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Goods and Services Tax (Amendment) Bill

Bill No. 31/2021.

Read the first time on 4 October 2021.

A BILL

i n t i t u l e d

An Act to amend the Goods and Services Tax Act.

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 is the Goods and Services Tax (Amendment) Act 2021 and comes into operation on a date that the Minister appoints by notification in the *Gazette*.

5 Amendment of section 2

2. Section 2 of the Goods and Services Tax Act (called in this Act the principal Act) is amended —

(a) by inserting, immediately after the definition of “customs duty” in subsection (1), the following definitions:

10 ““customs territory” has the meaning given by section 3(1) of the Customs Act 1960;

“distantly taxable goods” means items of goods where —

15 (a) at their point of sale or at such other time as may be agreed between the Comptroller and the supplier of the goods —

(i) the goods —

(A) are not dutiable goods; or

20 (B) are dutiable goods, but payment or recovery of payment of the whole of the customs duty or excise duty chargeable on the goods is waived under section 11 of the Customs Act 1960;

25 (ii) the supply of the goods is not an exempt supply under section 22 and the Fourth Schedule;

30 (iii) the goods are located outside the customs territory; and

(iv) each item of the goods has an entry value (determined in accordance with section 18A) that does not exceed the entry value threshold; and

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(b) the goods are to be delivered to a place in the customs territory by postal services or following an importation by air,

and includes goods treated as distantly taxable goods under paragraph 4C of the Seventh Schedule;”;

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(b) by inserting, immediately after the definition of “document” in subsection (1), the following definition:

““dutiable goods” has the meaning given by section 3(1) of the Customs Act 1960;”;

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(c) by inserting, immediately after the definition of “electronic service” in subsection (1), the following definition:

““entry value threshold” means the entry value threshold provided under subsection (1A);”;

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(d) by inserting, immediately after the definition of “output tax” in subsection (1), the following definitions:

““point of sale”, in relation to any goods, means the time at which an order confirmation for their supply is issued by the supplier of those goods;

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“postal service” has the meaning given by section 2(1) of the Postal Services Act 1999;”;

(e) by deleting the word “services” wherever it appears in the definition of “reverse charge supply” in subsection (1) and substituting in each case the words “distantly taxable goods or services”;

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(f) by deleting the word “services” in the definition of “Seventh Schedule supply” in subsection (1) and substituting the words “goods or services”; and

(g) by inserting, immediately after subsection (1), the following subsection:

“(1A) For the purposes of this Act, the entry value threshold is \$400, or such other higher or lower amount as the Minister may, by order in the *Gazette*, prescribe in substitution.”.

Amendment of section 8

3. Section 8(2A) of the principal Act is amended by deleting the words “other than an exempt supply” in paragraph (b).

Amendment of section 11C

4. Section 11C of the principal Act is amended —

(a) by deleting subsection (2) and substituting the following subsection:

“(2) Subject to subsections (2A), (3), (3A), (4), (6) and (7), the reverse charge supply takes place when —

(a) the person or branch that in fact supplies the distantly taxable goods or services to the recipient issues an invoice, or the recipient pays any consideration for those distantly taxable goods or services; or

(b) where both events occur, the first of the 2 events occurs,

to the extent that the supply of distantly taxable goods or services is covered by the invoice or consideration.”;

(b) by inserting, immediately after subsection (2), the following subsection:

“(2A) Subject to subsection (3A), where the recipient is registered under this Act and —

(a) the recipient receives a supply of distantly taxable goods or services that gives rise to a reverse charge supply;

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(b) the recipient pays an amount to the supplier (whether directly or indirectly) as tax chargeable on the supply of the distantly taxable goods or services in fact made to the recipient, even though the supply is not chargeable to tax under section 8(1A); and

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(c) the supplier reimburses the recipient (whether directly or indirectly) for that amount,

then the recipient may treat the reverse charge supply arising from that supply as taking place at the earlier of —

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(d) the date on which a revised invoice in respect of the supply in fact made is issued by the supplier; and

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(e) the date on which the recipient has received the reimbursement of that amount,

to the extent that the supply is covered by the revised invoice, or consideration paid for that supply, as reduced by the reimbursement.”;

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(c) by deleting the word “services” wherever it appears in subsections (3) and (5) and substituting in each case the words “distantly taxable goods or services”;

(d) by deleting the word “Where” in subsection (3) and substituting the words “Subject to subsection (3A), where”;

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(e) by inserting, immediately after subsection (3), the following subsection:

“(3A) If the recipient applies subsection (3) to its reverse charge supplies, the recipient may, for a reverse charge supply in the circumstances described in subsection (2A)(a), (b) and (c), treat the reverse charge supply instead as taking place at the earlier of —

(a) the date on which the supply for which reimbursement of the amount was received is entered into the books of account or other records of the recipient; and

(b) the date on which the recipient received reimbursement of the amount,

to the extent that the supply is covered by the entry or consideration paid for that supply as reduced by the reimbursement.”;

(f) by deleting subsection (4) and substituting the following subsection:

“(4) Where the reverse charge supply arises from —

(a) a supply of distinctly taxable goods mentioned in section 14(1)(a)(i), or a supply of services mentioned in section 14(1)(b)(i), that is between connected persons within the meaning of paragraph 3 of the Third Schedule;

(b) a supply of distinctly taxable goods mentioned in section 14(1)(a)(ii) or a supply of services mentioned in section 14(1)(b)(ii); or

(c) a supply of distinctly taxable goods or a supply of services mentioned in section 30(1A),

then the reverse charge supply takes place at the end of 12 months after the distinctly taxable goods are delivered to a place in the customs territory or the

services are performed (as the case may be), to the extent that it is not covered by any invoice already issued or consideration already paid.”;

- (g) by deleting subsection (6) and substituting the following subsection:

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“(6) Where —

(a) the recipient is a taxable person receiving
distantly taxable goods or services
mentioned in section 14(1);

(b) but for this subsection, the reverse charge
supply would be treated under this section
as taking place after the date on which the
recipient becomes a taxable person; and

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(c) the Comptroller is satisfied that the
distantly taxable goods have been
delivered to a place in the customs
territory or that the services have been
performed (as the case may be), prior to
that date,

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then the recipient may treat the reverse charge supply
as taking place when the distantly taxable goods were
so delivered (to the extent of the delivery) or the
services were performed (to the extent of the
performance).”;

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- (h) by deleting paragraph (a) of subsection (7) and substituting the following paragraph:

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“(a) distantly taxable goods are delivered to a
place in the customs territory to the person
or branch mentioned in section 14(1)(a) or
services are in fact performed by the person
or branch mentioned in section 14(1)(b),
whether on a single occasion or on different
occasions.”;

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(i) by deleting the words “subsections (2), (3)” in subsection (8) and substituting the words “subsections (2), (2A), (3), (3A)”; and

(j) by inserting, immediately after subsection (9), the following subsection:

“(10) Where an employee pays the consideration for a reverse charge supply at an earlier date and is reimbursed by the employer as the recipient at a later date, the date on which the recipient is regarded as having paid the consideration for the purposes of this section is the later date.”.

Amendment of section 12

5. Section 12 of the principal Act is amended by inserting, immediately after subsection (1), the following subsections:

“(1A) Despite sections 11, 11A and 11B, the Comptroller may, at the request of a registered (Seventh Schedule — pay only) person, by direction in writing alter the time at which any specified supply made by the person (whether or not a Seventh Schedule supply) is to be treated as taking place, by directing that that supply be treated as taking place at the time or on the date determined by or by reference to the occurrence of some event described in the direction, whether the resulting time or date is earlier or later than the time or date that would otherwise apply.

(1B) No event may be specified in the direction which results in a time or date —

(a) that is later than the time or date that would otherwise apply; and

(b) where the period between —

(i) the time or date that would otherwise apply; and

(ii) the resulting time or date,
 is more than that of a single prescribed accounting
 period applicable to the registered (Seventh
 Schedule — pay only) person.”.

Amendment of section 14

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6. Section 14 of the principal Act is amended —

(a) by deleting subsection (1) and substituting the following
 subsections:

“(1) This section applies where —

(a) a supply of distantly taxable goods is — 10

(i) made to a person (called in this
 section the recipient) who —

(A) belongs in Singapore;

(B) is a registered person, or is not a
 registered person but is liable to 15
 be registered under paragraph 1
 or 1B of the First Schedule; and

(C) is not receiving the goods as an
 individual in the private or
 personal capacity of the 20
 individual; or

(ii) made by a branch of a person in a
 country other than Singapore through
 which the person carries on any
 business, and made to a branch of 25
 the person in Singapore through
 which the person (also called in this
 section the recipient) carries on any
 business; or

(b) a supply of services is — 30

(i) made by a person who belongs in a
 country other than Singapore, and

made to a person (also called in this section the recipient) who —

- (A) belongs in Singapore;
- (B) is a registered person, or is not a registered person but is liable to be registered under paragraph 1 or 1B of the First Schedule; and
- (C) is not receiving the services as an individual in the private or personal capacity of the individual; or

- (ii) made by a branch of a person in a country other than Singapore through which the person carries on any business, and made to a branch of the person in Singapore through which the person (also called in this section the recipient) carries on any business,

and the recipient is not entitled to credit for the full amount of the recipient's input tax under sections 19 and 20 for the prescribed accounting period, or longer period mentioned in section 20(4)(b), in which the distantly taxable goods or services are received.

