



Guide for Tourism Event Establishments (Hotel Industry)

Singapore Tourism (Cess Collection) Act (“Cess Act”)

**Singapore Tourism (Cess Collection) (Formula 1[®]
Singapore Airlines Singapore Grand Prix 2019)
Order 2019**

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1. Aim

- 1.1. This guide explains the cess principles and processes applicable to the hotel industry. Specifically, it highlights the cess treatment of the various forms of taxable transactions in common business arrangements undertaken by hotels.
- 1.2. This guide also explains how cess is assessed for the Formula 1[®] Singapore Airlines Singapore Grand Prix 2019, under the Singapore Tourism (Cess Collection) (Formula 1[®] Singapore Airlines Singapore Grand Prix 2019) Order 2019.

2. Background

- 2.1. The Singapore Tourism (Cess Collection) Act, or Cess Act, was enacted in 1972 to allow the collection of cess from tourist establishments for the promotion of tourism. When the Cess Act was first enacted, cess was a broad-based tax imposed on sales made and charges levied or collected by tourist hotels, food establishments and public houses.
- 2.2. The Cess Act was amended in 2008 to make cess more targeted by linking it to specific tourism events. These are strategic events that would enhance Singapore's global branding, while bringing economic benefits to the country. The amendment also changed the nature of cess from a consumption tax to a business tax on relevant tourist establishments.
- 2.3. The latest amendments of the Cess Act which took effect September 2018 are part of the Government's continual efforts to update legislative frameworks to keep pace with business development and industry trends. The amendments seek to clarify the scope of cess, update the scope of persons that may be liable to pay cess, and enhance existing administrative requirements.

3. Glossary

3.1. Tourism event

A tourism event means any event or series of related activities taking place in Singapore —

- (a) that promotes Singapore as a travel or tourist destination; or
- (b) that is intended wholly or partly for the benefit of, or for the purpose of attracting, visitors to Singapore

The tourism event to which the Singapore Tourism (Cess Collection) (Formula 1[®] Singapore Airlines Singapore Grand Prix 2019) Order 2019 relates is the Formula 1[®] Singapore Airlines Singapore Grand Prix 2019.

3.2. Tourism event establishment

Tourism event establishment refers to every operator of a hotel specified in Part 1 or 2 of the Schedule in the Singapore Tourism (Cess Collection) (Formula 1[®] Singapore Airlines Singapore Grand Prix 2019) Order 2019.

3.3. Taxable period

A period during which the tourism event is held, being a period which may include any time before or after the event is held.

The taxable period connected with the Formula 1[®] Singapore Airlines Singapore Grand Prix 2019 is the period between 19 September 2019 and 22 September 2019 (both dates inclusive).

3.4. Taxable transaction

A transaction is a taxable transaction connected with a tourism event if the use of the tourism event premises, accommodation, product or service under the transaction is or is to be provided, or could have been provided, during a taxable period.

The following arrangements are taxable transaction connected with the tourism event as prescribed in the Singapore Tourism (Cess Collection) (Formula 1[®] Singapore Airlines Singapore Grand Prix 2019) Order 2019:

- (a) A legally enforceable arrangement wholly or in part for accommodation provided, or to be provided, at a hotel for use at any time during the taxable period;
- (b) A termination of an arrangement mentioned in para 3.4 (a)

Please refer to section 5 on the types of taxable transactions.

3.5. Available rooms

This refers to the maximum rooms available for sale, excluding rooms under maintenance/renovation or for work-related staff use, during the taxable period.

3.6. Money

The consideration is paid in money if the consideration is paid by any of the following means:

- (a) the presentation of a physical or an electronic payment instrument, such as cash, a cheque, a cashier's order, or a voucher bearing a cash value or providing a discount;
- (b) the use of any credit or debit facility, such as by use of a charge card, credit card or debit card, or a credit or debit arrangement without the use of any such card;
- (c) the transfer of funds by any digital or electronic means, including by use of a digital wallet;
- (d) a combination of any means in sub paragraph (a), (b) or (c)

3.7. Money's worth

Money's worth means any points, rewards or other similar thing (whether in physical or electronic form) earned by a person under any member or loyalty programme and that may be used to redeem any accommodation.

