



INLAND REVENUE
AUTHORITY
OF SINGAPORE

IRAS e-Tax Guide

GST: Taxing imported services by way of an
overseas vendor registration regime
(Third Edition)

Published by
Inland Revenue Authority of Singapore

Published on 16 Dec 2021

First Edition on 4 Feb 2019
Second Edition on 26 Aug 2019

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1 Aim

- 1.1 The Minister for Finance announced in Budget 2018 that GST will apply to imported digital services in the context of business-to-consumer (“B2C”) transactions by way of an overseas vendor registration regime with effect from **1 Jan 2020**¹. This will achieve parity in GST treatment for all services consumed in Singapore regardless of whether the service is procured from overseas or locally.
- 1.2 This guide explains the features of the overseas vendor registration regime, and the related GST registration and reporting rules. It also covers the compliance guidelines, as well as the transitional rules applicable to transactions spanning the implementation of the registration regime on 1 Jan 2020.
- 1.3 You should read this guide if you are:
- (i) An overseas supplier making sales of digital services to customers in Singapore;
 - (ii) An operator of a local or overseas electronic marketplace supplying digital services to customers in Singapore, on behalf of suppliers and merchants, through your marketplace; or
 - (iii) A consumer in Singapore making purchases of digital services from overseas suppliers and electronic marketplaces.

Extension of the overseas vendor registration regime to imported non-digital services from 1 Jan 2023

- 1.4 With effect from 1 Jan 2023, imported non-digital services supplied in the context of B2C transactions will also be subject to GST by way of an extension of the overseas vendor registration regime². With this, all B2C supplies of imported services, whether digital or non-digital, will be brought to tax effective from 1 Jan 2023, if the services can be supplied and received remotely. Such services will be known as ‘remote services’. Please refer to the e-Tax Guide “GST: Taxing imported remote services by way of the overseas vendor registration regime” for information on the measure.

¹ A Reverse Charge mechanism would also be implemented on 1 Jan 2020 to tax business-to-business (“B2B”) supplies of imported services. Refer to the e-Tax Guide “GST: Taxing imported services by way of reverse charge” for information on the measure.

² The overseas vendor registration regime will also be extended to B2C supplies of imported low-value goods from 1 Jan 2023. Please refer to the e-Tax Guide “GST: Taxing imported low-value goods by way of the overseas vendor registration regime” for information on the measure.

2 At a Glance

- 2.1 Under the overseas vendor registration regime, any supplier belonging outside Singapore that has a global turnover exceeding S\$1 million and makes B2C supplies of digital services to customers in Singapore exceeding S\$100,000 is required to register, charge and account for GST.
- 2.2 Under certain conditions, a local or overseas operator of electronic marketplaces, may also be regarded as the supplier of the services made by the suppliers through these marketplaces. In such cases, the operators are required to register, charge and account for GST on these supplies, instead of the suppliers.
- 2.3 To determine if their customers belong in Singapore, the overseas suppliers and local or overseas electronic marketplace operators (collectively referred to as 'Overseas Vendors') may use certain proxies, such as the customer's IP address and credit card information.
- 2.4 Unless otherwise approved by the Comptroller³, registered Overseas Vendors must duly apply GST to their supplies of digital services, only if their customer is not GST-registered. As such, unless the customer provides his GST registration number, the Overseas Vendor must charge and account for GST on the supplies made.
- 2.5 Overseas Vendors should not charge GST on supplies of digital services made to GST-registered customers that have provided their GST registration numbers. Instead, where applicable⁴, the GST-registered customers will perform reverse charge on these overseas purchases if they fall within the scope of reverse charge.

In the event where GST is wrongly charged by the Overseas Vendors to GST-registered customers, the customers should contact the vendors to obtain a refund instead of making an input tax claim on the purchase.

- 2.6 To minimise extraterritorial compliance burden, the overseas suppliers and overseas electronic marketplace operators will be registered under a pay-only regime, with simplified registration and reporting requirements. Under this regime, our local rules relating to tax-invoicing and GST-inclusive price display requirements will also not be imposed. The current penalty regime that applies to local taxable persons will similarly apply to the overseas suppliers and electronic marketplace operators.
- 2.7 For supplies of digital services that span 1 Jan 2020, there are transitional rules that ascertain whether and to what extent the digital services are subject to tax, and when the tax has to be accounted.

³ Please refer to Paragraph 6.6 for details.

⁴ GST-registered persons are generally required to perform reverse charge if they procure services from overseas suppliers, and are either not entitled to full input tax credit or belong to a GST group that is not entitled to full input tax credit.

3 Glossary

3.1 B2B

B2B stands for business-to-business, and refers to transactions made by a GST-registered person, including sole-proprietors, partnerships and corporate bodies, to a GST-registered customer.

3.2 B2C

B2C stands for business-to-consumer, and refers to transactions made by a GST-registered person, to a non-GST registered customer.

3.3 Digital Services

For the purposes of the overseas vendor registration regime, digital services are defined as any services supplied over the Internet or other electronic network and the nature of which renders its supply essentially automated with minimal or no human intervention, and impossible without the use of information technology.

These include the supplies of digital products, subscription-based and licensed content, as well as support services to arrange or facilitate, via electronic means, the provision of transactions which may not be digital in nature.

Supplies of digital services made by GST-registered Overseas Vendors, to non-GST registered customers in Singapore, are subject to GST.

3.4 Electronic Marketplaces

Under the overseas vendor registration regime, an electronic marketplace is defined as a medium that:

- (i) allows the suppliers to make supplies available to customers; and
- (ii) is operated by electronic means.

This includes marketplaces operated via a website, internet portal, gateway, distribution platform or any other types of electronic interface, but excludes payment processors or internet service providers.

3.5 Overseas Vendors

An Overseas Vendor refers to an overseas supplier (i.e. a person that has neither a business establishment, fixed establishment nor usual place of residence in Singapore, and hence belongs outside Singapore). Under certain conditions, this will also include both an overseas and local electronic marketplace operator.

4 Background

- 4.1 The advent of technology has fuelled the growth of e-commerce by increasing the capability of businesses to make cross-border sales without the need for a physical shop-front in the respective countries where the consumers are. Consumers are able to purchase services from overseas suppliers directly or through intermediaries such as electronic marketplaces.
- 4.2 Under current GST rules, whether a supply of services is subject to GST depends on the belonging status⁵ of the supplier. A supply of services is subject to GST if it is made by a supplier that belongs in Singapore. Conversely, a supply of services falls outside the scope of GST if the supplier belongs outside Singapore, even if the services are consumed in Singapore.
- 4.3 This means that if the services are procured from a local GST-registered supplier, GST is applicable, whereas the same supply of services, if procured from an overseas supplier, would not be subject to GST. Example 1 provides a further illustration on the current difference in GST treatment between locally sourced services and imported services.

Example 1

Mr Tan subscribes to cable TV services from a local service provider. As the service provider is GST-registered, he is charged GST on the subscription fee. He decides to switch to another service provider, which offers the same TV channels but is based overseas.

As the overseas service provider belongs outside Singapore, the services it provides to Mr Tan and other customers in Singapore are out of scope of GST. As the overseas service provider is not GST-registered, Mr Tan is not charged GST on the subscription fee, although he receives similar services and consumes them in Singapore.

- 4.4 As seen in Example 1, the current non-taxation of imported services results in a disparity in GST treatment between similar supplies made by GST-registered local businesses and overseas ones. GST is a tax on local consumption, and hence, ought to be levied on all supplies of goods and services consumed in Singapore, whether they are procured locally or from overseas.

⁵ The supplier of services is treated as belonging in Singapore if it has a business or fixed establishment ("BE" or "FE") in Singapore, or if it has establishments both in and outside Singapore, the establishment in Singapore is the one most directly concerned with making the supply.

- 4.5 As such, to bring about a level playing field in GST treatment of procured services, the overseas vendor registration regime will be implemented on 1 Jan 2020 to tax B2C digital services supplied by Overseas Vendors to customers in Singapore.

5 Scope of digital services

- 5.1 With the implementation of the overseas vendor registration regime, GST will apply to supplies of digital services made by Overseas Vendors to non-GST registered customers in Singapore.
- 5.2 Digital services are defined as *services which are supplied over the Internet or an electronic network and the nature of which renders their supply essentially automated with minimal or no human intervention, and impossible without the use of information technology.*
- 5.3 These services include the supplies of the following:
- Downloadable digital content (e.g. downloading of mobile applications, e-books and movies);
 - Subscription-based media (e.g. news, magazines, streaming of TV shows and music, and online gaming);
 - Software programs (e.g. downloading of software, drivers, website filters and firewalls);
 - Electronic data management (e.g. website hosting, online data warehousing, file-sharing and cloud storage services); and
 - Support services, performed via electronic means, to arrange or facilitate a transaction, which may not be digital in nature (e.g. commission, listing fees and service charges)

Example 2

Company A, established in the United Kingdom, supplies e-books and magazines, which can be purchased and downloaded from its website to customers worldwide. As these supplies fall within the definition of digital services, Company A is required to charge and account for GST on supplies made to non-GST registered customers in Singapore, if it is registered under the overseas vendor registration regime.

Example 3

Company B, established in Germany, aggregates accommodation availability from accommodation providers worldwide on its website and allows customers to search and book accommodation. Upon each confirmed booking, Company B charges a service fee to the respective accommodation providers and a booking fee to customers.

As the fees charged relate to support services provided to facilitate the booking of accommodation, and are performed via electronic means, these fees fall within the definition of digital services. As such, Company B is required to charge and account for GST on supplies made to non-GST registered customers (i.e. both the providers of accommodation as well as those who book accommodation) in Singapore, if it is registered under the overseas vendor registration regime.

Company B's Services	GST Treatment
Service fees to non-GST registered Singapore accommodation providers	Subject to GST as services are within scope and provided to non-GST registered persons in Singapore.
Booking fees charged to non-GST registered Singapore customers	
Service/Booking fees to Overseas persons	Not subject to GST as outside the scope of the regime.

