



## **GST News** Perspective is everything

Greetings from your Indirect Tax team at Deloitte Singapore. We are pleased to share our latest on changes to Singapore GST:

### **IRAS updates GST-related e-Tax guides and website content**

In recent months, IRAS has updated many GST-related e-Tax guides and revised its website content on particular topics. We would like to highlight a few amendments in particular.

### **Updates to the requirement regarding the indication of vehicle number in the export permit**

For exports of goods via land (i.e. over either of the causeways to Malaysia, IRAS has clarified in the e-Tax guide dated 19 September 2016 that the vehicle registration number should be indicated at the time the export permit is declared. If the vehicle number is not known at the point of export permit declaration, the vehicle number can be stated

on the supporting documents (e.g. invoice, delivery order, packing list upon collection of the goods) subsequently after the permit declaration. What this means is that the process for exports via land needs to be correctly implemented. If the vehicle registration number is not correctly displayed on the documents, the export details are incomplete and this could lead to penalties and additional GST exposures. Deloitte can help to review your export documentation processes and resolve any issues that are identified as a result.

### **Determining the belonging status of Supplier and Customer**

IRAS has expanded its guidelines in the e-Tax guide dated 25 May 2016 detailing how to determine the belonging status of a supplier or customer. IRAS has clarified that generally, you shall be treated as belonging in Singapore if:

- You only have in Singapore a Business Establishment ("BE") or some other Fixed Establishment ("FE") and no such establishment elsewhere;
- You have no such establishment in any country but his usual place of residence is in Singapore; or
- You have such establishments both in Singapore and elsewhere and the establishment of yours which is most directly concerned with the supply is in Singapore.

You will be treated as having a BE in Singapore if:

- Your main seat of economic activity is in Singapore;
- You carry on your business through a branch in Singapore; or
- You carry on your business through an agency in Singapore.

The main seat of economic activity refers to the place (i.e. usually referring to the head office, headquarters or principal place of business) where the important decisions concerning

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the general management of the company are made and where the functions of its central administration are carried out.

You will be treated as having a FE in Singapore if you have both the technical and human resources necessary to provide or receive services on a permanent basis in Singapore. Human resources refer to the presence of staff (do not include employees of a third party) to provide or receive the particular service. Technical resources would refer to physical goods (e.g. equipment, computer, tablet, mobile phone, office premises) necessary to support the human resources in the provision or receipt of that service. Generally, it is presumed that the presence of human resources would be accompanied by the necessary technical resources in order to provide the particular service. Hence, the technical resources are presumed to be present where human resources are present.

This area can be complicated and if you are unsure on how the rules apply to your particular circumstances please contact us for further clarifications.

### **Insurance industry**

IRAS has updated this e-Tax guide dated 10 June 2016 to include the belonging status of insurance companies and to state how introductory services provided to overseas insurance companies with branches in Singapore should be treated for GST reporting purposes. The insurance industry generally follows the above-mentioned conditions in determining whether the business is treated as belonging in Singapore.

#### Overseas insurance companies with branches in Singapore

The Monetary Authority of Singapore ("MAS") requires overseas insurance companies to set up local branches and for these branches to be licensed in order to conduct insurance business in Singapore. As such, IRAS takes the

view that the local branch is regarded as carrying on the business of the overseas insurance company in Singapore and therefore belongs in Singapore for GST purposes.

For introductory services provided for Singapore policies and offshore policies by licensed local branch, IRAS has provided clarification on correct GST treatment as follows:

Commission received for the introductory services in respect of Singapore policies	GST has to be accounted at the prevailing rate of 7%, unless the Singapore policies qualify for zero-rating.
Commission received for the introductory services in respect for offshore policies that are provided for a local branch	GST has to be accounted at the prevailing rate of 7%
Commission received for the introductory services in respect for offshore policies that are provided for an overseas insurance company	The commission charged will qualify for zero-rating under Section 21(3)(j) of the GST Act.

Although the above isn't necessarily a change, it is a clarification in an area where it would seem there has been some confusion. If you fall within the above scenarios and would like further details on how the clarification affects you, get in touch and we will be pleased to assist.

