



REPUBLIC OF SINGAPORE

GOVERNMENT GAZETTE

BILLS SUPPLEMENT

Published by Authority

NO. 30]

THURSDAY, OCTOBER 20

[2022

First published in the *Government Gazette*, Electronic Edition, on 20 October 2022 at 5 pm.

Notification No. B 30 — The Goods and Services Tax (Amendment) Bill is published for general information. It was introduced in Parliament on 20 October 2022.

Goods and Services Tax (Amendment) Bill

Bill No. 30/2022.

Read the first time on 20 October 2022.

A BILL

i n t i t u l e d

An Act to amend the Goods and Services Tax Act 1993 and to make consequential amendments to the Goods and Services Tax (Amendment) Act 2021.

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

Short title and commencement

1.—(1) This Act is the Goods and Services Tax (Amendment) Act 2022.

(2) Sections 2(b), (c) and (d), 5, 13(d), 15(a), (d) and (f), 17 and 20
5 are deemed to have come into operation on 1 January 2022.

(3) Sections 2(a), 3, 6, 7, 8, 9, 10, 11, 12, 13(a), (b), (c) and (e), 14, 15(b), (c), (e) and (g), 16 and 18 come into operation on a date that the Minister appoints by notification in the *Gazette*.

Amendment of section 11C

10 2. In section 11C of the Goods and Services Tax Act 1993 (called in this Act the principal Act) —

(a) after subsection (2), insert —

“(2A) Subject to subsection (3A), where —

15 (a) a supply of distantly taxable goods or services that is made to a recipient gives rise to a reverse charge supply;

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

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

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

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

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

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

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(b) in subsections (4) and (6)(c), delete “to a place in the customs territory”;

(c) in subsection (6), delete “so delivered” and substitute “delivered”; and

(d) in subsection (7)(a), delete “to a place in the customs territory to the person or branch mentioned in section 14(1)(a)” and substitute a comma.

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Amendment of section 14

3. In section 14 of the principal Act, after subsection (3), insert —

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

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

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(b) on the importation of the goods pursuant to section 8(4),

as the case may be.

(3B) Despite subsection (3A), for the purposes of paragraph 1B of the First Schedule, the total value of all supplies of goods and services received by the recipient in Singapore must include the value of the supplies received by the recipient in Singapore that are supplies mentioned in paragraph (a) of that subsection, and importations mentioned in paragraph (b) of that subsection on which tax was imposed as if the goods imported were not distantly taxable goods.”.

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Amendment of section 16

4. In section 16 of the principal Act —

(a) in paragraph (b), delete “and” at the end of the paragraph;

(b) delete paragraph (c) and substitute —

“(c) 7% for the period from 1 July 2007 to 31 December 2022 (both dates inclusive);

(ca) 8% for the period from 1 January 2023 to 31 December 2023 (both dates inclusive); and

(cb) 9% from and including 1 January 2024,”;

(c) in paragraph (d), after “services”, insert “(including a reverse charge supply)”.

Amendment of section 17

5. In section 17 of the principal Act —

(a) in subsection (4A), delete “that makes a Seventh Schedule supply of goods to a customer also makes a supply of related services to the customer” and substitute “makes a supply of related services to a customer of a Seventh Schedule supply of goods in relation to that supply of goods”; and

(b) in subsection (7), in the definition of “related services”, delete “provided by the supplier or underlying supplier of the goods” and substitute “supplied by any person (whether or not the supplier or underlying supplier of the goods)”.

Amendment of section 20

6. In section 20 of the principal Act, after subsection (2B), insert —

“(2BA) In subsections (2A) and (2B) —

(a) a supply includes a purported supply; and

(b) a chain of supplies includes a chain of purported supplies, and a chain of supplies and purported supplies,

and subsections (2D) to (2G) and the Ninth Schedule are to be construed accordingly.”.

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Amendment of section 21

7. In section 21 of the principal Act —

(a) in subsection (3), delete paragraph (c) and substitute —

“(c) services (other than the letting on hire of any means of transport) —

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(i) supplied before 1 January 2023, and comprising the insuring or the arranging of the insurance or the arranging of the transport of passengers or goods to which any provision of paragraphs (a) and (b) applies; or

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(ii) supplied on or after 1 January 2023, and comprising —

(A) the insuring of the transport of passengers to whom any provision of paragraph (a) applies; or

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(B) the insuring or the arranging of the insurance or the arranging of the transport of goods, to which any provision of paragraphs (a) and (b) applies;”;

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(b) in subsection (3)(e), delete “subsection (4B)” and substitute “subsections (4B) and (4E)”; and

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(c) after subsection (4D), insert —

“(4E) The services referred to in subsection (3)(e) do not include any services comprising arranging or facilitating the booking of accommodation, if supplied on or after 1 January 2023.”.

Deletion and substitution of section 39, new Part 6A and new Division heading

8. In the principal Act, delete section 39 and substitute —

“PART 6A

CHANGES IN TAX CHARGED

Division 1 — Supplies spanning change in tax rate, etc.

