

Extended Overseas Vendor Registration Regime



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Agenda

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3. GST Registration of OVR vendors
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1. Brief Recap of Overseas Vendor Registration (OVR) Regime

- From 1 Jan 2020, any supplier belonging outside Singapore that has a global turnover exceeding S\$1 million and makes supplies of digital services exceeding S\$100,000 to **non-GST registered customers in Singapore (B2C supplies)** is required to register, charge and account for GST.

Digital Services

(e.g. Downloadable digital content, subscription-based media, software programmes, electronic data management services)

GST is imposed on the imports of digital services under the OVR regime

Non-Digital Services

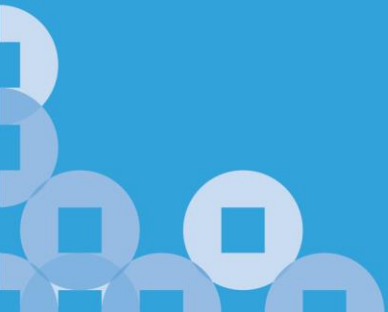
(e.g. Live interaction with providers of educational learning, fitness training, counselling, telemedicine)

Imported services that do not fall within the definition of 'Digital Services' are not subject to GST

Low-Value Goods

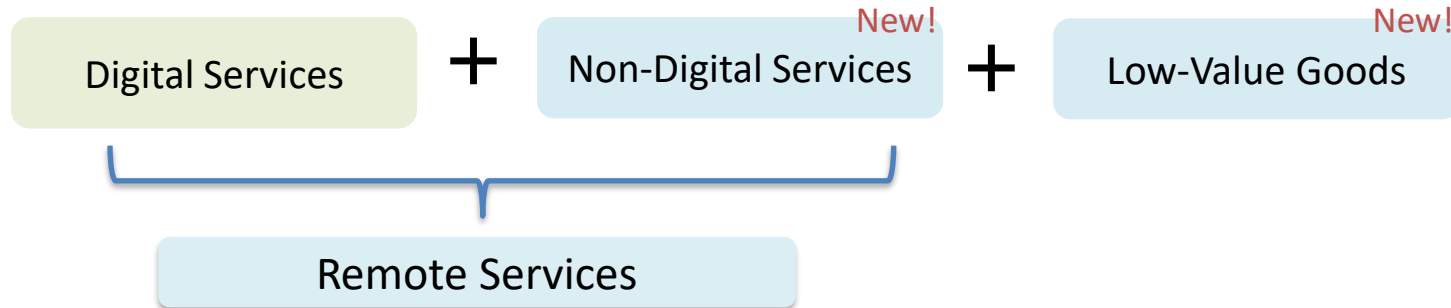
Goods imported via air or post with value not exceeding \$400 are not subject to GST as they are eligible for the GST import relief

2. Scope of Extended OVR Regime



2. Scope of Extended OVR Regime

- To ensure a level playing field for our local businesses to compete effectively, from 1 Jan 2023, the Overseas Vendor Registration (“OVR”) regime will be extended to:
 - a. Goods imported via air or post with value not exceeding \$400 (“Low-Value Goods”) and;
 - b. Business-to-Consumer (“B2C”) imported non-digital services.
- Digital services which are currently subject to GST will remain taxable. Consequently, from 1 Jan 2023, all B2C supplies of imported remote services, whether digital or non-digital, will be taxed by way of the extended OVR regime.



What are Remote Services?

Remote services are defined as any services where, at the time of the performance of the service, there is no necessary connection between the physical location of the recipient and the place of physical performance.

Examples of Remote Services

Type of Service	Examples
Supply of digital products	E.g. supply of mobile applications and e-books
Supply of membership by professional, academic or recreational bodies	E.g. membership fees for professional accounting or financial analyst organisations, academic institutions or sports clubs
Supply of professional services	E.g. investment advisory, arranging, broking or underwriting of insurance or financial products, legal and consultancy services
Supply of educational and examination services	E.g. distance learning classes, online examination to obtain professional certification
Supply of personal services	E.g. online counselling, coaching, matchmaking/ dating and telemedicine services

What are Remote Services?

