

## SUMMARY TABLE ON CHANGES AS ANNOUNCED AT BUDGET 2010

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	Expand the scope of zero-rating for the marine and aerospace industry	<p>To ease GST compliance for businesses supporting the marine industry and reflect the international character of supplies relating to ships, the GST Act will be amended to zero-rate:</p> <p>a) pleasure and recreational ships used wholly for international travel,  b) the supply of goods for use on board or for installation on a qualifying ship, and  c) the transportation of passengers or goods via ship to or from international waters.</p> <p>Consistent with the changes for the marine industry, the GST Act will also be amended to zero-rate stores supplied to and merchandises for sale on board a qualifying aircraft.</p> <p>The above changes are in-line with the existing GST zero-rating concessions granted for international transportation of goods and passengers.</p>	<p>Section 21</p> <p>[Clause 5]</p>	<p><b>Clause 5</b> makes various amendments to section 21 (Zero-rating for exports and international services) to provide for the enhancements to the zero-rating of supplies of goods and services in connection with the marine industry.</p> <p>Clause 5(a) deletes sub-paragraphs (i), (ii) and (iii) of subsection (3)(a), which currently refer to transportation —</p> <p>“(i) from a place outside Singapore to another place outside Singapore;  (ii) from a place in Singapore to a place outside Singapore; or  (iii) from a place outside Singapore to a place in Singapore;”.</p> <p>New sub-paragraphs (i) and (ii) are substituted therefor. The new sub-paragraph (i) comprises the current sub-paragraphs (i), (ii) and (iii) for the purposes of transportation by air and land. For the purposes of transportation by sea, the new sub-paragraph (ii)(A) is the same as the existing sub-paragraph (i), and the new sub-paragraph (ii)(B) replaces the existing sub-paragraphs (ii) and (iii) with transportation by sea that is —</p> <p>“(ii)(B) from a place in Singapore or to a place in Singapore, and substantially outside Singapore”.</p> <p>The new sub-paragraph not only covers the existing sub-paragraph (ii) and (iii) (transportation by sea that is from a place in Singapore to a place outside Singapore, or <i>vice versa</i>, would invariably be substantially outside Singapore), but also includes “round-trips” (that is, trips that begin and end in Singapore), if the trips are substantially outside Singapore (for instance, “cruises to nowhere”).</p>

		<p>This change was announced in Budget 2010 and will take effect from 1 Jul 2010. The change will be effected by way of remission. The remission will lapse after the proposed legislative amendment takes effect.</p> <p>For more information on the zero-rating treatment for the Marine Industry, please refer to the e-tax guide “GST guide for the Marine Industry – 2010 Budget Changes” published on <a href="#">IRAS’ website</a>.</p>	<p>Clause 5(b) makes a consequential amendment to subsection (3)(b) arising from the amendment to section 21(3)(a) under clause 5(a).</p> <p>Clause 5(c) makes a technical as well as a consequential amendment to subsection (4). The technical amendment is the inclusion of the reference to subsection (6) as the definitions in subsection (4) are relevant to subsection (6). The consequential amendment is the inclusion of subsections (6A) and (6B), inserted under clause 5(f), for which the definitions in subsection (4) are also relevant.</p> <p>Clause 5(d) deletes and substitutes the definition of “ship” in subsection (4) to enlarge the current definition to include ships that are designed or adapted for use for recreation or pleasure. However, such ships must only be used outside of Singapore (for this purposes, any use in Singapore that is incidental to the use outside Singapore — for instance, any travel into or out of Singapore, and any temporary stay in Singapore, as part of an itinerary that is otherwise outside Singapore — will be disregarded). The exclusion of ships designed or adapted for use for recreation or pleasure and so used in Singapore is set out in paragraph (iii) of the new definition of “ship”. The exclusion at paragraph (i) of the new definition is an existing exclusion and the exclusion at paragraph (ii) is a new exclusion that takes into consideration vessel permits issued by the Public Utilities Board for vessels permitted to be used in reservoirs and catchment areas.</p> <p>Clause 5(e) amends subsection (6) (which deals with the zero-rating of the supply of goods) by deleting paragraph (b) of that subsection (6) and substituting a new paragraph (b). The new paragraph (b) is the same as the existing one except that the new paragraph (b) is limited in its application to aircraft. This is because the zero-rating of supplies relating to goods (both sale and rental) in relation to ships is set out in the new subsections (6A) and (6B) inserted by clause 5(f).</p> <p>Clause 5(f) inserts new subsections (6A) and (6B).</p> <p>The new subsection (6A) provides for the zero-rating of supplies relating to goods (both sale and rental) in relation to ships if the goods are for use as stores on board a ship or if the goods are for sale by retail</p>
