

SUMMARY TABLE ON PROPOSED CHANGES TO THE GST ACT

S/N.	Legislative Change	Brief Description of Legislative Change	Amendment to GST Act [Clause in GST (Amendment) Bill 2018]
1	Introduce GST on imported services from 1 January 2020	<p>Currently, GST on imported services does not apply if an overseas supplier does not have an establishment in Singapore. To ensure that our GST system remains fair and resilient in a digital economy, the introduction of GST on imported services from 1 January 2020 was announced in Budget 2018. This will ensure that, irrespective of whether the service consumed in Singapore is bought from suppliers here or from suppliers abroad, the same GST treatment will apply.</p> <p>Business-to-business (“B2B”) imported services (e.g. management services, accounting services, IT services) will be taxed via a Reverse Charge mechanism. Most GST-registered businesses will not be required to apply reverse charge, as they can claim full refund of the GST they incur on inputs that they procure for their business, including imported services. Thus, businesses affected are primarily financial institutions and residential property developers which do not get such full refund as they make GST-exempt supplies. Under reverse charge, the local GST-registered business customer is required to account for GST to the Inland Revenue Authority of Singapore (“IRAS”) directly, on the services that it imports. In contrast, the seller would normally collect the GST from the customer and pay it to IRAS.</p> <p>Business-to-consumer (“B2C”) imported services (e.g. apps, video and music streaming) will be taxed through an Overseas Vendor</p>	<p><u>Reverse Charge</u> (Main Amendments)</p> <p>Sections 14, 17, 19, 30, 46 and 91 [Clauses 13, 15, 16, 23, 29 and 37]</p> <p>New Sections 11C and 93 [Clauses 11 and 37]</p> <p>First Schedule to the GST Act [Clause 38]</p> <p>New Eighth Schedule to the GST Act [Clause 40]</p> <p><u>Overseas Vendor Registration</u> (Main Amendments)</p>

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		<p>Registration (“OVR”) mode. This requires overseas suppliers and electronic marketplace operators which make significant supplies of digital services to local customers to register with IRAS for GST. Once GST-registered, they will collect GST on their B2C supplies of digital services and pay the GST to IRAS.</p> <p>For more information on the change, please refer to the draft Goods and Services Tax (General) (Amendment) Regulations 2018.</p> <p>The change will take effect from 1 January 2020.</p>	<p>Sections 8, 46 and 91 [Clauses 6, 29 and 37]</p> <p>New Sections 28A and 92 [Clause 22 and 37]</p> <p>First Schedule to the GST Act [Clause 38]</p> <p>New Seventh Schedule to the GST Act [Clause 40]</p>
2	Enhance IRAS’ powers to investigate tax crimes	<p>To deal with fraud syndicates and recalcitrant taxpayers more effectively, the following changes will be introduced:</p> <p>a) Enhance IRAS’ investigative powers for investigation of specified serious tax crimes, or where the suspect attempts to destroy evidence, by introducing (i) power of forced entry, (ii) power of arrest without warrant and (iii) power of body search, with proper safeguards; and</p> <p>b) Expand IRAS’ powers to gather all information that is relevant to its investigations from any person.</p>	<p>Sections 83E, new Sections 83F, 83G, 83H, 83I and Section 84 [Clauses 33 and 34]</p>

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		The amendments will take effect from the date the Amendment Act is published in the Gazette.	
3	Sharing of information by IRAS with law enforcement agencies (“LEAs”) to combat serious crimes	<p>To facilitate Whole-of-Government enforcement against serious crimes, the GST Act will be amended to allow IRAS to share information to other law enforcement agencies for the investigation or prosecution of specified serious crimes. These are offences listed in First and Second Schedules of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act. Information shared with law enforcement agencies is to be disclosed only to the prescribed officers in that law enforcement agency. Further disclosure of such information which is not for the purpose of investigation or prosecution will be an offence.</p> <p>The amendment will take effect from the date the Amendment Act is published in the Gazette.</p>	Section 6 [Clause 4]
4	Counter unauthorised GST collection	<p>Currently, an offence is committed if a non-GST registered person issues an invoice or receipt with an amount purported to be GST. Such an offence is punishable by a penalty of 3 times the amount of purported GST and liability to a fine not exceeding \$10,000.</p> <p>To protect customers and strengthen deterrence against unauthorised collection of GST, the proposed amendment will:</p> <p>a) Allow the use of alternative evidence besides invoice or receipt, to prove unauthorised collection of GST;</p>	Section 64, new Section 64A and Section 65 [Clauses 30,31 and 32]

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		<p>b) Introduce a custodial sentence where the offence is committed without reasonable excuse or through negligence; and</p> <p>c) Introduce a new offence where a GST-registered business, without reasonable excuse or through negligence, collects more GST than allowed under the GST Act. The new offence provision will carry the same punishment as the offence provision committed by non-GST registered persons, including the custodial sentence.</p> <p>The amendment will take effect from the date the Amendment Act is published in the Gazette.</p>	
5	Extend customer accounting to transactions with the Government	<p>The GST (Amendment) Act 2017 made legislative changes to extend customer accounting to prescribed goods commonly used in GST fraud from 1 January 2019 (i.e. mobile phones sold without subscription plans, memory cards and off-the-shelf software). Under customer accounting, the GST-registered seller will not charge GST (output tax) on the sale of prescribed supplies to GST-registered business customers. Instead, their GST-registered business customers will self-account to IRAS for the GST chargeable, as output tax. This prevents fraud caused by the supplier absconding after collecting GST from customers.</p> <p>The GST (Amendment) Bill 2018 proposes to extend customer accounting to transactions with the Government. This will ease business compliance as GST-registered suppliers will not need to</p>	Section 28 [Clause 21]

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		<p>differentiate their transactions with the Government and with GST-registered customers.</p> <p>The amendment will take effect from 1 January 2019.</p>	
6	Provide for the disposal of documents or things seized under the GST Act	<p>Where a matter has not proceeded to prosecution, this amendment will allow the disposal of documents or things seized during investigation, if the owner of the seized items fails to collect the items upon the end of investigation after a written notice has been provided to the owner to collect them.</p> <p>The amendment will take effect from the date the Amendment Act is published in the Gazette.</p>	New Section 83J [Clause 33]