Excluded Services

Type of Service	Examples
Exempt services described in the Fourth Schedule of the GST Act	E.g. provision of loans, issue/sale of shares or bonds, operation of any current, deposit or savings account, exchange of currency
Services that qualify for zero-rating under section 21(3) of the GST Act had they been provided by a local supplier	E.g. prescribed financial services supplied in connection with goods exported or supplied outside Singapore, such as export credit insurance
Services provided by an overseas government, that are of a nature described in the Schedule to the GST (Non-Taxable Government Supplies) Order of the GST Act.	E.g. court fees paid to the court of an overseas jurisdiction
On-the-spot services that require the customer to be physically located at the place where the services are provided.	E.g. hairdressing services, physiotherapy services, physical entry to entertainment or sporting events, restaurant and catering services, land tours

For more examples of remote services under the extended overseas vendor registration regime, please refer to Annex A in our e-tax guide on taxing remote services by way of the overseas vendor registration regime available on our website www.iras.gov.sg.

What are LVG?

- Definition of Low-Value Goods

LVG is defined as goods which at the point of sale:

- a) are not dutiable goods, or are dutiable goods, but payment of the customs duty or excise duty chargeable on the goods is **waived under section 11** of the Customs Act;*
- b) are not exempt from GST;*
- c) are **located outside Singapore** and are to be **delivered to Singapore via air or post**; and*
- d) have a value not exceeding the GST import relief threshold of S\$400 (hereinafter referred to as the **“entry value threshold”**).*

What are LVG?

Entry Value Threshold

- To determine if the goods fall within the definition of LVG, the **sales value** of the goods should be used to determine if the value of the goods falls within the entry value threshold of S\$400.

Sales Value

- Sales value refers to the **selling price** of the goods, which is the amount of consideration received or receivable for the supply but **excluding** any amounts charged for:
 - (i) **Transportation and insurance costs** (i.e., fees charged to customer for transportation and insurance) for transporting the goods from overseas to the place of delivery in Singapore;
 - (ii) Any GST chargeable on the supply of LVG; and
 - (iii) Any duties payable to Singapore Customs.

What are LVG?

- Please note that the sales value is for the **determination of the entry value threshold** and is different from the **value of a supply of LVG** on which GST is chargeable.

Value of Supply

- GST is charged based on the value of supply at the time of supply. The value of supply of an LVG would include amounts paid by the customer for related services such as transportation and insurance.
- If the supply is for a consideration wholly in money, the equation of the value of supply is as follows:

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

What are LVG?

Determining the Entry Value Threshold for supplies of Multiple Goods

- For sale of multiple goods to a non-GST registered customer, OVR vendor may bundle and ship the goods in a single consignment or as individual consignments.
- Regardless of the way the goods are bundled for shipment, the goods should be disaggregated and valued separately as separate items even if the combined value of the consignment were to be greater than the entry value threshold.
- Entry value threshold would apply individually to each item of goods supplied.

What are LVG?

Example 1

Ms. Tan places an order for a dress from overseas Supplier A, an online fashion retailer, and provides her Singapore home address as the delivery address. The dress is listed for sale at S\$420 (before GST, if applicable), which included a separate and explicit charge of transportation and insurance fees of S\$25.

To determine whether the supply of the dress to Ms. Tan falls within the entry value threshold, Supplier A is required to exclude the transportation and insurance fees charged to the customer. Thus, the sales value of the dress would be S\$395 and it is a LVG.

The value of supply of the dress is S\$420. The GST will be 7% of the value of supply, which is S\$29.40. Supplier A collects a total monetary consideration of S\$449.40 from the customer, being the summation of the value of supply and GST amount.

Who will be affected by the extended OVR regime?

- Vendors who make B2C supplies of LVG and/or remote services to customers in Singapore are subject to the OVR regime.

