

Goods and Services Tax (Amendment) Bill 2022

Bill No. /2022.

Read the first time on .

A BILL

i n t i t u l e d

An Act to amend the Goods and Services Tax Act 1993.

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 Act 1993 and, other than sections 2 and 5, comes into operation on a date that the Minister appoints by notification in the *Gazette*.

5 (2) Sections 2 and 5 are deemed to have come into operation on 1 January 2022.

Amendment of section 13

2. Section 13 of the Goods and Services Tax Act 1993 (called in this Act the principal Act) is amended by inserting, immediately after
10 subsection (3), the following subsection:

“(3A) Where —

(a) goods are treated under subsection (2) as being supplied in Singapore; and

15 (b) the supply of those goods would (but for this subsection) be a Seventh Schedule supply,

then the goods are treated as supplied in Singapore and the supply is treated as not being a Seventh Schedule supply.”.

Amendment of section 14

3. Section 14 of the principal Act is amended by inserting,
20 immediately before subsection (4), the following subsection:

“(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
25 Singapore that are supplies or importations mentioned in that subsection.”.

Amendment of section 16

4. Section 16 of the principal Act is amended —

(a) by deleting the word “and” at the end of paragraph (b);

(b) by deleting paragraph (c) and substituting the following paragraphs:

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

5 (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.”; and

(c) by inserting, immediately after the word “services” in paragraph (d), the words “(including a reverse charge supply)”.
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Amendment of section 17

5. Section 17 of the principal Act is amended —

(a) by deleting the words “that makes a Seventh Schedule supply of goods to a customer also makes a supply of related services to the customer” in subsection (4A) and substituting the words “makes a supply of related services to a customer of a Seventh Schedule supply of goods in relation to that supply of goods”; and
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(b) by deleting the words “the supplier or underlying supplier of the goods” in the definition of “related services” in subsection (7) and substituting the words “any person (whether or not the supplier or underlying supplier of the goods)”.
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Amendment of section 20

25 6. Section 20 of the principal Act is amended —

(a) by inserting, immediately after the word “supply” in subsection (2A), the words “or purported supply”;

(b) by deleting the words “(whether or not the supplies” in subsection (2B) and substituting the words “, purported supplies or supplies and purported supplies (whether such supplies”; and
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(c) by inserting, immediately after the words “should have known that a supply” in subsection (2D), the words “(including a purported supply)”.

Amendment of section 21

5 **7.** Section 21 of the principal Act is amended —

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

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

10 (i) supplied before 1 January 2023, 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

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

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

20 (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;”;

25 (b) by deleting the words “subsection (4B)” in subsection (3)(e) and substituting the words “subsections (4B) and (4E)” and

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

30 “(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.”.

**Repeal and substitution of section 39, new sections 39A to 39F,
new Part heading and new Division headings**

8. The principal Act is amended by repealing section 39 and substituting the following sections:

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“PART 6A

CHANGES IN TAX CHARGED

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

Interpretation of Division

39.—(1) In this Division —

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“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;

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“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 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;

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

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(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.

5 (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.

10 (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	No 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.

15 (5) For the purposes of this Division, where a supply is performed in part, the value of the part of the supply performed is such value as is, in the opinion of the Comptroller, reasonably attributable to the part of the supply so performed.

(6) In applying this Division 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;
- 5 (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
- 10 (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.

15 **Application to supplies spanning one or more specified changes**

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;
- 20 (b) section 11A;
- (c) section 11B;
- (d) section 11C; and
- (e) section 12.

25 (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.

30 (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 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 such performance or receipt of consideration in the period —

5 (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

10 (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 or not chargeable to tax in accordance with this Act.

15 (5) This Division does not apply to any supply spanning a specified change that is made by a person, or made to a person and gives rise to a reverse charge supply, if the specified change is on or before the date on which the person is or is required to be registered under this Act.

20 **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 —

25 (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,

then —

30 (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 —

- 5 (i) the value of the supply for which any consideration is received before the date of the specified change; and
- (ii) the value of the supply performed before that date; and
- 10 (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).

(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 —

- 15 (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
- 20 (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 —

- 25 (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
- 30 (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 —

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(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 —

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(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 —

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(i) 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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(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 value on which tax is charged at the new rate under 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**

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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 —

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

(b) either of the following applies:

- (i) the consideration for the supply is not received or only received in part; or
- (ii) the supply is not performed or only performed in part,

then tax is chargeable —

(c) 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
- (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

(d) 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 provision.