4. At a glance

- 4.1. The **Formula 1® Singapore Airlines Singapore Grand Prix 2019** has been specified in the Order as a tourism event. The taxable period will be from **19 to 22 September 2019 (both dates inclusive)**.
- 4.2. Cess is levied on all taxable transactions connected with the Formula 1® Singapore Airlines Singapore Grand Prix 2019 and is payable by the operator of the tourism event establishment.
- 4.3. The amount of cess payable will be at 30% (for the list of hotels specified in Part 1 of the Schedule of the Order) or 20% (for the list of hotels specified in Part 2 of the Schedule of the Order) of the gross receipts derived or treated as derived from each taxable transaction.
- 4.4. All tourism event establishments are required to return to the Singapore Tourism Board the completed and signed Cess Returns Form and cess payment for the Formula 1® Singapore Airlines Singapore Grand Prix 2019 by **22 November 2019**. Please refer to Section 8 of this guide for more details on the submission of the Cess Returns Form and modes of payment.

5. Taxable Transactions

- a) **Gross receipts derived** - The first category of taxable transactions relates to accommodation provided, or to be provided, and where payment is paid wholly in money. These include:
- i. Provision of a room but excluding services charged to the room such as F&B, telecommunication or laundry¹;
 - ii. Provision of any early check-in and/or late check-out;
 - iii. Provision of any extra bed(s);
 - iv. Potential provision of a room that was subsequently cancelled before any occupation of the room; and
 - v. Potential provision of a room where the guest(s) subsequently did not show up.

The gross receipts derived from the above taxable transactions shall exclude service charge and goods and services tax.

- b) **Amount treated as gross receipts derived** - The second category of taxable transactions relates to accommodation provided, or to be provided, and where payment is not paid wholly in money. These include:
- i. Provision of a room that is given complimentary or as a gift to guests for any purpose including for business development or cultivation purposes and media familiarisation trips;
 - ii. Provision of a room that is fully redeemed under any member or loyalty programme (i.e. money's worth)
 - iii. Provision of a room where the room is paid for with a combination of money and money's worth (e.g. cash and members/loyalty programme points);
 - iv. Provision of a room as part of a contractual package, e.g. wedding or corporate package where the room is provided with the package (i.e. not charged separately);
 - v. Potential provision of a room that was subsequently cancelled before any occupation of the room, and with a cancellation charge where all of the money's worth or money and money's worth utilised to book the room were forfeited; and
 - vi. Potential provision of a room where the guest(s) subsequently did not show up, and where all of the money's worth or money and money's worth utilised to book the room were forfeited.

¹ In the event where only the package price is reflected on the guest bill without further breakdown into room and non-room components, the cess will be calculated based on the gross package price.

6. Mechanics of cess

Cess is calculated based on a percentage² of the gross receipts derived or treated as derived from each taxable transaction.

Gross receipts derived

The gross receipts derived from a taxable transaction connected with the tourism event where consideration for the taxable transaction is paid wholly in money.

Cess is calculated based on the actual room rate / package price that was paid wholly in money without subtracting any costs or expenses (e.g. commission/ OTA booking charge).

In the event where only the package price is reflected on the guest bill without further breakdown into room and non-room components³, the cess will be calculated based on the gross package price. Please see [Annex A](#) for illustration.

Amount treated as gross receipts derived

The amount treated as the gross receipts derived from a taxable transaction must be calculated in accordance with the formula $[TGR/N]$.

TGR is the total amount of gross receipts for all taxable transactions connected with the tourism event which are paid wholly in money.

N is the aggregate of the number of rooms paid for in money on each day of the taxable period that:

- (i) were used by guests of the hotel; and
- (ii) were no show rooms.

Please see [Annex B](#) for illustration.