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2	Simplify the accounting of GST on most supplies to the earlier of tax invoice date or payment date	<p>Currently, GST is accountable at the earliest of the following events: (i) tax invoice is issued, (ii) payment is made, (iii) services are performed or goods are delivered or made available. To ease GST accounting for businesses, the GST Act will be amended such that GST is accountable when the tax invoice is issued or payment is made, whichever is earlier. Thus, GST-registered entities will not need to track the performance of services or delivery of goods.</p> <p>There are exceptions for specific transactions such as sale of property and transactions occurring between connected persons. For these specific</p>	<p>Sections 11, 12, 38, 39 and 41</p> <p>[Clauses 2, 10, 11, 12(a) and (b)]</p>	<p><b>Clause 2</b> repeals the existing sections 11 and 12 and substitutes new sections 11, 11A, 11B, 12 and 12A.</p> <p>The new section 11(1) provides that the new sections 11 to 12A will apply in determining the time when a supply takes place for <i>all purposes of the Act</i>. Accordingly, where a supply would, under the new time of supply rules be treated as taking place after a person is, or becomes liable to be, registered under the Act, the supply is chargeable to tax even though the supply may, apart from the new time of supply rules, takes place before the person is, or becomes liable to be, so registered.</p> <p>The new section 11(2) provides for the primary test by which the time of supply is to be determined.</p> <p>The new section 11(3) provides for certain instances in which the primary test will not be used. Instead, the new section 11(3) and (4) provides for an alternative test, <i>viz.</i> the earliest of the following:</p> <ul style="list-style-type: none"> <li>(a) when an invoice is issued;</li> <li>(b) when consideration is received; and</li> <li>(c) when —</li> </ul>

		<p>transactions, the supplier will need to track the performance of services or delivery of goods so as to avoid unnecessary delay in GST accounting.</p> <p>This change was announced in Budget 2010 and will take effect from 1 Jan 2011.</p> <p>For more information on the change in GST accounting rules, please refer to the <a href="#">draft Goods and Services Tax (General) (Amendments) Regulations 2010</a> and the e-tax guide “GST: Clarification on New Time of Supply Rules” published on <a href="#">IRAS’ website</a>.</p>	<ul style="list-style-type: none"> <li>(i) in the case of a supply of goods, the goods are removed or made available; or</li> <li>(ii) in the case of a supply of services, the services are performed.</li> </ul> <p>The instances in which this alternative test will be used are —</p> <ul style="list-style-type: none"> <li>(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);</li> <li>(b) where a taxpayer applies to the Comptroller to be allowed to use the alternative test and the Comptroller allows his application; and</li> <li>(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.</li> </ul> <p>The new section 11(5) provides that the Comptroller may treat any invoice issued by a recipient of goods or services as an invoice issued by the supplier thereof in determining the time when the supply of the goods or services took place for the purposes of the Act. This provides for situations where the supplier does not issue an invoice.</p> <p>The new section 11A provides for specific tests to be applied notwithstanding anything in the new section 11 (whether section 11(2), or section 11(3) and (4)) except to such extent as may be specified in the new section 11A.</p> <p>The new section 11A(2) makes it clear that, for the purpose of determining a person’s liability to be registered, the test for determining the time of supply will be the primary test (even though at the time of the supply under the primary test, the person is not a taxable person).</p> <p>The new section 11A(3) provides that the primary test is to apply to supplies made to a taxable person prior to his becoming a taxable person, or, in the case of a taxable person that is a body corporate, prior</p>
