

SUMMARY TABLE ON TAX CHANGES – BUDGET CHANGES

Note: You may download the summary table, as well as other relevant documents [here](#).

No.	Tax Change	Description and Reason for Change	Amendment to GST Act	Details of Amendment
1	GST measures for the marine industry	<p>To ease GST compliance for businesses supporting the marine industry and reflect the international character of supplies relating to ships,</p> <p>a) The GST Act will be amended to introduce a new GST scheme to allow ‘approved marine customers’ to buy or rent zero-rated goods for use or installation on a commercial ship that is wholly for international travel.</p> <p>Under the scheme, a supplier may zero-rate the supply of such goods to an ‘approved marine customer’ without having to maintain the requisite documentary proof.</p> <p>b) The GST (International Services) Order pursuant to Section 21(3)(p) of the GST Act will be amended to extend zero-rating of repair and maintenance services to include:</p> <p>(i) repair or maintenance services performed on ship parts or</p>	<p>Section 21B [Clause 4]</p>	<p>Clause 4 inserts a new section 21B to provide for a new GST scheme, ‘Approved Marine Customer Scheme’ (AMCS). Under the new scheme, a supply of goods for sale or rental made by any taxable person to an approved marine customer may be zero-rated and although tax is not chargeable on the supply, it shall be treated as a taxable supply in all other aspects.</p> <p>The Minister will make regulations to prescribe the circumstances for the zero-rating of supplies provided to approved marine customers.</p> <p>The Minister will also make regulations to require the approved marine customer to account the tax that would but for section 21B(1) be chargeable on the supply in such circumstances as may be prescribed. The approved marine customer is required to account for the tax in such form and manner and within such time as may be prescribed.</p> <p>The Comptroller may impose conditions or restrictions in relation to the new AMCS for the protection of revenue, as well as publish the names and other particulars of the approved taxable persons under the AMCS. This is to enable GST-registered suppliers to verify if his customer is an approved marine customer.</p> <p>Zero-rating of repair and maintenance services performed on ship parts and components is provided for under Section 21(3)(p) of the GST Act. The Sixth Schedule of the GST (International Services)</p>

		<p>components which are delivered to:</p> <p>A. Shipyards in Singapore; or B. Approved Marine Customers in (a); and</p> <p>(ii) in addition, where the supplier provides a reconditioned ship part or component in exchange for the faulty part (e.g. 1-for-1 exchange) to his customer, such arrangements will be treated as a single supply of repair services.</p> <p>c) Amend the GST (Imports Relief) Order to ease GST compliance for ships which are in Singapore for a temporary period of time, as follows:</p> <p>(i) ease documentary requirements for an incoming qualifying ship that is engaged in pleasure, recreation, sports or other similar events; and</p> <p>(ii) grant import GST relief (and waive documentary requirement) on goods remaining on board an incoming qualifying ship.</p> <p>The above changes were announced in Budget 2011 and will take effect from 1 Oct 2011.</p>	<p>Order, issued pursuant to Section 21(3), will be amended to provide for the extended scope of zero-rating repair and maintenance services.</p> <p>The GST (Imports Relief) Order will be amended to insert new Items 14A and 30A to allow import relief (and waive the documentary requirement) for all goods, excluding intoxicating liquors and tobacco, remaining on board an incoming qualifying ship, as well as waive documentary requirements for self-propelled qualifying ships engaged in pleasure, recreation, sports or other similar events, respectively.</p>
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2	GST measures for the biomedical industry	<p>To promote the international competitiveness of the biomedical sector in Singapore, the GST Act will be amended to provide for the following :</p> <p>a) Enhance the Approved Contract Manufacturer & Trader (ACMT) Scheme to allow approved contract manufacturers (including those in</p>	Section 37A [Clause 7]	<p>Clause 7 makes various amendments to section 37A (Treatment or processing of goods for and to a person belonging in a country other than Singapore) to enhance the ACMT scheme.</p> <p>For the purpose of disregarding treatment or processing of goods under section 37(A)(1), section 37A(2)(a) will be amended to include treated or processed goods to be exported or delivered to a person for the intended destruction or disposal of the goods, subject to the satisfaction of the Comptroller.</p>