Note: The GST treatment of digital services depends on the location of the customer, and not the location of accommodation.

- 5.4 For ease of compliance, Overseas Vendors may charge GST on the supply of non-digital services that are supplied together with the principal digital services. **To do so, the Overseas Vendor must first seek approval from the Comptroller in writing.**

Example 4

Company C, established in Thailand, supplies electronic software to customers worldwide, which may be accessed and downloaded over its cloud server. It also provides on-site training services for each software purchase. Notwithstanding that the training services are non-digital in nature, the services are provided together with the supply of electronic software. If Company C chooses to charge GST on the supply of the on-site training services and has obtained approval from the Comptroller to do so, it may charge and account for GST on the supplies of electronic software, including the on-site training services, to non-GST registered customers in Singapore.

- 5.5 For greater clarity, a list of included and excluded services and relevant examples under the overseas vendor registration regime can be found in **Annex A**. Please note that this list is not exhaustive. If a particular service is not explicitly mentioned in the list, you must nevertheless determine if the service would qualify as a supply of digital service, based on the definition of digital services.

6 Electronic Marketplaces

- 6.1 To reach a wider network of customers, suppliers may choose to market and sell their products through intermediaries such as electronic marketplaces⁶.

- 6.2 Given the electronic marketplace's involvement in the digital supply chain and its interaction with both the suppliers and consumers, these intermediaries are well-positioned to collect and account for GST, on behalf of these suppliers. Consequently, **local and overseas operators of electronic marketplaces may be regarded as the suppliers for digital services made through the marketplace, on behalf of overseas suppliers**, when certain conditions are met. The rules set out in the following paragraphs apply to both local and overseas operators of electronic marketplaces.

6.3 When is an Electronic Marketplace regarded as the supplier?

- 6.3.1 The operator of the electronic marketplace will be regarded as the supplier, if **any** of the following conditions are met:

- (i) The electronic marketplace authorises the charge to the customer;

(The electronic marketplace authorises the charge to the customer if it communicates the liability to pay to the customer, or influences whether or at what time the customer pays for the supply. This is typically done by initiating the process through which the customer is charged, and includes situations where the electronic marketplace's website connects the customer to a third party who receives the instruction and processes the payment. Hence, to authorise the charge, it is not necessary for the electronic marketplace itself to collect or receive the payment, or be involved in the entire payment process.)

- (ii) The electronic marketplace authorises the delivery of supply to the customer;

⁶ The definition of an electronic marketplace can be found in the Glossary, in Paragraph 3.4. It includes marketplaces operated via a website, internet portal, gateway, distribution platform or any other types of electronic interface, but excludes payment processors or internet service providers.

(An electronic marketplace authorises delivery of a supply if it sends approval to commence delivery, delivers the item itself, or instructs the merchant or a third party to make delivery.)

- (iii) The electronic marketplace sets the terms and conditions under which the supply is made;

(Examples of setting terms and conditions include having control or influence over the pricing of the supply, requiring the merchant to accept one or more specific payment methods or shipping or delivery methods, providing customer care or support, or owning customer data in relation to the supply.)

- (iv) The documentation provided to the customer identifies the supply as made by the marketplace, and not the merchant; or

(Examples of such documentation include hardcopy or electronic receipts or invoices, or information displayed on the electronic marketplace's website.)

- (v) The electronic marketplace and the merchant contractually agree that the marketplace is liable for GST.

An electronic marketplace may not be regarded as the supplier only if **none** of the abovementioned conditions is satisfied.

6.4 **GST treatment for supplies made on behalf of suppliers through electronic marketplaces**

6.4.1 Once an electronic marketplace operator is regarded as the supplier under the overseas vendor registration regime, the operator is required to charge and account for GST on supplies of digital services made on behalf of the **overseas suppliers** listed on its platform to non-GST registered customers in Singapore, in addition to current taxable supplies made by the operator. This includes all supplies of digital services made through the platform by the overseas suppliers regardless of whether they are GST-registered or liable to register for GST.

6.4.2 Local GST-registered suppliers that make supplies of digital services through the electronic marketplace will continue to account for GST in their own GST returns.

6.5 **Accounting for GST on supplies made by local suppliers through electronic marketplaces**

6.5.1 To facilitate compliance, electronic marketplace operators may charge and account for GST on all B2C digital services made by both local and overseas suppliers through the marketplace.

- 6.5.2 In this regard, the supply of digital services will be deemed as two consecutive supplies – the first being a supply of services from the supplier to the marketplace operator at the selling price to the consumer, and the second a supply of those services from the marketplace operator to the consumer. This way, the local GST-registered suppliers selling through such GST-registered marketplaces can claim input tax incurred in making these supplies.
- 6.5.3 The deemed supply of services from the local supplier to the marketplace operator will be standard-rated if it is supplied to a local marketplace operator, and zero-rated if supplied to an overseas marketplace operator.
- 6.5.4 Local GST-registered suppliers are required to report the deemed supply of services made to the marketplace operators in their GST returns. Likewise, local GST-registered marketplace operators are required to report the deemed supply of services from the local suppliers as their purchases. For administrative ease, the local supplier and marketplace operator may report its sales and purchases, respectively, on this deemed supply based on the sales listings of the digital services supplied through the marketplace by the local supplier⁷.
- 6.5.5 As for local non-GST registered suppliers, they are required to include the value of deemed supply of services made to marketplace operators when determining their GST registration liability.
- 6.5.6 In order for electronic marketplace operators to account for GST on all digital services made by both local and overseas suppliers through their respective marketplaces, **the operator must first seek approval from the Comptroller in writing.**
- 6.5.7 To prevent the incidence of double taxation, where both the supplier and electronic marketplace operator charge and account for GST on the same supply of digital services to the same end-customer, the marketplace operators must either:
- (i) agree with the suppliers and inform them that the marketplace operators would be accounting for GST on the digital services made through the marketplace; or
 - (ii) maintain contractual agreements with the suppliers to reflect the updated GST obligations.

⁷ Such sales listings are typically shared by the marketplace operator with their suppliers and must be in the format stated in IRAS' record keeping guidelines: Accessible at www.iras.gov.sg > GST > GST-registered businesses > Learning the basics > How to implement GST > Invoicing, Price Display and Record Keeping > Keeping Records

6.5.8 The following table summarises the GST treatment of the B2C supplies of digital services under various scenarios:

Type of B2C supply made to customer in Singapore	GST Treatment	
	Scenario 1: Marketplace operator charge and account for GST only for overseas suppliers	Scenario 2: Marketplace operator has obtained approval to charge and account for GST for both local and overseas suppliers
Digital services made by electronic marketplace operator (e.g. commission, service fees)	Subject to GST and accounted for by electronic marketplace operator	
Digital services made by overseas supplier through electronic marketplace		
Digital services made by GST-registered local supplier through electronic marketplace	Subject to GST and accounted for by the <u>local supplier</u>	Subject to GST and accounted for by <u>electronic marketplace operator</u> Supply deemed as two consecutive supplies – the first being a supply of services from the supplier to the marketplace operator at the selling price to the consumer, and the second a supply of services from the marketplace operator to the consumer.
Digital services made by non-GST registered local supplier through electronic marketplace	Not subject to GST as supplier is not GST registered Nevertheless, value of supplies are to be included in supplier's taxable turnover for GST registration liability determination	Supply made to the marketplace operator to be reported in the supplier's GST returns if registered, and to be included in taxable turnover for registration liability determination if not yet registered.

- 6.6 **Accounting for GST on B2B supplies made by suppliers through a local electronic marketplace⁸**
- 6.6.1 To facilitate compliance, a **local** electronic marketplace operator may **seek approval from the Comptroller in writing** to charge and account for GST on both B2C and **B2B supplies** of digital services made by suppliers through the marketplace. This option is not available to overseas electronic marketplace operators for protection of revenue.
- 6.6.2 Where the Comptroller has given approval for this to apply, digital services will be deemed as two consecutive supplies – the first being a supply of services from the supplier to the marketplace operator at the selling price to its customer, and the second a supply of those services from the marketplace operator to the customer.
- 6.6.3 If the local electronic marketplace has also obtained approval from the Comptroller to account for GST on supplies made by local suppliers through its marketplace (as mentioned in paragraph 6.5.6), the deemed supply of services from the local supplier to the marketplace operator will be a standard-rated supply.
- 6.6.4 Local GST-registered suppliers are required to report the deemed supply of services made to the local marketplace operators in their GST returns. Likewise, local GST-registered marketplace operators are required to report the deemed supply of services from the local suppliers as their purchases. For administrative ease, the local supplier and marketplace operator may report its sales and purchases, respectively, on this deemed supply based on the sales listings of the B2C and B2B digital services supplied through the marketplace by the local supplier.
- 6.6.5 As for local non-GST registered suppliers, they are required to include the value of deemed supply of services made to marketplace operators when determining their own GST registration liability.
- 6.6.6 Besides having good compliance records, local electronic marketplace operators that would like to adopt this treatment must fulfil the following conditions:
- (i) Either:
 - a. Agree with their underlying suppliers and inform them that the marketplace will be accounting for GST on B2C and B2B supplies of digital services made through the marketplace; or
 - b. Maintain contractual agreements with the suppliers to reflect the updated GST obligations; and
 - (ii) Issue tax invoices to its customers to allow GST-registered customers to claim the input tax incurred; and
 - (iii) Satisfy the Comptroller that there is genuine difficulty for the local marketplace operator to differentiate between B2C and B2B

⁸ This option is subject to the passing of the GST (Amendments) Bill 2019 in Parliament.

supplies, or for the GST-registered customer to determine if the digital service is procured from an overseas supplier.

