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Notification No. B 32 — The Goods and Services Tax (Amendment) Bill is hereby published for general information. It was introduced in Parliament on the 13th day of November 2000.

Goods and Services Tax (Amendment) Bill

Bill No. 32/2000.

Read the first time on 13th November 2000.

A BILL

intituled

An Act to amend the Goods and Services Tax Act (Chapter 117A of the 1997 Revised Edition).

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

Short title and commencement

1. This Act may be cited as the Goods and Services Tax
5 (Amendment) Act 2000 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

Amendment of section 21

2. Section 21 (3) of the Goods and Services Tax Act (referred to in this Act as the principal Act) is amended —

- (a) by deleting the word “or” at the end of paragraph (p); and
- (b) by deleting the full-stop at the end of paragraph (q) and substituting the word “; or”, and by inserting immediately thereafter the following paragraph: 5

“(r) services supplied by a trustee, where the services and the trustee supplying such services satisfy such conditions as may be prescribed.”. 10

Amendment of section 33

3. Section 33 of the principal Act is amended —

- (a) by deleting the words “is not resident in Singapore” in the 2nd line of subsection (1) and substituting the words “does not have his usual place of residence in Singapore”; 15
- (b) by deleting the words “is resident in Singapore and” in the 4th line of subsection (1);
- (c) by deleting the words “is not resident in Singapore and whose place or principal place of business is outside Singapore” in subsection (3) and substituting the words “does not belong in Singapore”; 20
- (d) by inserting, immediately after subsection (3), the following subsection:

“(3A) For the purpose of subsection (3), a person shall be treated as belonging in Singapore if — 25

- (a) he has in Singapore a business establishment or some other fixed establishment and no such establishment elsewhere;
- (b) he has no such establishment in any country but his usual place of residence is in Singapore; or 30
- (c) he has such establishments both in Singapore and elsewhere and the establishment of his which is most directly concerned with the supply is in Singapore.”; and

(e) by inserting, immediately after subsection (4), the following subsection:

“(5) For the purposes of this section —

(a) a person carrying on a business through a branch or an agency in any country shall be treated as having a business establishment there; and

(b) “usual place of residence”, in relation to a body corporate, means the place where it is incorporated or otherwise legally constituted.”.

New section 34A

4. The principal Act is amended by inserting, immediately after section 34, the following section:

“Transfers of going concerns: input tax deemed deducted

34A.—(1) Where —

(a) a business or part thereof carried on by a taxable person is transferred as a going concern to a transferee who is also a taxable person together with the assets of such business; and

(b) by virtue of any order made under section 10 (3) (c), the supply of such assets to the taxable person is treated as neither a supply of goods nor a supply of services,

the transferee shall be deemed to have incurred input tax on the value of the supply of such assets, and to have deducted such input tax from any output tax due from him on the day of the supply.

(2) For the purposes of this section, the value of the supply of any assets as referred to in subsection (1) shall be calculated in accordance with section 17 without the addition of tax.

(3) The Minister may make regulations to provide for any provision of this Act or any regulations made thereunder which relates to a person who deducts input tax under section 19 to apply to a transferee referred to in subsection (1).

(4) Regulations made under subsection (3) may provide —

(a) for the modification of any such provision of this Act or any regulations made thereunder in order that it

may properly apply to a transferee referred to in subsection (1); and

- (b) for such incidental and supplementary matters as appear to the Minister necessary or expedient.”.

EXPLANATORY STATEMENT

This Bill seeks to amend the Goods and Services Tax Act (Cap. 117A).

Clause 1 relates to the short title and commencement.

Clause 2 amends section 21 (3) to allow the goods and services tax in respect of prescribed trust services to be zero-rated.

Clause 3 amends section 33 (1) to provide that the Comptroller of Goods and Services Tax may direct an agent, manager or factor to be responsible for any goods and services tax payable by, and duties of, an overseas principal who does not have his usual place of residence in Singapore. “Usual place of residence” in relation to a company is now defined in a new subsection (5) to refer to the place where the company was incorporated or legally constituted. The clause further amends section 33 (3) to provide, in connection with section 33 (2), that a person importing goods as agent for another person can be treated as having imported those goods for himself where that other person does not belong in Singapore. The test for determining whether such other person belongs in Singapore is set out in a new subsection (3A).

Clause 4 introduces a new section 34A which provides the circumstances in which input tax is deemed to have been deducted by a transferee to whom assets have been transferred as part of a transfer of a business as a going concern.

EXPENDITURE OF PUBLIC MONEY

This Bill will not involve the Government in any extra financial expenditure.
