
First published in the *Government Gazette*, Electronic Edition, on 27th December 2011 at 6.30 pm.

No. S 692

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

**GOODS AND SERVICES TAX ACT
(AMENDMENT OF FOURTH SCHEDULE)
ORDER 2011**

In exercise of the powers conferred by section 22(2) of the Goods and Services Tax Act, the Minister for Finance hereby makes the following Order:

Citation and commencement

1. This Order may be cited as the Goods and Services Tax Act (Amendment of Fourth Schedule) Order 2011 and shall come into operation on 1st January 2012.

Amendment of Fourth Schedule

2. The Fourth Schedule to the Goods and Services Tax Act is amended —

(a) by inserting, immediately after sub-paragraph (r) of paragraph 1, the following sub-paragraphs:

“(ra) the provision of financing in connection with a qualifying Islamic financial arrangement in relation to an asset, for which the provider of the financing derives an effective return;

(rb) the provision of financing in connection with a qualifying Islamic financial arrangement in relation to an asset which is jointly acquired by a provider of the financing and a purchaser, for which the provider of the financing derives an effective return;

(rc) the provision of financing in connection with a qualifying Islamic financial arrangement in relation to the construction of an asset, for which the provider of the financing derives an effective return.”;

(b) by deleting the full-stop at the end of sub-paragraph (t) of paragraph 1 and substituting a semi-colon, and by inserting immediately thereafter the following sub-paragraph:

“(u) the provision of financing by one bank to another bank under a qualifying Islamic agency arrangement.”;

(c) by deleting the definition of “effective return” in paragraph 3 and substituting the following definition:

“ “effective return” means —

- (a) in the case of a qualifying Islamic financial arrangement in relation to non-residential property in the circumstances described in paragraph (a)(ii)(A) of the definition of that arrangement, the difference between the price of the non-residential property sold by the provider of the financing to the purchaser over the cost of the non-residential property bought by the provider of the financing;
- (b) in the case of a qualifying Islamic financial arrangement in relation to non-residential property in the circumstances described in paragraph (a)(ii)(B) of the definition of that arrangement, the difference between the total of the lease payments made by the purchaser over the cost of the non-residential property bought by the provider of the financing;
- (c) in the case of a qualifying Islamic financial arrangement in relation to an asset acquired by a provider of the financing, the difference between the price of the asset sold by the provider of the financing to the bank over the cost of the asset bought by the bank on behalf of the provider of the financing;
- (d) in the case of a qualifying Islamic financial arrangement in relation to an asset jointly acquired by a provider of the financing and a purchaser, the difference between the total amount of —
 - (i) the money payable by the purchaser for the interest in the asset belonging to the provider of the financing;
 - (ii) any lease payments for the lease of the asset;
 - (iii) any moneys payable for the subsequent use of any portion of the asset referred to in sub-paragraph (c)(v) of the definition of “qualifying Islamic financial arrangement”, as may be applicable; and
 - (iv) any moneys payable in the event of an early termination of the arrangement referred to in sub-paragraph (c)(vi) of the definition of “qualifying Islamic financial arrangement”, as may be applicable, and the money provided by the provider of the financing for the joint purchase of the asset;
- (e) in the case of a qualifying Islamic financial arrangement in relation to the construction of an asset where the asset is constructed or a comparable asset substituted therefor, the difference between the total amount of money payable

by the purchaser for the asset or the comparable asset and the amount of money provided by the provider of the financing for the construction of the asset; and

(f) in the case of an Islamic debt securities arrangement, the payments referred to in paragraph (b) of the definition of “Islamic debt securities;”; and

(d) by deleting the definition of “qualifying Islamic financial arrangement” in paragraph 3 and substituting the following definitions:

““qualifying Islamic financial arrangement” means an arrangement which is endorsed by any *Shari’ah* council or body or by any committee formed for the purpose of providing guidance on compliance with *Shari’ah* law, and —

(a) in relation to non-residential property, is an arrangement that is entered into between a provider of the financing and a purchaser whereby —

(i) the provider of the financing acquires all or part of the beneficial interest in the non-residential property from the seller with a view to selling the same to the purchaser; and

(ii) the provider of the financing —

(A) immediately sells such beneficial interest to the purchaser (whether for consideration of a lump sum payment or instalment payments); or

(B) immediately leases such beneficial interest to the purchaser with an option for the purchaser to acquire the non-residential property;

(b) in relation to an asset which is acquired by a provider of the financing, is an arrangement that is entered into between the provider of the financing and a bank whereby —

(i) the provider of the financing appoints the bank as an agent to acquire the asset on its behalf, with a view to selling the asset to the bank;

(ii) the provider of the financing immediately sells the asset to the bank (whether for consideration of a lump sum payment or instalment payments);

(iii) the bank immediately sells the asset to another person at the same price at which the asset was first acquired on behalf of the provider of the financing by the bank; and