7 GST Registration

7.1 Compulsory Registration

Overseas Suppliers and Overseas Electronic Marketplaces

- 7.1.1 Under the overseas vendor registration regime, a two-tier registration threshold, based on the value of annual global turnover⁹ as well as the value of digital services made to customers in Singapore, applies for overseas suppliers and overseas electronic marketplace operators.
- 7.1.2 Currently, local suppliers determine their GST registration liability based on the value of taxable turnover, which comprises both supplies made domestically and internationally. Hence, using a global turnover, which includes all supplies that would be taxable supplies if made otherwise in Singapore, ensures consistency and neutrality with the current registration threshold.
- 7.1.3 In addition to the global turnover, a registration threshold based on the value of digital services made to customers in Singapore is put in place to avoid imposing unnecessary compliance burden on overseas suppliers. Consequently, suppliers with sizeable global turnover but which may not make significant sales to Singapore will not come within scope of the tax.
- 7.1.4 As an overseas supplier or overseas electronic marketplace operator, you are liable for GST registration under either the retrospective or prospective basis, if you satisfy the following conditions:

Retrospective basis:

- (i) Your global turnover and value of digital services made to non-GST registered customers in Singapore for the calendar year (i.e. 1 Jan to 31 Dec) exceed **S\$1 million** and **S\$100,000** respectively.

However, if you are certain that, because of specific circumstances, your global turnover or value of digital services made to customers in Singapore will not exceed S\$1 million and S\$100,000 respectively in the next calendar year, and you can substantiate this with documentation, you will not be liable for GST registration.

⁹ Global turnover refers to all supplies made by you that would be taxable supplies if made in Singapore. For operators of overseas electronic marketplaces, you are also required to include the value of digital services made to consumers in Singapore by overseas suppliers through your marketplace when computing your global turnover (please refer to Paragraph 7.1.6 for more information).

Prospective basis:

- (ii) You reasonably expect the value of your global turnover and supplies of digital services to non-GST registered customers in Singapore to exceed S\$1 million and S\$100,000 respectively for the next 12 months.

Overseas Electronic Marketplaces

- 7.1.5 If you fulfil the conditions set out in Paragraph 6.3, you are regarded as the supplier of the digital services made by overseas suppliers through your marketplace.
- 7.1.6 Consequently, to compute your global turnover and determine your GST registration, you are required to sum up the value of digital services made by you directly to customers in Singapore, as well as the value of digital services made to customers in Singapore by the overseas suppliers through your marketplace.

Example 5

Overseas electronic marketplace D is a mobile application store, which lists and sells mobile applications, on behalf of application developers worldwide. Its annual global turnover in 2020 is S\$5 million. In the period covering 1 Jan 2020 and 31 Dec 2020, sales of mobile applications by overseas application developers through marketplace D to non-GST registered customers in Singapore amounted to S\$80,000.

In the same period, marketplace D makes supplies of support services and commission of S\$30,000 to non-GST registered mobile application developers belonging in Singapore, for facilitating the sales of mobile applications through its platform.

In order to determine its GST registration liability, marketplace D is required to sum up the value of digital services it makes to customers in Singapore (S\$30,000) and the digital services made by its overseas suppliers through its platform (S\$80,000). As marketplace D's global turnover and supplies to customers in Singapore exceed S\$1 million and S\$100,000 respectively, it is liable for GST registration under the overseas vendor registration regime.

Local Electronic Marketplaces

- 7.1.7 If you are a local non-GST registered electronic marketplace operator, the value of your taxable turnover will include the value of digital services made on behalf of overseas suppliers through your marketplace, in addition to taxable supplies made by you (collectively referred as 'combined turnover').
- 7.1.8 Similar to local suppliers, you are liable for GST registration under the retrospective basis if the combined turnover¹⁰ for the calendar year is more than S\$1 million, or under the prospective basis if you can reasonably expect your combined turnover in the next 12 months to be more than S\$1 million. The turnover should aggregate the value of digital services made directly by you and also that made through you by the overseas suppliers to the non-GST registered customers in Singapore.

Example 6

Electronic marketplace E is a mobile application store established in Singapore which lists and sells mobile applications, on behalf of both local and overseas application developers.

Marketplace E's taxable turnover in 2020 is S\$950,000. In addition, sales of mobile applications in 2020 by overseas application developers through marketplace E to non-GST registered customers in Singapore amounted to S\$80,000.

As marketplace E belongs in Singapore, it is subject to domestic GST registration rules. In order to determine its GST registration liability, it is required to sum up its taxable turnover (S\$950,000) and the value of digital services made by its overseas suppliers through its platform (S\$80,000).

As such, it is liable for GST registration, as its combined turnover for the calendar year 2020 exceeds S\$1 million (S\$1.03 million).

Note: The S\$100,000 registration threshold based on the value of digital services made to customers in Singapore does not apply to local electronic marketplaces.

- 7.1.9 You may refer to Annex B to determine if the overseas vendor registration regime applies to you, and whether you need to register for GST under the new rules.

¹⁰ This refers to the total taxable turnover, which includes both standard-rated and zero-rated supplies made by the marketplace, and the digital services it makes on behalf of overseas suppliers. The S\$100,000 threshold of digital services made to non-GST registered customers in Singapore does not apply to local marketplaces.

7.1.10 If you are liable for GST registration, you are required to apply for GST registration within 30 days of:

- (i) the end of the relevant calendar year under the retrospective basis; or
- (ii) the day you are liable for GST registration under the prospective basis.

7.1.11 The following table summarises the registration rules and specifies the notification of liability and the effective date of registration:

	Retrospective basis	Prospective basis
You are liable for GST registration when	Your global turnover and supplies made to customers in Singapore for the calendar year (i.e. 1 Jan to 31 Dec) are more than S\$1 million and S\$100,000 respectively.	At any time, if there are reasonable grounds (e.g. signing of a sales contract or business agreement) to believe that your global turnover and supplies made to customers in Singapore will be more than S\$1 million and S\$100,000 respectively. (Note: If the date of forecast is before 1 Jan 2020, the 12-month period for determining prospective registration liability is 1 Jan 2020 to 31 Dec 2020.)
You are required to notify IRAS of your GST registration liability by	If your GST registration liability is triggered on/after 31 Dec 2019: Within 30 days of the end of that relevant calendar year. For example, if your liability arises on 31 Dec 2019, you are required to inform the Comptroller by 30 Jan 2020.	If your GST registration liability is triggered before 23 Oct 2019: <ul style="list-style-type: none"> • 1 Nov 2019 If your GST registration liability is triggered during the period from 23 Oct to 31 Dec 2019: <ul style="list-style-type: none"> • By 31 Jan 2020 If your GST registration liability is triggered on or after 1 Jan 2020: <ul style="list-style-type: none"> • Within 30 days from the date of the forecast. For example, if your date of forecast is 15 Jan 2020, you are required to inform the Comptroller by 14 Feb 2020.

Your effective date of GST registration will be on	<p>If your GST registration liability is triggered on/after 31 Dec 2019:</p> <p>End of the month following the month in which the 30th day falls.</p> <p>For example, if your liability arises on 31 Dec 2019, you will be registered on 1 Mar 2020.</p>	<p>If your GST registration liability is triggered before 23 Oct 2019:</p> <ul style="list-style-type: none"> • 1 Jan 2020 <p>If your GST registration liability is triggered during the period from 23 Oct to 31 Dec 2019:</p> <ul style="list-style-type: none"> • 1 Feb 2020 or earlier <p>If your GST registration liability is triggered on or after 1 Jan 2020:</p> <ul style="list-style-type: none"> • 31st day from the date of your forecast. <p>For example, if your date of forecast is 15 Jan 2020, you will be registered on 15 Feb 2020.</p>
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Example 7 – Retrospective basis

Value of digital services made to Singapore customers	Business A (\$)	Business B (\$)
<i>Determination date</i>	<i>31 Dec 2019</i>	<i>31 Dec 2019</i>
Calendar year ending on the Determination date (Actual)	200,000	200,000
12 months from Determination date (Expected)	300,000	50,000
<i>Registration required</i>	<i>Yes</i>	<i>No</i>
<i>GST registration application Due date</i>	<i>30 Jan 2020</i>	<i>-</i>

Assuming actual and expected global turnover exceed S\$1 million

Example 8 – Prospective basis

Value of digital services made to Singapore customers	Business C (\$)	Business D (\$)	Business E (\$)
<i>Determination date</i>	<i>22 Oct 2019</i>	<i>23 Oct 2019</i>	<i>23 Oct 2019</i>
12 months from Determination date (Expected)	300,000	300,000	50,000
<i>Registration required</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>
<i>GST registration application Due date</i>	<i>1 Nov 2019</i>	<i>31 Jan 2020</i>	<i>-</i>

Assuming expected global turnover exceeds S\$1 million

7.1.12 After your application for GST registration is approved, you will receive a Notification of GST Registration. The notification will state your GST registration number and effective date of GST registration.

7.2 **Voluntary GST Registration**

7.2.1 If you are an overseas supplier or an electronic marketplace operator but do not cross the registration threshold to be liable for GST registration, you may apply for voluntary GST registration. You will have to satisfy the Comptroller in writing that:

- (i) You are operating or carrying on a business; and
- (ii) You make or have firm intention to make:
 - a. supplies that would be taxable if made in Singapore; and
 - b. supplies of digital services either directly or on behalf of overseas suppliers through your marketplace to non-GST registered customers in Singapore.

7.2.2 After your application is approved, you must remain registered for at least two years. The Comptroller may impose other conditions for your GST registration as he thinks fit such as requiring you to take up a banker's guarantee.

7.3 **Simplified Pay-only Registration Regime**

7.3.1 For ease of compliance, overseas suppliers and overseas electronic marketplace operators will be registered under a simplified pay-only regime. While input tax claims incurred on taxable purchases made in Singapore are not allowed, the regime features simplified GST reporting and documentation requirements.