In the event that the above prescribed formula cannot be applied to determine the value of the amount treated as the gross receipt derived from a taxable transaction, the amount treated as the gross receipts will instead be derived from taxable transactions over the period of the most recent equivalent event (e.g. the FORMULA 1[®] 2018 Singapore Airlines Singapore Grand Prix).

If no such amount can be derived from the above, the amount treated as the gross receipts will instead be derived from taxable transactions of another hotel that is comparable to and in the vicinity of the hotel.

² The applicable cess rate for hotels listed in Part 1 and 2 of the Schedule of the Order is 30% and 20% respectively.

³ The hotel may use other sources of supporting documents such as system printed revenue distribution or the hotel's internal established agreements, provided the cess figures can be properly derived and audited.

7. Clarifications on common taxable transactions

7.1. Vouchers

Cash/Discount Vouchers

Where a cash/discount voucher is used by a guest to offset the purchase of one or more hotel rooms during the taxable period, the cess payable is based on the actual value of the room when it was booked. For example, where a guest booked a room at \$300 and presented a \$30 cash voucher or 10% discount voucher at the hotel to offset the room charge, the amount taxable for this room is \$300 i.e. room rate before deduction of the value of the cash/discount voucher.

Vouchers for complimentary hotel room(s)

Where a voucher is used by a guest for one or more complimentary hotel rooms during the taxable period, the provision of such hotel rooms are taxable transactions and cess is payable. For such transactions, the gross receipts will be derived using the prescribed formula as stated in section 6 of this guide.

7.2. Members/Loyalty/Rewards Points (i.e. Money's worth)

Where member/loyalty/rewards points or similar mechanism are fully/partially used by a guest under a member/loyalty programme (e.g. fully by member/loyalty points or member/loyalty points plus top-up of cash) for one or more hotel rooms, the provision of such hotel rooms are taxable transactions and cess is payable. The gross receipts will be derived using the prescribed formula as stated in section 6 of this guide.

7.3. Contractual package

Where one or more hotel rooms are provided to a guest as part of a contractual package during the taxable period, e.g. wedding or corporate packages, the provision of such hotel rooms are taxable transactions and cess is payable. The gross receipts will be derived using the prescribed formula as stated in section 6 of this guide. For example, a guest pays for a wedding banquet held in the hotel and receives a complimentary room for one night stay during the taxable period.

7.4. Rooms provided complimentary or as a gift to guests

Where one or more hotel rooms are provided complimentary or as a gift to a guest for any purpose including for business development or cultivation purposes and media familiarisation trips, the provision of such hotel rooms are taxable transactions and cess is payable. The gross receipts will be derived using the prescribed formula as stated in section 6 of this guide. For example, the guest pays for 3 nights but is

provided a hotel stay for 4 nights. The total gross receipts for this room will be based on the actual money payment for 3 nights and the derived gross receipts for 1 night using the prescribed formula as stated in section 6 of this guide.

7.5. No-show and cancellation charges

If no-show or cancellation charges are levied on a guest who failed to take up the rooms even though they have made room reservations, these transactions are considered as taxable transactions.

Gross receipts derived from a taxable transaction

For those transactions where payment is made wholly in money for the no-show/cancelled room (regardless of whether it is the room charges or a admin charge), the actual gross receipts received or to be received by the hotel is taxable.

Amount treated as gross receipts derived from a taxable transaction

For those transactions where such rooms are booked using only money's worth (i.e. member/loyalty points) or a combination of money and money's worth (i.e. money and member/loyalty points), and where all the member/loyalty points or all the money and member/loyalty points are forfeited for no-show or cancellation of the room, the gross receipts will be derived using the prescribed formula as stated in section 6 of this guide.

8. Payment of Cess

8.1. Payment details

You may make payment via the following:

- i. Issue a crossed cheque payable to "Singapore Tourism Board" and write the name of your hotel and the hotel Cess Reference Number on the reverse side of the cheque. The Cess Reference Number can be found in STB's letter (top-left) to your hotel dated 12 September 2019.
- ii. Transfer the cess payment to the following bank account. Please quote the Cess Reference No. when you make the payment.