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3	Introduce a new scheme to allow approved businesses to defer import GST that is currently payable on goods at the point of entry into	<p>The GST Act will be amended to introduce a new scheme that will allow approved businesses to defer import GST that is currently payable on their goods at the point of entry into Singapore to the time of submission of their next GST return.</p> <p>The new scheme will be open to businesses with a good GST track record and on monthly GST reporting system. This would</p>	<p>Sections 19, 27A, 41, 59 and 60</p> <p>[Clauses 4, 7, 12(c), 14 and 15]</p>	<p><b>Clause 7</b> inserts a new section 27A to provide for the Import Goods and Services Tax Deferment Scheme (IGDS). The new section 27A(1) empowers the Minister to make regulations to permit goods imported by a taxable person in the course or furtherance of any business carried on by him to be delivered or removed notwithstanding that tax chargeable on the importation of the goods is not paid.</p> <p>The new section 27A(2) provides that the Minister may make regulations to require a taxable person to account for and pay the IGDS tax in such form and manner, and within such time and to such person, as may be prescribed.</p> <p>The new section 27A(3) empowers the Comptroller to impose conditions in relation to the import of goods referred to in the new</p>

	Singapore	<p>allow importers to enjoy a credit period of 1-2months, similar to what businesses enjoy for their local purchases (30 days credit terms).</p> <p>This change was announced in Budget 2010 and will take effect from 1 Oct 2010.</p> <p>For more information on the scheme, please refer to the <a href="#">draft Goods and Services Tax (General) (Amendments) Regulations 2010</a> and the e-tax guide “Import GST Deferment Scheme” published on <a href="#">IRAS’ website</a> .</p>	<p>section 27A(1) for the protection of revenue.</p> <p>The new section 27A(4) empowers the Comptroller to publish the names and other particulars of taxable persons under the IGDS.</p> <p><b>Consequential amendments</b></p> <p><b>Clause 4</b> makes various consequential amendments to section 19 (Credit for input tax against output tax) arising from the new section 27A inserted under clause 7.</p> <p>Clause 4(a) inserts a new subsection (3A) to provide that the IGDS tax cannot be treated as input tax until such time as it is in fact accounted for pursuant to regulations made under the new section 27A.</p> <p>Clause 4(b) makes a consequential amendment to subsection (5) arising from the new subsection (5A) inserted by clause 4(c).</p> <p>Clause 4(c) inserts a new subsection (5A) to provide that any refund that the Comptroller is liable to pay to a taxpayer after the input tax of the taxable person has been netted off against the output tax of the taxable person (as provided for in subsection (5)), is to be reduced by the amount of the IGDS tax that has been accounted for.</p> <p><b>Clause 12(c)</b> makes a consequential amendment to section 41 (Accounting for and payment of tax) arising from the new section 27A inserted under clause 7 by deleting the existing subsection (7) and substituting new subsections (7) and (8).</p> <p>The new subsection (7) makes it clear that, where the amount of a person’s <i>output</i> tax is, after deduction of any refund due to the person under section 19(5), less than \$5 or such other prescribed amount, the amount will be treated as zero. The new subsection (8) provides that where the amount of <i>the IGDS tax</i> accounted for by a taxable person is less than \$5 or such other prescribed amount, it will be treated as zero. The new subsections preserve the differentiation between a person’s output tax and his IGDS tax.</p> <p><b>Clause 14</b> makes consequential amendments to section 59 (Penalty for incorrect return) arising from the new section 27A inserted under clause 7. Currently, section 59(1)(a) and (2)(a) refer to any person</p>