(1AA) In addition, where one or more persons (each *Y*) other than the recipient (*X*) mentioned in subsection (1) to whom the supply is made, directly benefit from the distantly taxable goods or services, and any *Y* —

- (a) satisfies the criteria of the recipient in subsection (1)(a)(i) or (b)(i), as the case may be; and
- (b) is not entitled to credit for the full amount of the input tax under sections 19 and 20 for the prescribed accounting period, or longer

period mentioned in section 20(4)(b), in which the distantly taxable goods or services are received,

then —

- (c) that *Y* is treated as a recipient to whom the supply of distantly taxable goods or services is made for the purpose of this section, to the extent of the consideration paid to the supplier (whether directly or indirectly) by that *Y* for the supply; and
 - (d) *X* is the recipient only to the extent of the consideration not paid by any *Y*.”;
- (b) by deleting the words “Subsection (1)(b)” in subsection (1A) and substituting the words “The condition in subsections (1) and (1AA) that the recipient is not entitled to credit for the full amount of the recipient’s input tax”;
- (c) by inserting, immediately after subsection (1A), the following subsection:
 - “(1B) For the purposes of this section, in determining whether goods are distantly taxable goods, if the recipient is unable to verify the location of the goods at the point of sale of the goods, or the manner or mode of transport by which the goods will be delivered to a place in the customs territory, the recipient may rely on the best available information to do so.”;
- (d) by inserting, immediately after the words “subsections (3)” in subsection (2), “, (3A)”;
- (e) by deleting the word “service” in subsection (2) and substituting the words “goods or services”;
- (f) by deleting subsection (3) and substituting the following subsection:

“(3) Subsection (2) applies —

(a) in the case of distantly taxable goods — only to the extent that the goods are not excluded under the Eighth Schedule (for the purposes of subsection (1)(a)(i) and (ii), or (1)(a)(i), or (1)(a)(ii), as the case may be); and

(b) in the case of services — only to the extent that the services are not excluded under the Eighth Schedule (for the purposes of subsection (1)(b)(i) and (ii), or (1)(b)(i), or (1)(b)(ii), as the case may be).”;

(g) by inserting, immediately after subsection (3), the following subsection:

“(3A) Subsection (2) does not apply to the extent that the recipient pays an amount as tax or as reimbursement for tax —

(a) on the supply of the goods or services in fact made to the recipient even though the supply was not chargeable to tax under section 8(1A); or

(b) on the importation of the goods pursuant to section 8(4) as if they were not distantly taxable goods,

as the case may be.”;

(h) by deleting subsections (5) and (6) and substituting the following subsections:

“(5) Despite a recipient being entitled to credit for the full amount of the recipient’s input tax under sections 19 and 20 for the prescribed accounting period, or longer period mentioned in section 20(4)(b), in which distantly taxable goods or services are received, the recipient may elect for all supplies made to the recipient in the circumstances

under subsection (1)(a) or (b) in that period to be treated as supplies of distantly taxable goods or services to which subsection (2) applies.

(6) Where a recipient who is a registered person receives any supply of distantly taxable goods or services mentioned in subsection (1)(a) or (b) (as the case may be) that is excluded or to any extent excluded under the Eighth Schedule, the recipient may elect for all such supplies of distantly taxable goods or services to be made to the recipient to be treated as supplies of distantly taxable goods or services to which subsection (2) applies (and not supplies of distantly taxable goods or services to which subsection (2) does not apply by reason of subsection (3)).”; and

- (i) by deleting the words “despite subsection (1)(a)(ii) and (b) being satisfied” in subsection (9) and substituting the words “to any supply made in the circumstances in subsection (1)(a)(ii) or (b)(ii) (as the case may be) where the recipient is not entitled to credit for the full amount of the recipient’s input tax as mentioned in subsection (1)”.

Amendment of section 15

7. Section 15 of the principal Act is amended —

- (a) by inserting, immediately after the words “supply of services” in subsection (1), the words “or any Seventh Schedule supply”;
- (b) by deleting the words “of services” in subsection (3); and
- (c) by inserting, immediately after the word “services” in the section heading, the words “or supplier of Seventh Schedule supplies”.

Amendment of section 17

8. Section 17 of the principal Act is amended —

(a) by deleting the words “(other than one from which a reverse charge supply arises)” in subsection (2);

(b) by inserting, immediately after subsection (2), the following subsection:

“(2A) Subsection (2) does not apply to the following:

(a) a supply from which a reverse charge supply arises;

(b) a supply which a redeliverer is treated as making under the Seventh Schedule.”;

(c) by deleting the words “one from which a reverse charge supply arises” in subsection (3) and substituting the words “a supply mentioned in subsection (2A)(a) or (b)”;

(d) by deleting the word “services” in subsection (3A) and substituting the words “distantly taxable goods or services”;

(e) by deleting the words “services supplied by a person or branch mentioned in section 14(1)(a) or” in subsection (3AA) and substituting the words “a supply of distantly taxable goods or services mentioned in section 14(1)(a) or (b) or such supply made by a”;

(f) by deleting the words “section 14(1)(a)(ii)” in subsection (3B)(a) and substituting the words “section 14(1)(b)(ii)”;

(g) by deleting the words “a supply of services mentioned in section 14(1)(a)(ii), the branches mentioned in section 14(1)(a)(ii)” in subsection (3C) and substituting the words “a supply of distantly taxable goods mentioned in section 14(1)(a)(ii) or a supply of services mentioned in section 14(1)(b)(ii), the branches mentioned in section 14(1)(a)(ii) or (b)(ii) (as the case may be)”;

- (h) by inserting, immediately after subsection (3C), the following subsection:

“(3D) A Seventh Schedule supply of goods treated as made by a redeliverer has a value that is equal to the consideration paid for the goods by the customer.”;

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- (i) by deleting the words “one from which a reverse charge supply arises” in subsection (4) and substituting the words “a supply mentioned in subsection (2A)(a) or (b)”;

- (j) by inserting, immediately after subsection (4), the following subsections:

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“(4A) Where a person that makes a Seventh Schedule supply of goods to a customer also makes a supply of related services to the customer, the consideration for the related services is to be included as part of the consideration for the Seventh Schedule supply of goods if —

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- (a) the consideration for the supply of the related services is determined by reference to those goods;

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- (b) the supply of the related services is made, arranged or assisted by the supplier or underlying supplier of those goods;

- (c) the supply of the related services is directly in connection with those goods;

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- (d) the supply of the related services would be zero-rated under section 21 in the absence of this subsection; and

- (e) the supply of the related services and those goods do not form a single supply.

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(4B) Subsection (4A) does not apply to a redeliverer that is treated as making a supply of goods under the Seventh Schedule.

(4C) Where a reverse charge supply arises from a supply of distantly taxable goods mentioned in section 14(1)(a) and the recipient also receives a supply of related services, the consideration for the related services is to be included as part of the consideration for the supply of the distantly taxable goods if —

(a) the consideration for the supply of the related services is determined by reference to those goods;

(b) the supply of the related services is made, arranged or assisted by the supplier of those goods;

(c) the supply of the related services is directly in connection with those goods;

(d) the supply of the related services would, if the supply of the services were made by a taxable person in Singapore, be a supply of international services which is zero-rated under section 21 in the absence of this subsection; and

(e) the supply of the related services and those goods do not form a single supply.”; and

(k) by inserting, immediately after subsection (6), the following subsection:

“(7) In this section —

“redeliverer” and “underlying supplier” have the meanings given by paragraph 1(1) of the Seventh Schedule;

“related services”, in relation to a Seventh Schedule supply of goods or a supply of distantly taxable goods that gives rise to a reverse charge supply, means the services provided by the supplier or

underlying supplier of the goods for the purposes of —

- (a) processing and preparing the goods for transportation and delivery; and
- (b) delivering the goods, or arranging or assisting in the delivery of the goods, including insurance and transportation.”. 5

New section 18A

9. The principal Act is amended by inserting, immediately after section 18 in Part III, the following section: 10

“Entry value of items of goods

18A.—(1) This section applies for the purpose of determining the entry value of any item of goods.

(2) Except for the purposes of determining whether the supply of any item of goods gives rise to a reverse charge supply under section 14, the entry value of the item is the consideration for the supply of the item, less all of the following amounts that are included in that consideration: 15

- (a) transport and insurance charges for the item for the period beginning when the item leaves the country or territory from which it is supplied and ending when it is delivered to a place in the customs territory; 20
- (b) any tax chargeable on the supply of the item under section 8; 25
- (c) any customs duty or excise duty.

(3) For the purposes of subsection (2), the supplier of the goods may use a reasonable estimate of any of the amounts mentioned in subsection (2)(a), (b) and (c), based on the information available to the supplier at the point of sale of the goods. 30

(4) Instead of applying subsections (2) and (3), the supplier may elect for the entry value of any item of goods to be the value determined in accordance with section 18 for the item.

(5) An election made under subsection (4) must be made by notifying the Comptroller in such form and manner and within such time as the Comptroller may require.

