

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

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**Bill No. 12/2009.**

*Read the first time on 20th July 2009.*

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 2009 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

### 5 Amendment of section 21

2. Section 21 of the Goods and Services Tax Act (referred to in this Act as the principal Act) is amended —

(a) by deleting the word “or” at the end of subsection (3)(v);

10 (b) by deleting the full-stop at the end of paragraph (w) of subsection (3) and substituting the word “; or”, and by inserting immediately thereafter the following paragraph:

“(x) the supply (including the letting or hire) of qualifying aircraft parts that are certified as airworthy by —

15 (i) in relation to an aircraft that is not a military aircraft, a person certificated by a national civil aviation authority; and

(ii) in relation to a military aircraft, the government owning that aircraft.”;

20 (c) by deleting the definition of “aircraft” in subsection (4)(a) and substituting the following definition:

“ “aircraft” means —

(i) any aircraft which is not used or intended to be used for recreation or pleasure; or

25 (ii) any aircraft used or intended to be used for recreation or pleasure if it is wholly used or intended to be wholly used for travel —

(A) from a place outside Singapore to another place outside Singapore;

30 (B) from a place in Singapore to a place outside Singapore; or

(C) from a place outside Singapore to a place in Singapore;”;

(d) by inserting, immediately after the definition of “co-location” in subsection (4)(a), the following definition:

““qualifying aircraft parts” means such parts and equipment as are designed and built for exclusive use on an aircraft;”.

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### **Amendment of section 32**

3. Section 32 of the principal Act is amended by inserting, immediately after subsection (3), the following subsection:

“(3A) The registration under this Act of any person who, as trustee, is carrying on the business of a trust created by express written declaration shall be in the name of the trust.”.

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### **New section 35A**

4. The principal Act is amended by inserting, immediately after section 35, the following section:

#### **“Vouchers**

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**35A.**—(1) The Minister may, by regulations, modify the application of the provisions of this Act to transactions involving vouchers granted for consideration.

(2) Any regulations made under this section —

(a) may provide that any transaction involving a voucher or any part of such transaction is to be treated as —

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(i) a supply of goods or a supply of services; or

(ii) neither a supply of goods nor a supply of services; and

(b) may make different provisions with respect to different transactions or parts thereof, different vouchers or different circumstances.

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(3) In this section —

“issuer”, in relation to a voucher, means the person who issued the voucher (whether in his own capacity or through an agent);

“value”, in relation to a voucher, means —

(a) where the value stated on or recorded in or in respect of the voucher is in monetary terms, that monetary value; and

5 (b) where the value stated on or recorded in or in respect of the voucher is in non-monetary terms, the monetary value assigned to the voucher by the issuer insofar as it relates to the right to receive goods or services upon redemption of the voucher;

10 “voucher” means any of the following:

(a) any physical or electronic form of —

(i) a voucher;

(ii) a token;

15 (iii) a stamp (not being a postage stamp within the meaning of the Postal Services Act (Cap. 237A));

(iv) a coupon;

(v) a card; or

(vi) any other similar item,

20 the redemption of which in accordance with its terms entitles the holder to receive goods or services up to the value stated on or recorded in or in respect of the voucher, whether such value is in terms that are monetary or non-monetary;

25 (b) any prepaid phone card or similar item the redemption of which in accordance with its terms entitles the holder to receive telephone or like services up to the value stated on or recorded in or in respect of the voucher, whether such value is in terms that are monetary or non-monetary.

30 (4) For the purpose of paragraph (a) of the definition of “voucher” in subsection (3) —

(a) where the monetary value stated on or recorded in or in respect of it a voucher is the value ascribed to the goods or services specified on the voucher as being the goods or

services that may be supplied upon redemption of the voucher, that voucher shall not be treated as having stated on or recorded in or in respect of it a value in monetary terms; and

- 5 (b) where the non-monetary value stated on or recorded in or in respect of it a voucher is in terms of any goods or services that may be supplied upon redemption of the voucher, that voucher shall not be treated as having stated on or recorded in or in respect of it a value in non-monetary terms.

10 (5) For the purpose of the definition of “voucher” in subsection (3) —

(a) where the right to top-up the value of —

(i) any card referred to in paragraph (a)(v) of that definition; or

15 (ii) any prepaid phone card referred to in paragraph (b) of that definition,

is conferred by any means (including any electronic means) other than by way of another card or prepaid phone card; or

20 (b) where the right to receive telephone services via the Internet is acquired through the Internet,

the supply of that right shall be treated as if it were a supply of a card or prepaid phone card as referred to in paragraph (a)(v) or (b) of that definition, as the case may be.”.

