

Annex A: MOF's response to key feedback on the Goods and Services Tax (Amendment) Bill 2019

1. Refine the design parameters for GST on imported services

- a) Feedback: To amend the requirements for GST registration and GST group registration of overseas entities.
- (i) To clarify the conditions in which the Comptroller may waive the requirement for an overseas entity to appoint a local representative, or to direct a replacement of a local representative.
 - (ii) To waive the requirement to appoint a local representative for a GST group comprising overseas registrants under the Overseas Vendor Registration (OVR) pay-only regime.
 - (iii) To allow overseas entities that do not make any taxable supplies in Singapore, to register for GST.

MOF's response:

- (i) The Comptroller will consider the specific circumstances of the affected overseas entities and review the requirements for an overseas entity to appoint a local representative or to direct a replacement of a local representative, on a case-by-case basis.
- (ii) Not accepted. We have accepted feedback to allow overseas suppliers registered under the OVR pay-only regime to apply for GST group registration, with the aim of further simplifying GST reporting. Correspondingly, to ensure compliance, the overseas supplier that is nominated as the representative member is required to appoint a local representative to act on behalf of the group.
- (iii) Not accepted. Based on existing GST registration rules, both local and overseas entities may apply for GST registration only if they make taxable supplies in Singapore. If there is no definitive intention or plan to carry out such business transactions, a business would not be eligible to apply for GST registration.

In summary, consistent with existing GST requirements, overseas entities that make taxable supplies in Singapore and register for GST are generally required to appoint a local representative, who will act on their behalf for GST matters.

With the introduction of OVR, overseas suppliers and electronic marketplace operators that provide digital services to customers in Singapore may be liable for GST registration. For ease of business compliance, these overseas entities may register under a simplified OVR pay-only regime, without the requirement to appoint a local representative.

The requirements of GST registration and GST group registration for overseas entities have been updated in IRAS' e-Tax Guides on Reverse Charge and OVR, and on the relevant webpages.

- b) Feedback: To clarify the difference in transitional rules between sections 92(6) and 92(2), as well as sections 93(4) and 93(1).

MOF's response: The amended sections 92 and 93 seek to clarify the applicability of GST for supplies of imported services straddling the implementation date of 1 January 2020. These transitional rules are formulated to provide tax certainty, and to prevent tax abuse.

In particular, sections 92(6) and 93(4) apply to imported services where invoices are issued on or after 1 January 2020. In such instances, the taxpayer can make an election to account for GST only on the portion of services performed or payment made, on or after 1 Jan 2020, whichever is lower.

Details of the transitional provisions may be found in IRAS' e-Tax Guides on Reverse Charge and OVR.

2. Update the GST treatment for digital payment tokens

- a) Feedback: To include stable tokens (i.e. tokens that are pegged to the value of other currencies), or tokens that are backed by underlying assets or a reserve of assets in the definition of digital payment tokens for GST exemption.

MOF's response: Not accepted. There is no need to include these tokens in the definition of digital payment tokens.

Tokens that are pegged to, backed by, or denominated in other currencies or assets currently qualify for GST exemption under the list of financial services (as derivatives under paragraph 1(j)) in Part I of the Fourth Schedule to the GST Act.

The definition of digital payment tokens is broadly aligned with that in other jurisdictions such as Australia, and with the Payment Services Act in Singapore.

More information may be found in IRAS' draft e-Tax Guide on GST on Digital Payment Tokens.

- b) Feedback: To delegate the authority to amend the definition of digital payment tokens for GST exemption in the GST legislation, to the Comptroller for the purposes of administrative expediency.

MOF's response: Not accepted. Similar to existing supplies that are exempt from GST, the Minister will review the scope of GST exemption for digital payment tokens regularly.

3. Introduce definitions of “accountant” and “advocate and solicitor” for purposes of appeals to the GST Board of Review

- a) Feedback: To allow Accredited Tax Advisors and Accredited Tax Practitioners under the Singapore Institute of Accredited Tax Professionals ('SIATP') to represent taxpayers for appeals to the GST Board of Review.

MOF's response: Not accepted. This amendment is intended to introduce definitions of 'accountant' and 'advocate and solicitor' in the GST Act to safeguard the interests of taxpayers by ensuring that representatives meet the required professional standards. The amendment also aligns the professional qualification requirements imposed on representatives appearing before the GST Board of Review with that of representatives appearing before the Income Tax Board of Review.

4. Introduce an offence for misrepresentation of information

- a) Feedback: To align the legislative wording of the proposed misrepresentation penalty where there is wilful intent to evade GST, with the existing penalty provision relating to fraud (Section 62(1)), for consistency.

MOF's response: Accepted and incorporated in the legislative amendments.

5. Other Feedback (outside the scope of proposed legislative amendments)

- a) Feedback: To subject all imports of goods to GST, in order to establish a level playing field between local retailers and overseas suppliers. Currently, imports of low-value goods, via air and post, are not subject to GST.

MOF's response: There are ongoing international discussions on the application of GST to low-value imported goods. Singapore is monitoring and reviewing international developments, before deciding on the appropriate measure to take.