## Aerospace industry

IRAS has provided a revised definition of a qualifying aircraft. With effect from 1 July 2016, a qualifying aircraft refers to:

1. Wholly used or intended to be wholly used for travel:
  - a) From a place outside Singapore to another place outside Singapore;
  - b) From a place in Singapore to a place outside Singapore; or
  - c) From a place outside Singapore to a place in Singapore; or
2. A military aircraft.

The IRAS has made the changes (i) to remove “any aircraft which is not used or intended for use for recreation or pleasure and it is wholly used or intended to be used for international travel” and (ii) to include any aircraft that is a military aircraft.

Furthermore, IRAS has provided a definition of non-international aircraft. Generally, for GST purposes, a “non-international aircraft” refers to:

- a) Not wholly used or intended to be wholly used for international travel; and
- b) Not a military aircraft

With effect from 1 July 2016, you may zero-rate the supply of stores, fuel and goods used as merchandise for sale by retail to persons carried on an aircraft and the supply of handling services and handling and storage services of goods carried in an aircraft to non-international aircraft. To the extent that the supplies are specifically attributable to any international flight made by the non-international aircraft.

This revised guide explains the GST treatment in relation to aircraft and aircraft-related supplies as well as includes the

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documentary requirements (i.e. commercial transaction and regulatory documents, details of the aircraft) to be maintained in order for you to enjoy the zero-rating relief.

Please feel free to contact us for further clarifications and / or details on the above.

### **Advance ruling system**

With effect from 1 July 2016, there has been an increase in advance ruling fees as follows:

- (a) **Application Fee**  
S\$620 (inclusive of GST) is payable upon application. The fee is non-refundable even if IRAS reject your ruling request.
  
- (b) **Further Time-Based Fee**  
This is based on the hourly rate of S\$155 (inclusive of GST) for each hour or part thereof subsequent to the first four hours taken to provide the ruling.

Generally, if taxpayers wish to seek greater clarity and certainty on how specific provisions of the GST Act will apply for a particular business arrangement or a specific transaction, they may make an application to the Comptroller of GST for an advance ruling. If you require an advance ruling request, Deloitte Singapore will be pleased to assist you with the preparation. Please contact us for more information.

### **Fund Management industry**

IRAS has updated this e-Tax guide on 1 September 2016 on the GST treatment for brokerage services received by a Fund Manager ("FM"). If a direct contractual relationship exists between the FM and the stockbroker (i.e a trading account is opened by the FM with the stockbroker), the broking service is treated as contractually supplied by the broker to the FM and not the client for GST purposes, even if the

stockbroker is aware that the FM is acting on the instructions of his client. The FM's client is regarded as a direct beneficiary of the stockbroker's service and the supply of broking services can only be zero-rated if both the FM and the FM's client are overseas persons under section 21(3)(j).

Please feel free to contact us for further clarifications and / or details on the above.

### **Links for other updated guides / websites**

[GST: Guide on Exemption of Investment Precious Metals \(IPM\) \(Fifth Edition\)](#)

[GST: Guide for the Fund Management Industry \(Third Edition\)](#)

[GST: Partial Exemption and Input Tax Recovery \(Third Edition\)](#)

[GST Assisted Compliance Assurance Programme \(ACAP\)](#)

[GST: Advance Ruling System \(Second Edition\)](#)

[GST: Concession for REITS and Qualifying Registered Business Trusts Listed in Singapore \(Third Edition\)](#)

[GST: Guide for the Insurance Industry \(Third Edition\)](#)

[GST: Guide on Approved Import GST Suspension Scheme](#)

[GST: Guide for the Aerospace Industry](#)

[GST Guide for e-Commerce](#)

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

[GST: Guidelines on Determining the Belonging Status of Supplier and Customer](#)

[GST Guide for the Market Participants in the National Electricity Market of Singapore \(NEMS\) \(Second Edition\)](#)

[GST: General Guide on Group Registration \(Second Edition\)](#)

[GST: Zero-rating of Sale & Lease of Containers and Container Services](#)

[GST Guide for the Marine Industry](#)

[GST: Approved Marine Customer Scheme \(AMCS\)](#)

[GST: Guide on Export](#)

[GST: Electronic Tourist Refund Scheme \(eTRS\)](#)

[GST: A Guide on Zero-Rating Telecommunication and Related Services under Section 21\(3\)\(q\)](#)

## Contacts

For more information on the above or for assistance on other GST matters, please contact the listed names below or your usual GST contact in Deloitte Singapore.

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