Interpretation of this Division

39.—(1) In this Division —

“new rate” —

(a) in relation to a specified change that is a change in tax rate — means the tax rate applicable to the supply on the date of the specified change;

(b) in relation to a specified change that results in a supply becoming a standard-rated supply — means the tax rate applicable to the supply on the date of the specified change; and

(c) in relation to a specified change that results in a supply ceasing to be a standard-rated supply (other than a supply that after the specified change becomes a supply that is not chargeable to tax) — is zero;

“old rate” —

(a) in relation to a specified change that is a change in tax rate — means the tax rate applicable to the supply immediately before the date of the specified change;

(b) in relation to a specified change that results in a supply (other than a supply that before the specified change is not chargeable to tax) becoming a standard-rated supply — is zero; and

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(c) in relation to a specified 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 specified change;

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“specified change” means any of the following changes:

(a) a change in the tax rate;

(b) a change in the description of zero-rated supplies;

(c) a change in the description of exempt supplies;

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(d) a change in the types of supplies, or the circumstances in which supplies are made, for the purposes of the Seventh Schedule;

(e) a change in the description of any circumstances in section 14(1) or in the Eighth Schedule;

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“standard-rated supply” means a supply which is chargeable to tax at the tax rate;

“tax rate” means the tax rate in force under section 16.

(2) For the purposes of this Division, a reference to a supply becoming a standard-rated supply is a reference to any of the following:

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

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

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(ii) the supply ceases to fall within the description of an exempt supply, to become a standard-rated supply; or

(iii) the supply (not being a standard-rated supply) falls within the description of a Seventh Schedule supply;

(b) as a result of a change in the description of any 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.

(3) For the purposes of this Division, a supply spans a specified change if any consideration remains to be paid, or any part of the supply remains to be performed, on or after the date of the specified change.

(4) For the purposes of this Division, a supply is not performed, is performed in part or is performed in whole as follows:

<i>Type of supply</i>	<i>The supply is not performed</i>	<i>The supply is performed in part</i>	<i>The supply is performed in whole</i>
(a) Supply of goods where the goods are to be removed	None of the goods are removed	Only a part of the goods are removed	All the goods are removed
(b) Supply of goods where the goods are not to be removed	None of the goods are made available to the person to whom they are supplied	Only a part of the goods are made available to the person to whom they are supplied	All the goods are made available to the person to whom they are supplied

(c) Supply of services	None of the services to which the supply relates are performed	Only a part of the services to which the supply relates are performed	All the services to which the supply relates are performed
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(5) For the purposes of this Division, where a supply is performed in part, the value of the part of the supply performed is the value that, in the opinion of the Comptroller, is reasonably attributable to the part of the supply so performed.

(6) In applying this Division to a reverse charge supply —

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

(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; and

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(c) where a recipient applies section 11C(3) to its reverse charge supplies, a reference to the date on which an invoice is issued in sections 39B and 39C is a reference to the date on which the supply in fact made to the recipient and giving rise to that reverse charge supply is entered into the books of account or other records of the recipient.

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Application to supplies spanning one or more specified changes

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39A.—(1) Subject to subsection (2), this Division applies to a supply despite any different result that may arise by virtue of the application of —

(a) section 11;

(b) section 11A;

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(c) section 11B;

(d) section 11C; and

(e) section 12.

(2) However, sections 11B(2) and (6) and 11C(6) and (7) apply to a supply that spans one or more specified changes despite anything in this Division.

(3) To avoid doubt, where a supply spans more than one specified change, this Division applies to each specified change individually, whether the specified changes are of the same type or of different types.

(4) Where a supply spans more than one specified change, then in applying section 39B or 39C in relation to the second or any subsequent specified change (each called *X*) —

(a) a reference in section 39B(1) to any performance of the supply or consideration received before the date of *X* is a reference to the performance or receipt of consideration in the period —

(i) from and including the date of the most recent specified change before *X*; and

(ii) up to and including the day immediately before the date of *X*; and

(b) a reference to the value of the supply in sections 39B(1)(d) and (3)(d) and 39C(d) excludes any part of the value of the supply that was, in relation to any specified change before *X*, subject to any old rate relating to any such specified change or not chargeable to tax in accordance with this Act.

(5) Where a supply spans one or more specified changes, this Division does not apply in relation to any such specified change that occurs on or before the date on which the person is or is required to be registered under this Act.

Supplies spanning specified change: election for tax chargeable at old and new rates

39B.—(1) Subject to section 39C, where a supply spans a specified change that is an increase in the tax rate or that results in a supply becoming a standard-rated supply and —

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(a) before the date of the specified change, the supply is performed in part or in whole; and

(b) on or after that date —

(i) the invoice is issued for the supply; or

(ii) any consideration is received for the supply,

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then —

(c) the person making the supply or (in the case of a reverse charge supply) the recipient of the supply may elect for tax to be chargeable at the old rate or (if, before the specified change, the supply was a supply that is not chargeable to tax) for tax to not be chargeable, on the higher of —

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

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(ii) the value of the supply performed before that date; and

(d) (if the person so elects under paragraph (c)) tax is chargeable at the new rate on the value of the supply less the higher of the values in paragraph (c).