### **Amendment of section 37**

25 **5.** Section 37 of the principal Act is amended by inserting, immediately after subsection (2A), the following subsection:

“(2B) For the purposes of subsections (1) and (2), where —

30 (a) the warehousing regime is in respect of a warehouse that is outside the free trade zone (referred to in this subsection as the first warehouse);

(b) the Comptroller has approved that goods in the first warehouse may be removed from the warehouse —

(i) for the purpose of an auction, an exhibition or other similar event involving the display of goods; and

(ii) subject to such conditions and for such period as may be specified by the Comptroller in his approval,

and the goods are thereupon removed from the first warehouse;

5 (c) the conditions referred to in paragraph (b)(ii) are complied with; and

(d) after the auction, exhibition or other similar event, the goods are brought, with the approval of the Comptroller, back to the first warehouse or to any other warehouse outside the free trade zone (referred to in this subsection as the second warehouse) at or before the end of the period referred to in paragraph (b)(ii),

15 then the goods shall be treated as if they were continuously subject to a warehousing regime from the time they were in the first warehouse until they are delivered back to the first warehouse or delivered to the second warehouse, as the case may be.”.

#### **Amendment of section 49**

20 **6.** Section 49(2) of the principal Act is amended by inserting, immediately after the word “section”, the words “shall state precisely the grounds for the objection to the decision and”.

#### **Amendment of Third Schedule**

**7.** The Third Schedule to the principal Act is amended by deleting paragraph 7 (including the sub-heading “*Token, stamp or voucher*”).

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### 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 —

- (a) amends section 21(3) by inserting a new paragraph (x) to allow for the zero-rating of the supply (including the letting or hire) of qualifying aircraft parts that are certified as airworthy, and further amends section 21(4)(a) to insert a new definition of “qualifying aircraft parts” for the purposes of the new section 21(3)(x); and

- (b) further amends section 21(4)(a) by enlarging the definition of “aircraft” to include aircraft that are used for recreation or pleasure for international transportation.

Clause 3 amends section 32 to provide for the registration in the name of a trust of any trustee carrying on the business of a trust, where the trust is created by express written declaration.

Clause 4 inserts a new section 35A to empower the Minister to make regulations to provide for the tax treatment of vouchers granted for consideration. For this purpose, “voucher” is defined as being —

- (a) any physical or electronic thing that upon redemption entitles the holder to receive goods or services up to a value stated on or recorded in or in respect of it in monetary or non-monetary terms; or
- (b) any prepaid phone card or similar item that upon redemption entitles the holder to receive telephone or like services up to the value stated on or recorded in or in respect of it in monetary or non-monetary terms.

A voucher (other than a prepaid phone card) will not be considered to have stated on or recorded in or in respect of it a value in monetary terms if the reference to the monetary value is in fact a reference to the value ascribed to the goods or services that may be supplied upon redemption of the voucher, for example, where the voucher is for “a cake worth \$10” or “any cake not exceeding \$10 in value”.

A voucher (other than a prepaid phone card) will not be considered to have stated on or recorded in or in respect of it a value in non-monetary terms if the non-monetary terms refer to the goods or services that may be supplied upon redemption of the voucher. Examples of non-monetary terms for this purpose would be “credits”, “redemption points” and “loyalty points”.

In certain circumstances, for instance, where the value of a card or prepaid phone card is topped-up by a means other than some other card, there may in fact be no voucher involved. Accordingly, for transactions that do not involve vouchers and that are transactions specified in the new section 35A(5), in order to bring these transactions within the new section 35A(1), they are deemed to involve vouchers as defined in the new section 35A(3).

Clause 5 amends section 37 to provide for the temporary removal of goods, without payment of tax, from a warehouse outside the free trade zone for the purpose of an auction, an exhibition or other similar event involving the display of goods.

Clause 6 amends section 49(2) to require that an application for review and revision state precisely the grounds on which a decision made by the Comptroller under section 49(1) is being objected to.

Clause 7 deletes paragraph 7 of the Third Schedule (including the sub-heading) as it is no longer necessary in consequence of the amendment made by clause 4.

**EXPENDITURE OF PUBLIC MONEY**

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

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