(6) For the purposes of determining whether the supply of any item of goods gives rise to a reverse charge supply under section 14, the entry value of the item is the value determined in accordance with section 18 for the item.”.

Amendment of section 19

10. Section 19(4) of the principal Act is amended by deleting the word “services” in paragraph (b) and substituting the words “distantly taxable goods or services”.

Amendment of section 21

11. Section 21 of the principal Act is amended —

(a) by deleting paragraph (i) of subsection (3) and substituting the following paragraph:

“(i) services of any of the following descriptions which are performed wholly outside Singapore:

(i) cultural, artistic, sporting, educational or entertainment services;

(ii) exhibition or convention services;

(iii) services ancillary to the services in sub-paragraph (i) or (ii), including that of organising the performance of those services outside Singapore,

except where, at the time of the performance of those services, there is no necessary connection between —

(iv) the place where the services are physically performed; and

(v) the location of the customer of the services (as defined in paragraph 2 of the Seventh Schedule);”;

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(b) by inserting, immediately after the word “services” in subsection (3)(u), the words “supplied before 1 January 2022”;

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

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“(4AA) The services mentioned in subsection (3)(a), (b) and (c) do not include any services comprising the transport by a taxable person who is a redeliverer (as defined in paragraph 1(1) of the Seventh Schedule) of goods comprised in a Seventh Schedule supply, the insuring or the arranging of the insurance of the goods, or the arranging of the transport of the goods by that taxable person.”;

15

(d) by deleting subsection (4B) and substituting the following subsection:

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“(4B) The services referred to in —

(a) subsection (3)(e), (f) and (g); and

(b) subsection (3)(j), if supplied before 1 January 2022,

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do not include any services comprising either or both of the following:

(c) the supply of a right to promulgate an advertisement by means of any medium of communication;

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(d) the promulgation of an advertisement by means of any medium of communication.”; and

(e) by deleting subsection (10).

Amendment of section 21A

12. Section 21A of the principal Act is amended by deleting subsection (3).

Amendment of section 21B

13. Section 21B of the principal Act is amended by deleting subsection (5).

Amendment of section 30

10 14. Section 30(1A) of the principal Act is amended by deleting the word “services” and substituting the words “distantly taxable goods or services”.

Amendment of section 33AA

15 15. Section 33AA(4) of the principal Act is amended by inserting, immediately after the words “section 14(1)(a)(i)” in paragraph (a), the words “or (b)(i)”.

Amendment of section 39

16. Section 39 of the principal Act is amended —

(a) by deleting subsections (1) and (2) and substituting the following subsections:

20 “(1) This section applies where —

(a) there is a change in the tax rate in force under section 16;

25 (b) there is a change in the description of zero-rated supplies or exempt supplies, or the types of supplies or circumstances in which supplies are made for the purposes of the Seventh Schedule, that results in a supply becoming a standard-rated supply;
or

- (c) there is a change in the description of circumstances in section 14(1), or in the Eighth Schedule, that results in a supply giving rise to a reverse charge supply,

and applies despite any different result that may arise by virtue of the application of sections 11, 11A, 11B, 11C and 12.

(2) Subject to subsections (3) and (7), a person who makes a supply to which a change in subsection (1) relates or (in the case of a reverse charge supply) the recipient of such supply, may elect for tax to be chargeable on the supply in accordance with subsection (2B) or (2C) (as the case may be), if —

(a) for any supply of goods or services —

- (i) the supply is performed in part or in whole before the date of the change; and

- (ii) the invoice is issued or any consideration is received for the supply on or after the date of the change;

(b) for any supply of goods or services —

- (i) the invoice is issued or any consideration is received for the supply before the date of the change; and

- (ii) the supply is performed in part or in whole on or after the date of the change; or

(c) for a supply of services by virtue only of paragraph 5(3) of the Second Schedule —

- (i) some or all of the goods are, without consideration, put to private use or used, or made available to any person

for use, for any purpose other than a purpose of the business concerned, before the date of the change; and

- (ii) the supply of services is treated as taking place under section 11A(5)(a) on or after the date of the change.

(2A) For the purpose of subsection (2)(a) and (b), the supply is performed in part or in whole if —

(a) for a supply of goods —

- (i) where the goods are to be removed — a part or all (as the case may be) of the goods are removed; or

- (ii) where the goods are not to be removed — a part or all (as the case may be) of the goods are made available to the person to whom they are supplied; and

(b) for a supply of services — a part or all (as the case may be) of the services are performed.

(2B) For the purpose of subsection (2)(a) and (c), the tax that may be elected to be chargeable is as follows:

(a) at the old tax rate on the higher of the following amounts:

- (i) the value of the supply for which any part consideration is received before the date of the change;

- (ii) the value of, as the case may be —

(A) the goods removed or made available before the date of the change;

(B) the services performed before the date of the change; or

(C) the supply by way of putting the goods to private use or using the goods, or making the goods available to any person for use, for any purpose other than a purpose of the business concerned, before the date of the change;

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(b) at the new tax rate —

(i) in relation to subsection (2)(a) — on the value of the supply less the amount on which tax is charged at the old tax rate under paragraph (a); and

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(ii) in relation to subsection (2)(c) — on the value of the supply by way of putting the goods to private use or using the goods, or making the goods available to any person for use, for any purpose other than a purpose of the business concerned, on or after the date of the change.

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(2C) For the purpose of subsection (2)(b), the tax that may be elected to be chargeable is as follows:

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(a) at the old tax rate on the value of the supply less the amount on which tax is charged at the new tax rate under paragraph (b);

(b) at the new tax rate on the higher of the following amounts:

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(i) the value of the supply for which any part consideration is received on or after the date of the change;

(ii) the value of, as the case may be —

(A) the goods removed or made available on or after the date of the change; or

(B) the services performed on or after the date of the change.”;

(b) by deleting sub-paragraph (i) of subsection (3)(c) and substituting the following sub-paragraph:

“(i) the value of the supply for which any consideration is received before the date of the change,”;

(c) by deleting the words “amount of the invoice” in subsection (3)(d) and substituting the words “value of the supply”;

(d) by inserting, immediately before the word “issue” in subsection (5), the words “, within 14 days after the date the increase in tax rate comes into operation or within such longer period as the Comptroller may allow,”;

(e) by deleting the words “ceases to be a zero-rated or an exempt supply” in subsections (7) and (8) and substituting in each case the words “becomes a standard-rated supply”;

(f) by deleting the words “rate applicable on that date on the amount of the invoice” in subsection (7) and substituting the words “new tax rate on the value of the supply”;

(g) by deleting the words “any part consideration” in subsection (7)(c) and substituting the words “the value of the supply for which any consideration is”;

(h) by inserting, immediately before the word “issue” in subsection (9), the words “, within 14 days after the date of the change or such longer period as the Comptroller may allow,”;

(i) by deleting the words “date the supply ceases to be a zero-rated or an exempt supply” in subsection (9)(a) and substituting the words “date of the change”;

(j) by inserting, immediately after subsection (9), the following subsections:

“(9A) The Comptroller may waive the requirement of a new tax invoice under subsection (5) or (9) (as the case may be), subject to such conditions as the Comptroller thinks fit.

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(9B) Despite any waiver under subsection (9A), tax remains chargeable at the new tax rate on the part of the supply to which the new tax invoice (if issued) would relate, as if that part of the supply were a separate supply.

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(9C) Any tax chargeable on a supply under subsection (3)(d) or (7) must be accounted for in the prescribed accounting period in which the earliest of the following falls:

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(a) the date of any new invoice for the amount on which the tax is charged;

(b) the date any consideration is received towards the amount on which the tax is charged;

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(c) the last day of the period of 14 days or such longer period as the Comptroller may allow, after the date of the change.

(9D) Despite subsection (9C), where a recipient applies section 11C(3) to its reverse charge supplies, the recipient must account for any tax chargeable on each supply under subsection (3)(d) or (7) as follows:

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(a) if the earlier date in relation to the supply is the date of its entry into the books of account or other records of the recipient —

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(i) where the date of entry is on or after the date of the change —

(A) in the prescribed accounting period in which the date of entry falls; and

5 (B) at the new tax rate (less any tax on the supply already accounted for); and

(ii) where the date of entry is before the date of the change —

10 (A) in the prescribed accounting period in which the earlier of the following falls:

15 (AA) the date on which the recipient pays any consideration for the supply in fact made;

20 (AB) the last day of the period of 14 days or such longer period as the Comptroller may allow, after the date of the change; and

(B) at the new tax rate (less any tax on the supply already accounted for);

25 (b) if the earlier date in relation to the supply is the date the recipient pays any consideration for the supply in fact made —

30 (i) in the prescribed accounting period in which the date of payment falls; and

(ii) at the rate applicable on that date.