7.3.2 The features of the regime may be found below:

	Feature
GST Registration	<p>You can register for GST by completing the GST registration application form for Overseas Vendors via the following link: https://go.gov.sg/ovr-regn.</p> <p>Documents required:</p> <ul style="list-style-type: none"> (a) Declaration Form signed by director/partner/sole-proprietor (b) Certificate of Incorporation, officially translated into English and notarised (it should contain your entity name, date of incorporation, and country of incorporation) <p>You are not required to appoint a local agent to handle your tax matters in Singapore, nor are you required to provide a security deposit during the course of registration unless you are applying</p>

	for voluntary GST registration. However, if you wish to appoint a local agent to handle your GST matters, you may also do so.
Group Registration	<p>For ease of compliance, Overseas Vendors registered under the simplified pay-only regime may apply for group registration.</p> <p>If you would like to register as a GST group, you must fulfil all the following conditions:</p> <ul style="list-style-type: none"> (a) All members in the proposed group must be registered under the simplified pay-only regime. (b) Each member in the proposed group must already be registered for GST individually. (c) Each member in the proposed group must have at least one of the following attributes: <ul style="list-style-type: none"> (i) Annual turnover of at least \$1 million; (ii) Listed on a securities exchange established in or outside Singapore; (iii) A subsidiary of a body corporate that fulfills (i) or (ii); or (iv) Financed by an entity (as part of its venture capital investment business) who fulfills (i) or (ii). (d) The nominated representative member must appoint a local agent under section 33(1) to act on behalf of the group¹¹. (e) Each member in the proposed group must satisfy one of the following control¹² requirements: <ul style="list-style-type: none"> (i) One of the members controls each of the others; (ii) One non-member (whether a body corporate or an individual) controls all the members; or (iii) Two or more individuals (non-member) carrying on a business in partnership control all of the members. <p>You can apply for group registration by writing in to request for the OVR group registration application form. Please note that Group registration is subject to the approval of the Comptroller and the Comptroller can refuse an application for the protection of revenue.</p>
GST Filing and Payment	Once GST registered, you are to charge GST on all taxable supplies ¹³ , including supplies of digital services made to non-GST registered customers belonging in Singapore. You are required to report only the value of supplies made and the GST collected in the relevant accounting period on a quarterly basis.

¹¹ The GST Group must also appoint a SingPass holder as a GST CorpPass administrator for filing of GST.

¹² For control to exist, there must be a holding company-subsidary company relationship. In general, control exists if the holding company controls the composition of the board of directors or more than half of the voting power of the other corporate body, or holds more than half of the issued share capital (excluding preference shares) of the other corporate body.

¹³ Overseas Vendors that are registered under the simplified pay-only regime are required to charge and account for GST on all taxable supplies, digital or otherwise (e.g. local sale of goods or supplies of services by a business or fixed establishment in Singapore).

	<p>Overseas Vendors registered under the simplified pay-only regime will file simplified GST returns with only selected boxes¹⁴. You must submit accurate GST returns via e-Filing and make payment electronically for the tax due in a timely manner. The due date for GST return filing and payment is within one month from the end of each accounting period. For payments via telegraphic transfer, you should make the remittance at least one week before the due date to ensure on time payment.</p>
Correction of Errors	<p>If you have made errors in your GST returns, you should correct them in your next GST return. However, where significant errors are made (e.g. incorrectly overstating the value of output tax due in Box 6), you may instead choose to write in to request for an adjustment of your current GST returns, providing reasons for the adjustment.</p> <p>You are also required to inform the Comptroller in writing of any upward adjustments in respect of sales made more than one year from the statutory filing deadline, as late payment penalties will apply.</p>
Refunds	<p>While input tax claims are not a feature of the simplified regime, there may be situations where an Overseas Vendor may be in a net GST refundable position.</p> <p>For instance, you may report negative output tax when your downward GST adjustments arising from credit notes relating to past sales issued exceed the supplies made in the relevant accounting period.</p> <p>In such cases, the net GST refundable will be retained as credit for offset against GST payable by you in future periods. Alternatively, you may, subject to the Comptroller's approval, request for the net GST to be refunded if you are willing to bear the associated remittance charges.</p>
Bad Debt Relief	<p>When debts cannot be recovered, you may apply for bad debt relief to recover the associated GST charged but unpaid by your customers.</p> <p>You are required to complete the Checklist for Self-Review of Eligibility of Claim¹⁵ and keep it as part of your records. You may then proceed to make a claim in Box 11¹⁶ of your GST returns if</p>

¹⁴ Only Box 1 (Value of Standard-rated Supplies), Box 2 (Value of Zero-rated Supplies), Box 6 (Output Tax Due), Box 11 (Bad Debt Relief Claims) and Box 15 (for Electronic Marketplaces) are available for completion.

¹⁵ Accessible at www.iras.gov.sg > GST > GST registered businesses > Working out your taxes > Common scenarios – Do I charge/ deem/ claim GST > Customer > Bad Debt Relief

¹⁶ Box 7 will be automatically populated with the amount entered into Box 11.

	you satisfy all the conditions. For more information on bad debt relief, you may refer to our webpage relating to bad debt relief .
Invoicing, Price Display and Record Keeping	<p>There will not be additional invoicing and price display requirements imposed on you under the simplified regime¹⁷, beyond your usual business practices¹⁸. However, similar to local GST-registered businesses, you are expected to maintain proper business and accounting records for at least 5 years, in order to support GST declarations.</p> <p>For example, under the simplified regime, while you are not required to display or print your customer's GST registration number on invoices issued, such customer information should be maintained as part of your records.</p> <p>You are expected to retain and make available upon request supporting documents, including sales listings, invoices issued, payment evidence and customer information to substantiate GST collected from all supplies made to customers in Singapore. You may refer to the e-Tax Guide "Record Keeping Guide for GST-registered Businesses" for more information on the records that need to be kept.</p>

7.4 **Reporting Requirements**

7.4.1 GST-registered businesses that belong overseas¹⁹ and operators of electronic marketplaces are required to report supplies of digital services made to non-GST registered customers²⁰ in Singapore in the following boxes of the GST return:

To report	Boxes in GST return²¹
Value of digital services made to non-GST registered customers ¹⁸ in Singapore	Box 1

¹⁷ The simplified invoicing and price display features apply to supplies of digital services made by an Overseas Vendor registered under the simplified pay-only registration regime. If such Overseas Vendors make taxable supplies in Singapore (e.g., a local supply of goods), the normal invoicing and price display requirements will apply in respect of the taxable supplies made in Singapore.

¹⁸ For example, if as part of your usual business practice, you do not issue invoices to your customers, you will not be required to do so under the simplified pay-only registration regime. You are however required to maintain proper business and accounting records for at least 5 years, in order to support your GST declarations.

¹⁹ Including GST-registered businesses that have business establishments and/or fixed establishments both overseas and in Singapore, where the establishment most directly concerned with the supply of digital services is overseas.

²⁰ For local marketplace operators whom the Comptroller has allowed to account for GST on B2B supplies of digital services made by suppliers through its marketplace, the value of such supplies should also be reported in their GST returns accordingly.

²¹ Apart from digital services, you must also charge and account for GST on all other taxable supplies. For example, sales of goods and supplies of services by business or fixed establishments in Singapore must also be reported in Box 1 (Value of Standard-rated Supplies) and/or Box 2 (Value of Zero-rated Supplies).

Value of output tax charged on digital services made to non-GST registered customers ¹⁸ in Singapore	Box 6
<p>If you are a local or overseas electronic marketplace operator supplying digital services on behalf of underlying suppliers, indicate 'Yes' and include the value of such digital services that are subject to GST in this box.</p> <p>This same amount should also be included in Box 1 together with the value of the electronic marketplace operator's own digital services made to non-GST registered customers²⁰ in Singapore.</p>	Box 15

Example 9

Overseas electronic marketplace F is a GST-registered mobile application store, which lists and sells mobile applications, on behalf of application developers worldwide.

During the quarter of 1 Apr 2020 to 30 Jun 2020, sales of mobile applications by overseas application developers through marketplace F to non-GST registered customers in Singapore amounted to S\$160,500 (inclusive of GST). In the same period, marketplace F also made supplies of support services and commission of S\$53,500 (inclusive of GST) to non-GST registered mobile application developers belonging in Singapore, for facilitating the sales of mobile applications through its platform.

If no other supplies are made by marketplace F during this period, marketplace F is required to report in its GST returns:

Boxes in GST return	Reported Amount
Box 1	S\$200,000
Box 6	S\$14,000
Box 15	(Indicate "Yes") S\$150,000

7.5 GST De-registration

7.5.1 Overseas suppliers and overseas electronic marketplace operators may apply for cancellation of GST registration if the following conditions are satisfied:

- (i) You are certain that your global turnover for the next 12 months will be S\$1 million or less; or

- (ii) You are certain that the value of digital services made to customers in Singapore for the next 12 months will be S\$100,000 or less; and
- (iii) You are not under voluntary registration for less than two years.

8 Determining where the customer belongs

8.1 Under the overseas vendor registration regime, Overseas Vendors are required to determine whether the digital services are supplied to customers belonging in Singapore.

8.2 For consistency with current GST rules, the existing belonging status guidelines, as follows, will continue to apply for Overseas Vendors to determine if the customer belongs in Singapore.

8.3 For a corporate entity, the customer is treated as belonging in Singapore if:

- (i) he has a business establishment (“BE”) (i.e. an agency or a branch in Singapore) or fixed establishment (“FE”) only in Singapore; or
- (ii) he has a BE or FE both in Singapore and outside Singapore and the services are most directly used or to be used by his establishment in Singapore; or
- (iii) he does not have a BE or FE in any country but his usual place of residence (i.e. place of incorporation or place of legal constitution) is in Singapore.

