

IRAS CIRCULAR

LEGISLATIVE AMENDMENT TO PARAGRAPH 8(1) OF FIRST SCHEDULE TO THE GST ACT



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Legislative Amendment to Paragraph 8(1) of First Schedule to the GST Act

A legislative amendment has been made to allow businesses that make wholly exempt supplies of financial services to register for GST purposes if their supplies are international services¹. This amendment takes effect from 1st Jun 03.

GST treatment prior to 1st Jun 03

Prior to the amendment, the GST legislation allowed only businesses that make or intend to make taxable supplies, or supplies outside Singapore which would be taxable supplies if made in Singapore, to register for GST purposes.

A taxable supply is defined in the GST Act as a supply of goods or services made in Singapore other than an exempt supply. An exempt supply includes the provision of financial services² and sale/lease of residential properties.

Therefore, a business making wholly exempt supplies cannot register for GST purposes and its input tax is irrecoverable.

Policy review

This policy on GST registration has since been reviewed to take into consideration the costs faced by businesses making exempt supplies to overseas persons. Following a change in policy, a refinement to the law has been made to allow businesses that make only exempt supplies of financial services to register for GST purposes if these are international services.

GST treatment from 1st Jun 03

Businesses that make wholly exempt supplies would be eligible to register under the amended paragraph 8(1) of the First Schedule if their exempt supplies are international services.

Application for GST registration under the new amendment is on voluntary basis, subject to the approval of and conditions specified by the Comptroller. Businesses that qualify under the new registration basis can apply for registration using the form GST F1 "Application for GST Registration". This form can be downloaded from IRAS website at <http://www.iras.gov.sg>.

¹ International services are defined in Section 21(3) of the GST Act.

² Financial services that are exempt supplies are defined in paragraph 1 of the Fourth Schedule to the GST Act.