



## GST News

### Keeping you informed

Singapore | Indirect Tax | June 2014

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

## Updating of E-Tax guides by IRAS

IRAS has redrafted a large number of e-tax guides in recent weeks. We would like to draw your attention to a few key guides in particular:

**Guide for the Fund Management Industry** – in particular the business establishment/fixed establishment conditions as set out in paragraphs 3.6 – 3.10 of the guide. As we have stated in previous alerts, IRAS is seeking further clarification on this point. In the meantime IRAS has advised that fund managers can choose to continue to apply zero-rating pending completion of IRAS's review. If the outcome of the review is that GST should still apply,

those fund managers will be required to account for GST retrospectively. IRAS will consider a waiver of penalties for any under-declaration on a case by case basis only.

**Use of business premises for free by third parties** – although IRAS’s position has not changed, i.e. that such use is subject to GST, many property owners/lessors are not aware of this provision. We remind any businesses which allow third parties including related entities, to share their business premises without charge, that they should be charging GST. Contact us if you would like further information;

**Clarification on ‘Directly in Connection With’ and ‘Directly Benefit’** – again, no substantive changes to IRAS’s policy and positions on these two related tests for zero-rating, but these definitions continue to prove challenging for businesses. The guide is helpful and provides typical scenarios and also confirms the concession applicable for businesses that suffer a sticking GST cost as a result of the tests.

**GST treatment of Hire Purchase Agreements and Financing Instruments** – the guide sets out IRAS’s position for the GST treatment of the supplies made in relation to hire purchasing and financing for hire purchase. The guide includes typical scenarios and also clarifies when a hire purchase arrangement can fall under the Gross Margin Scheme. If you are involved in hire purchase arrangements, please contact us to learn more.

There are also re-writes for the guides applicable to specific industry sectors, for example, the insurance industry, aerospace industry, retailers and the biomedical industry. As before, the substantive positions have not changed, but if you would like more details please contact the below or your usual GST contact in Deloitte.

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### Links for related guides

Guide for the Fund Management Industry	<a href="https://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/etaxguide_GST_Guide%20for%20the%20Fund%20Management%20Industry_2014-04-01.pdf">https://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/etaxguide_GST_Guide%20for%20the%20Fund%20Management%20Industry_2014-04-01.pdf</a>
Use of Business Premises By Third Party for Free	<a href="https://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/etaxguide_GST_GST%20Guide%20on%20the%20Use%20of%20Business%20Premises%20by%20Third%20Party%20for%20Free_2014-03-31.pdf">https://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/etaxguide_GST_GST%20Guide%20on%20the%20Use%20of%20Business%20Premises%20by%20Third%20Party%20for%20Free_2014-03-31.pdf</a>

Clarification on "Directly in Connection With" and "Directly Benefit"	<a href="https://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/etaxguide_GST_GST%20Guide%20on%20the%20Clarification%20on%20DIC%20and%20DB_2014-03-31.pdf">https://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/etaxguide_GST_GST%20Guide%20on%20the%20Clarification%20on%20DIC%20and%20DB_2014-03-31.pdf</a>
GST Treatment of Hire Purchase Agreements and Financing Instruments	<a href="http://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/GST_Hire%20Purchase%20Arrangements%20and%20Financing%20Instruments_2014-06-16.pdf">http://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/GST_Hire%20Purchase%20Arrangements%20and%20Financing%20Instruments_2014-06-16.pdf</a>
The Insurance Industry	<a href="https://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/etaxguide_GST_GST%20Guide%20for%20the%20Insurance%20Industry_2014-03-31.pdf">https://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/etaxguide_GST_GST%20Guide%20for%20the%20Insurance%20Industry_2014-03-31.pdf</a>
Guide for the Aerospace Industry	<a href="https://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/etaxguide_GST_Guide%20for%20the%20Aero space%20Industry_2014-03-31.pdf">https://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/etaxguide_GST_Guide%20for%20the%20Aero space%20Industry_2014-03-31.pdf</a>
Guide for Retailers	<a href="https://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/etaxguide_GST_GST%20Guide%20for%20Retailers_2014-03-31.pdf">https://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/etaxguide_GST_GST%20Guide%20for%20Retailers_2014-03-31.pdf</a>
Guide for the Biomedical Industry	<a href="https://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/etaxguide_GST_GST%20Guide%20for%20the%20Biomedical%20Industry_2014-03-31.pdf">https://www.iras.gov.sg/irashome/uploadedfiles/e-Tax_Guide/etaxguide_GST_GST%20Guide%20for%20the%20Biomedical%20Industry_2014-03-31.pdf</a>

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