

SUMMARY TABLE ON TAX CHANGES – BUDGET CHANGES

No.	Tax Change	Description and Reason for Change	Amendment to GST Act	Details of Amendment
1.	Zero-rating treatment for the sale, lease and servicing of containers which is used in the international transportation of goods	<p>Under the GST Act, the sale, leasing and servicing of ships and aircraft used in the international transport of passengers and goods are zero-rated supplies. To promote Singapore as a shipping and logistics hub, the GST Act will be amended to zero-rate the sale, leasing and servicing of containers used in the international transport of goods. The change is to recognise that such supplies are international services as the containers are for transporting goods overseas, similar to the services provided by ships and aircraft.</p> <p>This change was announced in Budget 2007 and which has taken effect from 1 April 2007. The change is currently being effected by way of remission. The remission will lapse after the proposed legislative amendment takes effect.</p>	Section 21(3) [Clause 3]	Clause 3 amends section 21(3) by inserting new paragraphs (v) and (w) to allow for the zero-rating of certain supplies pertaining to air containers and sea containers which are used or to be used for the international transportation of goods and which comply with such other requirements as may be prescribed.

SUMMARY TABLE ON TAX CHANGES – NON-BUDGET CHANGES

No.	Tax Change	Description and Reason for Change	Amendment to GST Act	Details of Amendment
2.	Zero-rating treatment for supplies of customised machinery to overseas person for use in the manufacture of goods for export	In 2007, section 21A of the GST Act was legislated to cater for the zero-rating of prescribed tools and relevant services. Based on legal interpretation, the ordinary meaning of tools does not include machinery, as ‘tools’ refer to simple gadgets such as masks, jigs, templates, dies and moulds. The GST Act is thus amended to extend the zero-rating treatment to supplies of customised machinery and relevant services. Customised machinery is akin to specialised tools, and its supply should qualify as international services if it is used to manufacture goods for export.	Section 21A [Clause 4]	Clause 4 amends section 21A to extend the application of that section (which provides for the zero-rating of the supply of prescribed tools, etc.) to prescribed machinery.
3.	Provision for the power of Comptroller of GST to appoint agent to recover tax arrears from any person who is liable to pay tax or penalty under the GST Act	Currently, the Comptroller has statutory power under the GST Act to appoint agents to recover GST arrears but only for arrears owed by taxable persons (i.e. persons who are registered for GST or are liable to register for GST). Hence the Comptroller is unable to use this mechanism to recover GST arrears owed by non-taxable persons. As non-taxable persons may also be liable to pay tax or penalty under the GST Act ¹ , the GST Act will be amended to provide the Comptroller with the statutory power to appoint agents to recover GST arrears from both taxable and non-taxable persons.	Section 79 [Clause 5(a)]	Clause 5 amends section 79 — (a) to enable the Comptroller of Goods and Services Tax to appoint, in relation to the recovery of tax, agents for any person (and not only for any taxable person), as a person who is not a taxable person may be liable to pay tax.

¹ For example, if directors commit GST fraud offences through their GST-registered companies.

No.	Tax Change	Description and Reason for Change	Amendment to GST Act	Details of Amendment
4.	Provision for the appointment of a “public officer” of Government as agent to pay over any monies that Government holds for the taxpayer who owes any tax or penalty under the GST Act	<p>Ministries (i.e. government office-holder) are currently not appointed as agents to pay over monies of a taxpayer, as the Government is not included as a “person” under the GST Act². However, the GST Act provides for the appointment of persons in the private sector or a statutory board³ who hold monies of taxpayers as agent to pay over the monies to the Comptroller in settlement of the tax arrears owed by the taxpayer.</p> <p>The GST Act will thus be amended to provide for the appointment of an officer holder of the Government (a “public officer”) as an agent to pay over monies of a taxpayer. Monies due from Government agencies to taxpayers would include payments by the Government for goods and services procured from the taxpayer in its capacity as a supplier to Government, and any incentives, grants or other payouts to taxpayers.</p>	<p>Section 79</p> <p>[Clause 5(b)]</p>	<p>Clause 5 amends section 79 —</p> <p>(b) to enable the Comptroller of Goods and Services Tax to declare any public officer as the agent of any taxpayer for the purpose of recovering any tax or penalty or any other money which the taxpayer is liable to pay to the Comptroller of Goods and Services Tax.</p>
5.	Clarification made to the definition of “unit trust” in the GST Act.	<p>Under section 2 of the GST Act, unit trust is defined as “any trust established for the purpose, or having the effect, of providing facilities for the participation by persons as beneficiaries under a trust, in profits or income arising from the acquisition, holding, management or disposal of securities or any other property.”</p> <p>The GST Act will be amended to clarify that the definition of “unit trust” includes “business trust” as defined under the Business Trusts Act. The change will provide clarity to financial institutions that the units issued by unit trusts (including units issued by business trusts) are exempt supplies under the GST Act.</p>	<p>Section 2(1)</p> <p>[Clause 2]</p>	<p>Clause 2 amends the definition of “unit trust” in section 2(1) to include business trusts.</p>

² Government refers to Ministries, Departments of Ministries and Organs of State.

³ A statutory board is regarded as a “person” as provided in the law.