



INLAND REVENUE
AUTHORITY
OF SINGAPORE

IRAS e-Tax Guide (Draft)

GST: Taxing imported services by way of an
overseas vendor registration regime



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Preface

This draft guide explains the application and operational details of the overseas vendor registration regime.

Under the current GST rules, a supply of services (other than an exempt supply) by a supplier who belongs in Singapore is subject to GST while the same supply by a supplier who belongs outside Singapore is not. The non-taxation of imported services has created an uneven playing field between local and overseas businesses.

To level the GST treatment for services procured from overseas and those procured locally so as to achieve parity in GST treatment for all services consumed in Singapore, an Overseas Vendor Registration Regime will be implemented on 1 Jan 2020 to tax Business-to-Consumer (B2C) supplies of digital services.

Under the regime, suppliers belonging outside Singapore making B2C supplies of digital services to customers in Singapore are required to register, charge and account for GST in Singapore. Under certain conditions, operators of electronic marketplaces may be regarded as the supplier of the services made by the suppliers through the marketplaces. In such cases, the operators are required to register, charge and account for GST on these supplies, instead of the suppliers.

IRAS is seeking feedback to facilitate a smooth implementation of the overseas vendor registration regime come 1 Jan 2020.

Electronic submission is encouraged. Your submission should include your name, the organization you represent, your email address and telephone number. Please submit your written comments using the template in Annex D by 20 Mar 2018 to:

Goods & Services Tax Division
Inland Revenue Authority of Singapore
55 Newton Road
Singapore 307987

Or email to: gstfeedback@iras.gov.sg

IRAS will provide a summary of responses to the feedback received on the draft guide by 31 May 2018.

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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
- 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.
- 1.4 The application of this guide is subject to the passing of the GST legislative amendments in Parliament and the assent of the President.

2 At a Glance

- 2.1 Under the overseas vendor registration regime, suppliers belonging outside Singapore, with a global turnover exceeding S\$1 million, making B2C supplies of digital services to customers in Singapore exceeding S\$100,000 are 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.

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.

- 2.4 As GST on supplies by Overseas Vendors duly registered only applies to B2C supplies of digital services, Overseas Vendors must therefore ascertain whether the customer is GST-registered. Supplies to GST-registered businesses may not be treated as B2C supplies. So, unless the customer provides his GST registration number, the Overseas Vendors 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 number. Instead, where applicable to them, 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. Please note too that the current penalty regime that applies to local taxable persons will similarly apply to the overseas suppliers and electronic marketplace operators.

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

- 3.4 For the purposes of the overseas vendor registration regime, digital services are defined as *services which are delivered over the Internet or an electronic network and the nature of which renders their supply essentially automated and involving minimal human intervention, and impossible to ensure in the absence 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, provided to non-GST registered customers in Singapore are subject to GST.

3.5 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.

3.6 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 also includes 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 status² 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

² 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.

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.
- 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 delivered over the Internet or an electronic network and the nature of which renders their supply essentially automated and involving minimal human intervention, and impossible to ensure in the absence 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.

Specifically, service fees charged to non-GST registered accommodation providers belonging in Singapore, and booking fees charged to non-GST registered customers in Singapore are subject to GST.

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, the Overseas Vendors may elect to account for GST on the supply of non-digital services that are supplied together with the principal digital services.

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. Therefore, Company C may elect to account for GST on the supply of the on-site training services. If Company C elects to do so, it will be required to 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 this 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 marketplaces³.

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. As a result, **local and overseas operators of electronic marketplaces are 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 recipient;
- (ii) The electronic marketplace authorises the delivery of supply to the recipient;
- (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, providing customer care or support, or owning customer data in relation to the supply);

- (iv) The documentation provided to the recipient identifies the supply as made by the marketplace, and not the supplier; or
- (v) The electronic marketplace and the supplier contractually agree that the marketplace is liable for GST.

An electronic marketplace may not be regarded as the supplier only if **all** of the abovementioned conditions are not satisfied.

³ The definition of an electronic marketplace can be found in the Glossary, in paragraph 3.5.

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.

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.

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, and the second a supply of those services from the marketplace operator to the consumer. This enables local GST-registered suppliers to 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 marketplace operators in their GST returns. Likewise, local non-GST registered suppliers are required to include the value of deemed supply of services made to marketplace operators when determining their GST registration liability.