8.4 For an individual, the customer is treated as belonging in Singapore if his usual place of residence is in Singapore. The customer’s “usual place of residence” is in Singapore if:

- (i) he resides in Singapore for a settled purpose, such as to pursue a course or study or due to employment; and
- (ii) his stay in Singapore has some degree of continuity, apart from temporary or occasional absence, such that it forms part of the regular and habitual pattern of his life.

Generally, the residential address of an individual may be regarded as his usual place of residence.

8.5 Given that digital services are transacted over the internet with limited information available in some instances, Overseas Vendors may not be able to properly verify the belonging status of the customers. Therefore, as an administrative concession, you can use the following proxy indicators to determine the belonging status of your customers.

8.6 Overseas Vendors are required to obtain and maintain at least two pieces of non-conflicting evidence of your customers’ belonging status, based on the following three proxy categories:

- (i) Payment Proxy (e.g. credit card information based on BIN number²², bank account details)
- (ii) Residence Proxy (e.g. billing address, home address)
- (iii) Access Proxy (e.g. mobile country code of SIM card, IP address, location of fixed land line through which the service is supplied)

8.7 The two pieces of non-conflicting evidence should comprise **one payment proxy, and either a residence or access proxy**. In the event that the payment proxy is not available or is contradictory, you are then required to obtain two pieces of non-conflicting evidence consisting of a residence and access proxy each.

8.8 The proxy indicators listed are non-exhaustive, and you may use other commercially available information which fit into any of the three proxy categories for the determination of where the customer belongs.

Example 10

An Australian resident visiting Singapore purchases and downloads a movie digitally from overseas Company G. Company G is registered under the overseas vendor registration regime, and its IT system determines where its customer belongs by matching the customer's belonging status based on the credit card information provided, with either the customer's billing address or IP address.

Although the customer's IP address indicates that he belongs in Singapore, the customer's billing address indicates that he belongs in Australia which matches with the credit card information provided. Company G concludes that the customer belongs in Australia and does not charge GST on the sale of the movie.

8.9 If you are unable to adopt the abovementioned guidelines due to exceptional business circumstances, please seek approval from the Comptroller in writing for alternative methods of determining where the customer belongs.

For instance, if an Overseas Vendor imposes geographical restrictions on customer accounts based on location proxies, and is able to identify the customer's belonging status solely from the customer account, the vendor may write in to seek the Comptroller's approval to use the location information associated with the customer accounts in determining where the customer belongs.

²² Bank identification number (BIN), also known as the Issuer Identification Number, is the first 6 digits of a credit card number. It identifies the institution that issued the card to the card holder.

9 Determining whether a supply is a B2C supply

- 9.1 As GST is generally applied only on B2C supplies of digital services under the overseas vendor registration regime, Overseas Vendors are required to determine if a customer is GST-registered, and should charge and account for GST on supplies made only to non-GST registered customers.
- 9.2 By default, you will treat the services as being supplied to a non-GST registered customer, and should charge and account for GST, unless the customer provides his GST registration number. The responsibility lies with the GST-registered customer to provide his GST registration number as evidence that he is indeed GST-registered.
- 9.3 You may rely on the GST registration number provided by your customers as proof of their GST registration. Accordingly, you are not required to charge and account for GST on these supplies. However, **you must maintain this customer information in your sales documentation for audit purposes.**
- 9.4 If you are unable to determine the GST registration status of your customers based on the abovementioned guidelines due to exceptional business circumstances, please seek approval from the Comptroller in writing for alternative methods of determination.

For example, if an Overseas Vendor is able to determine the GST registration status of its customers based on the nature and value of the supplies made (e.g. provision of a specialised high-value software package associated with commercial use), or the terms and conditions of the provision of the digital services (e.g. cloud services licensed for enterprise use across a large number of networked computers) , he may write in and seek the Comptroller's approval to use an alternative method for identifying whether his customers are GST-registered persons.

Incorrect representation by customers

- 9.5 Where GST-registered customers fail to provide their GST registration numbers and are incorrectly charged with GST, they should contact the overseas vendor to obtain a refund, instead of claiming input tax on the purchases.
- 9.6 Correspondingly, the Overseas Vendors will adjust and reduce the output tax to be accounted for in their GST returns, to take into account the GST that was collected and subsequently refunded. The Overseas Vendors should also issue a credit note (or an equivalent document) to the customers for the refund, and maintain proper record keeping on such transactions.
- 9.7 If applicable, the GST-registered customer should perform reverse charge on the overseas purchase of digital services. For more information on who

is subject reverse charge, you may refer to the IRAS e-Tax Guide “GST: Taxing imported services by way of reverse charge”.

- 9.8 On the other hand, non-GST registered customers **should not** provide incorrect or false information to the Overseas Vendors on the supplies of digital services. It is a **serious offence** for a non-GST registered customer to misrepresent himself as a GST-registered person or as a customer belonging outside Singapore for the purpose of avoiding GST. Upon conviction, offenders may face heavy penalties (as elaborated in Paragraph 13.4).

10 GST Administration

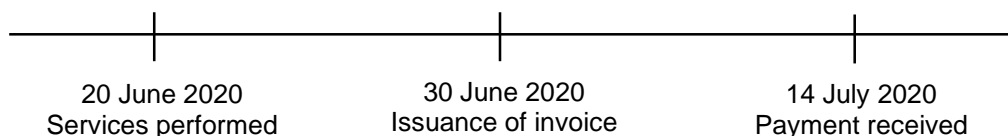
10.1 Time of Supply

- 10.1.1 Once you are GST-registered under the overseas vendor registration regime, you are required to charge and collect GST on all supplies of digital services made to non-GST registered customers in Singapore. For each transaction, you need to determine when the supply has been made by applying the time of supply rules. You are required to report the supply and account for GST (i.e. output tax) in your GST returns based on the time of supply.

- 10.1.2 The time of supply is triggered by the earlier of the following two events:

- (i) When payment is received; or
- (ii) When an invoice (or any equivalent document that serves as a bill for payment) is issued.

Example 11



Based on the time of supply rules, the time of supply is triggered at the invoice issuance date on 30 June 2020, i.e. the earlier of the issuance of the supplier's invoice and the date of payment. If your prescribed accounting periods are Jan-Mar, Apr-Jun, Jul-Sep and Oct-Dec, you shall account for GST on the digital services made in the prescribed accounting period ended 30 June 2020.

10.2 **Supplies Straddling GST Registration Date**

- 10.2.1 Supplies of digital services made by an Overseas Vendor may straddle its GST registration date. In such circumstances, if the invoice is issued and payment is received after the supplier's GST registration date, the supply of services shall be treated as taking place after the date of registration, and hence GST is charged and accounted for on the supply of services.
- 10.2.2 However, if the service is performed before the Overseas Vendor becomes GST-registered, the supplier may instead rely on the date when the service is performed and hence, not charge and account for GST on these supplies, if the customer so requests. The supplier however must maintain supporting documents (e.g. contract agreements) to substantiate that the service was performed before its GST registration.

Example 12

Company A is an overseas mobile application platform that allows application developers to list mobile applications which can be purchased and downloaded by end-customers around the world. Company A earns a commission from the developers for facilitating sales between the developers and end-customers that utilise its platform. Company A is registered under the overseas vendor registration regime with effect from 1 Mar 2020.

Company A contracted with a non-GST registered developer in Singapore on 1 Feb 2020 to list and facilitate the sale of the developer's mobile application on its platform. Company A invoices the developer for its services for the month of Feb 2020 on 1 Mar 2020 and receives payment for its services on 5 Mar 2020.

Although the invoice is issued and payment is received by Company A on or after its GST registration date, Company A's services for the month of Feb are performed before it became GST-registered. Hence, Company A does not need to charge and account for GST on this supply if the customer requests to treat the supply as taking place when the services are performed, and maintains supporting documents comprising its agreement with the developer, and the invoice details to substantiate that the service was performed before its GST registration.

10.3 **Supplies Straddling GST De-Registration Date**

- 10.3.1 Likewise, supplies of digital services may straddle an Overseas Vendor's GST de-registration date. In such circumstances, if the service is performed

before the vendor becomes de-registered and GST has not been accounted for as at the date of de-registration, the supply of digital services shall (to the extent that it is not covered by any invoice issued or payment made) be treated as taking place on the day immediately before it ceases to be registered for GST.

10.3.2 In other words, Overseas Vendors are required to charge GST on digital services which are performed prior to GST de-registration.

10.4 **Value of Supply**

10.4.1 GST is charged based on the value of the supply at the time of supply. The value of the supply may be for a consideration in money or the open market value of the supply.

10.4.2 If the supply is for a consideration wholly in money, the equation of the value of supply is as follows:

$$\text{Value of Supply} + \text{GST} = \text{Monetary Consideration}$$

Example 13

An overseas music streaming service provider, Company A, registered under the overseas vendor registration regime, charges S\$40 for monthly subscription fees, before the addition of GST. The value of supply is S\$40. The GST will be 7% of the value of supply, which is S\$2.80. The consideration in money will be the summation of the value of supply and the GST which amounts to S\$42.80.

10.4.3 If the supply is not for a consideration or is for a consideration not wholly consisting of money, then the value of supply is the Open Market Value (OMV) of the supply i.e. Value of Supply = OMV.

Example 14

Company B, an overseas music streaming service provider registered under the overseas vendor registration regime, provides music streaming services to customers in Singapore at S\$40 a month. Company B engages a non-GST registered influencer in Singapore to promote its services on social media on an on-going basis. Company B and the influencer agrees that instead of the influencer charging a promotion fee of S\$20 a month to Company B, Company B will charge the influencer a lower monthly subscription fee of S\$20 a month for the music streaming service.

Notwithstanding the transaction price of S\$20, as the OMV of the monthly streaming service is S\$40, Company B is required to account for GST based on the OMV of S\$40. This amounts to GST of S\$2.80 (7% x S\$40), payable to the Comptroller.

- 10.4.4 If prices charged are inclusive of GST, you will report and account for GST by applying the tax fraction, 7/107, on the total consideration received from your customer.