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(2) Where a supply that is a supply of services by virtue only of paragraph 5(3) of the Second Schedule spans a specified change mentioned in subsection (1) and —

(a) before the date of the specified change, some or all of the goods are, without consideration, put to use, or made available to any person for use, for any purpose other than a purpose of the business concerned; and

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- (b) on or after that date, the supply of services is treated under section 11A(5)(a) as taking place at a time or day described in that provision,

then —

- (c) the person making the supply may elect for tax to be chargeable at the old rate on the value of the supply of the goods put to use, or made available to any person for use, for any purpose other than a purpose of the business concerned before the date of the specified change; and

- (d) (if the person so elects under paragraph (c)) tax is chargeable at the new rate on the value of the supply less the value on which tax is charged at the old rate under paragraph (c).

(3) Where a supply spans a specified change that is a decrease in the tax rate or that results in a supply ceasing to be a standard-rated supply and —

- (a) before the date of the specified change —

(i) the invoice is issued for the supply; or

(ii) any consideration is received for the supply; and

- (b) on or after that date, the supply is performed in part or in whole,

then —

- (c) the person making the supply or (in the case of a reverse charge supply) the recipient of the supply may elect for tax to be chargeable at the new rate or (if, on or after the specified change, the supply is a supply that is not chargeable to tax) for tax to not be chargeable, on the higher of —

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

(ii) the value of the supply performed on or after that date; and

(d) (if the person so elects under paragraph (c)) tax is chargeable at the old rate on the value of the supply less the higher of the values in paragraph (c).

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(4) No election may be made under this section in respect of a supply to which paragraph 6 of the Second Schedule applies.

Supplies spanning specified change: tax chargeable at new rate and old rate without election

39C. Where a supply spans a specified change that is an increase in the tax rate or that results in the supply becoming a standard-rated supply and, before the date of the specified change —

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(a) the invoice is issued for the supply; and

(b) either of the following applies:

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(i) the consideration for the supply is not received or only received in part;

(ii) the supply is not performed or only performed in part,

then —

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(c) tax is chargeable at the new rate —

(i) on the lower of —

(A) the value of the supply for which any consideration is received on or after the date of the specified change; and

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(B) the value of the supply performed on or after that date; or

(ii) if the value in sub-paragraph (i)(A) is the same as the value in sub-paragraph (i)(B) — on that value; and

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- (d) tax is chargeable at the old rate or (if, before the specified change, the supply is a supply that is not chargeable to tax) tax is not chargeable on the value of the supply less the value on which tax is charged at the new rate under paragraph (c).

Effect of specified change on invoice, etc.

39D.—(1) For the purposes of section 39C, the invoice mentioned in that section ceases to have effect on the date of the specified change to the extent of the value of the supply on which tax is chargeable at the new rate under that section.

(2) Where an invoice that ceases to have effect under subsection (1) is a tax invoice, the person making the supply must, within 14 days after the date of the specified change or within any longer period that the Comptroller may allow, issue a new tax invoice specifying —

(a) the new rate applicable on the date of the specified change; and

(b) the amount on which tax is chargeable at the new rate.

(3) The Comptroller may waive the requirement for a new tax invoice, subject to any conditions that the Comptroller thinks fit.

(4) Whether or not a new tax invoice is issued, tax is chargeable on the value of the supply to which the new rate applies as if the part of the supply represented by that value were a separate supply.

(5) This section does not apply to invoices issued for supplies that give rise to reverse charge supplies.

(6) Regulations made under section 41 may, in relation to any tax invoice which —

(a) ceases to have effect under subsection (1); or

(b) relates to a supply in respect of which an election is made under section 39B,

provide for the replacement or correction of that invoice (including the issue of a credit note).

Accounting of tax at new rate

39E.—(1) Where section 39C applies, any tax chargeable at the new rate on the separate supply 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 at the new rate is charged;
- (b) the date any consideration is received towards the amount on which the tax at the new rate is charged;
- (c) the last day of the period of 14 days or any longer period that the Comptroller may allow, after the date of the specified change.

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(2) Despite subsection (1), where a recipient applies section 11C(3) to its reverse charge supplies, the recipient must account for any tax chargeable at the new rate (less any tax on the supply already accounted for) on each reverse charge supply in the prescribed accounting period in which the earlier of the following falls for that supply:

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- (a) the date any consideration is paid by the recipient towards the amount on which the tax at the new rate is chargeable;
- (b) the last day of the period of 14 days or any longer period that the Comptroller may allow, after the date of the specified change.