(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 such longer period as 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.

5 (3) The Comptroller may waive the requirement for a new tax invoice, subject to such conditions as 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.

10 (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

15 (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

20 **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:

25 (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;

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

(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:

- 5 (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 such longer period as the Comptroller may allow, after the date of
- 10 the specified change.

(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

15 reverse charge supply in the prescribed accounting period in which the following falls for that supply:

- (a) if the day immediately after the end of the longer period is on or after the date of the specified change — that day;
- 20 (b) if the day immediately after the end of the longer period (as described in that provision) is before the date of the specified change — the last day of the period of 14 days or such longer period as the Comptroller may allow, after the date of the specified change.

25 **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

30 Comptroller.

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

New section 62C

9. The principal Act is amended by inserting, immediately after section 62B, the following section:

5 **“Penalty provisions 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
10 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 following:

- 15 (a) devises or assists in devising the plan for any part of the specified arrangement;
- (b) directs or assists in directing the plan for 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;
- 20 (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
25 details of the plan devised for any part of the specified arrangement.

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

- (a) the sole-proprietor;
- (b) a partner in the partnership; or

(c) a director in 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 1 year or to both.

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

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

10 (a) the sole-proprietorship, partnership or company was used to carry on the specified arrangement without the person's knowledge; and

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

15 (7) In this section, “specified arrangement” means an arrangement to cause loss of public revenue (whether or not the loss was in fact caused) described in section 20(2B).

20 (8) This section applies whether the person participating in a specified arrangement does so whilst the person is in Singapore or outside Singapore.”.

Amendment of section 69

10. The principal Act is amended by inserting, immediately after “62,” in section 69, “62C,”.

Amendment of section 92

25 **11.** Section 92 of the principal Act is amended by inserting, immediately after subsection (8), the following subsections:

30 “(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

12. Section 92A of the principal Act is amended —

5 (a) by inserting, immediately after subsection (11), the following subsection:

“(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.”;

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(b) by inserting, immediately after subsection (14), the following subsections:

“(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

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(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,

20 then tax is chargeable as follows:

(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 sections 11, 11A, 11B and 12 before 1 January 2024;

25 (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 sections 11, 11A, 11B and 12 on or after 1 January 2024.

(14B) Despite subsection (14A) —

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

- 5 (i) the amount of any consideration received on or after 1 January 2023 but before 1 January 2024, less any amount of such consideration that is attributable to any performance of the supply before 1 January 2023; and
- (ii) the value of the supply performed on or after 1 January 2023 but before 1 January 2024; and
- 10 (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 —

- 15 (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,
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then —

- (c) tax is chargeable at 9% on the lower of —
- (i) the amount of consideration received on or after 1 January 2024; and
- 25 (ii) the value of supply performed on or after 1 January 2024,
- or (if such amount and value are the same) either of them; and
- (d) tax is chargeable at 8% on the chargeable value of the supply less the amount of consideration or the value on which tax is charged at 9% paragraph (c).
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(14D) Sections 39D, 39E and 39F apply as if —

- (a) a reference in those sections to section 39B is a reference to subsection (14B); and
- (b) a reference in those sections to section 39C is a reference to subsection (14C).”;
- 5 (c) deleting subsection (16); and
- (d) by deleting subsection (19) and substituting the following subsections:
- “(19) In this section —
- 10 “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
- 15 meaning given by section 91(4).
- (20) In this section, a reference to the performance of a supply is a reference to —
- (a) for a supply of goods —
- 20 (i) where the goods to which the supply relates are to be removed — the removal of the goods; and
- (ii) where the goods to which the supply relates are not to be removed — the making available of the goods to the person to whom
- 25 they are supplied; and
- (b) for a supply of services — the performance of the services.
- (21) Unless otherwise specified, this section applies despite anything in —
- 30 (a) section 11, 11A, 11B or 12; or
- (b) Division 1 of Part 6A.”.

Amendment of section 93

13. Section 93 of the principal Act is amended by inserting, immediately after subsection (6), the following subsections:

5 “(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.

10 (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

14. Section 94 of the principal Act is amended —

15 (a) by inserting, immediately after subsection (5), the following subsection:

“(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.”;

20 (b) by inserting, immediately after subsection (8), the following subsections:

“(8A) Where —

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

25 (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 as follows:

30 (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;

(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.