Example 15

Due to a change in pricing policy, the overseas music streaming service provider now charges S\$40 for monthly subscription fees, and has indicated in its terms and conditions that these fees are inclusive of GST. In this case, the service provider has to account for GST of S\$2.62 (i.e. S\$40 x 7/107), and the value of supply will be S\$37.38 (S\$40 x 100/107).

10.5 **Sales made in Foreign Currency**

- 10.5.1 Where the supplies of digital services are made in foreign currencies, Overseas Vendors are required to convert the foreign currency-denominated supplies using an acceptable exchange rate and account for GST on the Singapore dollar equivalent. You are allowed to adopt the prevailing exchange rate, which is reflective of the Singapore money market, at the following time periods:

- The time of supply;
- The end of taxable period; or
- The time of filling the GST return

- 10.5.2 The adopted time period for foreign currency conversion must be consistently applied on all supplies of digital services under the overseas

vendor registration regime for at least one year from the end of the filing period in which the time period was first chosen.

- 10.5.3 You may refer to Appendix A of the e-Tax Guide “GST: Exchange Rates for GST Purpose” for a list of acceptable exchanges rate to be adopted. Alternatively, Overseas Vendors that would like to adopt an in-house exchange rate that is based on sources other than those listed in Appendix A may write to the Comptroller for approval with the necessary information. You may refer to Paragraph 5 of the e-Tax Guide “GST: Exchange Rates for GST Purpose” for instructions on how to do so.

11 Transitional Rules

- 11.1 Special transitional rules apply to transactions made by overseas suppliers and overseas electronic marketplace operators that straddle the implementation date of 1 Jan 2020.

Discrete Supply of Digital Services

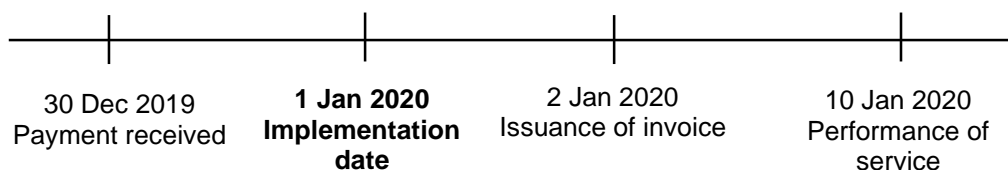
Where invoice is issued before 1 Jan 2020

- 11.2 A discrete supply²³ of digital services straddles the implementation date of 1 Jan 2020 and is subject to the transitional rules when:
- (i) the supplier's invoice is issued before 1 Jan 2020²⁴; and
 - (ii) performance of services occurs and payment is received on/after 1 Jan 2020.
- 11.3 A discrete supply straddling 1 Jan 2020 is subject to GST, to the extent the services are performed or the payment is made on or after 1 Jan 2020, whichever value is lower.
- 11.4 If full payment is received or the services are fully performed before 1 Jan 2020, the transaction would be outside the scope of GST.
- 11.5 Whereas if part of the payment is received or part of the services is performed before 1 Jan 2020, the remaining part of the payment or part of the services performed on or after 1 Jan 2020 would be subject to GST. GST should be accounted for on the lower of the value of the remaining payment or services performed on or after 1 Jan 2020.
- 11.6 You may apportion the value of services performed on or after 1 Jan 2020 based on appropriate methods such as valuation of measurable work or your normal costing or pricing system.
- 11.7 A discrete supply straddling 1 Jan 2020 should be reported in the GST return for the accounting period in which the later of the following falls:
- (i) 1 Jan 2020; and
 - (ii) the effective date of your GST registration.

²³ Discrete supplies refer to individually separate and distinct supplies such as the sale of an eBook, app, or non-subscription based software programs.

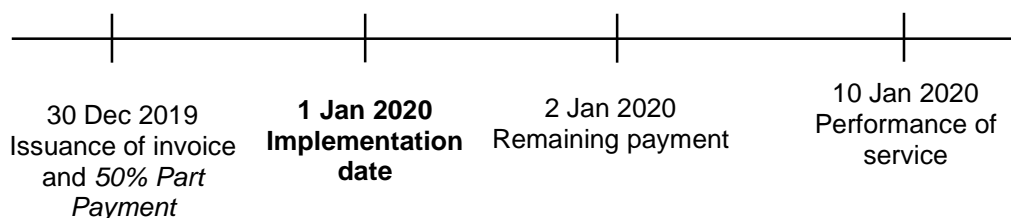
²⁴ However, if the supplier's invoice is issued before 19 Feb 2018, the services will not be subject to the transitional rules and no GST needs to be accounted.

Example 16



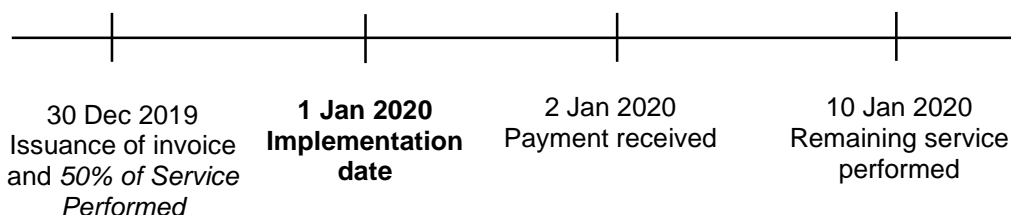
Notwithstanding that the invoice is issued and service is performed after the implementation date of 1 Jan 2020, the time of supply is triggered when full payment is received on 30 Dec 2019. As a result, the supply of service is not within the scope of GST under the overseas vendor registration regime.

Example 17



Notwithstanding that the invoice is issued and part payment is received before the implementation date, as the remaining payment is received and service is performed after 1 Jan 2020, GST will be applicable on the part of service where *remaining payment is received after 1 Jan 2020*, as the value of the remaining payment is lower than that of the value of service performed on or after 1 Jan 2020. The portion of the service which GST is applicable on should be filed in the overseas supplier's first GST return.

Example 18



Notwithstanding that the invoice is issued and half of the service is performed before the implementation date, as the remaining service is performed and payment is received after 1 Jan 2020, GST will be applicable on the *remaining part of the service performed after 1 Jan 2020*, as the value of the service performed is lower than that of the value of the payment on or after 1 Jan 2020. The portion of the service which GST is applicable on should be filed in the overseas supplier's first GST return.

Where invoice is issued on or after 1 Jan 2020

- 11.8 The general time of supply rules will apply, unless you elect otherwise (as elaborated in Paragraph 11.9). The issue of invoice will trigger the time of supply for the digital services straddling 1 Jan 2020 such that the entire value will be subject to tax. However, if part of the payment is received before 1 Jan 2020, only the corresponding part of the payment received on/ after 1 Jan 2020 will be subject to tax. If full payment is made before 1 Jan 2020, the digital services will not be subject to tax.
- 11.9 Alternatively, you may elect²⁵ to subject the digital services to tax to the extent the services are performed or payment is received on/ after 1 Jan 2020, similar to the treatment for a discrete supply of digital services where invoice is issued before 1 Jan 2020. In other words, if full services are performed before 1 Jan 2020, notwithstanding that the invoice is issued and payment is received on/ after 1 Jan 2020, the digital services need not be subject to tax.

Continuous Supply of Digital Services

- 11.10 A continuous supply²⁶ of digital services straddles the implementation date of 1 Jan 2020 and is subject to the transitional rules when:
- (i) the supplier's invoice is issued or payment is received before 1 Jan 2020;
 - (ii) the services (or part of the services) are performed on/after 1 Jan 2020; and
 - (iii) the services are performed pursuant to an agreement made before 1 Jan 2020²⁷.
- 11.11 The portion of the service performed from 1 Jan 2020 will be subject to GST. For example, if a 12-month subscription of music streaming is sold on 1 Dec 2019 and consideration for the subscription is received in full on the same day, GST would have to be accounted for on the portion of service from 1 Jan 2020 to 30 Nov 2020 (i.e. GST would have to be accounted for on 11/12 of the subscription).

²⁵ There is no need for you to complete any form or to seek prior approval from the Comptroller for this election. You are only required to maintain documentary evidence of when invoice is issued, payment is received, and services are performed.

²⁶ Continuous supplies refer to supplies that are progressively performed over a period of time such as online subscription to a database, or streaming of music or video.

²⁷ However, if the continuous supply of services is performed pursuant to an agreement made before 19 Feb 2018, the services will not be subject to the transitional rules and no GST needs to be accounted.

Example 19

Company A, established in France, supplies online media streaming services on a subscription basis to customers worldwide. It contracts with a non-GST registered customer in Singapore on 1 Nov 2019 to provide a 1-year subscription service of online TV programmes for the period covering 1 Nov 2019 to 31 Oct 2020. Company A *invoices* its customer on a quarterly basis and issued an invoice on 1 Nov 2019 for its services for the period of 1 Nov 2019 to 31 Jan 2020 (*3 months*). However, Company A subsequently *received consideration* from its customer on 1 Dec 2019 for a period of *6 months* and treated the additional 3 months of consideration as pre-payment for its services for the period of 1 Feb 2020 to 30 Apr 2020.

As the supply is a continuous supply of digital services which straddles the implementation date of 1 Jan 2020, Company A, if GST-registered, is required to account for GST on the higher of the amount invoiced or consideration received that is attributable to the portion of service performed after the implementation date. In this case, GST would have to be accounted for by Company A, in its first GST return, on the consideration attributable to the portion of service from 1 Jan 2020 to 30 Apr 2020 (i.e. 4 months).

11.12 A continuous supply straddling 1 Jan 2020 should be reported in the GST return²⁸ for the accounting period in which the later of the following falls:

- (i) 1 Jan 2020; and
- (ii) the effective date of your GST registration.

