

Goods and Services Tax (Amendment) Bill

Bill No. 37/2005.

Read the first time on 17th October 2005.

A BILL

intituled

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

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

Short title and commencement

1. This Act may be cited as the Goods and Services Tax (Amendment) Act 2005 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

5 Amendment of section 19

2. Section 19 of the Goods and Services Tax Act (referred to in this Act as the principal Act) is amended —

(a) by deleting subsection (12) and substituting the following subsections:

10 “(12) Except as the Comptroller otherwise allows, where —

(a) a taxable person fails to pay his supplier the consideration or any part thereof for the supply of any goods or services made by his supplier to him; and

15 (b) the taxable person has credited under subsection (2) the input tax to which the consideration or the part thereof which he failed to pay relates,

the taxable person shall account of an amount equal to such input tax —

20 (i) in the prescribed accounting period during which the initial specified period expires; and

(ii) in accordance with the method which he was required to use when he first credited the input tax,

25 and the taxable person shall repay such amount to the Comptroller at the same time as any tax in respect of the prescribed accounting period would be payable by him.

(12A) Where a taxable person —

(a) has complied with subsection (12); and

30 (b) during the subsequent specified period, pays his supplier the whole or part of the consideration for the supply of goods or services referred to in subsection (12)(a),

the taxable person shall be entitled to treat an amount equal to the input tax relating to the payment referred to in

paragraph (b) as if it were input tax for the prescribed accounting period during which the payment was made.”; and

(b) by inserting, immediately after subsection (14), the following subsection:

5 “(15) In this section —

“initial specified period” means a period of 12 months from the due date for payment of the consideration or the part thereof, as the case may be, by the taxable person to his supplier;

10 “subsequent specified period” means a period commencing on the day immediately following the end of the initial specified period, and ending on a day 6 years from the end of the prescribed accounting period during which the relevant input tax was first
15 credited under subsection (2).”.

Amendment of section 21

3. Section 21(3) of the principal Act is amended —

(a) by deleting paragraph (p) and substituting the following paragraph:

20 “(p) prescribed services comprising the repair, maintenance, broking or management of any ship or aircraft;”;

(b) by deleting the word “or” at the end of paragraph (r); and

25 (c) by deleting the full-stop at the end of paragraph (s) and substituting the word “; or”, and by inserting immediately thereafter the following paragraph:

“(t) prescribed services in connection with the provision of an electronic system relating to the import of goods into or the export of goods out of Singapore.”.

Amendment of section 41

4. Section 41(4) of the principal Act is amended by deleting paragraph (b) and substituting the following paragraphs:

“(b) for the keeping of accounts in electronic form in a computer;

(*ba*) for the making and submission of returns through the electronic service, and for —

(i) requiring any prescribed class of persons to make and submit prescribed types of returns through the electronic service, except —

(A) in such exceptional circumstances as the Comptroller may, in his discretion, determine; or

(B) in such other circumstances as may be prescribed; and

(ii) any procedure relating to the making and submission of returns through the electronic service;

(*bb*) for the making of declarations to verify returns through the electronic service;”.

EXPLANATORY STATEMENT

This Bill seeks to amend the Goods and Services Tax Act (Cap. 117A).

Clause 1 relates to the short title and commencement.

Clause 2 deletes subsection (12) of section 19 and substitutes new subsections (12) and (12A). The new subsection (12) require a taxable person who —

- (a) has failed to pay his supplier the consideration or any part thereof for the supply of goods or services made by his supplier to him; and
- (b) has credited the input tax relating to the consideration or the part thereof against his output tax,

to account of and repay to the Comptroller of Goods and Services Tax, in certain circumstances, an amount equal to such input tax. Under the new subsection (12A), where the taxable person subsequently pays his supplier the whole or part of the consideration during the period specified in the subsection, the taxable person is entitled to treat an amount equal to the input tax relating to the subsequent payment to his supplier as if it were input tax for the prescribed accounting period during which he made the subsequent payment.

The clause further inserts a new subsection (15) which defines certain terms used in the new subsections (12) and (12A).

Clause 3 amends section 21(3). The clause deletes and substitutes paragraph (*p*) to enable the Minister to prescribe the types of services comprising the repair, maintenance, broking or management of any ship or aircraft which are to be treated as international services for purposes of the Act. The clause further introduces a new

paragraph (*t*) which enables the Minister to prescribe the types of services in connection with the provision of an electronic system relating to the import of goods into or the export of goods out of Singapore which are to be treated as international services for the purposes of the Act.

Clause 4 deletes paragraph (*b*) of section 41(4) and substitutes new paragraphs (*b*), (*ba*) and (*bb*). The new paragraphs re-enact the existing paragraph (*b*), with the new paragraph (*ba*) clarifying that regulations may be made —

- (*a*) to require the compulsory making and submission of returns by any prescribed class of persons through the electronic service provided by the Comptroller of Goods and Services Tax under section 42; and
- (*b*) to provide for any procedure for the making and submission of returns through such electronic service.

EXPENDITURE OF PUBLIC MONEY

This Bill will not involve the Government in any extra financial expenditure.
