



GST News Perspective everything

Greetings from your Indirect tax team at Deloitte Singapore. We are pleased to present to you details of recent updates in relation to GST.

Changes to the GST Act in the last 3 months

IRAS has made a number of changes to the GST Act in the last 3 months. Specifically:

- **New Section: 33B GST Act**

This section allows GST registered businesses to claim GST incurred on goods belonging to local or overseas GST registered businesses re-imported into Singapore after being shipped overseas for repair. If you are affected by this change, click [here](#) for more details or contact us for a discussion.

- **Bare Trustee Supplies**

IRAS has clarified the GST implications of the actions of a bare trustee. More details can be found [here](#).

- **Derivatives**

IRAS has redefined options, futures etc. in schedule of the GST Act. For more information, click [here](#) or call us to discuss.

- **Miscellaneous GST changes**

IRAS has updated and refreshed a number of e-tax guides, such as the [Insurance industry guide](#); [Banking Industry guide](#); and the [Advertising Industry guide](#).

Enactment of the Goods and Services Tax (Amendment) Bill 2014

Following the introduction of the Goods and Services Tax (Amendment) Bill in Parliament towards the end of 2014, the Bill was enacted and became effective from 1 January 2015. There are several changes made and we would like to draw your attention to a few key amendments:

New Section 33B GST Act - GST on the re-importation of goods

Prior to the enactment of this new Section, a GST-registered business was not allowed an input tax credit for import GST paid on the re-importation of goods which were originally consigned to it in Singapore by its Singapore customers. This put Singapore businesses at a disadvantage when they need to export the consigned goods to overseas subcontractors for value-added services and, then re-import the goods back into Singapore.

Section 33B of the GST Act was therefore enacted to relieve the burden of the irrecoverable GST cost and ease compliance for businesses. Businesses may now claim the full import GST incurred on the re-importation of goods belonging to their local or GST-registered customers. This is allowed on condition that such goods have been exported to an overseas subcontractor to perform part or whole of the value-adding activities. These value-adding activities include testing, repair, fabrication, manufacturing, refining. To accompany the new law, IRAS released an e-tax guide and updated a number of existing e-tax guides to include the application of section 33B. The affected guides are listed below.

Click on the links below to view the affected guides:

[Claiming of GST on re-import of value-added goods](#)

[Import GST Deferment Scheme \(Second edition\)](#)

[Major Exporter Scheme \(Second edition\)](#)

[Guide for the Biomedical Industry \(Second edition\)](#)

[Approved Refiner and Consolidator Scheme \(ARCS\) \(Fourth edition\)](#)

[Approved Contract Manufacturer and Trader \(ACMT\) Scheme](#)

Section 2 and Second Schedule - Bare trustees

Bare trustee was included in the amended definitions of section 2 and Second Schedule of the GST Act to mean a trustee who holds goods, intellectual property rights, or the licenses to those rights; and has no interest in them other than by reason of the office as trustee; and who has no duty to perform in relation to those goods, rights, or licenses other than to act according to instructions received as trustee. The law now provides that any supply made by or to a bare trustee relating to goods, intellectual property rights or licenses to those rights will be treated as a supply made by or to the persons or person for whose business holds the goods, rights or license.

Following the inclusion of a bare trustee, a new section, section 10A, Making of supply: bare trustees, is inserted into the GST Act to define what supplies are made by a bare trustee. A new paragraph 9 has also been included in the Second Schedule, Matters to be treated as a supply of goods or services.

For completeness, the amendments to the other sections to the GST Act as a result of this change are listed as follows.

Amendment of section 19

Amendment of sections 21 and 21B

Amendment of sections 27 and 27A

Amendment of section 27

Amendment of the Goods and Services Tax Act (Amendment of Fourth Schedule) Order 2014

IRAS has amended the Goods and Services Tax Act (Amendment of Fourth Schedule) Order 2014 with effect from 1 January 2015. The amendments should not drastically change the way businesses treat the supply of financial instruments, rather the amendments shall reflect the actual business operations. In particular, IRAS has included the word **derivative** and defined it as “any financial instrument that derives its value from an underlying financial asset, index or other investment, and includes option, swaps and credit default swaps”.

For completeness, the amendments to the Fourth Schedule of the Goods and Services Tax Act are listed as follows.