Local Vendors

- a. Local Suppliers
- b. Local Electronic Marketplace Operators²
- c. Local Redeliverers³

Overseas Vendors

- a. Overseas Suppliers¹
- b. Overseas Electronic Marketplace Operators^{1,2}
- c. Overseas Redeliverers^{1,3}

¹Belonging status outside of Singapore (i.e. has neither a business establishment, fixed establishment nor usual of residence in Singapore)

²When the Electronic Marketplace is regarded as the supplier (refer to slides 15 and 16 for the conditions)

³When the Redeliverer is regarded as the supplier (refer to slide 17 for the conditions)

Local Suppliers with Goods outside Singapore

- Currently, sales of LVG warehoused overseas by local suppliers to Singapore are treated as **outside the scope of GST** since the goods are located outside Singapore at the time of supply.
- With the implementation of the extended OVR regime on LVG, the direct sales* of LVG by local suppliers to customers who are not GST-registered **will now fall within the scope of GST**.
- GST-registered local suppliers would be required to **charge and account for GST on the direct sales of LVG** to customers who are not GST-registered.
- Non-GST registered local suppliers who make direct sales of LVG to non-GST registered customers would be required to **include such supplies in their taxable turnover** to determine their GST **registration liability**.

* Direct sales refer to goods that are supplied directly by local and overseas suppliers to customers who are not GST-registered in Singapore (e.g. through the supplier's own website), instead of supplying the goods through an electronic marketplace or redeliverer.

Electronic Marketplace Operators

- Electronic marketplace operators are regarded as the supplier of the imported LVG or remote services, if **any** of these conditions are met:
 1. The marketplace **authorises the charge** to the customer
 - Communicates the liability to pay to the customer
 - Influences whether or at what time the customer pays
 2. The marketplace **authorises the delivery of supply** to the customer
 - Delivers an item itself or sends approval to commence delivery

Electronic Marketplace Operators

3. The marketplace **sets the terms and conditions under which the supply is made**
 - Influences pricing, specifies payment/delivery methods
 - Provides customer support or owns customer data
4. **Documentation** issued to customer **identifies the supply as made by the marketplace**
 - Receipts, invoices, or information displayed on marketplace's website
5. The marketplace and merchant **contractually agree that the marketplace is responsible for GST obligations**



Most electronic marketplace operators would be regarded as the supplier, except platforms that purely provide listing services

Redeliverers

'Ship for me' services

- Assist customers to ship their purchases from overseas to Singapore by **providing an overseas forwarding address**
- Customer instructs supplier to deliver goods to this overseas forwarding address and the redeliverer will **arrange to ship the goods to Singapore**

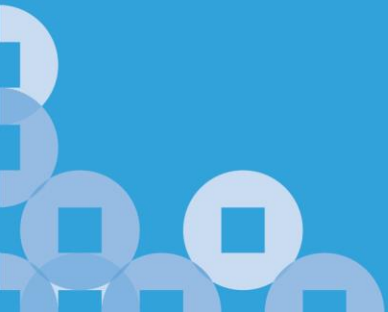
'Buy for me' services

- Assist to place order of goods from the supplier on behalf of the customer
- Arrange for the shipment of the goods from overseas to Singapore

Redeliverers

- Redeliverers may be regarded as the suppliers for LVG supplied by local and overseas suppliers, when certain conditions are met.
- Redeliverers are regarded as the supplier of the LVG if:
 1. **No electronic marketplace operator** is treated as the supplier of the goods;
 2. The **supplier** of the goods **does not deliver or arrange the delivery** of the goods to Singapore; and
 3. The redeliverer **delivers or facilitates the delivery of the LVG to Singapore** and does one or more of the following:
 - **Provides or facilitates the use of an address outside of Singapore** for delivery of the LVG; or
 - **Purchases or facilitates the purchase** of the LVG

3. GST Registration of Overseas vendors



GST Registration for Overseas Vendors

OVR registration threshold

With effect from 1 Jan 2023, overseas vendors¹ are liable for registration, under either the retrospective or prospective basis, if:

- They have a global turnover exceeding S\$1 million; and
- Make B2C supplies of low-value goods and remote services (i.e. digital services and remote non-digital services) to Singapore exceeding S\$100,000.