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(3) Despite subsection (1), where a recipient makes an election under section 11C(8) in relation to its reverse charge supplies, the recipient must account for any tax chargeable at the new rate (less any tax on the supply already accounted for) on each reverse charge supply in the prescribed accounting period in which the following falls for that supply:

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- (a) if the day immediately after the end of the longer period is on or after the date of the specified change — that day;

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- (b) if the day immediately after the end of the longer period is before the date of the specified change — the last day of the period of 14 days or any longer period that the Comptroller may allow, after the date of the specified change.

Effect of specified change on tax chargeable at old rates

39F. Despite the application of section 39B or 39C to any supply in relation to any specified change, any tax chargeable on the supply in accordance with this Act before the date of the specified change must be accounted for and paid to the Comptroller.

Division 2 — Adjustment of contracts on changes in tax”.

Amendment of section 41

9. In section 41(1) of the principal Act, delete paragraph (a) and substitute —

“(a) make regulations to make provision for the form and manner of, and the time for, the keeping of accounts, making of returns and payment of tax;”.

New section 62C

10. After section 62B of the principal Act, insert —

“Penalty relating to arrangements to cause loss of public revenue

62C.—(1) Any person who participates in a specified arrangement, knowing or having reasonable grounds to believe that the person’s participation is for a fraudulent purpose, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$500,000 or to imprisonment for a term not exceeding 10 years or to both.

(2) For the purpose of subsection (1), a person participates in a specified arrangement if the person does any of the following:

- (a) devises or assists in devising the plan for any part of the specified arrangement;
- (b) directs or assists in directing the plan or any part of the plan, including by instructing any other person as to the steps to be carried out in respect of any part of the plan; 5
- (c) receives instructions in respect of the plan or any part of the plan, and carries out or causes to be carried out any of those instructions.

(3) For the purposes of the offence under subsection (1), the person need not know of the specified arrangement or of any details of the plan devised for any part of the specified arrangement. 10

(4) Where a sole proprietorship, partnership, limited liability partnership or company is used to carry out a plan devised for a specified arrangement, any person who was or is, as the case may be — 15

- (a) the sole proprietor;
- (b) a partner of the partnership or limited liability partnership; or 20
- (c) a director of the company,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 12 months or to both.

(5) To avoid doubt, the offence under subsection (4) is a strict liability offence. 25

(6) It is a defence to a charge for an offence in respect of subsection (4) for the person to prove that —

- (a) the sole proprietorship, partnership, limited liability partnership or company was used to carry out the plan devised for the specified arrangement without the person's knowledge; and 30

(b) the person took reasonable precautions and exercised due diligence to ensure that the sole proprietorship, partnership, limited liability partnership or company would not be so used.

(7) This section applies whether the person participating in a specified arrangement does so while the person is in Singapore or outside Singapore, and if the offence under subsection (1) was committed outside Singapore, the person may be dealt with as if the offence had been committed in Singapore.

(8) In this section —

“limited liability partnership” has the meaning given by the Limited Liability Partnerships Act 2005;

“specified arrangement” means an arrangement to cause loss of public revenue (whether or not the loss was in fact caused) as described in section 20(2B) (read with section 20(2BA)).”.

Amendment of section 69

11. In section 69 of the principal Act, after “62,”, insert “62C,”.

Amendment of section 92

12. In section 92 of the principal Act, after subsection (8), insert —

“(9) Where the supply in subsection (1)(b), (3) or (6) spans one or more other specified changes within the meaning of section 39(3), then tax is chargeable on the chargeable value of the supply in accordance with Division 1 of Part 6A.

(10) In this section, “chargeable value”, in relation to a supply, means the value of the services or the amount of the invoice on which tax is chargeable under subsection (1)(b), (3) or (6), as the case may be.”.

Amendment of section 92A

13. In section 92A of the principal Act —

(a) after subsection (11), insert —

“(11A) Subject to subsections (14A), (14B) and (14C), tax is chargeable under subsections (1)(b), (2), (4), (6), (7), (9) and (10) at the tax rate of 8% on the chargeable value of the supply.”;

(b) after subsection (14), insert —

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“(14A) Where —

(a) the invoice for a supply under subsection (1)(b), (6), (7), (9) or (10) is issued on or after 1 January 2024; and

(b) any consideration for the supply remains to be paid, or any part of the supply remains to be performed, on or after 1 January 2024,

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then tax is chargeable —

(c) at the tax rate of 8% on the part or the whole of the chargeable value of the supply that is treated as taking place under section 11, 11A, 11B or 12 before 1 January 2024; and

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(d) at the tax rate of 9% on the part or the whole of the chargeable value of supply that is treated as taking place under section 11, 11A, 11B or 12 on or after 1 January 2024.