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				<p>who —</p> <p>“(a) makes an incorrect return by omitting or understating any output tax or by overstating any input tax of which he is required by this Act to make a return”.</p> <p>Clause 14 inserts a reference to the IGDS tax after the reference to output tax in both subsections (1)(a) and (2)(a) of section 59 to extend the application of section 59 to the IGDS tax.</p> <p><b>Clause 15</b> makes a consequential amendment to section 60 (Penalty for failure to pay or make returns within prescribed period) arising from the new section 27A inserted under clause 7. Clause 15 inserts a new subsection (1A) to make it clear that the penalty of “5% of the amount of tax payable” applies to output tax (after deduction of input tax) and the IGDS tax separately, in other words, 5% in respect of the amount of output tax (after deduction of input tax) payable, and 5% in respect of the amount of the IDGS tax payable.</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	Clarify that GST is not chargeable on (i) imported goods that are supplied and remain	The GST Act will be amended for avoidance of doubt in line with the current practice of not imposing GST on (i) imported goods sold within a Free Trade Zone (FTZ), Zero-GST or Licensed Warehouse, and (ii) goods that are locally	Section 37 [Clause 8]	<b>Clause 8</b> repeals and re-enacts section 37 to clarify the conceptual basis for the tax treatment of supplies of goods in the free trade zones and certain warehouses. Under the new section 37, reference is no longer made to the goods being subject to a warehousing regime or being in a free trade zone, but to being under customs control. This is because customs control, already in existence in the Customs Act (Cap. 70) (see under Part 1, Division 2) is a concept that covers goods in warehouses relevant to the scheme and free trade zones, as well as the

	<p>within Free Trade Zones, Zero-GST or Licensed Warehouses and (ii) goods that are locally manufactured, supplied and remain within warehouses licensed under the Customs Act</p>	<p>manufactured and sold within a warehouse licensed under the Customs Act. GST will continue to be levied when such goods are removed from the FTZ or warehouses.</p>	<p>movement of goods between such places.</p> <p>The new subsection (1) provides that, where goods are brought into Singapore under customs control, all supplies of such goods will be disregarded so long as those supplies involve —</p> <ul style="list-style-type: none"> <li>(a) the goods being removed from a place under such customs control, whether to another place under such customs control or out of such customs control; or</li> <li>(b) the goods being made available whilst under such customs control.</li> </ul> <p>The new subsection (1) will apply only in relation to goods brought in from outside Singapore under customs control and which remain under such customs control. Accordingly, regard must be had to the origin of the goods.</p> <p>The new subsection (1) does not deal with tax on the importation of the goods, which will continue to be levied, charged and paid in accordance with the other provisions of the Act.</p> <p>The new subsection (2) provides that, where goods that are produced or manufactured whilst under customs control in a certain place in the customs territory are mixed, whilst still under such customs control, with goods that have been imported, all supplies of such goods will be disregarded so long as those supplies involve —</p> <ul style="list-style-type: none"> <li>(a) the goods being removed from a place under such customs control to another place under such customs control; or</li> <li>(b) the goods being made available whilst under such customs control,</li> </ul> <p>other than the last of such supplies. Accordingly, the effect of the new subsection (2) is to impose tax on the last supply.</p> <p>The new subsection (3) provides that, where imported goods are used to produce or manufacture other goods while under customs control in a certain place in the customs territory, and there is no supply of the other goods as referred to in that subsection, the imported goods are</p>
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				<p>treated as being removed from customs control when the other goods are produced or manufactured. Tax on the importation of the imported goods is payable at the time the other goods are so removed.</p> <p>The new subsection (4) essentially provides for matters covered by the existing subsection (2B).</p> <p>The new subsection (5) empowers the Minister to make regulations for matters in connection with the new section 37. This provision currently exists as section 37(3).</p> <p>The new subsection (6) expands the concept of “customs control” so as to cover goods to which the concept of “customs control” under the Customs Act would not apply on the basis that the goods are not subject to customs duty or excise duty under that Act.</p> <p>The new subsection (7) defines terms used in the new section 37.</p>