		<p>the biomedical sector) in the scheme to:</p> <p>(i) Disregard services rendered by local contract manufacturers on failed or excess productions under the ACMT scheme, where the goods are subsequently destroyed or disposed; and</p> <p>(ii) Allow local contract manufacturers to recover GST on local purchases of goods made by the overseas client for use in the contract manufacturing process, as their own input tax.</p> <p>b) In addition, the Import Relief Order will be amended to allow GST relief on all clinical trial materials imported into Singapore.</p> <p>This relief will be granted upfront, irrespective of the use of the clinical trial materials, which could include local testing, re-export or disposal in Singapore.</p> <p>The measure will support the growth of local clinical trials as well as ease the compliance burden for businesses engaged in clinical</p>	<p>Section 37A(2)(c) will be amended to include the situation where the taxable person under the ACMT scheme delivers the treated or processed goods to another person for their destruction or disposal and he or the overseas person receives consideration on the goods delivered. In such instance, regulations may be made for the taxable person to be substituted for the overseas person in accounting for and paying tax on the supply of such goods.</p> <p>A new paragraph (d) in section 37(A)(2) provides for the situation where local goods are supplied to the overseas person in Singapore and delivered to the taxable person under the ACMT scheme for treatment or processing under a contract with and directly benefitting the overseas person and prescribed conditions are satisfied. In such a situation, regulations may be made to provide for the goods to be treated as having been supplied to the taxable person in the course or furtherance of his business for the purpose of claiming input tax. In other words, the provision makes clear that the taxable person under the ACMT scheme can claim input tax in full on the goods supplied to the overseas person and delivered locally for use by the taxable person in his supply of treatment or processing services to the overseas person.</p> <p>Import GST relief for certain categories of goods is provided for under the existing section 24 of the GST Act and the GST (Imports Relief) Order will be amended to insert a new Item 40 to relieve GST for imports of clinical trial materials.</p>
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3	Zero-rating relief for supplies related to goods kept in 'approved specialised warehouses'	<p>The GST Act will be amended to introduce a new zero-rating relief for specified services supplied to overseas persons and performed on specified goods kept in 'approved specialised warehouses' in Singapore.</p> <p>The operator of an 'approved specialised warehouse' will also be able to zero-rate his supply of storage space (a supply of goods) which are provided in his business of storing specified goods for his overseas customer.</p>	Sections 21 and 21C [Clauses 3 and 4]	<p>Clause 3 inserts the new section 21(3)(y) to allow zero-rating relief to prescribed services such as storage services performed on prescribed goods stored in 'approved specialised warehouses', including prescribed goods which are temporarily removed for purposes of any auction, exhibition or similar event involving the display of goods, and returned to any of those warehouses upon the conclusion of that event.</p> <p>The supply of certain storage facilities such as leasing of private storage units is considered as a supply of land. Clause 4 inserts the new section 21C to allow the operator of an 'approved specialised warehouse' to zero-rate his grant or assignment of lease, tenancy or licence to occupy land which forms part of the warehouse. The land must be used in his business of storing prescribed goods for</p>

		<p>An 'approved specialised warehouse' is a warehouse approved under the Specialised Warehouse Scheme. The scheme is meant for warehouses that specialise in storing high-value goods such as art, antiques and gold. To qualify, the warehouse must also serve mostly overseas customers (more than 90%) and most of the goods (more than 90%) stored are meant for eventual shipment abroad. The scheme aims to encourage overseas persons to store goods in specialised storage facilities in Singapore, and purchase related services such as auction, insurance, valuation and conservation in respect of the stored goods.</p> <p>This change was announced in Budget 2011 and will take effect from 1 Oct 2011.</p> <p>For more information on the scheme, please refer to the draft Goods and Services Tax (General) (Amendment) Regulations 2011 and the draft Goods and Services Tax (International Services (Amendment) Order 2011.</p> <p>IRAS will publish circulars to explain the changes and operational details by 1 September 2011.</p>	<p>his overseas customer.</p> <p>Zero-rating is premised on the goods stored in 'approved specialised warehouses' being mostly owned by persons belonging overseas, with the goods being in Singapore primarily for storage for an extended period of time before eventually leaving Singapore. If the goods enter the local market, they will be treated as any goods and normal GST treatment will apply.</p> <p>The Minister may prescribe regulations relating to the eligibility and other such conditions that a warehouse must satisfy in order to be an 'approved specialised warehouse'.</p>
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SUMMARY TABLE ON PROPOSED NON-BUDGET CHANGES TO THE GST ACT

Note: You may download the summary table, as well as other relevant documents [here](#).