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(14B) Despite subsection (14A) —

(a) the taxable person or person (as the case may be) may elect for tax to be chargeable at 8% on the higher of —

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(i) the amount of any consideration received on or after 1 January 2023 but before 1 January 2024, less any amount of the consideration that is attributable to the part of the supply performed before 1 January 2023; and

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(ii) the value of the part of the supply performed on or after 1 January 2023 but before 1 January 2024; and

(b) (if the taxable person or person so elects under paragraph (a)) tax is chargeable at 9% on the chargeable value of the supply less the amount of the consideration or the value on which tax is charged at 8% under paragraph (a).

(14C) Where —

(a) the invoice for a supply under subsection (1)(b), (2), (4), (6), (7), (9) or (10) is issued before 1 January 2024; and

(b) any consideration for the supply remains to be paid, or any part of the supply remains to be performed, on or after 1 January 2024,

then tax is chargeable —

(c) at 9% on the lower of —

(i) the amount of consideration received on or after 1 January 2024; and

(ii) the value of the part of the supply performed on or after 1 January 2024,

or (if the amount and value are the same) on either of them; and

(d) at 8% on the chargeable value of the supply less the amount of consideration or the value on which tax is charged at 9% under paragraph (c).

(14D) Sections 39D, 39E and 39F apply to the cases in subsections (14B) and (14C) as if —

(a) a reference in those sections to section 39B were a reference to subsection (14B); and

(b) a reference in those sections to section 39C were a reference to subsection (14C).”;

(c) delete subsection (16);

(d) in subsection (17), delete “that take place” and substitute “for the purposes of any 12-month period mentioned in those provisions that commences”; and

(e) delete subsection (19) and substitute —

“(19) In this section —

“chargeable value”, in relation to a supply, means the value of the services, the amount of the invoice or the value of the goods on which tax is chargeable under subsection (1)(b), (2), (4), (6), (7), (9) or (10), as the case may be;

“new Seventh Schedule supply of services” has the meaning given by section 91(5).

(20) In this section, a reference to a part of a supply being performed before, or on or after, a specified date is a reference to —

(a) for a supply of goods —

(i) where the goods to which the supply relates are to be removed — the removal of the part of the goods before, or on or after, that date, as the case may be; and

(ii) where the goods to which the supply relates are not to be removed — the making available of the part of the goods to the person to whom they are supplied before, or on or after, that date, as the case may be; and

(b) for a supply of services — the part of the performance of the services before, or on or after, that date, as the case may be.

(21) Unless otherwise specified, this section applies despite anything in —

(a) section 11, 11A, 11B or 12; or

(b) Division 1 of Part 6A.”.

5 **Amendment of section 93**

14. In section 93 of the principal Act, after subsection (6), insert —

“(7) Where the reverse charge supply in subsection (1) or (4) spans one or more other specified changes within the meaning of section 39(3), then tax is chargeable on the chargeable value of the reverse charge supply in accordance with Division 1 of Part 6A.

(8) In this section, “chargeable value”, in relation to a reverse charge supply, means the amount of the invoice or the value of the services on which tax is chargeable under subsection (1) or (4), as the case may be.”.

Amendment of section 94

15. In section 94 of the principal Act —

(a) in subsections (1)(b), (2), (3)(b), (4)(b) and (5), delete “to the recipient”;

(b) after subsection (5), insert —

“(5A) Subject to subsections (8A), (8B) and (8C), tax is chargeable under subsections (1), (3) and (4) at the tax rate of 8% on the chargeable value of the supply.”;

(c) after subsection (8), insert —

“(8A) Where —

(a) the invoice for a supply under subsection (3) or (4) is issued on or after 1 January 2024; and

- (b) any consideration for the supply remains to be paid, or any part of the supply remains to be performed, on or after 1 January 2024,

then tax is chargeable —

- (c) at the tax rate of 8% on the part or the whole of the chargeable value of the supply that is treated as taking place under section 11C before 1 January 2024; and 5
- (d) at the tax rate of 9% on the part or the whole of the chargeable value of supply that is treated as taking place under section 11C on or after 1 January 2024. 10

(8B) Despite subsection (8A) —

- (a) the taxable person or person (as the case may be) may elect for tax to be chargeable at 8% on the higher of — 15
- (i) the amount of any consideration paid on or after 1 January 2023 but before 1 January 2024, less any amount of the consideration attributable to the part of the supply performed before 1 January 2023; and 20
- (ii) the value of the part of the supply performed on or after 1 January 2023 but before 1 January 2024; and 25
- (b) (if the taxable person or person so elects under paragraph (a)) tax is chargeable at 9% on the chargeable value of the supply less the amount of the consideration or the value on which tax is charged at 8% under paragraph (a). 30

(8C) Where —

(a) the invoice for a supply under subsection (1), (3) or (4) is issued before 1 January 2024; and

(b) any consideration for the supply remains to be paid, or any part of the supply remains to be performed, on or after 1 January 2024,

then tax is chargeable —

(c) at 9% on the lower of —

(i) the amount of consideration paid on or after 1 January 2024; and

(ii) the value of the part of the supply performed on or after 1 January 2024,

or (if the amount and value are the same) on either of them; and

(d) at 8% on the chargeable value of the supply less the amount of consideration or the value on which tax is charged at 9% under paragraph (c).