6.5.5 In order for electronic marketplace operators to account for GST on all digital services made by both local and overseas suppliers through the marketplace, **the operator must first seek approval from the Comptroller in writing.**

6.5.6 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;
- (ii) or the marketplace operators must maintain contractual agreements with the suppliers to reflect the updated GST obligations.

6.6 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	
	Marketplace operator to charge and account only for overseas suppliers	Marketplace operator elects to charge and account 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	Standard-rated supply, as it is provided to a consumer in Singapore, accounted for by supplier	Subject to GST and accounted for by electronic marketplace operator Supply deemed as two consecutive supplies – the first being a supply of services from the supplier to the marketplace operator 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.

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 turnover⁴ 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. These include suppliers with sizeable global turnover but may not make significant sales to Singapore.
- 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.

Prospective basis:

- (ii) You 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.

⁴ 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 (more information may be found in Paragraph 7.2).

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 turnover 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.

- 7.2 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.
- 7.3 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.
- 7.4 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.
You are required to notify your GST registration liability by	<p>If your GST registration liability is triggered on/after 31 Dec 2019:</p> <p>Within 30 days of the end of that relevant calendar year.</p> <p>For example, if your liability arises on 31 Dec 2019, you are required to inform the Comptroller by 30 Jan 2020.</p>	<p>If your GST registration liability is triggered before 23 Oct 2019:</p> <p>1 Nov 2019</p> <p>If your GST registration liability is triggered on or after 23 Oct 2019:</p> <p>Within 30 days from the date of the forecast.</p> <p>For example, if your date of forecast is 15 Dec 2019, you are required to inform the Comptroller by 14 Jan 2020.</p>
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> <p>1 Jan 2020</p> <p>If your GST registration liability is triggered on or after 23 Oct 2019:</p> <p>End of 30 days from the date of your forecast or 1 Jan 2020, whichever is later.</p> <p>For example, if your date of forecast is 15 Dec 2019, you will be registered on 15 Jan 2020.</p>

Example 7 – Retrospective basis

Value of digital services made to Singapore customers	Business A (S\$)	Business B (S\$)
<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 (S\$)	Business D (S\$)	Business E (S\$)
<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>22 Nov 2019</i>	<i>-</i>

Assuming expected global turnover exceeds S\$1 million

7.5 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.

7.6 Voluntary GST Registration

7.6.1 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:

(a) You are operating or carrying on a business; and

(b) You make or have firm intention to make:

- (i) supplies that would be taxable if made in Singapore; and
- (ii) supplies of digital services either directly or on behalf of overseas suppliers through your marketplace to non-GST registered customers in Singapore.

7.6.2 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.

7.7 **Simplified Pay-only Registration Regime**

7.7.1 To ease the extra-territorial compliance burden, 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.

7.7.2 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 and providing the requested information.</p> <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.</p>
GST Filing and Payment	<p>Once GST registered, you are to charge GST on all supplies of digital services made to non-GST registered customers belonging in Singapore. In the simplified GST returns, you are required to report only the value of supplies made and the GST collected in the relevant accounting period on a quarterly basis.</p> <p>You must submit accurate GST returns via e-Filing and make payment electronically for the tax due in a timely manner, within one month from the end of each accounting period.</p>
Correction of Errors	<p>If you have made errors in your GST returns, you may correct them in your next GST return, instead of requesting to make adjustments for past returns that have been submitted.</p> <p>However, businesses are 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, the vendor may report negative output tax when its 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, GST refund will be allowed as long as the Comptroller is satisfied with the validity of the refund, and that the vendor bears the associated remittance charges. Alternatively, the vendor may also elect for the refund to be retained as credit for offset against tax payable in future periods</p>
Invoicing, Price Display and Record Keeping	<p>There will not be additional invoicing and price display requirements imposed on the overseas vendors under the simplified regime, beyond the vendors' usual business practices.</p> <p>However, similar to local GST-registered businesses, vendors are expected to maintain proper business and accounting records for at least 5 years, in order to support GST declarations.</p> <p>Overseas Vendors 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 record keeping.</p>

7.8 **GST De-registration**

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

- (a) You are certain that your global turnover for the next 12 months will be S\$1 million or less; or
- (b) 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
- (c) 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 number⁵, 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.

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.

