



GST News Perspective \Rightarrow everything

Greetings from your Indirect Tax team at Deloitte Singapore. We are pleased to update you on the following Singapore GST developments:

[Goods and Services Tax Act amendments](#)

Parliament has recently amended the Goods and Services Tax Act to expand the zero-rating scope afforded to supplies within the aerospace industry. Deloitte Singapore is pleased to provide you this newsletter to highlight the likely impact of the proposed changes.

Current Law

As you may be aware, certain supplies within the aerospace industry only qualify for zero-rating if they relate to “qualifying aircraft”, which currently includes both civil and military aircraft, as

well as internationally bound* aircraft which is used or intended to be used for recreation or pleasure purposes (e.g. private jets, helicopters etc.).

*note internationally bound aircraft refer to those wholly used or intended to be wholly used for travel:

- From a place outside Singapore to another place outside Singapore; or
- From a place in Singapore to a place outside Singapore; or
- From a place outside Singapore to a place in Singapore.

Changes for the Goods and Services Tax Act

In the revised Act, the definition of a qualifying aircraft is simplified to cover any aircraft which is wholly used or intended to be wholly used for internationally bound flights. Practically, this new definition would remove the need to distinguish between aircraft which are commercial, civil and military, and those which are for recreation or pleasure.

Additionally, the Act expands the zero-rating scope on supplies relating to internationally bound flights made by non-qualifying aircraft, i.e. aircraft that is not wholly or intended to be wholly used for internationally bound flights.

Previously, all prescribed supplies such as repair and maintenance would not qualify for zero-rating to the extent that aircraft is not strictly a qualifying aircraft (e.g., a private plane that is not **wholly** or intended to be **wholly** used for internationally bound flights). Under the changes, zero-rating would be extended, notwithstanding that the underlying aircraft may not be a qualifying aircraft, to the following supplies:

- a) Prescribed services such as repair and maintenance that are specifically attributable to any internationally bound flights; and
- b) Goods used as store or fuel or for use as merchandise for sale by retail on any internationally bound flights.

* * *

The amendment Bill was passed by Parliament on 29 Feb 2016. Deloitte Singapore is able to assist and discuss with you how the revised definitions and expanded scope could affect your business (in particular the expansion of the zero-rating conditions), and what you can do to mitigate for these changes.

Contacts

For more information on the above or if you need assistance on other GST matters, please contact the below or your usual GST contact in Deloitte Singapore.

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