(8D) Sections 39D, 39E and 39F apply to the cases in subsections (8B) and (8C) as if —

(a) a reference in those sections to section 39B were a reference to subsection (8B); and

(b) a reference in those sections to section 39C were a reference to subsection (8C).”;

(d) in subsection (9), delete “to the person to whom they are supplied”;

(e) delete subsection (10);

(f) in subsection (11), delete “include any supplies of distantly taxable goods received by the person in Singapore” and substitute “apply for the purposes of any 12-month period mentioned in those provisions that commences”; and

(g) after subsection (12), insert —

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“(13) In this section, “chargeable value”, in relation to a supply, means the amount of the invoice or the value of the distantly taxable goods on which tax is chargeable under subsection (1), (3) or (4), as the case may be.

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(14) In this section, a reference to a part of a supply being performed before, or on or after, a specified date is a reference to —

(a) for a supply of goods — the delivery of the part of the goods before, or on or after, that date, as the case may be; and

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(b) for a supply of services — the part of the performance of the services before, or on or after, that date, as the case may be.

(15) Unless otherwise specified, this section applies despite anything in —

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(a) section 11C; or

(b) Division 1 of Part 6A.”.

Amendment of Third Schedule

16. In the Third Schedule to the principal Act —

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(a) in paragraph 15(1), delete sub-paragraph (a) and substitute —

“(a) the services were previously supplied by a taxable person who belongs in Singapore to the person who belongs in a country other than Singapore mentioned in section 14(1)(b)(i) or the branch of a person in a country other than Singapore mentioned in section 14(1)(b)(ii), that —

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- (i) is not a registered person; or
- (ii) is a registered (Seventh Schedule — pay only) person,

(called in this paragraph the overseas supplier) who subsequently supplied those services to the recipient; and”; and

(b) after paragraph 15, insert —

“Seventh Schedule supplies of services

16.—(1) This paragraph applies in relation to a Seventh Schedule supply of services where —

(a) the services were previously supplied by a taxable person who belongs in Singapore to a registered (Seventh Schedule — pay only) person who subsequently supplied those services to a customer who belongs in Singapore; and

(b) the previous supply of those services to the registered (Seventh Schedule — pay only) person is a taxable supply that is not treated as a supply of international services under section 21(3).

(2) Despite section 17(2) or (3), the registered (Seventh Schedule — pay only) person may elect for the value of the Seventh Schedule supply of services (*A*) to the customer who belongs in Singapore to be reduced (as may be applicable) —

(a) by the value of services previously supplied that is subject to tax (*B*); or

(b) if *B* exceeds *A*, to nil.”.

Amendment of Seventh Schedule

17. In the Seventh Schedule to the principal Act, in paragraph 3(1), delete sub-paragraphs (*c*) and (*d*) and substitute —

“(c) subject to paragraph 4A —

- (i) a supply of distantly taxable goods made or treated as made in the circumstances in sub-paragraph (3A); or

(ii) 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,

but not if the goods are treated under section 13(2) as being supplied in Singapore.”.

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Miscellaneous amendments

18. In the principal Act —

(a) in the following provisions, after “supply” (wherever it appears), insert “or purported supply”:

Section 45A(1)(a) and (b)

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Section 52(3A)

Section 59(3)

First Schedule, paragraph 14A;

(b) in section 71(2)(a), delete “or 62” and substitute “, 62 or 62C”; and

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(c) in the following provisions, after “62”, insert “, 62C”:

Section 83E(1)(a), (b)(i) and (c) and (2)(a)

Section 84(1A).

Consequential amendments to Goods and Services Tax (Amendment) Act 2021

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19. The following provisions of the Goods and Services Tax (Amendment) Act 2021 are deleted:

Paragraph (b) of section 4

Paragraph (g) of section 6.

Saving and transitional provisions

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20.—(1) Despite section 5, for the purposes of paragraph 1(1)(b), 1A(1)(b) or 1B(1)(b) of the First Schedule to the principal Act, the value of any supply in the period from 1 January 2022 to 31 December 2022 (both dates inclusive) is to be determined as if that section had not come into effect.

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- 5 (2) For a period of 2 years after the date of commencement of any provision of this Act, the Minister may, by regulations, prescribe such provisions of a saving or transitional nature consequent on the enactment of that provision as the Minister may consider necessary or expedient.

EXPLANATORY STATEMENT

This Bill seeks to amend the Goods and Services Tax Act 1993 and to make consequential amendments to the Goods and Services Tax (Amendment) Act 2021 (Act 34 of 2021).

Clause 1 relates to the short title and commencement.

Clause 2(a) inserts a new subsection (2A) in section 11C to determine the time of supply of a reverse charge supply that arises from a supply of distantly taxable goods or services in fact made, where the recipient pays an amount as tax on the supply of distantly taxable goods or services on the basis of it being a Seventh Schedule supply, and the recipient is then reimbursed by the supplier for that amount.