9 Determining whether a supply is a B2C supply

9.1 As GST is 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

⁵ 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.

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.**

10 GST Administration

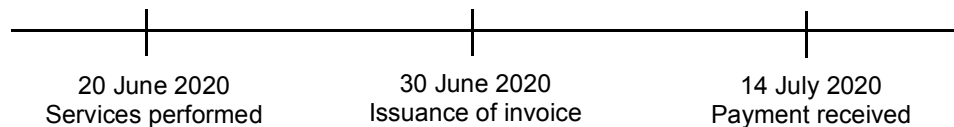
10.1 Time of Supply

- 10.1.1 Once you are GST-registered under the overseas vendor registration regime, you are required to charge and collect GST on all B2C supplies of digital services made to 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:

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

Example 9



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 rely on the date when the service is performed and hence, not charge and account for GST on these supplies. If the supplier wishes to rely on the date of service performance to determine the time of supply, it must maintain supporting documents (e.g. contract agreements) to substantiate that the service was performed before its GST registration.

10.2.3 For continuous supplies of digital services (e.g. subscription-based services) which straddle the GST registration date (i.e. the continuous supply commences before the GST registration date and continues thereafter), the portion of the service supplied from the date of GST registration will be subject to GST.

10.2.4 In other words, Overseas Vendors are required to apportion the value of supply of services made, and account for GST on the portion of the supply taking place after the date of 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.

10.3.3 For continuous supplies of digital services which straddle the GST de-registration date (i.e. the continuous supply commences before the GST de-registration date and continues thereafter), the portion of the service supplied until the date of GST de-registration will be subject to GST.

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:

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

Example 10

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 11

Company A provides music streaming services and engages a non-GST registered influencer in Singapore to promote its services on social media. In return, the influencer is charged a lower monthly subscription fee of S\$20 for the music streaming services.

Notwithstanding the transaction price of S\$20, as the OMV of the monthly streaming service is S\$40, Company A 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 12

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. $S\$40 \times 7/107$), and the value of supply will be S\$37.38 ($S\$40 \times 100/107$).

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 filing the GST return

- 10.5.2 The 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 two years 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.

11 Transitional Rules

11.1 Special time of supply rules apply to transactions made by overseas suppliers and overseas electronic marketplace operators that straddle the implementation date of 1 Jan 2020. A supply of services is considered as straddling the implementation date if one or two of these three events occur(s) before the implementation dates: performance of services, issuance of invoice, and the payment receipt date. For example, the Overseas Vendor may make a supply of digital services before the implementation date but issues an invoice and receives payment for that service only after 1 Jan 2020.

11.2 For Discrete Supply of Digital Services

11.2.1 For such transactions straddling 1 Jan 2020, the time of supply is determined based on the earlier of when the services are performed and when the payment in respect of the supply is received.

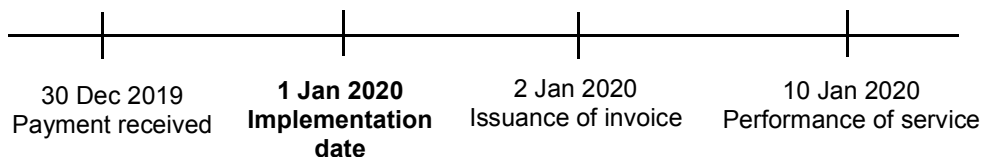
11.2.2 If full payment is received or the services are fully performed by 1 Jan 2020, the transaction would be regarded as made before 1 Jan 2020, and will be outside the scope of the GST.

11.2.3 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 is considered as being made on or after 1 Jan 2020, and 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.

11.2.4 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.

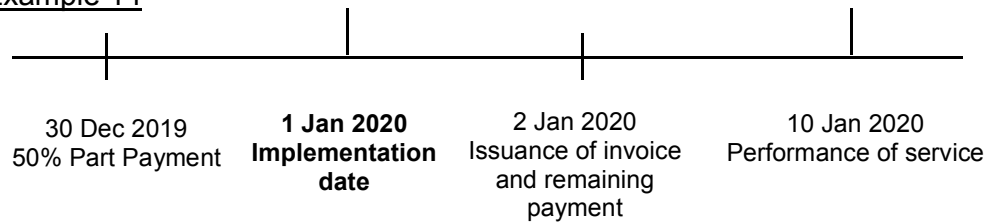
11.2.5 Annex C sets out the application of GST on transactions straddling 1 Jan 2020 under various scenarios.