(9E) Despite subsection (9C), where a recipient makes an election under section 11C(8) in relation to

its reverse charge supplies, then the recipient must account for the tax chargeable on each reverse charge supply under subsection (3)(d) or (7) as follows:

- (a) if the day immediately after the end of the longer period is on or after the date of the change — 5
 - (i) in the prescribed accounting period in which that day falls; and
 - (ii) at the new tax rate (less any tax on the supply already accounted for); 10
- (b) if the day immediately after the end of the longer period is before the date of the change —
 - (i) in the prescribed accounting period in which the last day of the period of 14 days or such longer period as the Comptroller may allow, after the date of the change, falls; and 15
 - (ii) at the new tax rate (less any tax on the supply already accounted for).”; and 20
- (k) by deleting subsection (13) and substituting the following subsections:
 - “(13) In this section —
 - “new tax rate” —
 - (a) in relation to a change in tax rate or a change that results in the supply becoming a standard-rated supply — means the tax rate applicable to the supply on the date of the change; and 25
 - (b) in relation to a change that results in the supply ceasing to be a standard-rated supply — is zero; 30

“old tax rate” —

(a) in relation to a change that results in the supply becoming a standard-rated supply — is zero; and

(b) in relation to a change in tax rate or a change that results in the supply ceasing to be a standard-rated supply — means the tax rate applicable to the supply immediately before the date of the change.

(14) For the purposes of this section, a supply becomes a standard-rated supply if —

(a) as a result of a change in description of supplies —

(i) the supply ceases to fall within the description of a zero-rated supply;

(ii) the supply ceases to fall within the description of an exempt supply; or

(iii) the supply falls within the description of a Seventh Schedule supply,

as the case may be; or

(b) as a result of a change in the description of circumstances in section 14(1), or in the Eighth Schedule, the supply falls within the description of a supply that gives rise to a reverse charge supply,

and the reference to a supply ceasing to be a standard-rated supply is to be construed accordingly.

(15) In applying this section to a reverse charge supply —

(a) a reference to consideration received is a reference to consideration paid by the recipient of the supply in fact made; and

- (b) a reference to an invoice is a reference to an invoice issued by the person or branch that in fact makes the supply to the recipient.”.

Amendment of section 46

17. Section 46 of the principal Act is amended —

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- (a) by deleting sub-paragraph (i) of subsection (1AA)(a) and substituting the following sub-paragraph:

“(i) the name and address of the person or branch, or member of the group mentioned in section 30(1A), whose supply gave rise to the reverse charge supply under section 14 (called in this section the supplier);”;

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- (b) by deleting the words “overseas supplier” in subsection (1AA)(a)(ii), (iv), (v), (vi) and (vii) and substituting in each case the word “supplier”;

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- (c) by deleting the word “services” in subsection (1AA)(a)(ii) and (iii) and substituting in each case the words “distantly taxable goods or services”;

- (d) by deleting the words “digital services” in subsection (1B)(a) and (b) and substituting in each case the word “services”;

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- (e) by deleting the word “and” at the end of paragraph (a) of subsection (1B), and by inserting immediately thereafter the following paragraph:

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“(aa) where paragraph 3(3A)(b)(i)(B) of the Seventh Schedule applies —

- (i) if the operator has not made an election under paragraph 4A of the Seventh Schedule — all supplies of distantly taxable goods that the operator is treated as making instead of any underlying supplier; and

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(ii) if the operator has made an election under paragraph 4A of the Seventh Schedule — all supplies mentioned in sub-paragraph (i), and supplies of goods that are treated as made by the operator instead of the underlying supplier and that are also treated as not being supplies of distantly taxable goods under that paragraph;”;

(f) by deleting the full-stop at the end of paragraph (b) of subsection (1B) and substituting the word “; and”, and by inserting immediately thereafter the following paragraph:

“(c) where the operator belongs in Singapore and has been granted approval under paragraph 6 of the Seventh Schedule —

(i) if the operator has not made an election under paragraph 5 of the Seventh Schedule — all supplies of services of any overseas underlying supplier (that are treated as made to the operator) in fact made to a registered person; and

(ii) if the operator has made an election under paragraph 5 of the Seventh Schedule — all supplies of services of any overseas underlying supplier and any local underlying supplier (that are treated as made to the operator) in fact made to a registered person.”;

(g) by inserting, immediately after subsection (1C), the following subsection:

“(1D) Where the taxable person is a redeliverer mentioned in the Seventh Schedule that is treated as making supplies of goods under the Seventh Schedule, the duty of the redeliverer to

keep records under this section includes records relating to —

- (a) the receipt issued by the supplier, underlying supplier or operator of the electronic marketplace of the goods or other confirmation by the supplier, underlying supplier or operator of the value of the consideration for each supply; or 5
- (b) if the receipt or other confirmation mentioned in paragraph (a) is not available, the value of the consideration for the supply disclosed to the redeliverer by the person (X) arranging with the redeliverer for the delivery of the goods to a place in the customs territory or a person acting on X's behalf, 10 15

being a supply of distantly taxable goods, or a supply of distantly taxable goods that is treated (by reason of an election by the taxable person under paragraph 4A of the Seventh Schedule) as not being such a supply.”; 20

(h) by deleting the words “or (1B)” in subsection (3AA) and substituting the words “, (1B) or (1D)”;

(i) by inserting, immediately after subsection (6), the following subsection: 25

“(7) In this section, “electronic marketplace”, “local underlying supplier”, “overseas underlying supplier” and “underlying supplier” have the meanings given by paragraph 1(1) of the Seventh Schedule.”.

Amendment of section 62A

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18. Section 62A of the principal Act is amended —

- (a) by inserting, immediately after the words “Seventh Schedule supply” in subsection (1), the words “of services”;

(b) by inserting, immediately after subsection (1), the following subsection:

“(1A) A person who receives a Seventh Schedule supply of goods (*Y*) commits an offence if —

(a) *Y* is not a registered person; and

(b) *Y* provides (whether or not to the person making the supply) any information for the purpose of the supply that is false as to whether *Y* is a registered person.”; and

(c) by inserting, immediately after the words “subsection (1)” in subsection (2), the words “or (1A)”.

Amendment of section 62B

19. Section 62B(1) of the principal Act is amended —

(a) by deleting paragraph (a) and substituting the following paragraphs:

“(a) where the supply is a supply of services, *X* belongs in Singapore under section 15;

(aa) *X* is not a registered person.”; and

(b) by inserting, immediately before “*X*” in paragraph (c)(i), the words “where the supply is a supply of services,”.

Amendment of section 91

20. Section 91 of the principal Act is amended by inserting, immediately after subsection (2), the following subsections:

“(3) Where, on or before 23 September 2022, as a result of the inclusion in the total value of a person’s taxable supplies of the values of the following supplies of the person:

(a) Seventh Schedule supplies of goods;

(b) new Seventh Schedule supplies of services;

- (c) supplies of distantly taxable goods that give rise to reverse charge supplies,

the person has reasonable grounds for believing that the person will be liable on 1 January 2023 to be registered —

- (d) by virtue of paragraph 1(1)(b) of the First Schedule; 5

- (e) by virtue of paragraph 1A(1)(b) of the First Schedule; or

- (f) by virtue of paragraph 1B(1)(b) of the First Schedule,

the person must notify the Comptroller of that fact within the period between 1 September 2022 and 1 October 2022 (both dates inclusive), or within such longer time as the Comptroller may allow, and the Comptroller must register the person with effect from 1 January 2023. 10

(4) Where, during the period from 24 September 2022 to 31 December 2022 (both dates inclusive), as a result of the inclusion in the total value of a person's taxable supplies of the values of the following supplies of the person: 15

- (a) Seventh Schedule supplies of goods;

- (b) new Seventh Schedule supplies of services;

- (c) supplies of distantly taxable goods that give rise to reverse charge supplies, 20

the person has reasonable grounds for believing that the person will be liable on 1 January 2023 to be registered —

- (d) by virtue of paragraph 1(1)(b) of the First Schedule;

- (e) by virtue of paragraph 1A(1)(b) of the First Schedule; or 25

- (f) by virtue of paragraph 1B(1)(b) of the First Schedule,

the person must notify the Comptroller of that fact no later than 31 January 2023, or within such longer time as the Comptroller may allow, and the Comptroller must register the person with effect from 1 February 2023 or from such earlier date as may be agreed between the Comptroller and that person. 30

(5) In this section, “new Seventh Schedule supply of services” means a Seventh Schedule supply of services other than the following:

(a) services that are supplied over the Internet or other electronic network and the nature of which renders the supply essentially automated with minimal or no human intervention, and impossible without the use of information technology, including —

(i) any digital product;

(ii) any software or software update;

(iii) any image, text or information, or the making available of any database;

(iv) any music, film or game;

(v) any distance teaching through any pre-recorded medium or electronic learning;

(vi) any website supply, web hosting, or automated or digital maintenance of any programme;

(vii) any service providing or supporting a business or personal presence on any electronic network;

(viii) any search engine or automated helpdesk service;

(ix) any listing service for the right to put goods or services for sale on any online market or auction house;

(x) any live streaming service;

(xi) any advertising service on any intangible media platform (whether or not the advertisement is intended to be substantially promulgated in Singapore); and

(xii) any support service performed, through electronic means, for arranging or facilitating the completion of underlying transactions;

(b) services (the firstmentioned services), not being services mentioned in paragraph (a), that are supplied in all the following circumstances:

- (i) a person makes or is treated under the Seventh Schedule as making a supply of services mentioned in paragraph (a); 5
- (ii) the supply of the firstmentioned services is made in the course of making the supply of the services mentioned in sub-paragraph (i);
- (iii) the supply of the firstmentioned services is ancillary to the supply of the services mentioned in sub-paragraph (i); 10
- (iv) the Comptroller has, upon an application by the person, notified the person that the Comptroller is satisfied that the supply of the firstmentioned services is within sub-paragraphs (ii) and (iii).” 15

New section 92A

21. The principal Act is amended by inserting, immediately after section 92, the following section:

“Temporary arrangements for Seventh Schedule supplies: distantly taxable goods and new services 20

92A.—(1) Where an agreement provides (expressly or impliedly) for a new Seventh Schedule supply of services to be performed progressively and continuously over a period, then — 25

- (a) if the agreement was made before 16 February 2021 — tax is not chargeable on the supply; and
- (b) if the agreement was or is made on or after 16 February 2021 but before 1 January 2023 — tax is chargeable on the supply to the extent that the services are performed on or after 1 January 2023. 30

(2) Subject to subsection (1), where an invoice for a new Seventh Schedule supply of services was or is issued on or after

16 February 2021 but before 1 January 2023, tax is chargeable on the supply to the extent of —

(a) the amount of the invoice received on or after 1 January 2023; or

5 (b) the value of the services to which the invoice relates that are performed on or after 1 January 2023, if lower.