Account Name	Singapore Tourism Board
Account No.	033-000319-6
Bank Name	DBS Bank Ltd
Bank Code	7171
Branch	Raffles City Branch, Singapore
Branch code	033
Swift Code	DBSSGSG

No receipt will be issued for cess payment. **Do ensure that the payment reaches STB by 22 November 2019 to avoid penalty for late payment. Please note that STB does not accept post-dated cheques.**

You are required to submit the completed and signed Cess Returns Form to STB either by:

- i. mailing the signed original copy to STB and email the excel version to stb_receipts@stb.gov.sg or
- ii. emailing both a signed pdf and excel version to stb_receipts@stb.gov.sg. The signatory of the form should either be copied in the email or be the person sending the email.

If your hotel offers room packages, submission of Annex A of the Cess Returns Form is mandatory. You may download a soft copy of the form from STB Corporate Website at <https://stb.gov.sg/industries/hotels/Pages/Overview.aspx> [under Industry News & Events].

Please ensure that the form is duly completed and signed before submission to STB. The cheque and completed form can be mailed to:

Singapore Tourism Board
Tourism Court
1 Orchard Spring Lane
Singapore 247729
Attn: Financial Operations Department (Cess)

8.2. Penalty for late payment of the cess

In the event that the Cess payment is not made by **22 November 2019**, a one-time penalty equivalent to 5% of the outstanding cess will be imposed.

If the cess is still unpaid by **21 January 2020**, an additional penalty of 2% of the unpaid cess shall be payable for each complete month that the cess remains unpaid commencing from **23 November 2019**. The total additional penalty shall not exceed 50% of the amount of cess outstanding. Please see Annex C for illustration.

9. Frequently Asked Questions

Q1. Do I need to register my hotel as a tourism event establishment?

There is no need for a hotel to register as a tourism event establishment. All tourism event establishments will be specified in the Order.

STB will also inform the hotels who are tourism event establishments in writing.

Q2. Will cess be imposed on rooms that have been sold during this period but have not yet been paid for? Will cess be imposed on pre-collected room revenues e.g. in the event of “no-shows”?

Yes to both. Cess is payable on all gross receipts derived from a taxable transaction and the amount treated as gross receipts derived from a taxable transaction during the taxable period i.e. 19 to 22 September 2019 (both dates inclusive). These include, but are not limited to:

- a) Rooms that have not been paid for (e.g. on credit terms);
- b) Rooms where payment was pre-paid; and
- c) Post payment of cancellation and no-show charge

Thus, all gross receipts attributed to all taxable transaction during the taxable period must be reported and accounted for cess payment. Gross receipts include all adjustments of the gross receipts derived from the taxable transactions, regardless when the adjustments are processed.

Q3. Will cess be imposed on revenue collected for early check-in and late check-out?

Cess is payable on all gross receipts derived from taxable transactions during the taxable period i.e. 19 to 22 September 2019 (both dates inclusive), which include revenue collected for early check-in and late check-out during this period.

Q4. Will the cess payment be refunded to the hotel if the hotel decides to refund the full or partial cancellation charge to the guest after cess payment has been made? What is the validity period for refunds?

Yes, your hotel may be refunded on the basis of over-payment of cess upon submission of proper documentary evidence to the satisfaction of STB. The window period for any refund is up to one year after cess payment has been made i.e. if the cheque for cess payment is cleared on 21 November 2019, refund claim has to be made by 20 November 2020 for the Formula 1® Singapore Airlines Singapore Grand Prix 2019.

Q5. Why is there a need to provide information for dates outside the taxable period since the cess is not levied on the taxable transactions on these days?

Although cess is not levied on taxable transactions outside the taxable period, the information collected for a broader timeframe will facilitate verification and audit of the cess paid by the hotel.

Q6. What are the common errors that hotels should take note of?