Example 13



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 services is not within the scope of GST under the overseas vendor registration regime.

Example 14



As part payment is received before the implementation date, with the remaining payment received and service supplied after 1 Jan 2020, GST will be applicable on the remaining part of the payment received after 1 Jan 2020, as the value of the remaining payment is lower than that of the value of services performed on or after 1 Jan 2020.

11.3 For Continuous Supply of Digital Services

11.3.1 For a continuous supply of digital services, such as an online video subscription service, which straddles the implementation date of the overseas vendor registration regime (i.e. the continuous supply commences before the implementation date and continues thereafter), the portion of the service supplied from the implementation date will be subject to GST.

11.3.2 In other words, the Overseas Vendors are required to apportion the value of supply of services made, and account for GST on the portion of the supply taking place after the implementation date.

For instance, if the implementation date is 1 January 2020 and a 12-month subscription is sold on 1 December 2019, GST would have to be accounted for on the portion of service from 1 January 2020 to 30 November 2020 (i.e. GST would have to be accounted for on 11/12 of the subscription)

Example 15

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 Dec 2019 to provide a 1-year subscription service of online TV programmes for the period covering 1 Dec 2019 to 30 Nov 2020.

As the supply is a continuous supply of digital services which straddles the implementation date of 1 Jan 2020, if GST-registered, Company A is required to account for GST on the portion of service relating to periods after the implementation date.

In this case, GST would have to be accounted for on the portion of service from 1 Jan 2020 to 30 Nov 2020 (i.e. 11/12 of the subscription).

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.
- 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 the 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, and offenders may face heavy penalties.**

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 registration⁶](#), [late filing and payment of GST returns⁷](#), [submission of incorrect GST returns⁸](#), and [non-compliance with GST obligations⁹](#).

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?*

By itself, the registration of an Overseas Vendor for GST purposes in Singapore would not be a relevant factor in the determination of a PE in Singapore. Singapore would 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 the respective digital services made to customers in Singapore qualify for zero-rating or GST exemption under domestic GST rules?*

No. To ease extra-territorial compliance, Overseas Vendors are not required to determine if the supplies of digital services made qualifies for zero-rating or exemption under current GST rules. Instead, as long as the services made qualify as digital services under the definition and prescribed included list provided, you are required to charge and account for GST. Digital services that are currently zero-rated and exempt would be specifically excluded under the overseas vendor registration regime to maintain parity of equivalent services provided by local suppliers.

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

⁶ Accessible at www.iras.gov.sg > GST > Non-GST registered businesses > Registering for GST > Do I Need to Register for GST

⁷ Accessible at www.iras.gov.sg > GST > GST-registered businesses > Filing your taxes > Late Filing or Non-Filing of Tax Returns

⁸ Accessible at www.iras.gov.sg > GST > GST-registered businesses > Filing your taxes > Correcting Errors Made in GST Return (Filing GST F7)

⁹ Accessible at www.iras.gov.sg > GST > GST-registered businesses > Learning the basics > How to implement GST > Responsibilities of GST-Registered Businesses

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 supplier will be regarded as the supply of the services, and is required to charge and account for GST on the supplies.