Clause 2(b), (c) and (d) makes technical amendments to section 11C(4), (6)(c) and (7)(a), given the delivery of the goods in question to a place in the customs territory is already specified as a requirement in the definition of “distantly taxable goods”, and the focus of the provisions is the time of delivery. Further, the goods may not be delivered to the person to whom the supply is made.

Clause 3 amends section 14 to insert new subsections (3A) and (3B).

The new subsection (3A) provides that no reverse charge supply arises if tax is paid or reimbursed on a supply of goods or services in fact made on the basis of the supply being a Seventh Schedule supply, or on an importation of goods on which tax has been charged pursuant to section 8(4).

The new subsection (3B) clarifies that, for the purpose of determining whether a person has reached the registration threshold under paragraph 1B of the First Schedule, the values of the supplies in the new subsection (3A)(a), and importations mentioned in the new subsection (3A)(b) on which tax was imposed as if the goods were not distantly taxable goods, must be taken into account.

Clause 4 amends section 16 to provide for increases in the tax rate as follows:

- (a) from 7% to 8% for the period from 1 January 2023 to 31 December 2023 (both dates inclusive);
- (b) from 8% to 9% from and including 1 January 2024.

Clause 4 further amends section 16(d) to clarify that the tax rates in section 16 also apply to reverse charge supplies.

Clause 5 amends section 17(4A) and the definition of “related services” in section 17(7) so as to include the situation where the supply of related services is not made by the person making the Seventh Schedule supply of goods.

Clause 6 inserts a new subsection (2BA) in section 20 to include references to purported supplies in subsections (2A) to (2G) and the Ninth Schedule. These provisions were enacted in 2020 to deal with what is commonly known as “missing trader fraud”. There may be no actual supplies of goods or services involved in such fraud.

Clause 7 amends section 21 —

- (a) to remove from subsection (3)(c), services comprising the arranging of the international transport of passengers and related insurance; and
- (b) to remove from subsection (3)(e), services comprising the arranging or facilitating of the booking of accommodation.

The zero-rating of these services will depend on the place of belonging of the contractual person and the person directly benefitting from the services, as such services will now be zero-rated only if they fall within section 21(3)(j).

Clause 8 deletes and substitutes section 39 (Supplies spanning change of rate, etc.) and inserts new sections 39A to 39F. The new sections 39 to 39F now come under Division 1 of the new Part 6A, with the existing section 40 under Division 2 of the new Part 6A.

The new sections 39 to 39F reorganise the various provisions in the existing section 39. Each new section deals with a specific aspect of the existing section 39. Further, the new sections clarify how changes to the tax rate and the tax treatment of supplies affect a supply that spans one or more such changes.

For example, a supply with a total value of \$1,000 spans both tax rate changes on 1 January 2023 and 1 January 2024:

Period	1 December 2022 to 31 December 2022	1 January 2023 to 31 December 2023	1 January 2024 to 31 January 2024
Value of services performed	\$100	\$750	\$150
Consideration received	—	\$900	\$100

If the supplier issues a tax invoice to the customer on 1 July 2023 for the entire period of the supply and —

- (a) if the supplier makes an election under the new section 39B(1) for \$100 to be subject to tax at 7% (the value of the services performed before 1 January 2023), then tax is chargeable at 8% on the remaining value of the supply of \$900. When the tax rate increases to 9% on 1 January 2024, the supplier must under the new section 39C adjust for tax to be chargeable at 9% on \$100 of the value of consideration received on or after 1 January 2024, which is lower than the value of services performed on or after 1 January 2024; and
- (b) if the supplier does not make an election under the new section 39B(1), the supplier must charge tax at 8% on the value of supply of \$1,000. When the tax rate is increased from 8% to 9% on 1 January 2024, the supplier must under the new section 39C adjust for tax to be chargeable at 9% on \$100 of the value of consideration received on or after 1 January 2024, which is lower than the value of services performed on or after 1 January 2024.

In connection with the registration or deregistration of a person under the Act, the proposed amendments clarify that the rules for charging and accounting of tax in sections 11B(2) and (6) and 11C(6) and (7) continue to apply for supplies (including reverse charge supplies) straddling the date of registration or deregistration (as the case may be), and the date of a tax rate change.

Illustration: Supply spanning registration date and subsequent tax rate change on 1 January 2023

Date supply performed	Date of registration	Date of invoice	Date payment made
1 December 2022	15 December 2022	1 January 2023	31 January 2023

If a customer is not entitled to a full input tax claim, a registered person must, at the customer's request, apply section 11B(2) to regard the supply as taking place when it is performed. As the supply is performed on 1 December 2022 when the person is not registered, no tax is chargeable. If section 11B(2) does not apply, the registered person may elect to charge and account for tax at 7% at the time of issuance of the invoice on 1 January 2023 under the new section 39B(1) since the supply is performed before the tax rate change.