5	Update the GST Act to align with the methods of valuation as prescribed in Customs legislation or the last selling price, where applicable, for the purpose of valuation of goods and thus levying of import GST	The current GST legislation requires goods directly imported to be valued based on transacted price or “open market value” as determined in accordance with Customs legislation. With the adoption of the World Trade Organisation’s Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994, the “open market value” concept has since been repealed in the Customs legislation. The GST Act will be amended to provide that the valuation of imported goods for GST purposes would be determined in accordance with the valuation methods as prescribed in the Customs legislation.	Section 18 [Clause 3]	<p><b>Clause 3</b> repeals and re-enacts section 18 to bring the test for determining the value of imported goods for the purposes of tax in line with that generally used for the determining the value of goods for the purposes of customs duty and excise duty (currently, the test adopted in relation to both customs duty and excise duty is the same). This is provided for in the new section 18(1)(a).</p> <p>For purposes of tax, however, regard must also be had to any increase in value of the goods as a result of their being supplied in Singapore prior to the tax on their importation being paid. This is provided for in the new section 18(1)(b).</p> <p>In the case of both paragraphs (a) and (b) of the new section 18(1), the value of the imported goods must also include any tax, duty or other charge levied outside or, by reason of importation, within Singapore (other than any goods and services tax). In the case of paragraph (b) of the new section 18(1), for the avoidance of doubt, the value of the goods must also include all costs by way of commission, packing, transport and insurance and all other costs, charges and expenses incidental to the sale and delivery of the goods up to the port or place</p>

		<p>However, for goods sold in Singapore prior to its removal from the Free Trade Zone or Zero-GST/Licensed Warehouse, the value of the imported goods will be based on its last selling price.</p>		<p>of importation.</p> <p>The new section 18(2) expands the concept of “customs control” so as to cover goods to which the concept of “customs control” under the Customs Act would not apply on the basis that the goods are not subject to customs duty or excise duty under that Act.</p>
6	<p>Clarify the definition of residential property for the purpose of GST exemption</p>	<p>Currently, the GST Act defines residential property as property approved exclusively for residential purposes under the Planning Act. However, there are other properties used as places of residence, e.g. serviced apartments, homes for the aged, workers’ dormitories and students’ hostels that may not be properties approved exclusively for residential purposes under the Planning Act.</p> <p>The GST Act will be amended to reflect the policy intent of exempting property used principally as a place of residence. For avoidance of doubt, the amendment will also empower the Minister to gazette an Order to list residential properties that can qualify for GST exemption.</p> <p>For more information on the tax</p>	<p>Third and Fourth Schedules</p> <p>[Clauses 16 and 17]</p>	<p><b>Clause 16(b)</b> amends paragraph 13 in the Third Schedule to clarify that the paragraph applies in relation to buildings, flats and tenements “used or to be used principally for residential purposes”. Buildings, flats and tenements are treated as being used or to be used principally for residential purposes if there is some permanency to the use or proposed use of those premises for purposes of accommodation by a person and the purpose of accommodation is the main purpose. Examples would be premises used as the home or dwelling place of a person. Clause 16(c) empowers the Minister to provide, by order published in the <i>Gazette</i>, what may be included as buildings, flats and tenements used or to be used principally for residential purposes, and what will not be treated as buildings, flats and tenements used or to be used principally for residential purposes. This is to provide clarity, particularly where there may be doubt as to whether there is sufficient permanency in the use of premises for purposes of accommodation, or whether the purpose of accommodation is the main purpose.</p> <p><b>Clause 17(a)</b> and <b>(b)</b> makes the same amendments to paragraphs 2 and 4 of the Fourth Schedule (Exempt Supplies), respectively, as clause 16(b) makes to paragraph 13 of the Third Schedule, for the same reasons. Clause 17(c) gives the same power to the Minister in relation to the Fourth Schedule as clause 16(c) gives in relation to the Third Schedule.</p>

		treatment for residential properties, please refer to the <a href="#">draft Goods and Services Tax (Buildings, Flats, and Tenements for Residential Purposes) Order 2010</a> .		