Paragraph 1(b)	Deleted the words “the exchange or grant of an option for”
Paragraph 1(j)	Deleted sub-paragraph (j) and substituting a new paragraph “the provision or assignment of a derivative that does not lead to any delivery of goods or supply of taxable services”
Paragraphs 1(m) and (o)	Deleted the sub-paragraphs
Paragraph 1(n)	Deleting the words “option or”
Paragraph 3(2) of Part III	Deleting the words “Paragraph 1(m), (n) and (o)” and substituting the words “ Paragraph 1(j) and (n)”

Updating of GST-related website content by IRAS

IRAS has updated GST-related website content and re-drafted a number of e-tax guides in recent weeks. We would like to draw your attention to a few amendments in particular.

GST Guide for the Insurance Industry

When a GST-registered agent or broker receives services or goods as commission, the agent or broker is required to account for GST based on the open market value of the goods or services received.

When a GST-registered agent or broker receives a chance to participate in a lucky draw organized by the insurance company in return for meeting sales target, the agent or broker is not required to account for GST on the value of lucky draw chance received. When the agent or broker wins a prize through the lucky draw, the prize is not regarded as a consideration for the services rendered by the agent or broker hence, the agent or broker is not required to account for GST. Instead, the GST-registered insurance company is deemed to be making a supply of goods if the goods are given away as lucky draw prizes and is required to account for GST based on the open market value of the goods unless

- Cost of the gift is less than \$200; or
- GST had not been claimed on the purchase.

These changes can be seen at Paragraphs 5.1.6 to 5.1.9 of this Guide.

The insurance company may now choose to issue a receipt instead of a tax invoice to a non-GST registered policyholder for the premium. The receipt must be serially printed and must show the following:

- Insurance company's name and GST registration number
- Date of receipt;
- Total amount payable including total GST; and
- The words "price payable includes GST"

The insurance company must retain a duplicate of the receipt issued. Similarly, these changes can be seen at paragraph 6.6 of this Guide.

The IRAS has also revised paragraphs 3.3.2 and 3.3.3 of this Guide to provide more examples on

the zero-rating treatment of insurance services.

[Click here for the Guide for the Insurance Industry](#)

Contact us or your usual Deloitte contact for further details on these changes.

GST Guide for the Banking Industry

IRAS has further elaborated the GST treatment on unfunded risk participation and recovery of brokerage differential.

IRAS's position is that in an unfunded risk, the risk participant does not provide funds to the grantor before the default occurs. Since there is no provision of loan, a risk participation fee charged for an unfunded arrangement will be taxable for GST purposes or qualify for zero-rating. This is further elaborated in paragraphs 6.7 and 6.8 of this Guide.

In respect of the recovery of brokerage differential for example in an Initial Public Offering, a financial institution will pay the brokerage differential to other financial institutions that have collected less than the agreed amount of fees they are entitled to; based on the specific terms and conditions for the joint provision of services to the businesses raising capital through the Initial Public Offering. If the financial institution which receives the redistributed brokerage fee did not provide anything to the financial institution that made the payment, the brokerage differential received is not consideration for any supply and so there is no GST to account for. This is further elaborated in paragraph 8 of this Guide.

IRAS has also classified the annual fee charged for the provision of an unsecured credit facility as an exempt supply and fees charged for retrieving a copy of documents previously submitted by the customers to the bank as taxable supply.

[Click here for the Guide for the Banking Industry](#)

GST Guide for the Advertising Industry

IRAS has replaced the previous e-Tax Guide "GST Treatment of Advertising Services" published on 28 September 2012 with this e-Tax Guide "GST: Guide for Advertising Industry" published on 14 November 2014. The new Guide provides a more concise write up on the GST treatment on media sales, media planning, creative and production sales, PR and events organizing. The new Guide provides an extract of the relevant GST zero-rating provision applicable to the advertising industry and also provides the common business scenarios. These changes can be seen at Annex A and C of the Guide.

[Click here for the Guide for the Advertising Industry](#)

Contacts

If you would like more details in regard to any of the items above, please contact the below or your usual GST contact in Deloitte.

Name	Contact Number	Email
Richard Mackender	+65 6216 3270	rimackender@deloitte.com
Robert Tsang	+65 6530 5523	robsang@deloitte.com
Danny Koh	+65 6216 3385	dakoh@deloitte.com

[Back to top](#)

[Indirect Tax homepage](#) | [Add Deloitte as a safe sender](#)

[Deloitte Touche Tohmatsu Limited](#)

6 Shenton Way , OUE Downtown 2, #33-00,
Singapore 068809

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 210,000 professionals are committed to becoming the standard of excellence.

About Deloitte Singapore

In Singapore, services are provided by Deloitte & Touche LLP and its subsidiaries and affiliates.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

Deloitte & Touche LLP (Unique entity number: T08LL0721A) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).

© 2015 Deloitte & Touche LLP

To no longer receive emails about this topic please send a return email to the sender with the word "Unsubscribe" in the subject line.