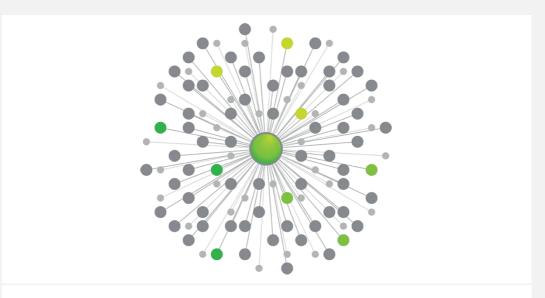
Singapore | Indirect Tax | 12 July 2019



## **GST News**

# Expanding perspectives and possibilities

## Overseas Vendor Registration (OVR) Regime

As you may be aware, the Goods and Services Tax (GST) will apply to the imported digital services in the context of business-to-consumer (B2C) transactions by way of an OVR regime from 1 January 2020. The IRAS has also published an e-tax guide on the OVR regime.

Under the OVR framework, overseas companies, with a global annual turnover exceeding S\$1 million, supplying digital services to non-GST registered customers in Singapore would be liable for GST registration under OVR. The overseas companies are required to notify the IRAS if they are liable for GST registration under the OVR regime by completing and submitting the "GST registration application form for Overseas Vendors" and providing the requested information.

However, for overseas companies with a local branch in Singapore that are supplying digital services within the scope of OVR, the overseas companies are not required to register for GST separately under the OVR regime if their local branch in Singapore is already GST registered.

Based on additional clarification from the IRAS, generally, if the Head Office (HO) and the Singapore Branch (SB) are considered as one legal entity under the business constitution, the legal entity consisting of the HO and the SB would be considered as a full taxable person for Singapore GST purposes if the SB is already GST registered in Singapore. Hence, the HO that is making the supply of digital services within the scope of OVR is not required to register for GST separately for OVR.

## **Deloitte Singapore's view**

We welcome the clarification provided by the IRAS and note that the view taken is consistent with the IRAS's existing position on head office and branches for GST purposes. Singapore companies or branches should consider the business activities carried out by their overseas branches or head offices to assess any potential impact that may arise under the implementation of the OVR regime.

### **Contacts**

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