

## List of Financial Services – An Excerpt of the GST Act

In accordance to the **Fourth Schedule of Part I of the Goods and Services Tax (GST) Act**, a supply of services shall be treated as an exempt supply where the services are of any of the following descriptions:

- (a) the operation of any current, deposit or savings account;
- (b) the exchange of currency (whether effected by the exchange of bank notes, currency notes or coin, by crediting or debiting accounts, or otherwise) other than the supply of a note or a coin as a collector's item, investment article or item of numismatic interest;
- (c) any supply by a person carrying on a credit card, charge card or similar payment card operation made directly in connection with that operation to a person who accepts the card used in the operation when presented to him in payment for goods or services;
- (d) the issue, payment, collection or transfer of ownership of any note or order for payment, cheque or letter of credit or the notification of the issue of a letter of credit;
- (e) the issue, allotment, transfer of ownership, drawing, acceptance or endorsement of a debt security;
- (f) the issue, allotment or transfer of ownership of an equity security;
- (g) the provision of any loan, advance or credit;
- (h) the provision of the facility of instalment credit finance in a hire-purchase, conditional sale or credit sale agreement for which facility a separate charge is made and disclosed to the recipient of the supply of goods;
- (i) the transfer or assignment of the provision of the facility of instalment credit finance in a hire-purchase agreement;
- (j) the provision or assignment of a derivative that does not lead to any delivery of goods or supply of taxable services;
- (k) the renewal or variation of a debt security, equity security or contract for the provision of any loan, advance or credit;
- (l) the provision, or transfer of ownership, of a life insurance contract;
- (la) the provision of insurance cover or annuities under any specified CPF scheme;
- (m) [Deleted by S 852/2014 wef 01/01/2015]
- (n) the provision or assignment of any contract for the sale of any unallocated commodity which does not lead to a delivery of the commodity from the seller to the buyer;
- (o) [Deleted by S 852/2014 wef 01/01/2015]
- (p) the issue or transfer of ownership of a unit under any unit trust or business trust;
- (q) the arrangement, provision, or transfer of ownership, of any contract of re-insurance;
- (r) the provision of financing in connection with a qualifying Islamic financial arrangement in relation to non-residential property, for which the provider of the financing derives an effective return;

- (ra) the provision of financing in connection with a qualifying Islamic financial arrangement in relation to an asset, for which the provider of the financing derives an effective return;
  - (rb) the provision of financing in connection with a qualifying Islamic financial arrangement in relation to an asset which is jointly acquired by a provider of the financing and a purchaser, for which the provider of the financing derives an effective return;
  - (rc) the provision of financing in connection with a qualifying Islamic financial arrangement in relation to the construction of an asset, for which the provider of the financing derives an effective return;
  - (s) the issue or transfer of ownership of Islamic debt securities under an Islamic debt securities arrangement;
  - (t) the provision of financing under an Islamic debt securities arrangement for which the provider of the financing derives an effective return;
  - (u) the provision of financing by one bank to another bank under a qualifying Islamic agency arrangement.
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### **Definition of terms**

“business trust” has the same meaning as in the Business Trusts Act (Cap. 31A);  
[S 676/2008 wef 01/01/2009]

“credit” includes —

- (a) the supply of credit by a person, in connection with a supply of goods or services by him, for which a separate charge is made and disclosed to the recipient of the supply of goods or services;
- (b) the discounting of any bill of exchange, promissory note, invoice or any similar instrument or debt security; and
- (c) the supply of credit by way of factoring of debts and forfaiting,  
but excludes the supply of a credit card, charge card or similar payment card made to a cardholder for which a fee for joining or subscription is charged other than the provision of credit for which a separate charge in respect of interest is made and disclosed;

“debt security” means any interest in or right to be paid money that is, or is to be, owing by any person or any option to acquire any such interest or right but excludes a contract of insurance and an estate or interest in land, other than an estate or interest as mortgagee or chargeholder;

“derivative” means any financial instrument that derives its value from an underlying financial asset, index or other investment, and includes options, swaps and credit default swaps;

“effective return” means —

- (a) in the case of a qualifying Islamic financial arrangement in relation to non-residential property in the circumstances described in paragraph (a)(ii)(A) of the definition of that arrangement, the difference between the price of the non-residential property sold by the provider of the financing to the purchaser over the cost of the non-residential property bought by the provider of the financing;

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

“equity security” means any interest in or right to a share in the capital of a body corporate or any option to acquire any such interest or right but excludes a contract of insurance and an estate or interest in land, other than an estate or interest as mortgagee or chargeholder;

“Islamic debt securities” means debt securities and trust certificates —

- (a) which are endorsed by any *Shari’ah* council or body, or by any committee formed for the purpose of providing guidance on compliance with *Shari’ah* law; and
- (b) where the amounts payable from such securities and trust certificates are periodic and supported by a regular stream of receipts from underlying assets;

“Islamic debt securities arrangement” means an arrangement under which —

- (a) immovable properties in Singapore, or all or part of the beneficial interest therein, are acquired by a special purpose vehicle from a person (referred to in this definition as the originator) where the acquisition is funded through the issuance of Islamic debt securities by the special purpose vehicle;
- (b) the immovable properties are leased by the special purpose vehicle to the originator; and

(c) the immovable properties, or all or part of the beneficial interest therein referred to in paragraph (a), are re-acquired by the originator upon the maturity of the Islamic debt securities;