In a situation where a supply spans one or more specified changes and the specified change occurs on or before the date the person is registered, the new section 39A(5) clarifies that the new sections 39 to 39F do not apply.

Illustration: Supply spanning tax rate change on 1 January 2023 and subsequent registration date

Date of invoice	Date of registration	Date supply performed	Date payment made
15 December 2022	10 January 2023	31 January 2023	31 March 2023

At the time of issuance of the invoice on 15 December 2022, no tax is chargeable as the person is not registered. The transitional provisions do not apply since the increase in the tax rate change took place before the date of registration of the person.

As for reverse charge supplies, where a recipient of reverse charge supplies applies section 11C(3), then, in applying the new sections 39B and 39C to those supplies, the new section 39(6)(c) takes into account the date that the reverse charge supplies are entered into the books of account or other records of the recipient.

Illustration: Application of new section 39B(1) to recipient of reverse charge supplies applying section 11C(3)

Date supply performed	Date of posting into business accounts	Date payment made
15 December 2022	1 January 2023	31 January 2023

On 1 January 2023, the recipient may elect under the new section 39B(1) to account for tax at the old tax rate of 7% since the supply is performed before the date of the tax rate change.

Illustration: Application of new section 39C to recipient of reverse charge supplies applying section 11C(3)

Date of posting into business accounts	Date payment made	Date supply performed
15 December 2022	22 January 2023	31 January 2023

On 15 December 2022, the recipient would have accounted for tax at 7% when the transaction is posted into its accounts. As no payment is made and no service is performed before 1 January 2023, the entire transaction will be subject to tax at 8%.

Clause 9 amends section 41(1)(a) to provide more generally for the power to make regulations under that provision.

Clause 10 inserts a new section 62C to provide for offences in connection with what is commonly known as “missing trader fraud”. The offences are in 2 tiers, each with a different level of culpability, and the level of penalty being commensurate with each level of culpability. In the first tier are the persons connected with the devising of the plan for the missing trader fraud and the directing of the plan, and who assist in carrying out the plan. These persons need not know of the entire plan or that it involves goods and services tax fraud; they simply need to know that they are carrying out a fraudulent purpose. In the second tier are the persons responsible for entities, who allow the entities to be used in the plan.

Clause 11 amends section 69 to include the new section 62C inserted by clause 10.

Clause 12 amends section 92 to provide that the new Division 1 of Part 6A applies to adjust the tax chargeable on a Seventh Schedule supply should the supply span further specified changes.

Clause 13 amends section 92A to provide for the application of the tax rates of 8% and 9% in the context of Seventh Schedule supplies of goods and new Seventh Schedule supplies of services.

Clause 14 amends section 93 to provide that the new Division 1 of Part 6A applies to adjust the tax chargeable on a reverse charge supply should the supply span further specified changes.

Clause 15(a) and (d) makes technical amendments to subsections (1)(b), (2), (3)(b), (4)(b), (5) and (9) of section 94 as the goods in question may not be delivered to the recipient of the supply as such, but to a person treated as a recipient. Clause 15(b), (c), (e), (f) and (g) amends section 94 to provide for the application of the tax rates of 8% and 9% in the context of supplies of distantly taxable goods giving rise to reverse charge supplies.

Clause 16 deletes and substitutes sub-paragraph (a) of paragraph 15(1) of the Third Schedule so that paragraph 15 only applies in relation to a person mentioned in section 14(1)(b)(i) or the branch of a person mentioned in section 14(1)(b)(ii) that —

(a) is not a registered person; or

(b) is a registered (Seventh Schedule — pay only) person.

Clause 16 also inserts a new paragraph 16 in the Third Schedule, to provide for the value of a Seventh Schedule supply of services by a registered (Seventh Schedule — pay only) person to a customer who belongs in Singapore, where the supply was previously made by a taxable person who

belongs in Singapore to the registered (Seventh Schedule — pay only) person, and the previous supply is not treated as a supply of international services under section 21(3).

Clause 17 amends paragraph 3(1) of the Seventh Schedule to clarify that a supply of goods is not a Seventh Schedule supply of goods if the goods are treated as supplied in Singapore under section 13(2).

Clause 18 makes consequential amendments to various provisions following the amendment to section 20 by clause 6, and the new section 62C inserted by clause 10.

Clause 19 makes consequential amendments to the Goods and Services Tax (Amendment) Act 2021 to delete the amendments inserting a new subsection (2A) in section 11C and a new subsection (3A) in section 14. Clauses 2(a) and 3 provide for provisions in replacement of those subsections.

Clause 20 provides a saving for the amendments made under clause 5 as the amendments are only intended to apply to a person liable to be registered under the Act on or after 1 January 2023. The clause also empowers the Minister to make regulations to provide for matters of a saving or transitional nature consequent on the enactment of any provision of the Bill.

EXPENDITURE OF PUBLIC MONEY

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