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(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 —

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(i) the amount of any consideration paid on or after 1 January 2023 but before 1 January 2024, less any amount of such consideration attributable to any performance of the supply before 1 January 2023; and

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

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(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 in relation to which tax is charged at 8% under paragraph (a).

(8C) Where —

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(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 —

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(c) at 9% on the lower of —

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

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

or (if such amount and value are the same) 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% paragraph (c).

(8D) Sections 39D, 39E and 39F apply as if —

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

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

(c) by deleting subsection (10); and

(d) by inserting, immediately after subsection (12), the following subsections:

“(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.

(14) In this section, a reference to the performance of a supply is a reference to —

(a) for a supply of goods — the delivery of the goods; and

(b) for a supply of services — the performance of the services.

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

(a) section 11C; or

(b) Division 1 of Part 6A.”.

Amendment of Third Schedule

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

(a) by deleting sub-paragraph (a) of paragraph 15(1), and substituting the following sub-paragraph:

- 5 “(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 —
- (i) is not a registered person; or
- (ii) is a registered (Seventh Schedule — pay only) person,
- 10 (called in this paragraph the overseas supplier) who subsequently supplied those services to the recipient; and”;
- and

(b) by inserting, immediately after paragraph 15, the following paragraph:

- 15 “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
- 20 (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).
- 25 (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) —
- 30 (a) by the value of services previously supplied that is subject to tax (B); or
- (b) if B exceeds A, to nil.”.

Miscellaneous amendments

16. The principal Act is amended —

(a) by inserting, immediately after the word “supply” wherever it appears in the following provisions, the words “or purported supply”:

Sections 45A(1)(a) and (b), 52(3A) and 59(3), and
 5 paragraph 14A of the First Schedule;

(b) by deleting the words “or 62” in section 71(2)(a) and substituting the words “, 62 or 62C”; and

(c) by inserting, immediately after “62” in the following provisions, “, 62C”:

10 Sections 83E(1)(a), (b)(i) and (c) and (2)(a), and 84(1A).

Saving

15 **17.** 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 1 January 2022 to 31 December 2022 (both dates inclusive) is to be determined as if that section had not come into effect.

EXPLANATORY STATEMENT

This Bill seeks to amend the Goods and Services Tax Act 1993.

Clause 1 relates to the short title and commencement.

Clause 2 amends section 13 to insert new subsection (3A) to clarify that where a supply of goods is a Seventh Schedule supply of goods and a supply of goods that does not involve their removal from or to Singapore, the goods are treated as supplied in Singapore and the supply treated as not being a Seventh Schedule supply of goods.

Clause 3 amends section 14 to insert new subsection (3B) to clarify that, for purpose of determining whether a person has reached the registration threshold under paragraph 1B of the First Schedule, the values of the supplies mentioned in subsection (3A) must be taken into account. Subsection (3A) comes into operation on 1 January 2023 and provides as follows:

“(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.”

Subsection (3A) is intended 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. It is not intended to affect a person’s liability to be registered under the Act.

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 amends section 20(2A), (2B) and (2D) to include references to purported supplies. 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(3)(c) and 21(3)(e), so that the zero-rating of the services comprising the arranging of the international transport of passengers and related insurance, and the arranging or facilitating of the booking of accommodation will depend on the place of belonging of the contractual person and the person directly benefitting from the services, as such services will then be zero-rated only if they fall within section 21(3)(j).

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

The new sections 39 to 39F re-organise 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 any 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 Dec to 31 Dec 2022	1 Jan 2023 to 31 Dec 2023	1 Jan 2024 to 31 Jan 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 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 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 section 39B(1), the supplier must charge GST 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 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), 11B(6), 11C(6) and 11C(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 may, 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 section 39B(1) since the supply is performed before the tax rate change.

In a situation where the specified change occurs on or before the date the person is registered, 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), 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, when applying section 39B and 39C to those supplies.

Illustration : Application of 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 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 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 inserts 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 10 amends section 69 to include the new section 62C inserted under clause 9.

Clause 11 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 12 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 13 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 14 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 15 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 15 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 16 makes consequential amendments to various provisions following the amendment to section 20 under clause 6, and the new section 62C inserted under clause 9.

Clause 17 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.

EXPENDITURE OF PUBLIC MONEY

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