- Retrospective Basis:

Your global turnover and value of B2C supplies of LVG and remote services to Singapore for the **calendar year (i.e., 1 Jan to 31 Dec)** exceed S\$1 million and S\$100,000 respectively.

- Prospective basis:

You **reasonably expect** the value of your global turnover and B2C supplies of LVG and remote services to Singapore to exceed S\$1 million and S\$100,000 respectively for the **next 12 months**.

¹Overseas Suppliers, Overseas Electronic Marketplace Operators and Overseas Redeliverers

Overseas Electronic Marketplace Operators

- If regarded as the supplier, the overseas marketplace operator, in computing its global turnover (i.e. \$1m) and its value of LVG and remote services made to Singapore (i.e. \$100,000) when determining GST registration liability, is required to:
 1. Include supplies of **LVG** made by **local and overseas suppliers** to non-GST registered customers via its marketplace;
 2. Include **remote services** made by **overseas suppliers** through its marketplace to non-GST registered customers in Singapore; and
 3. Include its **own supplies of LVG and remote services made directly** to non-GST registered customers.
- When GST-registered, charge and account for GST on such supplies, instead of the suppliers, regardless of whether these suppliers are GST-registered or not.

Overseas Electronic Marketplace Operators

Example 2

Overseas electronic marketplace A operates an e-commerce platform, which lists and sells its own-brand products and on behalf of local and overseas sellers. Its annual global turnover in 2023 is S\$3 million. For the year 2023, sales of LVG by the local and overseas suppliers through marketplace A to non-GST registered customers amounted to S\$60,000. Marketplace A's own sales of LVG to non-GST registered customers amounted to S\$50,000.

To determine its GST registration liability, marketplace A must sum up the values of:

- The LVG supplied by the local and overseas suppliers through its marketplace (S\$60,000); and
- Its own supplies of LVG (S\$50,000).

As marketplace A's global turnover and supplies to Singapore exceed S\$1 million and S\$100,000 respectively, it is liable for GST registration under the overseas vendor registration regime.

Overseas Suppliers

- Supplies of LVG and remote services made by a supplier through an electronic marketplace operator (that is regarded as the supplier) are accounted for by the marketplace and disregarded for the purpose of assessing whether the supplier must register for GST.

Example 3

Overseas supplier's global turnover exceeded S\$1 million in year 2023. It supplied S\$50,000 of LVG directly through its website and \$60,000 of LVG through an overseas electronic marketplace operator (regarded as the supplier), to non-GST registered customers in year 2023.

When determining its GST registration liability, the overseas supplier is not liable to register for GST as the S\$60,000 of LVG made through the marketplace (regarded as the supplier) is disregarded.

Overseas Redeliverers

- If regarded as the supplier, the overseas redeliverer is required to sum up **the value of** its own B2C LVG supplies **made** to non-GST registered customers, as well as the value of B2C LVG supplies made by local and overseas suppliers, for which it assisted non-GST registered customers to purchase and/or deliver to Singapore, to determine its GST registration liability.
- When GST-registered, charge and account for GST on such supplies, instead of the suppliers, regardless of whether these suppliers are GST-registered or not.

Example 4

Overseas Company B is a redeliverer which assists customers to purchase and/or ship their purchases from overseas to Singapore by providing the use of an overseas forwarding address. For the year 2023, Company B assisted non-GST registered customers with the purchase and/or delivery of LVG to Singapore. The value of these LVG amounted to S\$1,200,000.

As Company B's global turnover and supplies of LVG to Singapore exceed S\$1 million and S\$100,000 respectively, it is liable for GST registration under the overseas vendor registration regime.