11.13 Annex C and D sets out the application of GST on transactions straddling 1 Jan 2020 under various scenarios.

12 Reverse Charge

12.1 To bring about a level playing field in the GST treatment of cross-border services, a reverse charge mechanism will also be implemented on 1 Jan 2020, complementing the overseas vendor registration regime by subjecting B2B imported services to GST.

12.2 Under a reverse charge mechanism, GST-registered businesses or GST groups that are not entitled to full input tax credit are required to perform reverse charge on procured services from overseas suppliers. At the same time, non-GST registered businesses that import significant amount of services may be liable for GST registration under the new reverse charge rules.

²⁸ To the extent the services are covered by any invoice issued or payment received before 1 Jan 2020.

- 12.3 For more information on reverse charge, please refer to the e-Tax Guide “GST: Taxing imported services by way of reverse charge”.

13 What does this mean for customers?

- 13.1 With effect from 1 Jan 2020, digital services supplied by GST-registered Overseas Vendors will be subject to GST.
- 13.2 If you are a GST-registered customer, and are making the purchase of services for the purposes of your business, you are required to provide your GST registration number to the Overseas Vendor so that GST will not be charged. Thereafter, if applicable, you are required to perform reverse charge on the imported digital services.
- 13.3 If you are a GST-registered customer and have been wrongly charged GST on the purchase of digital services by an Overseas Vendor, you should not claim the GST as your input tax. Instead, you should contact the Overseas Vendor to seek a refund.
- 13.4 Non-GST registered customers and GST-registered customers purchasing these services for non-business purposes **should not** provide incorrect or false information to the Overseas Vendors. **Customer misrepresentation is a serious offence.** Upon conviction, offenders may face a fine of up to \$10,000, or in a case where there is evidence of wilful intent to evade tax:
- (i) a fine of up to 3 times of the amount of tax chargeable on the supply in addition to an amount not exceeding \$10,000; and/or
 - (ii) an imprisonment term of up to 7 years.

14 Compliance and Enforcement

- 14.1 Overseas Vendors registered under the overseas vendor registration regime are subject to the same penalty and compliance regime as domestic GST-registered persons.
- 14.2 Penalties may apply in the following scenarios:
- (i) Failure or late notification for GST registration;
 - (ii) Late or non-filing of GST returns;
 - (iii) Submission of incorrect GST returns;
 - (iv) Late or non-payment of GST due;
 - (v) Failure to maintain proper record keeping; and
 - (vi) Failure to comply with the responsibilities of a GST-registered person in Singapore.

For more information about penalties, you may refer to our webpages relating to late notification of GST registration²⁹, late filing and payment of GST returns³⁰, submission of incorrect GST returns³¹, and non-compliance with GST obligations³².

15 Frequently asked Questions

15.1 *Does the GST registration of overseas suppliers and overseas electronic marketplace operators under the overseas vendor registration regime constitute a permanent establishment (“PE”) for income tax purposes?*

The registration of an Overseas Vendor for GST purposes in Singapore would not on its own be a determining factor for whether it has PE in Singapore. Singapore will continue to rely on its domestic income tax law and the provisions of its Avoidance of Double Taxation Agreements to determine whether the Overseas Vendor has a PE in Singapore for income tax purposes.

15.2 *Are the Overseas Vendors required to ascertain whether their digital services made to customers in Singapore qualify for zero-rating or GST exemption under domestic GST rules?*

No. To ease extra-territorial compliance, as long as the supplies of digital services made qualify as digital services under the definition and prescribed inclusion list (refer to Annex A), Overseas Vendors are required to charge and account for GST on the digital services. Digital services that are currently zero-rated and exempt are specifically excluded³³ under the overseas vendor registration regime to maintain parity with equivalent services provided by local suppliers.

15.3 *What is the GST treatment for supplies of digital services made through multiple electronic marketplaces?*

In the event where the supplies of digital services are made through multiple electronic marketplaces, the first marketplace operator that authorises a charge or receives a payment from the customer in Singapore for the supply will be regarded as the supplier of the services, and is required to charge and account for GST on the supplies.

²⁹ Accessible at www.iras.gov.sg > GST > Non-GST registered businesses > Registering for GST > Do I Need to Register for GST

³⁰ Accessible at www.iras.gov.sg > GST > GST-registered businesses > Filing your taxes > Late Filing or Non-Filing of Tax Returns

³¹ Accessible at www.iras.gov.sg > GST > GST-registered businesses > Filing your taxes > Correcting Errors Made in GST Return (Filing GST F7)

³² Accessible at www.iras.gov.sg > GST > GST-registered businesses > Learning the basics > How to implement GST > Responsibilities of GST-Registered Businesses

³³ Digital services under the overseas vendor registration regime exclude services that are currently zero-rated (via paragraph 2(1)(b) of the Seventh Schedule to the GST Act) or exempt (via section 8(2A) of the GST Act).

15.4 *Can overseas suppliers and overseas electronic marketplace operators register under the full regime (i.e. normal regime) instead of the simplified pay-only regime to claim input tax incurred on purchases?*

Overseas suppliers and overseas electronic marketplaces may choose to register under the full regime to claim input tax, if their operations are such that they incur input tax from GST-registered suppliers in Singapore. Such entities should carefully consider the benefits of administrative cost savings from simplified compliance under the pay-only regime versus the occasions for claiming of input tax under the full regime when choosing which regime to register under.

15.5 *Do Overseas Vendors need to charge and account for GST on other taxable supplies made in Singapore (apart from digital services)?*

Once registered for GST, Overseas Vendors must charge and account for GST on all taxable supplies, digital or otherwise. For example, besides accounting for GST on supplies of digital services made to non-GST registered customers belonging in Singapore, Overseas Vendors must also account for GST on any local sale of goods to customers in Singapore as well as any supply of services made by their business or fixed establishment in Singapore.

15.6 *A local GST-registered entity may have both local and overseas business/ fixed establishments (i.e. head office in Singapore with branches overseas). Does GST need to be accounted on supplies of digital services made by the overseas establishment to non-GST registered customers belonging in Singapore?*

If the local and overseas establishments are part of the same GST-registered legal entity, the GST-registered entity must account for GST on all supplies of digital services made by its overseas establishments to non-GST registered customers belonging in Singapore.

16 Contact Information

For enquiries on this e-Tax Guide, please contact the Goods and Services Tax Division at www.iras.gov.sg (select “Contact Us”).

17 Updates and Amendments

	Date of amendment	Amendments made
1	26 Aug 2019	<ul style="list-style-type: none">New section 6.6 on concession for local electronic marketplaces to account for GST on B2B supplies made by suppliers through the marketplace.

	<ul style="list-style-type: none"> • Amended paragraph 7.1.4(ii) on the prospective basis to remove examples that may not be relevant for Overseas Vendors. • Added a note in paragraph 7.1.11's table on the relevant 12-month period for prospective registration liability occurring before 1 Jan 2020. • Added the following details to paragraph 7.3.2's table on the features of the simplified pay-only regime: <ul style="list-style-type: none"> ○ GST registration application process. ○ Group registration process and requirements. ○ Footnote 11 to highlight that Overseas Vendors registered under the simplified pay-only regime are required to charge and account for GST on all taxable supplies. ○ Footnote 12 to highlight the specific boxes available under the simplified pay-only regime. ○ Additional details to clarify how errors made in GST returns should be corrected. ○ Footnote 14 for clarity on the process to claim bad debts. • New section 7.4 on reporting requirements for digital services made to non-GST registered customers in Singapore. • Amended paragraph 11.2 on the transitional rules for discrete supplies of digital services for greater clarity. • Amended paragraph 11.10 and 11.11 on the transitional rules for continuous supplies of digital services for greater clarity. • Added paragraphs 11.7 and 11.12 to clarify when a discrete/ continuous supply straddling 1 Jan 2020 should be reported. • Added paragraphs 11.8 and 11.9 on the transitional rules and concessions applicable for discrete supplies of digital services where invoice is issued on/ after 1 Jan 2020. • Added to paragraph 13.4 information on penalties for misrepresentation by customers. • Added the following details to the FAQs: <ul style="list-style-type: none"> ○ Amended paragraph 15.2 for greater clarity. ○ Added paragraphs 15.4, 15.5 and 15.6 to highlight other common questions/ scenarios. • Amended Annex A to highlight that only cross-border telecommunication services are excluded from the scope of digital services. • Amended Annex B to highlight implications of digital services made by overseas establishments to customers in Singapore.
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		<ul style="list-style-type: none"> • Amended Annex C to add scenarios for transactions straddling 1 Jan 2020 with suppliers' invoices issued on/ after 1 Jan 2020. • Added Annex D to illustrate the transitional rules for a continuous supply of digital services. • Other editorial changes.
	16 Dec 2021	<ul style="list-style-type: none"> • Added paragraph 1.4 to highlight the extended overseas vendor registration regime for B2C imported non-digital services with effect from 1 Jan 2023. • Amendments to paragraph 7.3.2's table on the features of the simplified pay-only regime as follows: <ul style="list-style-type: none"> ○ Removed footnote which indicated that the group registration feature was subject to the passing of the GST (Amendment) Bill 2019 as the Bill has since been passed in Parliament. ○ Added Footnotes 17 and 18 to clarify the record-keeping requirements. • Amended Annex A to reflect the changes to the scope of included and excluded digital services, arising from the change in GST treatment for media sales from 1 Jan 2022.

Annex A – Definition and Scope of Digital Services

Digital services include services which are supplied over the Internet or an electronic network and the nature of which renders their supply essentially automated with minimal or no human intervention, and impossible without the use of information technology.