- a) Cancellation charges, rebates, room rate adjustments and/or no-show charges relating to taxable transactions during the taxable period were erroneously excluded in the Cess Returns Form as these were processed outside the taxable period
- b) GST and/or service charge was erroneously included in gross receipts.
- c) Non-room revenue, such as breakfast and internet charges, were erroneously included in the gross receipts subject to cess.
- d) Errors due to omission or oversight in preparing submission/manual reconciliation.
- e) Inclusion of work-related staff use rooms under complimentary/given as gift/part of a contractual package or taxable transactions paid in money's worth and money and money's worth. Such rooms are not subjected to cess.
- f) Double declaration of no-show and cancellation transactions under both "Taxable transactions paid in money" and "Taxable transactions paid in money's worth and money and money's worth"

10. Contact Information

For any clarification, please contact:

Singapore Tourism Board

Finance Operations

Ng Seok Chin / Annie Tay

Tel: 6736 6622

Email: stb_receipts@stb.gov.sg

Annex A - Illustrations on the Computation of Cess Payable for Room and Room Packages

a) Guest bill breakdown into room and non-room components

(A) Room Charge	\$ 450.00
(B) Breakfast (add-on)	\$ 40.00
(C) Telephone/Internet	\$ 10.00
Total (A+B+C)	\$ 500.00
Service Charge 10%	\$ 50.00
GST 7%	\$ 38.50
Total Reflected on Guest's Bill	\$ 588.50

As the guest's bill breaks down the room charge and other revenue components, the cess payable is only on the room charge of **\$450**. If the cess rate is 20%, the cess payable is **\$90** ($\$450 \times 20\%$).

b) Guest bill without breakdown into room and non-room components⁴

Package Price	\$ 500.00
Service charge (10%)	\$ 50.00
GST 7%)	\$ 38.50
Total reflected on Guest's bill	\$588.50

Since there is no breakdown of the package components and room rate cannot be determined, cess payable will be on the total package price of **\$500**. If the cess rate is 20%, the cess payable is **\$100** ($\$500 \times 20\%$).

⁴ The hotel may use other sources of supporting documents such as system printed revenue distribution or the hotel's internal established agreements, provided the cess figures can be properly derived and audited.

Annex B - Amount treated as Gross Receipts derived from a taxable transaction

Assume that the hotel collected total gross receipts of \$80,908 from all taxable transactions paid wholly in money for a total of 358 rooms during the taxable period, this works out to an amount treated as gross receipt of **\$226** per room (\$80,908/358).

The hotel provided a total of 11 rooms where the rooms were complimentary or part of a contractual package. The hotel had another 5 taxable transactions paid in money's worth or money and money's worth (incl. no-show and cancelled transactions where all of the money's worth or money and money's worth used to book the room was forfeited⁵). For these 16 rooms, the total amount treated as gross receipts derived is **\$3,616** (\$226*16).

Cess is payable on total gross receipts of **\$84,524**, comprising

- a. Gross receipts derived from the taxable transactions [\$80,908], and
- b. Amount treated as the gross receipts derived from the taxable transactions [\$3,616]

Assuming that the cess rate is 20%, the cess payable is **\$16,904.80** (\$84,524*20%)

Date	Avail Rooms	Taxable transactions where gross receipts is the amount treated as gross receipts derived		Total rooms and room packages paid in money (Paid + no-show + cancellation)	Total gross receipts derived (i.e. total taxable transaction paid in money)
		- Complimentary / Given as a gift; - Part of a contractual package (i)	Taxable transactions paid in money worth's or money and money's worth (incl. no-show and cancelled transactions where all the money's worth or money and money's worth used to book the room is forfeited) (ii)		
F1 Day 1	100	1	1	80	\$16,000
F1 Day 2	100	4	2	90	\$19,800
F1 Day 3	100	3	2	95	\$23,000
F1 Day 4	100	3	0	93	\$22,108
Total	400	11	5	358	\$80,908

- Amount treated as gross receipts derived from a taxable transaction (total taxable transaction paid in money/total paid+no-show rooms) = \$226.00
- Total amount treated as the gross receipts derived for (i) and (ii) = \$3,616.00
- Total gross receipts derived and total amount treated as gross receipt derived = \$84,524.00
- Cess rate = 20%
- Cess payable [(Total gross receipts derived and total amount treated as gross receipt derived)*cess rate] = \$16,904.80

⁵ For any partial cancellation charges imposed where money is collected, it should be declared under 'Total gross receipts derived'

Annex C – Illustration of computation of late penalty charge

In the event that the Cess Payment is not made by 22 November 2019, a one-time penalty equivalent to 5% of the outstanding cess will be imposed.

