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**GOODS AND SERVICES TAX ACT
(CHAPTER 117A)**

**GOODS AND SERVICES TAX
(GENERAL) (AMENDMENT NO. 2)
REGULATIONS 2013**

In exercise of the powers conferred by sections 25(1), 27, 37A and 83E(1) of the Goods and Services Tax Act, the Minister for Finance hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Goods and Services Tax (General) (Amendment No. 2) Regulations 2013 and shall come into operation on 1st January 2014.

Amendment of regulation 46

2. Regulation 46 of the Goods and Services Tax (General) Regulations (Rg 1) (referred to in these Regulations as the principal Regulations) is amended —

(a) by deleting paragraph (3A) and substituting the following paragraphs:

“(3A) Where —

- (a) goods are supplied to an overseas person in Singapore and delivered to an approved contract manufacturer for the purposes of applying to or carrying out on the goods any process under a contract with and directly benefitting an overseas person; and
- (b) after the process has been applied to or carried out on the goods —

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- (i) the approved contract manufacturer delivers the goods to an approved person or to a customer of the overseas person;
 - (ii) the approved contract manufacturer exports the goods; or
 - (iii) the approved contract manufacturer or any other person destroys or disposes of the goods, where the goods are of an unsatisfactory standard or quality or are in excess of the amount required,

to the satisfaction of the Comptroller, then the goods shall be treated as having been supplied to the approved contract manufacturer in the course or furtherance of his business.

(3B) Where paragraph (3A) applies, the approved contract manufacturer shall also be entitled to claim under section 19 of the Act a deduction of input tax on the deemed supply referred to in paragraph (3A) as if the whole of the input tax were allowable under section 20 of the Act, if —

- (a) the approved contract manufacturer pays the tax on the deemed supply of goods; or
 - (b) the overseas person pays the tax on the supply of goods to him in Singapore, and the approved contract manufacturer makes a refund to the overseas person of the amount of the tax.”; and
- (b) by deleting the words “paid to the Comptroller” in paragraph (19C) and substituting the words “he is required to pay”.

Amendment of regulation 46A

3. Regulation 46A of the principal Regulations is amended —

- (a) by deleting the words “account for or” in paragraph (23)(a);

(b) by deleting sub-paragraphs (i) and (ii) of paragraph (23) and substituting the following sub-paragraphs:

“(i) in the case of sub-paragraph (a) —

(A) pay to the Comptroller without demand the tax chargeable on the importation (except to the extent that the tax would, apart from this regulation, otherwise be claimable as input tax under the Act); and

(B) include the amount of tax payable as output tax in his return for the prescribed accounting period in which the importation took place;

(ii) in the case of sub-paragraph (b), correct the error in accordance with regulation 66; and

(iii) in the case of sub-paragraph (c), correct the error in accordance with regulation 66 (except to the extent that the tax would, apart from this regulation, otherwise be claimable as input tax under the Act).”; and

(c) by inserting, immediately after paragraph (23), the following paragraph:

“(24) Notwithstanding paragraph (23), unless the Comptroller otherwise allows, where an approved person has, without paying the tax chargeable, made a supply of goods to another approved person (referred to in this paragraph as the approved customer) under paragraph (8)(b) or (11)(b) and the approved customer, at the time of supply, failed to satisfy any of the requirements specified in paragraph (1) or (2) (notwithstanding that the approved customer continues to be approved under the scheme), the approved customer —

(a) shall pay to the Comptroller without demand an amount equal to the tax which would, but for this regulation, have been payable on the supply