

# **Goods and Services Tax (Amendment) Bill**

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**Bill No: 15/2007**

***Read the first time: 9th April 2007***

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## **Expenditure of Public Money**

### **Goods and Services Tax (Amendment) Bill**

#### **Bill No. 15/2007**

*Read the first time on 9th April 2007.*

An Act to amend the Goods and Services Tax Act (Chapter 117A of the 2005 Revised Edition).

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

#### **Short title and commencement**

**1.**—(1) This Act may be cited as the Goods and Services Tax (Amendment) Act 2007 and shall, with the exception of section 11, come into operation on 1st July 2007.

(2) Section 11 shall be deemed to have come into operation on 17th February 2006.

#### **Repeal and re-enactment of section 16**

**2.** Section 16 of the Goods and Services Tax Act (referred to in this Act as the principal Act) is repealed and the following section substituted therefor:

##### **“Rate of tax**

**16.** Tax shall be charged at the rate of —

- (a) 4% for the period from 1st January 2003 to 31st December 2003 (both dates inclusive);
- (b) 5% for the period from 1st January 2004 to 30th June 2007 (both dates inclusive); and
- (c) 7% from and including 1st July 2007,

and shall be charged on —

- (i) the supply of goods or services, by reference to the value of the supply as determined under this Act; and

- (ii) the importation of goods, by reference to the value of the goods as determined under this Act.”.

### **Amendment of section 19**

3. Section 19(15) of the principal Act is amended by deleting the definition of “subsequent specified period” and substituting the following definition:

“ “subsequent specified period” means —

- (a) where the prescribed accounting period during which the relevant input tax was first credited under subsection (2) ends before 1st January 2007, a period —
  - (i) commencing on the day immediately following the end of the initial specified period; and
  - (ii) ending on a day 6 years from the end of that prescribed accounting period; or
- (b) where the prescribed accounting period during which the relevant input tax was first credited under subsection (2) ends on or after 1st January 2007, a period —
  - (i) commencing on the day immediately following the end of the initial specified period; and
  - (ii) ending on a day 5 years from the end of that prescribed accounting period.”.

### **Amendment of section 21**

4. Section 21 of the principal Act is amended —

- (a) by inserting, immediately after the words “Subject to this section” in subsection (1), the words “and section 21A”;
- (b) by inserting, immediately before the words “services supplied” in subsection (3)(e), (f) and (g), the words “subject to subsection (4B),”;
- (c) by deleting paragraph (j) of subsection (3) and substituting the following paragraph:

“(j) subject to subsections (4B) and (4C), services supplied —

- (i) under a contract with a person who belongs in a country outside Singapore; and
  - (ii) which directly benefit a person who belongs in a country other than Singapore and who is outside Singapore at the time the services are performed;”;
- (d) by deleting the word “or” at the end of subsection (3)(s);
- (e) by deleting the full-stop at the end of paragraph (t) of subsection (3) and substituting the word “; or”, and by inserting immediately thereafter the following paragraph:

“(u) subject to subsection (4D), services comprising either of or both —

- (i) the supply of a right to promulgate an advertisement by means of any medium of communication; and
- (ii) the promulgation of an advertisement by means of any medium of communication,

where the Comptroller is satisfied that the advertisement is intended to be substantially promulgated outside Singapore.”; and

- (f) by inserting, immediately after subsection (4A), the following subsections:

“(4B) The services referred to in subsection (3)(e), (f), (g) and (j) shall not include any services comprising either of or both —

- (a) the supply of a right to promulgate an advertisement by means of any medium of communication; and
- (b) the promulgation of an advertisement by means of any medium of communication.

(4C) The services referred to in subsection (3)(j) shall not include any services which are supplied directly in connection with —

- (a) land or any improvement thereto situated inside Singapore; or
- (b) goods situated inside Singapore at the time the

services are performed, other than goods referred to in subsection (3)(g).

(4D) The services referred to in subsection (3)(u) shall not include any services comprising only of the promulgation of an advertisement by means of the transmission, emission or reception of signs, signals, writing, images, sounds or intelligence by any nature of wire, radio, optical or other electro-magnetic systems whether or not such signs, signals, writing, images, sounds or intelligence have been subjected to rearrangement, computation or other processes by any means in the course of their transmission, emission or reception.”.

### **New section 21A**

5. The principal Act is amended by inserting, immediately after section 21, the following section:

#### **“Zero-rating of supply of certain tools, etc.**

**21A.**—(1) Subject to such conditions as the Minister may prescribe, the supply by any taxable person of —

- (a) any prescribed tool used in the manufacture of goods;
- (b) any services directly in connection with such tool; or
- (c) any prototype of such tool,

to a person who belongs in a country outside Singapore and who is not a registered person, shall be zero-rated where such tool is used in Singapore for the manufacture of goods for the person who belongs in a country outside Singapore.

(2) Where a supply of goods or services by a taxable person is zero-rated under subsection (1), then, whether or not tax would be chargeable on the supply apart from this section —

- (a) no tax shall be charged on the supply; but
- (b) it shall in all other respects be treated as a taxable supply,

and accordingly the rate at which tax is treated as charged on the supply shall be nil.”.

### **Repeal and re-enactment of section 29**