(3) Subsection (2) does not apply if the whole amount of the invoice is received, or the whole of the services is performed,
10 before 1 January 2023.

(4) Where an invoice for a Seventh Schedule supply of goods was or is issued on or after 16 February 2021 but before 1 January 2023, tax is chargeable on the supply to the extent of —

15 (a) the amount of the invoice received on or after 1 January 2023; or

(b) the value of the goods to which the invoice relates that were removed or made available to the person to whom they are supplied on or after 1 January 2023, if
20 lower.

(5) Subsection (4) does not apply if the whole amount of the invoice is received, or the whole of the goods is removed or made available to the person to whom they are supplied, before 1 January 2023.

25 (6) Subject to subsection (1), where an invoice for a new Seventh Schedule supply of services is issued on or after 1 January 2023 —

(a) tax is chargeable on the supply to the extent of the amount of the invoice received on or after that date; but
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(b) the taxable person may elect for the tax to be chargeable only to the extent of the value of the services that are performed on or after that date, if lower.

(7) Subject to subsection (1) and despite subsection (6), where an invoice for a new Seventh Schedule supply of services is issued on or after 1 January 2023 but before the day on which the person making the supply is registered in accordance with the First Schedule —

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(a) tax is chargeable on the supply to the extent of the amount of the invoice received on or after the day on which the person making the supply is registered in accordance with the First Schedule; but

(b) the person may elect for the tax to be chargeable only to the extent of the value of the services that are performed on or after 1 January 2023, if lower.

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(8) Subsections (6) and (7) do not apply if the whole amount of the invoice is received, and the whole of the services is performed, on or after 1 January 2023.

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(9) Where an invoice for a Seventh Schedule supply of goods is issued on or after 1 January 2023 —

(a) tax is chargeable on the supply to the extent of the amount of the invoice received on or after that date; but

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(b) the taxable person may elect for the tax to be chargeable only to the extent of the value of the goods that are removed or made available to the person to whom they are supplied on or after that date, if lower.

25

(10) Despite subsection (9), where an invoice for a Seventh Schedule supply of goods is issued on or after 1 January 2023 but before the day on which the person making the supply is registered in accordance with the First Schedule —

(a) tax is chargeable on the supply to the extent of the amount of the invoice received on or after the day on which the person making the supply is registered in accordance with the First Schedule; but

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- (b) the person may elect for the tax to be chargeable only to the extent of the value of the goods that are removed or made available to the person to whom they are supplied on or after 1 January 2023, if lower.

(11) Subsections (9) and (10) do not apply if the whole amount of the invoice is received, and the whole of the goods is removed or made available to the person to whom they are supplied, on or after 1 January 2023.

(12) Tax chargeable —

- (a) under subsection (1) for any services under subsection (1)(b) that are covered by an invoice issued or consideration received before 1 January 2023; or

- (b) under subsection (2) or (4),

must be accounted for in the return for the accounting period in which the later of the following falls:

- (c) 1 January 2023;

- (d) the day on which the person making the supply is registered in accordance with the First Schedule.

(13) Tax chargeable under subsections (6) and (9) must be accounted for in the return for the accounting period in which the earlier of the following falls:

- (a) the invoice for the new Seventh Schedule supply of services or Seventh Schedule supply of goods (as the case may be) is issued;

- (b) the consideration for the amount of the invoice is received by the supplier.

(14) Tax chargeable under subsection (7) or (10) must be accounted for in the return for the accounting period in which the consideration for the amount of the invoice is received on or after the day on which the person making the supply is registered in accordance with the First Schedule.

(15) For the purposes of this section, where, as the case may be —

- (a) only a part of the services under a new Seventh Schedule supply of services is performed; or
- (b) only a part of the goods under a Seventh Schedule supply of goods is removed or made available to the person to whom they are supplied,

then the value of the part is a value that is, in the opinion of the Comptroller, reasonably attributable to the part.

(16) This section applies despite anything in —

- (a) section 11, 11A, 11B or 12; or
- (b) section 39 (to the extent that the section provides for changes in the description of Seventh Schedule supplies).

(17) For the purposes of paragraphs 1(1)(b) and (2)(b) and 1A(1)(b) and (2)(b) of the First Schedule, references to taxable supplies and Seventh Schedule supplies of a person do not include any Seventh Schedule supplies of goods or new Seventh Schedule supplies of services of the person that take place before 1 January 2023.

(18) For the purposes of paragraphs 1(2)(a)(ii) and 1A(2)(a) of the First Schedule in relation to a business transferred before 1 January 2023, references to taxable supplies and Seventh Schedule supplies of the transferee do not include any Seventh Schedule supplies of goods or new Seventh Schedule supplies of services of the transferee that take place before 1 January 2023.

(19) In this section, “new Seventh Schedule supply of services” has the meaning given by section 91(4).”.

New section 94

22. The principal Act is amended by inserting, immediately after section 93, the following section:

**“Temporary arrangements for reverse charge supplies:
distantly taxable goods**

5 **94.**—(1) Where an invoice for a supply in fact made that gives rise to a reverse charge supply of distantly taxable goods was or is issued on or after 16 February 2021 but before 1 January 2023, tax is chargeable on the reverse charge supply to the extent of —

 (a) the amount of the invoice paid on or after 1 January 2023; or

10 (b) the value of the distantly taxable goods that are delivered to the recipient on or after 1 January 2023, if lower.

 (2) Subsection (1) does not apply if the whole amount of the invoice is paid, or the whole of the goods to which the invoice relates is delivered to the recipient, before 1 January 2023.

15 (3) Where an invoice for a supply in fact made that gives rise to a reverse charge supply of distantly taxable goods is issued on or after 1 January 2023 —

20 (a) tax is chargeable on the reverse charge supply to the extent of the amount of the invoice paid on or after that date; but

 (b) the recipient may elect for the tax to be chargeable only to the extent of the value of the goods that are delivered to the recipient on or after that date, if lower.

25 (4) Despite subsection (3), where an invoice for a supply in fact made that gives rise to a reverse charge supply of distantly taxable goods is issued on or after 1 January 2023 but before the day on which the person receiving the supply is registered in accordance with the First Schedule —

30 (a) tax is chargeable on the reverse charge supply to the extent of the amount of the invoice paid on or after the day on which the person receiving the supply is registered in accordance with the First Schedule; but

 (b) the person may elect for the tax to be chargeable only to the extent of the value of the goods that are

delivered to the recipient on or after 1 January 2023, if lower.

(5) Subsections (3) and (4) do not apply if the whole amount of the invoice is paid, and all of the distantly taxable goods are delivered to the recipient, on or after 1 January 2023. 5

(6) Tax chargeable under subsection (1) must be accounted for in the return for the accounting period in which the later of the following falls:

(a) 1 January 2023;

(b) the day on which the recipient is registered in accordance with the First Schedule. 10

(7) Tax chargeable under subsection (3) must be accounted for in the return for the accounting period in which the earlier of the following falls:

(a) the invoice for the reverse charge supply of distantly taxable goods is issued; 15

(b) the consideration for the amount of the invoice is paid by the recipient.

(8) Tax chargeable under subsection (4) must be accounted for in the return for the accounting period in which the consideration for the amount of the invoice is paid on or after the day on which the person receiving the supply is registered in accordance with the First Schedule. 20

(9) For the purposes of this section, where only a part of the distantly taxable goods is delivered to the person to whom they are supplied, the value of the part is a value that is, in the opinion of the Comptroller, reasonably attributable to the part. 25

(10) This section applies despite anything in —

(a) section 11C; or

(b) section 39 (to the extent that the section provides for changes in the description of circumstances in section 14(1), or in the Eighth Schedule, under which a supply gives rise to a reverse charge supply). 30

(11) For the purposes of paragraph 1B(1)(b) and (2)(b) of the First Schedule, references to supplies of distantly taxable goods received by a person do not include any supplies of distantly taxable goods received by the person in Singapore before 1 January 2023.