7	Facilitate the self-assessment of transactions qualifying under the Approved Contract Manufacturer and Trader (ACMT) scheme	<p>The ACMT scheme allows a contract manufacturer or trader to disregard GST on the supply of value added activities to his overseas client even though the goods are treated or processed in Singapore.</p> <p>Refinements have been made to the scheme to allow businesses approved under the ACMT scheme (hereinafter referred to as “ACMT-approved businesses”) to self-assess if their transactions fall within the scheme instead of the previous practice of having to seek approval from IRAS for each contract manufacturing arrangement. To support the refinements, the GST Act will be amended to:</p> <p>(i) Empower the Comptroller to publish the names of ACMT-approved businesses to facilitate the self-assessment of transactions under the scheme as only transactions between ACMT-approved</p>	Section 37A  [Clause 9]	<p><b>Clause 9</b> 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 provided for therein. Under the ACMT scheme, a local taxable person makes a supply to an overseas person comprising the treatment or processing of goods. The overseas person makes a supply of the treated or processed goods to his customer.</p> <p>Clause 9(a) amends subsection (1) to clarify that the supply comprising the treatment or processing of goods is a supply —</p> <p>(a) made under a contract with a person who belongs outside of Singapore and is not a registered person; and</p> <p>(b) which directly benefits a person who belongs outside Singapore and is not a registered person.</p> <p>As is the case with section 21(3)(j), (k) and (s), the first person referred to can be the same as the second person referred to, or the 2 persons can be different persons.</p> <p>Clause 9(b) deletes the existing subsection (2) and substitutes new subsections (2) and (3).</p> <p>The new subsection (2) enhances the regulation-making power of the Minister as follows:</p> <p>(a) The new subsection (2)(a) empowers the Minister to make regulations for purposes of anti-avoidance;</p> <p>(b) The new subsection (2)(b) replaces the regulation-making provision in the existing subsection (2) and clarifies that a taxable person under the ACMT scheme need only declare</p>

		<p>businesses would be disregarded for GST purposes;</p> <p>(ii) Impose the requirement for ACMT-approved businesses to account for GST on behalf of the overseas principal, who is not GST registered in Singapore, when the finished goods are delivered to the customer of the overseas principal; and</p> <p>(iii) Empower the Comptroller to impose penalties on an ACMT-approved businesses that delivered goods imported under the scheme to non-approved persons (approved persons refer to another ACMT-approved business or the customer of the overseas principal in the contract manufacturing agreement).</p>		<p>his receipt of treated or processed goods, and not account for tax as if there were supplies to and by him of the same;</p> <p>(c) The new subsection (2)(c) empowers the Minister to make regulations for the taxable person under the ACMT scheme who delivers the treated or processed goods to the customer of the overseas person to be substituted for the overseas person in accounting for and paying tax on the supply of the goods to the customer of the overseas person.</p> <p>The new subsection (3) empowers the Comptroller to publish the names and other particulars of taxable persons under the ACMT scheme.</p> <p>Clause 9(c) makes a consequential amendment to the section heading of section 37A arising from the amendment by clause 9(a).</p>
8	Allow the Comptroller of GST to provide for a wider scope of electronic services	Currently, the GST Act only allows the Comptroller to provide for electronic services for the filing or submission of any return, declaration or document. The GST Act will be amended to broaden the scope of electronic services that can be provided by the Comptroller of GST, in particular to include the electronic filing or submission of an application or information.	Section 42 [Clause 13]	<b>Clause 13</b> makes various amendments to section 42 (Electronic service). The amendments enhance the provisions of section 42 as the electronic service is no longer simply used for the filing of returns, but also allows for the making of applications for refunds under the Tourist Refund Scheme (This scheme is set out in Part VII of the Goods and Services Tax (General) Regulations (Rg 1)).