No.	Tax Change	Description and Reason for Change	Amendment to GST Act	Details of Amendment
4	Recovery of GST by local agents on goods imported on behalf of overseas persons	<p>Local agents who import goods for overseas persons and supply those goods locally may claim the import GST paid as his input tax.</p> <p>However, this provision does not apply to goods which have undergone a treatment or process that changes the nature or form of the goods, resulting in entirely new goods, before being supplied in Singapore. Given that any further value-add to the imported goods would have been priced into the subsequent supply and accounted for, local agents will be allowed to recover GST on such goods imported from the overseas persons so long as the agents account for GST on the supply of those goods.</p> <p>Local agents may be approved under an import GST suspension scheme, which allows businesses to suspend import GST on all goods belonging to them and used in the course and</p>	<p>Sections 27 and 33</p> <p>[Clauses 6 and 7]</p>	<p>Clause 6 amends section 27 (Importation and supply of goods by taxable person) to extend its scope to allow tax on the importation of goods to be suspended when repayment of such is through agents in Singapore under section 33A (Repayment of tax to persons in business overseas).</p> <p>Clause 7 amends section 33 (Agents) to extend its scope to allow local agents to recover tax on the importation of goods, notwithstanding that there is a change in nature or form of the imported goods subsequently supplied by the local agent.</p>

		<p>furtherance of their business. The existing import GST suspension schemes empowered under section 27 of the GST Act are: the Major Exporter Scheme, the Approved Third Party Logistics Company Scheme, the Approved Contract Manufacturer & Trader Scheme, and the Approved Import GST Suspension Scheme.</p> <p>The second change allows local agents who are approved under any of such schemes to also suspend GST if the goods are imported for an overseas person for subsequent re-export. This essentially avoids requiring local agents to pay GST upfront at the point of import and to seek refund upon re-export.</p>		
5	Clarify the time of supply rule for GST accounting	<p>Section 11(3) and (4) of the GST Act will be amended to clarify the alternative test for time of supply. The alternative test provides that GST should be accounted at the earliest of the following:</p> <p>(a) when an invoice is issued;</p> <p>(b) when consideration is received; and;</p> <p>(c) when —</p> <p>(i) in the case of a supply of</p>	Section 11 [Clause 2]	Clause 2 amends section 11(3) and (4) to clarify that, for supplies falling under section 11(3), the supply is treated as taking place to the extent that the supply is covered by the removal of the goods, the making available of the goods, the performance of the service, the invoice issued or the consideration received, as the case may be.

		<p>goods, the goods are removed or made available; or</p> <p>(ii) in the case of a supply of services, the services are performed (“basic tax point”).</p> <p>The instances in which this alternative test will be used are —</p> <p>(a) where the supply is of goods consisting of the grant, assignment or surrender of any interest in or right over land (other than grants of tenancies and leases);</p> <p>(b) where a taxpayer applies to the Comptroller to be allowed to use the alternative test and the Comptroller allows his application; and</p> <p>(c) where the supply is of goods by an agent who is treated under section 33(2) of the Act as having supplied the goods as principal.</p> <p>The GST Act will be amended to give effect to the policy intent relating to the simplified GST accounting rules that was introduced in the GST (Amendment) Bill 2010. For the avoidance of doubt, it will be clarified that under the alternative test, GST should be accounted only to the extent</p>		
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		<p>that the goods are removed/made available or the services are performed. In addition, if prior to the application of basic tax point, there has been an invoice issued or payment made (whichever is the earliest), these events shall also trigger the time of supply and the taxpayer has to account for the GST, for that part of the supply which is covered by the invoice issued or consideration received from the customer.</p>		
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