16 Contact Information

16.1 For enquiries on this e-Tax Guide, please contact:

**Goods and Services Tax Division
Inland Revenue Authority of Singapore**

55 Newton Road
Singapore 307987
Tel: 1800 356 8633
Email: gst@iras.gov.sg

Annex A – Definition and Scope of Digital Services

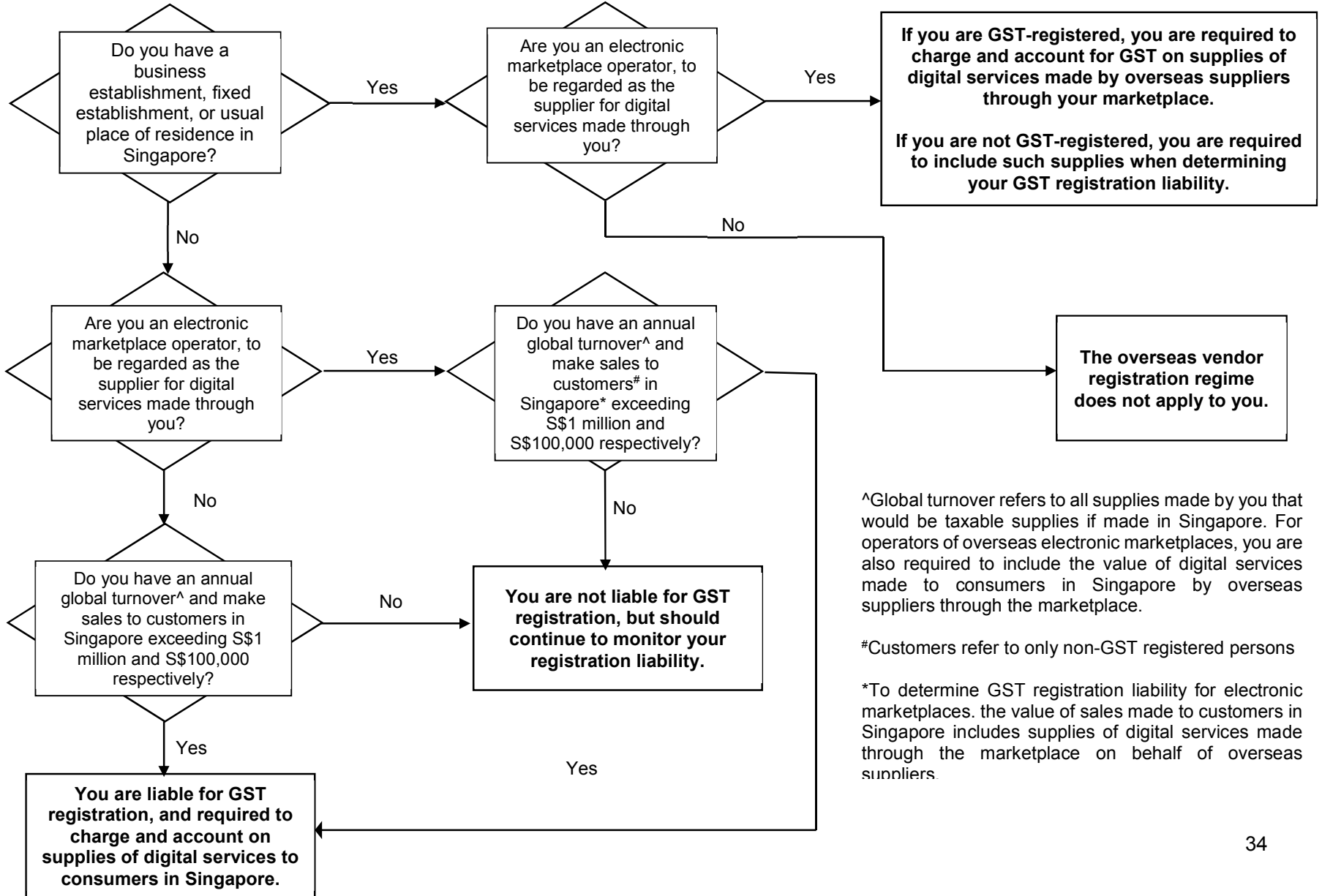
Digital services include services which are delivered over the Internet or an electronic network and the nature of which renders their supply essentially automated and involving minimal human intervention, and impossible to ensure in the absence of information technology.

Prescribed list of included and excluded Digital Services

Service	Remarks/ Examples
<u>Included Digital Services</u>	
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	
Advertising services on intangible media platform circulated wholly in Singapore	
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>	
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. Cloud-based telephony

	services, for example Voice over Internet Protocol (“VOIP”), audio conferencing and conference bridging, are also excluded.
Advertising services on intangible media platform circulated wholly outside Singapore	Zero-rating permitted for advertising services intended for circulation substantially outside of Singapore
Professional services, even if advice is provided by electronic means	E.g. legal services 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 discrete supply of digital services

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

Annex D – Template for Submission of Comments

Feedback on IRAS e-Tax Guide “GST: Taxing imported services by way of an Overseas Vendor Registration Regime”

No.	Paragraph/ Section of draft e-Tax Guide	Comments	Proposed alternative(s)

Submitted by:

Name of Company/ Business: _____

Contact Person: _____

Telephone Number: _____

Email Address: _____