(12) For the purpose of paragraph 1B(2)(a) of the First Schedule in relation to a business transferred before 1 January 2023, references to supplies of goods and services received by the transferee do not include any supplies of distantly taxable goods received by the transferee before 1 January 2023.”.

Amendment of First Schedule

23. The First Schedule to the principal Act is amended —

(a) by deleting sub-paragraph (ii) of paragraph 1(1)(a) and substituting the following sub-paragraph:

“(ii) at the end of the year 2019 or a subsequent calendar year, if the total value of all of the following in that calendar year has exceeded \$1 million:

(A) the person’s taxable supplies made in Singapore;

(B) if the subsequent calendar year is 2022 or later and the person belongs in Singapore, the person’s taxable supplies under paragraph 3(2)(b)(ii) and (3A) of the Seventh Schedule.”;

(b) by deleting sub-paragraph (b) of paragraph 1(1) and substituting the following sub-paragraph:

“(b) at any time, if there are reasonable grounds for believing that the total value of all of the following in the period of 12 months then beginning will exceed \$1 million:

(i) the person’s taxable supplies made in Singapore;

(ii) if the person belongs in Singapore, the person’s taxable supplies under paragraph 3(2)(b)(ii) and (3A) of the Seventh Schedule.”;

(c) by deleting sub-paragraph (ii) of paragraph 1(2)(a) and substituting the following sub-paragraph:

“(ii) for a business transferred on or after 1 January 2019, the total value of all of the following in the calendar year immediately preceding the calendar year in which the time of transfer falls exceeds \$1 million:

5

(A) the transferee’s taxable supplies made in Singapore;

(B) if the business is transferred on or after 1 January 2022 and the transferee belongs in Singapore, the transferee’s taxable supplies under paragraph 3(2)(b)(ii) and (3A) of the Seventh Schedule; or”;

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(d) by deleting sub-paragraph (b) of paragraph 1(2) and substituting the following sub-paragraph:

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“(b) if there are reasonable grounds for believing that the total value of all of the following in the period of 12 months then beginning will exceed \$1 million:

(i) the transferee’s taxable supplies made in Singapore;

20

(ii) if the transferee belongs in Singapore, the transferee’s taxable supplies under paragraph 3(2)(b)(ii) and (3A) of the Seventh Schedule.”;

25

(e) by deleting sub-paragraph (b) of paragraph 1(3) and substituting the following sub-paragraph:

“(b) by virtue of sub-paragraph (1)(a)(ii) or (2)(a)(ii) at the end of any calendar year if the Comptroller is satisfied that the value of all of the following in the next calendar year will not exceed \$1 million:

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(i) the person’s taxable supplies made in Singapore;

(ii) if the person belongs in Singapore, the person’s taxable supplies under paragraph 3(2)(b)(ii) and (3A) of the Seventh Schedule.”;

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- (f) by deleting the words “, other than exempt supplies,” in paragraphs 1A(1)(a)(ii) and (b)(ii), (2)(a)(ii) and (b)(ii) and (3)(b), 3A(a)(ii) and 5(3)(b)(ii);
- 5 (g) by deleting the words “services mentioned in section 14(1)(a)” wherever they appear in paragraphs 1B(1) and (2), 2(2)(b) and (c), (4) and (5), 5(3)(c), 8(4), 10(b), 12(2), 18(1) and 19 and substituting in each case the words “distantly taxable goods or services mentioned in section 14(1)”;
- 10 (h) by deleting the words “the supply of all such services” in paragraph 1B(1)(a) and substituting the words “all supplies of such goods and services”;
- (i) by deleting the words “section 14(1)(b)” in paragraph 1B(1)(a) and (b) and (2)(a) and (b) and substituting in each case the words “section 14(1)”;
- 15 (j) by deleting the words “the supply of such services” in paragraph 1B(1)(b) and substituting the words “all supplies of such goods and services”;
- (k) by deleting the word “services” in paragraph 1B(2)(a) and (b) and substituting in each case the words “such goods and services”;
- 20 (l) by deleting the words “section 91(1) or (2) (as applicable)” in paragraph 5(1) and substituting the words “section 91”; and
- 25 (m) by deleting the words “, other than exempt supplies” in paragraph 8(1)(c).

Amendment of Third Schedule

24. The Third Schedule to the principal Act is amended —

- 30 (a) by deleting the words “section 14(1)(a)” in paragraph 1(1A)(a) and substituting the words “section 14(1)”;
- (b) by inserting, immediately after sub-paragraph (1) of paragraph 11, the following sub-paragraph:

“(1AA) Subject to this paragraph and for the purposes of section 18A, where any sum relevant for determining the entry value for any item of goods is expressed in a currency other than Singapore currency or in digital payment tokens, it is to be converted into Singapore currency at the selling rate of exchange prevailing in Singapore at the point of sale of the item.”; and

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- (c) by deleting the words “section 14(1)(a)(i) or (ii)” in paragraph 15(1) and substituting the words “section 14(1)(b)(i) or (ii)”.

Amendment of Seventh Schedule

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25. The Seventh Schedule to the principal Act is amended —

- (a) by inserting, immediately above paragraph 1, the following sub-heading:

“General”;

- (b) by deleting the definition of “customer” in paragraph 1(1);

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- (c) by deleting the definitions of “local underlying supplier” and “overseas underlying supplier” in paragraph 1(1) and substituting the following definitions:

““local underlying supplier”, in relation to a supply of distantly taxable goods or remote services, means a supplier of the goods or services that belongs in Singapore and makes the supply through an electronic marketplace;

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“overseas underlying supplier”, in relation to a supply of distantly taxable goods or remote services, means a supplier of the goods or services that belongs in a country other than Singapore and makes the supply through an electronic marketplace;

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“redeliverer”, in relation to a supply of goods, means a person who, under an arrangement with the person (*X*) to whom the supply is made or any person acting on *X*’s behalf, delivers the goods from outside the customs territory to a place in the customs territory, or arranges or assists in such delivery, and does one or more of the following:

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(a) provides the use of an address outside the customs territory to which the goods are delivered;

5 (b) arranges or assists in the use of an address outside the customs territory to which the goods are delivered;

(c) purchases the goods outside the customs territory as an agent of *X* or a person acting on *X*'s behalf;

10 (d) arranges or assists in the purchase of the goods outside the customs territory;

“underlying supplier”, in relation to a supply of distantly taxable goods or remote services, means a supplier of the goods or services that makes the supply through an electronic marketplace.”;

15

(d) by deleting paragraph 2 and substituting the following paragraphs:

“Meaning of “customer”

20 2.—(1) Subject to sub-paragraph (2), for the purposes of this Schedule, where a supply of goods or services is a Seventh Schedule supply, then the person to whom the supply is made is the customer in relation to the supply, but not if the person —

(a) is registered under this Act; and

25 (b) receives the supply in the course or furtherance of any business carried on by the person.

(2) In addition, where the supplier knows that any one or more persons (each *Y*) other than the person (*X*) described as the customer in sub-paragraph (1) directly benefit from the goods or services, and that any *Y* —

30 (a) is not registered under this Act; or

(b) does not receive the supply in the course or furtherance of any business carried on by that *Y*,

35 then the supplier must treat that *Y* as if *Y* is a customer for the purposes of this Act to the extent of the consideration paid to the supplier by that *Y* for the goods or services, and *X* is the customer only to the extent of the consideration not paid to the supplier by any *Y*.

(3) For the purposes of sub-paragraph (2), a supplier is not taken to know that the goods or services directly benefit any person by virtue only of the fact that any part of the consideration for the supply is paid by that person to the supplier.

Meaning of “remote services”

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2A. For the purposes of this Schedule, “remote services” means any services where, at the time of the performance of the services, there is no necessary connection between —

(a) the place where the services are physically performed;
and

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(b) the location of the customer of the services,

but does not include any of the following:

(c) any services the supply of which, if made by a taxable person in Singapore, would be an exempt supply under section 22 and the Fourth Schedule;

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(d) any services the supply of which, if made by a taxable person in Singapore, would be a supply of international services which is zero-rated under section 21(1);

(e) any services supplied by a government of a country other than Singapore which, if made by the Government, would be a supply prescribed under section 28(1).”;

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(e) by inserting, immediately after the words “the supply of” in paragraph 3(1), the words “goods or”;

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(f) by deleting the words “digital services” in paragraph 3(1)(a), (2) and (3)(a), (b) and (c) and substituting in each case the words “remote services”;

(g) by deleting sub-paragraph (b) of paragraph 3(1) and substituting the following sub-paragraphs:

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“(b) a supply of services other than remote services (called in this paragraph non-remote services), made in the circumstances in sub-paragraph (3);

(c) subject to paragraph 4A, a supply of distantly taxable goods made or treated as made in the circumstances in sub-paragraph (3A);

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(d) subject to paragraph 4A, a supply of goods made in the circumstances in sub-paragraph (3A), where the goods are allowed to be treated as distantly taxable goods under paragraph 4C.”;

5 (h) by deleting the words “non-digital services” wherever they appear in paragraph 3(3) and substituting in each case the words “non-remote services”;

(i) by inserting, immediately after sub-paragraph (3) of paragraph 3, the following sub-paragraph:

10 “(3A) The circumstances for a supply of distantly taxable goods are any of the following:

(a) the supply is made to a customer, and the taxable person delivers the goods to a place in the customs territory, or arranges or assists in such delivery;

15 (b) the supply is made to a customer, and the taxable person —

(i) is any of the following:

(A) an underlying supplier;

20 (B) the operator of an electronic marketplace treated under paragraph 4 as making the supply instead of an underlying supplier;

(C) the redeliverer treated under paragraph 4B as making the supply instead of the supplier, underlying supplier or operator of an electronic marketplace; and

25 (ii) delivers the goods to a place in the customs territory, or arranges or assists in such delivery.”;

30 (j) by deleting the words “digital services or non-digital services under this paragraph must treat a person to whom any such service is supplied as being a customer” in paragraph 3(4) and substituting the words “distantly taxable goods, remote services or non-remote services under this paragraph must treat a person to whom any such goods or services are supplied as not being registered under this Act”;

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- (k) by inserting, immediately after sub-paragraph (4) of paragraph 3, the following sub-paragraph:

“(5) If distantly taxable goods are part of a supply that includes goods that are not distantly taxable goods, the distantly taxable goods and those other goods are treated as separately supplied.”;

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- (l) by deleting the words “For the purpose of paragraph 3(2)(b)(ii), an operator of an electronic marketplace is treated as making the supply of digital services to a customer instead of the overseas underlying supplier” in paragraph 4(1) and substituting the words “For the purpose of paragraph 3(2)(b)(ii) and (3A)(b)(i)(B), an operator of an electronic marketplace is treated as making the supply of distantly taxable goods or remote services to a customer instead of the underlying supplier”;

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- (m) by deleting the words “overseas underlying supplier” in paragraph 4(1)(e) and substituting the words “underlying supplier”;

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- (n) by deleting the words “digital services” wherever they appear in paragraph 4(2), (3)(a) and (b) and (4) and substituting in each case the words “distantly taxable goods or remote services”;

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- (o) by deleting the word “and” at the end of paragraph 4(3)(a);

- (p) by deleting the full-stop at the end of sub-paragraph (b) of paragraph 4(3) and substituting the word “; and”, and by inserting immediately thereafter the following sub-paragraph:

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“(c) an operator sets the terms and conditions under which the supply is made where it influences —

- (i) any rights and obligations linked to the supply;
or

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- (ii) the preconditions under which the medium through which supplies are made available to customers is used.”;

- (q) by inserting, immediately after sub-paragraph (4) of paragraph 4, the following sub-paragraph:

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“(5) Where, under this paragraph, an operator of an electronic marketplace is treated as making a supply of distantly taxable goods to a customer instead of the underlying supplier making the supply through the electronic marketplace of the operator, then the supply by the underlying supplier to the customer is treated as being 2 supplies, namely —

(a) a supply of goods from the underlying supplier to the operator of the electronic marketplace; and

(b) a supply of distantly taxable goods by the operator of the electronic marketplace to the customer.”;

(r) by inserting, immediately after paragraph 4, the following sub-headings and paragraphs:

“Distantly taxable goods

Elected supplies of supplier as not being supplies of distantly taxable goods

4A.—(1) A taxable person may elect to treat its supplies of 2 or more items of goods that would (but for the election) each be a supply of distantly taxable goods, as supplies of goods that are not distantly taxable goods, if 2 or more items of the goods are delivered to any place in the customs territory as a single consignment having a value that exceeds the entry value threshold.

(2) For the purpose of sub-paragraph (1), the value of the single consignment is the aggregate of the values of each of those items in the consignment, the value for each item being determined at the point of sale for the item.

(3) An election under sub-paragraph (1) must be made by notifying the Comptroller in such form and manner and within such time as the Comptroller may require.

(4) The taxable person must not make an election under paragraph (1) unless —

(a) the taxable person makes the delivery to a place in the customs territory as a single consignment as described in that paragraph or the taxable person is able to ensure that the person making the delivery delivers the goods as such single consignment;

(b) the taxable person’s usual business systems and processes allow the taxable person to ensure that the

goods that would (but for the election) be distantly taxable goods, are shipped and delivered as a single consignment as described in that paragraph;

(c) the taxable person is able to maintain records of the business systems and processes in sub-paragraph (b); and 5

(d) the taxable person is able to make the necessary adjustments to the tax accounted for or paid, or to be accounted for or paid, in the form and manner required by the Comptroller if there are subsequent changes to the supply affecting the value of any single consignment. 10

(5) Where a taxable person is an operator of an electronic marketplace that is treated as the supplier of the distantly taxable goods, then an election by the taxable person under sub-paragraph (1) must not be made unless the taxable person has obtained the agreement of every underlying supplier of the goods for the operator to ship and deliver the goods as a single consignment. 15

(6) Where — 20

(a) a taxable person that has made an election under sub-paragraph (1) ships, as a single consignment, goods that would (but for the election) be distantly taxable goods;

(b) the goods, when they are delivered to a place in the customs territory, are not delivered as such single consignment; and 25

(c) tax is not chargeable on the importation of the goods, then, despite the election, the supply of the goods is treated as supplies of distantly taxable goods. 30

(7) Where a taxable person makes the election when the taxable person does not satisfy the requirements in sub-paragraph (4), the election is of no effect.

(8) Where, at any time after a taxable person has made an election under sub-paragraph (1), the taxable person ceases to satisfy any of the requirements in sub-paragraph (4), the election ceases to have effect as from that time. 35

(9) An election made under this paragraph does not prevent any repacking of goods that have been shipped so long as the

goods whose supply is treated as not being of distantly taxable goods, are (after repacking) delivered as a single consignment having a value that exceeds the entry value threshold.

Supplies treated as that of redeliverer

4B.—(1) For the purpose of paragraph 3(3A)(b)(i)(C), a redeliverer is treated as making the supply of distantly taxable goods to a customer instead of the supplier, underlying supplier or operator of the electronic marketplace through which the underlying supplier makes the supply, if the following conditions are satisfied:

(a) where the supply was not made through an electronic marketplace — the supplier did not deliver the goods to a place in the customs territory, or arrange or assist in such delivery;

(b) where the supply was made through an electronic marketplace —

(i) the underlying supplier did not deliver the goods to a place in the customs territory, or arrange or assist in such delivery; and

(ii) the operator of the electronic marketplace is not treated as the supplier of the goods under paragraph 4(1).

(2) If there is more than one redeliverer for any supply of distantly taxable goods, and more than one such redeliverer would be treated as making the supply of the distantly taxable goods under sub-paragraph (1), then only one such redeliverer is so treated, namely —

(a) the redeliverer that first entered into an arrangement relating to the supply with the customer; and

(b) in the absence of any such arrangement, the redeliverer that first entered into an arrangement relating to the supply with a person acting on behalf of the customer.

Goods transported via land or sea allowed to be treated as distantly taxable goods

4C.—(1) Subject to sub-paragraph (2), where goods that are supplied or treated as supplied by —

- (a) a supplier;
- (b) an operator of an electronic marketplace to which paragraph 4 applies; or
- (c) a redeliverer to which paragraph 4B applies,

would (but for their import by sea or land) be distantly taxable goods, the Comptroller may, at the request of the supplier, operator or redeliverer, made in the form and manner specified by the Comptroller, grant approval for the supplier, operator or redeliverer to treat the goods as distantly taxable goods for the purposes of this Act.

(2) The Comptroller must not grant the request unless the Comptroller is satisfied of the following:

- (a) at the time of the request, there are reasonable grounds for believing that the supplier, operator or redeliverer is not able, at the point of sale of the goods, to identify the mode of transport of the goods from outside the customs territory to a place in the customs territory;
- (b) the supplier, operator or redeliverer has a history of previous compliance with the requirements of the taxation laws of Singapore and of countries and territories outside Singapore;
- (c) the supplier, operator or redeliverer satisfies any other condition that the Comptroller thinks necessary.

Determining whether goods are located outside customs territory

4D.—(1) In determining whether goods are distantly taxable goods, the operator of an electronic marketplace to which paragraph 4 applies may rely on any information which the Comptroller specifies for the purpose of determining the location of the goods at their point of sale.

(2) Where the operator in sub-paragraph (1) has information that indicates that the goods could be located both in and outside the customs territory at their point of sale, the location of the goods is to be taken as being outside the customs territory.

Reimbursement of tax by supplier if tax paid on both supply and importation

4E.—(1) This paragraph applies if a taxable person makes a supply of goods that was subject to tax under section 8(1A) and (4), and the taxable person receives consideration for the supply that includes an amount as tax charged under section 8(1A) on the supply.

(2) The taxable person must reimburse the customer for the amount received as tax charged under section 8(1A) if —

(a) the customer requests the taxable person for the reimbursement; and

(b) the customer provides the taxable person with such documentation that the Comptroller allows, evidencing that the amount of tax charged under section 8(4) on the importation was paid when the goods were imported.

Remote services"; and

(s) by deleting the words “digital services” wherever they appear in paragraphs 5(1) and (3) and 6(1)(a) and (b) and (2) and substituting in each case the words “remote services”.