If the cess is still unpaid by 21 January 2020, an additional penalty of 2% of the unpaid cess shall be payable for each complete month that the cess remains unpaid commencing from 23 November 2019. The total additional penalty shall not exceed 50% of the amount of cess outstanding.

Below is an illustration of the penalty computation assuming the cess payable is **\$1,000**.

SAMPLE COMPUTATION						
Period of payment received by STB (both dates inclusive)		Penalty				
From	To	One-time Penalty	Additional Penalty	One-time Penalty Amount	Additional Penalty Amount	Total Penalty Payable
23-Sep-19	22-Nov-19	Nil		\$ -		\$ -
23-Nov-19	21-Jan-20	5% of Cess				\$50
On 22-Jan-20		5% of Cess	2% of Cess	\$50	\$20	\$70
23-Jan-20	22-Feb-20	5% of Cess	4% of Cess	\$50	\$40	\$90
23-Feb-20	22-Mar-20	5% of Cess	6% of Cess	\$50	\$60	\$110
23-Mar-20	22-Apr-20	5% of Cess	8% of Cess	\$50	\$80	\$130
23-Apr-20	22-May-20	5% of Cess	10% of Cess	\$50	\$100	\$150
23-May-20	22-Jun-20	5% of Cess	12% of Cess	\$50	\$120	\$170
23-Jun-20	22-Jul-20	5% of Cess	14% of Cess	\$50	\$140	\$190
23-Jul-20	22-Aug-20	5% of Cess	16% of Cess	\$50	\$160	\$210
23-Aug-20	22-Sep-20	5% of Cess	18% of Cess	\$50	\$180	\$230
23-Sep-20	22-Oct-20	5% of Cess	20% of Cess	\$50	\$200	\$250
23-Oct-20	22-Nov-20	5% of Cess	22% of Cess	\$50	\$220	\$270
23-Nov-20	22-Dec-20	5% of Cess	24% of Cess	\$50	\$240	\$290
23-Dec-20	22-Jan-21	5% of Cess	26% of Cess	\$50	\$260	\$310
23-Jan-21	22-Feb-21	5% of Cess	28% of Cess	\$50	\$280	\$330
23-Feb-21	22-Mar-21	5% of Cess	30% of Cess	\$50	\$300	\$350
23-Mar-21	22-Apr-21	5% of Cess	32% of Cess	\$50	\$320	\$370
23-Apr-21	22-May-21	5% of Cess	34% of Cess	\$50	\$340	\$390
23-May-21	22-Jun-21	5% of Cess	36% of Cess	\$50	\$360	\$410
23-Jun-21	22-Jul-21	5% of Cess	38% of Cess	\$50	\$380	\$430
23-Jul-21	22-Aug-21	5% of Cess	40% of Cess	\$50	\$400	\$450
23-Aug-21	22-Sep-21	5% of Cess	42% of Cess	\$50	\$420	\$470

SAMPLE COMPUTATION						
Period of payment received by STB (both dates inclusive)		Penalty				
From	To	One-time Penalty	Additional Penalty	One-time Penalty Amount	Additional Penalty Amount	Total Penalty Payable
23-Sep-21	22-Oct-21	5% of Cess	44% of Cess	\$50	\$440	\$490
23-Oct-21	22-Nov-21	5% of Cess	46% of Cess	\$50	\$460	\$510
23-Nov-21	22-Dec-21	5% of Cess	48% of Cess	\$50	\$480	\$530
23-Dec-21	22-Jan-22	5% of Cess	50% of Cess	\$50	\$500 (Capped)	\$550 (Capped)