.

Build one usable decision file

Create a short record with four columns: fact, evidence, effect on the decision and next owner. Put the controlling rule beside the particular fact it governs. A page about the right subject is not enough if it does not contain the number, deadline, eligibility test or operational detail used in the decision.

Save a dated copy or acknowledgement when the task is time-sensitive. If another person needs to continue the work, they should be able to see what was checked, what remains uncertain and which official channel can resolve it. This is especially important where contracts, money, employment, safety or personal data are involved.

Final check

1. Confirm registration is voluntary
2. Segment customers by GST recovery ability
3. Classify input tax
4. Model 24 months
5. Cost compliance work
6. Check InvoiceNow obligations
7. Document the decision and review date

IRAS rules and the business's facts control registration and input tax. Obtain professional tax advice for unusual supplies, groups or cross-border activity.

Related LBRD guides

You may also need to [run the separate compulsory-registration tests](#). For the next adjacent task, [prepare for the InvoiceNow requirement](#).

Date Created

12/08/2026

Author

rachelng

default watermark