Amendment of Eighth Schedule

26.—(1) The Eighth Schedule to the principal Act is amended —

(a) by inserting, immediately before paragraph 1, the following sub-headings and paragraph:

“Distantly taxable goods

1. The following distantly taxable goods are excluded for the purpose of section 14(1)(a)(i) and (ii):

(a) any distantly taxable goods used or to be used exclusively in the making of taxable supplies under regulations made under section 20, unless the taxable person claiming input tax in respect of the firstmentioned supply is able to apply a fixed input tax recovery rate or formula for all input tax claimed by the taxable person.

Services"; and

- (b) by inserting, immediately before the word “SERVICES” in the Schedule heading, the words “DISTANTLY TAXABLE GOODS AND”.

(2) The Eighth Schedule to the principal Act, as amended by section 26(1)(a), is further amended —

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- (a) by deleting the words “section 14(1)(a)(i) and (ii)” in paragraph 1 under “*Services*” and substituting the words “section 14(1)(b)(i) and (ii)”;
- (b) by deleting the words “the supply of which is attributable to” in paragraph 1(c) under “*Services*” and substituting the words “used or to be used exclusively in the making of”; and
- (c) by deleting the word “may” in paragraph 1(c) under “*Services*” and substituting the words “is able to”.

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EXPLANATORY STATEMENT

This Bill seeks to amend the Goods and Services Tax Act to —

- (a) extend the ambit of the goods and services tax (tax) on overseas supplies to Singapore;
- (b) amend the zero-rating treatment for the supply of media sales; and
- (c) extend the application of section 39 to changes in tax treatment as a result of supplies becoming, or ceasing to be —
 - (i) Seventh Schedule supplies; or
 - (ii) supplies that give rise to reverse charge supplies.

Clause 1 relates to the short title and commencement.

TAX ON OVERSEAS SUPPLIES

General

The Act is amended to extend the ambit of the tax on overseas supplies to Singapore, to —

- (a) supplies of distantly taxable goods; and

(b) remote services instead of digital services.

Clause 2(a) to (f) amends section 2(1) to insert various new definitions, and further makes consequential amendments to the definitions of “reverse charge supply” and “Seventh Schedule supply”. In particular, clause 2(a) inserts a new definition of “distantly taxable goods”. Among other requirements, for any item of goods to come within the definition of “distantly taxable goods”, the item must have an entry value that does not exceed the entry value threshold.

Clause 2(g) inserts a new subsection (1A) in section 2 to provide for the entry value threshold.

Clause 9 inserts a new section 18A to provide for how the entry value of items of goods is to be determined.

Reverse charge supplies

Clause 6(a) deletes and substitutes subsection (1) of section 14 to extend the ambit of the tax on overseas services that give rise to reverse charge supplies, to supplies of distantly taxable goods.

Clause 6(a) also inserts a new subsection (1AA) in section 14, to provide for the extent to which a person who directly benefits from the supply of distantly taxable goods or services is to be treated as the recipient (who is liable to tax on the reverse charge supply arising from the supply of the distantly taxable goods or services), in place of the person referred to as the recipient in section 14(1).

Clause 6(c) inserts a new subsection (1B) in section 14 that allows a recipient to rely on the best available information to determine if goods are distantly taxable goods, if the recipient is unable to verify the location of the goods at their point of sale or the manner or mode of transport for the delivery of the goods to a place in the customs territory.

Clause 6(g) inserts a new subsection (3A) in section 14 to provide that no reverse charge supply arises if tax was (mistakenly) paid on the basis that tax was chargeable on the supply of distantly taxable goods or services as if it were a Seventh Schedule supply, or on the importation of goods as if they were not distantly taxable goods.

Clause 6(b), (d), (e), (f), (h) and (i) relates to consequential amendments arising from clause 6(a).

Clause 26 amends the Eight Schedule to provide for the distantly taxable goods excluded from the ambit of section 14(1), and to make various consequential amendments.

Seventh Schedule supplies

Clause 25 amends the Seventh Schedule to extend the ambit of Seventh Schedule supplies to distantly taxable goods, and to remote services (and not just digital services).

Clause 25(c), among other things, inserts new definitions of “redeliverer” and “underlying supplier” in paragraph 1(1).

Clause 25(d) deletes and substitutes paragraph 2 (which provides for “digital services”) to provide for the meaning of “customer”, and inserts a new paragraph 2A to provide for the meaning of “remote services”.

The substituted paragraph 2 provides that the customer can be a person who paid any part of the consideration for the goods or services and directly benefitted from the goods or services.

The new paragraph 2A provides for what constitutes remote services (which goes beyond what is currently defined as “digital services”).

Clause 25(i) inserts a new sub-paragraph (3A) in paragraph 3 to provide for the circumstances in which a supply of distantly taxable goods is subject to tax.

Clause 25(p) inserts a new sub-paragraph (c) in paragraph 4(3) to clarify when an operator of an electronic marketplace is treated as setting the terms and conditions under which a supply is made, for the purpose of paragraph 4(1)(c).

Clause 25(r) inserts new paragraphs 4A to 4E to provide for specific matters concerning distantly taxable goods.

The new paragraph 4A allows a taxable person to elect to treat supplies of 2 or more items of goods that would (but for the election) each be a supply of distantly taxable goods, as not being supplies of distantly taxable goods if 2 or more items of the goods are delivered to a place in the customs territory as a single consignment, with a value that exceeds the entry value threshold. The new paragraph 4A provides the form and manner in which, and the conditions under which, the election may be made.

The new paragraph 4B provides for the circumstances in which a redeliverer is treated as making a supply of distantly taxable goods instead of the supplier, underlying supplier or operator of the electronic marketplace through which the underlying supplier makes the supply.

The new paragraph 4C allows a supplier, an operator of an electronic marketplace or a redeliverer to seek approval to treat as distantly taxable goods, goods which are not distantly taxable goods only because they are imported by sea or land.

The new paragraph 4D provides for the information on which an operator of an electronic marketplace may rely, in determining the location of goods for the purpose of determining whether the goods are distantly taxable goods.

The new paragraph 4E allows a customer to seek a reimbursement from the supplier of the tax paid on the supply of distantly taxable goods, if tax was also paid on the importation of the goods. This occurs when the relevant information that tax has been charged on the supply of distantly taxable goods was not furnished to the Director-General of Customs before the goods entered the customs territory, and tax was paid on the importation of the goods.

Clause 25 also makes various consequential amendments to the Seventh Schedule.

Transitionals

Clauses 20, 21 and 22 amend section 91 and insert new sections 92A and 94, respectively, to provide for various transitional matters relating to the charging of tax on distantly taxable goods and the new Seventh Schedule supply of services, and when the tax must be accounted for. For this purpose, “new Seventh Schedule supplies of services” are supplies of remote services that are not digital services, as currently defined in the Seventh Schedule, with some modifications. The modifications include any advertising service on any intangible media platform (whether or not the advertisement is intended to be substantially promulgated in Singapore).

Miscellaneous

Clauses 3, 4, 5, 7, 8, 10, 11(a), (c) and (e), 12, 13, 14, 15, 17, 18, 19, 23 and 24 make various amendments to sections 8, 11C, 12, 15, 17, 19, 21, 21A, 21B, 30, 33AA, 46, 62A and 62B and the First and Third Schedules, mainly to provide for consequential matters following the extension of the ambit of tax on overseas supplies to include distantly taxable goods and remote services.

INTERNATIONAL SERVICES

Clause 11(b) amends section 21(3)(u), and clause 11(d) deletes and substitutes subsection (4B) of section 21. With these changes, the zero-rating of media sales will depend on the place of belonging of the contractual person and the person directly benefitting from the services, as media sales will then be zero-rated only if they fall within section 21(3)(j).

CHANGE IN TAX TREATMENT

Clause 16(a) deletes and substitutes subsections (1) and (2) of section 39 and inserts new subsections (2A), (2B) and (2C).

The new subsection (1) extends the application of section 39 to changes in the description of Seventh Schedule supplies, and changes in the description of circumstances under which a supply gives rise to a reverse charge supply.

The new subsection (2) takes into account part performance of supplies and includes goods that are put to private or non-business use without consideration. The new subsection (2) further caters for Seventh Schedule supplies and reverse charge supplies.

The new subsections (2A), (2B) and (2C) allow for different tax treatments to be applied to a supply that is subject to a change for the period before the change and the period on and after the change.

Clause 16(*d*) and (*h*) amends subsections (5) and (9) of section 39, respectively, to require a new invoice to be issued within 14 days after the date of a change affecting the tax chargeable on a supply, or such longer period as the Comptroller of Goods and Services Tax may allow.

Clause 16(*j*) inserts new subsections (9A) and (9B) in section 39 to allow the Comptroller to waive the requirement of a new tax invoice under section 39(5) and (9). Clause 16(*j*) further inserts new subsections (9C), (9D) and (9E) in section 39 to provide for when tax following a change in tax treatment should be accounted for.

Clause 16(*k*) deletes and substitutes subsection (13) and inserts new subsections (14) and (15) in section 39 to provide for various definitional matters.

Clause 16 also makes other clarifying and consequential amendments to section 39.

EXPENDITURE OF PUBLIC MONEY

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