“life insurance contract” means a contract for the provision of a life policy within the meaning of the Insurance Act (Cap. 142);

“Monetary Authority of Singapore” means the Monetary Authority of Singapore established under section 3 of the Monetary Authority of Singapore Act (Cap. 186);

“non-residential property” means any land, building, flat or tenement other than any land, building, flat or tenement described in paragraph 2(a), (b) and (c) of Part I;

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

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

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

(ii) the provider of the financing —

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

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

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

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

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

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

(iv) the bank is not required to effect payment to the provider of the financing until after the asset is sold;

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

(i) the provider of the financing (or its agent) acquires partial interest in the asset with a view to selling its interest in the asset to the purchaser;

(ii) the provider of the financing (or its agent) sells its interest in the asset to the purchaser on a periodic basis for an amount of money determined at the start of the arrangement;

(iii) the provider of the financing (or its agent) leases the portion of its interest in the asset that has yet to be sold to the purchaser for an amount of money determined at the start of the arrangement;

- (iv) the provider of the financing (or its agent) appoints the purchaser, or a third party, to take on the obligations in connection with the use of the asset, including its maintenance and insurance;
  - (v) in the event the asset is not in existence at the time of the joint purchase, and the provider of the financing (or its agent) leases the unsold portion of its interest in the asset to the purchaser, an amount of money may be paid by the purchaser to the provider of the financing (or its agent) for the subsequent use of that portion of the asset;
  - (vi) in the event of an early termination of the arrangement, the purchaser purchases the remaining unsold portion of the interest in the asset belonging to the provider of the financing (or its agent) for an amount of money determined at the start of the arrangement;
  - (vii) in the event the purchaser is unable to pay the amount of money in sub-paragraph (vi), the provider of the financing (or its agent) may sell the asset to a third party at a price lower than the outstanding amount payable by the purchaser; and
  - (viii) the purchaser purchases the whole of the interest in the asset belonging to the provider of the financing (or its agent) upon the expiry of the arrangement and obtains full ownership of the asset;
- (d) in relation to the construction of an asset, is an arrangement that is entered into between a provider of the financing and a purchaser whereby —
- (i) at the request of the purchaser and in accordance to the purchaser's specifications, the provider of the financing commissions the purchaser to construct an asset, for an amount of money, with a view to selling the completed asset to the purchaser;
  - (ii) either —
    - (A) the provider of the financing (or its agent) leases the asset to the purchaser with an option for the purchaser to acquire the asset; or
    - (B) the purchaser undertakes to purchase the asset from the provider of the financing (or its agent) after the completed asset has been transferred to the provider of the financing in accordance with sub-paragraph (v)(A);
  - (iii) the purchaser procures the construction of the asset by a third party;
  - (iv) the provider of the financing (or its agent) makes periodic payments to the purchaser for the construction of the asset;
  - (v) one of the following events takes place:
    - (A) the purchaser transfers the ownership of the asset to the provider of the financing (or its agent) on a mutually agreed date on or after the completion of the construction of the asset by the third party;
    - (B) the purchaser returns all the periodic payments received to the provider of the financing (or its agent) and cancels the lease arrangement referred to in sub-paragraph (ii)(A); or
    - (C) the provider of the financing (or its agent) agrees to the substitution of the asset that is the subject of the lease arrangement in sub-paragraph (ii)(A) or the purchase undertaking in sub-paragraph (ii)(B) with a comparable asset, and the purchaser transfers the ownership of the comparable asset to the provider of the financing (or its agent), on a mutually agreed date;

- (vi) the provider of the financing (or its agent) does not take physical delivery of the asset or the comparable asset, as the case may be; and
- (vii) at the end of the arrangement, the provider of the financing (or its agent) transfers ownership of the asset or the comparable asset, as the case may be, to the purchaser pursuant to —
  - (A) the lease arrangement referred to in sub-paragraph (ii)(A) (except upon the occurrence of the event in sub-paragraph (v)(B)); or
  - (B) the purchase undertaking referred to in sub-paragraph (ii)(B),
 as the case may be;

“qualifying Islamic agency arrangement” means an arrangement —

- (a) which is endorsed by any Shari’ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari’ah law; and
- (b) whereby —
  - (i) a bank appoints another bank as an agent of the first-mentioned bank for a fee, to use the first-mentioned bank’s funds with a view of generating an expected gain;
  - (ii) the second-mentioned bank returns the first-mentioned bank’s funds and the expected gain at the end of the arrangement; and
  - (iii) the second-mentioned bank retains any gains in excess of the expected gain;

“special purpose vehicle”, in relation to an Islamic debt securities arrangement, means a company whose only business is to acquire the originator’s immovable properties in Singapore, lease them back to the originator and transfer such properties to the originator upon the maturity of the Islamic debt securities;

“specified CPF scheme” means a scheme established under the Central Provident Fund Act (Cap. 36) that —

- (a) provides for the payment of moneys on the death of a person or on the happening of any contingency dependent on the termination or continuance of human life, except where the payment is only to be made in the event of —
  - (i) death by accident; or
  - (ii) death resulting from specified sickness;
- (b) is subject to payment of premiums for a term dependent on the termination or continuance of human life;
- (c) provides for the payment of an annuity for a term dependent on the termination or continuance of human life; or
- (d) is a combination of any of the above;

“trust certificates” means certificates evidencing beneficial ownership in underlying assets;

“unit” means a right or interest (whether described as a unit, a sub-unit or otherwise) which may be acquired under a unit trust or business trust.