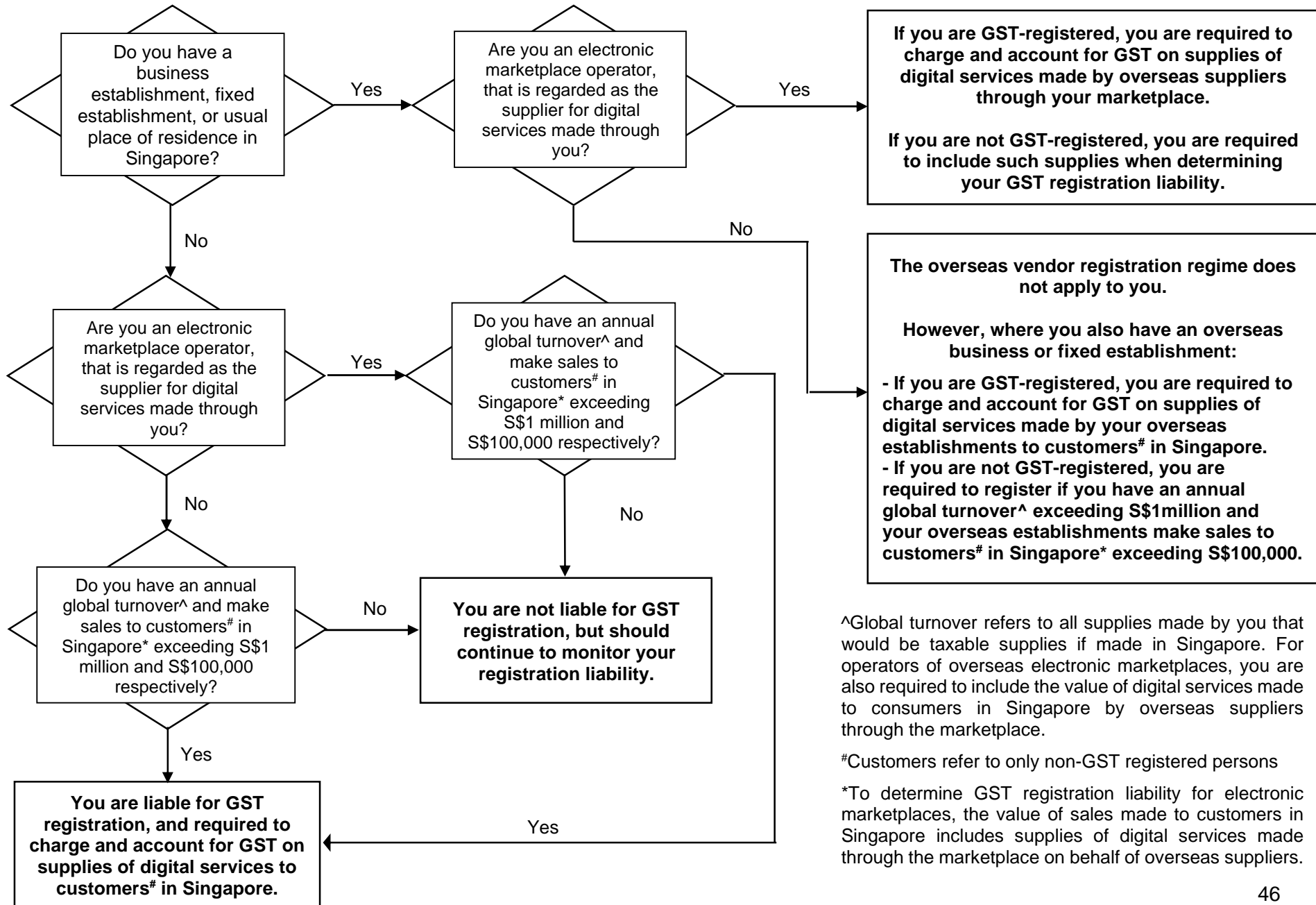
List of included and excluded Digital Services

Service	Remarks/ Examples
<u>Included</u> Digital Services	
Supply of digital products	E.g. supply of mobile applications and e-books
Supply of software programs	E.g. downloading of software, drivers, website filters and firewalls
Supply of images, text and information and making available of databases	E.g. subscription to online newspapers and journals, downloading of licensed images
Supply of music, films and games	
Supply of distance teaching via pre-recorded medium or e-learning	E.g. supply of online courses
Supply of electronic data management services	E.g. website supply, web-hosting, automated and digital maintenance of programmes
Services providing or supporting a business or personal presence on an electronic network	E.g. subscription services for the maintenance of an online professional profile page
Supply of search-engine and automated helpdesk services	E.g. supply of customised search-engine services
Listing services for the right to put goods or services for sale on an online market or auction house	E.g. listing fees for merchants to list their items for sale
Supply of live streaming services where there is no interaction with the content provider	
Before 1 Jan 2022: Advertising services on intangible media platform circulated wholly in Singapore ³⁴ From 1 Jan 2022: All advertising services on intangible media platform, regardless of the place of circulation	

³⁴ Prior to 1 Jan 2022, advertising services on intangible media platform circulated wholly in Singapore fall within the scope of digital services under the OVR regime. With the change in the basis for determining whether zero-rating applies to a supply of media sales from 1 Jan 2022, all advertising services on intangible media platform would fall within the scope of digital services under the OVR regime if supplied by an overseas supplier to non-registered customers in Singapore, regardless of the place of circulation of the advertisement. For more information on the GST treatment of advertising services, please refer to the e-tax guide "GST: Guide for Advertising Industry".

Support services performed, via electronic means, for arranging and facilitating the completion of transactions, which may not be digital in nature	E.g. commission fees to intermediaries, service fees to consumers and merchants for sale of products through the electronic marketplace
<u>Excluded Digital Services</u>	
Cross-border telecommunication Services	Current zero-rating provisions accorded for cross-border telecommunication services; Unlikely for an overseas entity to provide local telecommunication services without a physical presence in Singapore as formal licensing is required.
Before 1 Jan 2022: Advertising services on intangible media platform circulated wholly outside Singapore	Before 1 Jan 2022, zero-rating permitted for advertising services intended for circulation substantially outside of Singapore
Professional services involving human intervention, even if advice is provided by electronic means	E.g. legal services where advice from the lawyer is communicated via e-mail

Annex B – Determining whether the OVR regime applies to you



^Global turnover refers to all supplies made by you that would be taxable supplies if made in Singapore. For operators of overseas electronic marketplaces, you are also required to include the value of digital services made to consumers in Singapore by overseas suppliers through the marketplace.

#Customers refer to only non-GST registered persons

*To determine GST registration liability for electronic marketplaces, the value of sales made to customers in Singapore includes supplies of digital services made through the marketplace on behalf of overseas suppliers.

Annex C - Checklist for the taxability of transactions straddling 1 Jan 2020 for a discrete supply of digital services

(1) Supplier's invoice issued *before* 1 Jan 2020

Date of payment receipt	Date of service performance	Subject to GST?	Remarks
<i>Before 1 Jan 2020</i>	<i>Before 1 Jan 2020</i>	No	When full payment is received and/ or full services are performed before 1 Jan 2020, the transaction is not subject to GST.
	Part before and part on/ after 1 Jan 2020		
	On or after 1 Jan 2020		
Part before and part on/ after 1 Jan 2020	<i>Before 1 Jan 2020</i>	No	
On or after 1 Jan 2020			
On or after 1 Jan 2020	Part before and part on/ after 1 Jan 2020	Partial	The part of the services performed on/ after 1 Jan 2020 is subject to GST.
Part before and part on/ after 1 Jan 2020	On or after 1 Jan 2020	Partial	The part payment received on/ after 1 Jan 2020 is subject to GST.
Part before and part on/ after 1 Jan 2020	Part before and part on/ after 1 Jan 2020	Partial	The <u>lower</u> of the payment received or value of services performed on/ after 1 Jan 2020 is subject to GST.
On or after 1 Jan 2020	On or after 1 Jan 2020	Yes	When no payment is received and no service is performed before 1 Jan 2020, the entire supply is subject to GST.

(2) Supplier's invoice issued *on/ after* 1 Jan 2020

Date of payment receipt	Date of service performance	Subject to GST?	Remarks
<i>Before 1 Jan 2020</i>	Before 1 Jan 2020	No	When full payment is received before 1 Jan 2020, the transaction is not subject to GST.
	Part before and part on/ after 1 Jan 2020		
	On or after 1 Jan 2020		

Part before and part on/ after 1 Jan 2020	Before 1 Jan 2020	Partial / No	The part payment received on/ after 1 Jan 2020 is subject to GST.
	Part before and part on/ after 1 Jan 2020	Partial	Alternatively, the Overseas Vendor may elect for the <u>lower</u> of (i) the payment received on/ after 1 Jan 2020 and (ii) the services performed on/ after 1 Jan 2020 to be subject to GST, if applicable.
	On or after 1 Jan 2020	Partial	
On or after 1 Jan 2020	Before 1 Jan 2020	Yes / No	When full payment is received on/ after 1 Jan 2020, the entire transaction is subject to GST.
	Part before and part on/ after 1 Jan 2020	Yes / Partial	Alternatively, the Overseas Vendor may elect for the <u>lower</u> of (i) the payment received on/ after 1 Jan 2020 and (ii) the services performed on/ after 1 Jan 2020 to be subject to GST, if applicable.
	On or after 1 Jan 2020	Yes	

Annex D - Checklist for the taxability of transactions straddling 1 Jan 2020 for a continuous supply of digital services

Date of payment receipt	Date of service performance	Subject to GST?	Remarks
Before 1 Jan 2020	<i>Before 1 Jan 2020</i>	No	When full services are performed before 1 Jan 2020, the transaction is not subject to GST.
Part before and part on/ after 1 Jan 2020			
On or after 1 Jan 2020			
Before 1 Jan 2020	Part before and part on/ after 1 Jan 2020	Partial	The part of the services performed on/ after 1 Jan 2020 is subject to GST.
Part before and part on/ after 1 Jan 2020			
On or after 1 Jan 2020			
Before 1 Jan 2020	On or after 1 Jan 2020	Yes	When full services are performed on/ after 1 Jan 2020, the entire transaction is subject to GST.
Part before and part on/ after 1 Jan 2020			
On or after 1 Jan 2020			