GST Registration for Overseas Vendors

Retrospective Basis

Registration liability triggered	Notify IRAS	Effective date of registration
On/after 31 Dec 2022	Within 30 days of the end of that relevant calendar year. E.g. if your liability arises on 31 Dec 2022, you are required to inform the Comptroller by 30 Jan 2023.	End of the month following the month in which the 30th day falls. E.g. if your liability arises on 31 Dec 2022, you will be registered on 1 Mar 2023.

Prospective Basis

Registration liability triggered	Notify IRAS	Effective date of registration
On or before 23 Sep 2022	By 1 Oct 2022	1 Jan 2023
From 24 Sep to 31 Dec 2022	By 31 Jan 2023	1 Feb 2023
On or after 1 Jan 2023	Within 30 days from the date of forecast	31 st day from the date of your forecast

GST Registration for Overseas Vendors

Example 5 – Retrospective Basis

Value of B2C LVG/Remote Services	Overseas Business A (S\$)	Overseas Business B (S\$)
Determination date	31 Dec 2022	31 Dec 2022
Calendar year ending on the Determination date (Actual)	200,000	200,000
12 months from Determination date (Expected)	300,000	50,000
Registration required	Yes	No*
GST registration application Due date	30 Jan 2023	-

Assuming actual and expected global turnover of the overseas business exceed S\$1 million

**If you are certain that, because of specific circumstances, your global turnover or value of B2C supplies of LVG and remote services to 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.*

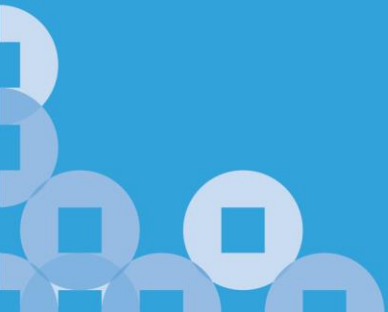
GST Registration for Overseas Vendors

Example 6 – Prospective Basis

Value of B2C LVG/Remote Services	Overseas Business A (S\$)	Overseas Business B (S\$)
Determination date	20 Sep 2022	24 Sep 2022
12 months from Determination date (Expected)	300,000	300,000
Registration required	Yes	Yes
GST registration application Due date	1 Oct 2022	31 Jan 2023

Assuming expected global turnover of the overseas business exceed S\$1 million

3. GST Registration of Local vendors



GST Registration for Local Vendors

GST Registration for Local Vendors will follow the usual GST registration threshold. They must register for GST if their 'combined turnover' is:

- a) Under the retrospective view, more than S\$1 million at the end of the calendar year, or
- b) Under the prospective basis, expected to be more than S\$1 million in the next 12 months

- Note: The S\$100,000 registration threshold based on the value of B2C supplies of LVG and remote services to Singapore does not apply to local persons.

Local Suppliers

- If it makes direct sales of LVG warehoused overseas to non-GST registered customers in Singapore, the local supplier, in computing its **combined turnover** when determining GST registration liability, is required to:
 1. Include the **value of such direct sales of LVG**; and
 2. Include its **own standard-rated and zero-rated supplies**.

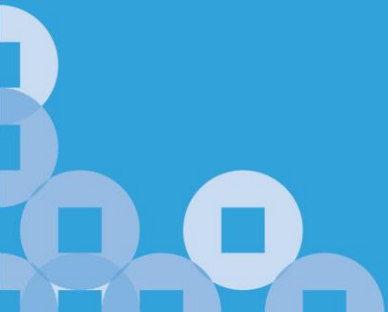
Local Electronic Marketplace Operators

- If regarded as the supplier, the local electronic marketplace operator, in computing its **combined turnover** when determining GST registration liability, is required to:
 1. Include supplies of **LVG** made by **local and overseas suppliers** to non-GST registered customers via its marketplace;
 2. Include **remote services** made by **overseas suppliers** through its marketplace to non-GST registered customers in Singapore;
 3. Include **its own direct sales of LVG to non-GST registered customers**; and
 4. Include **its own standard-rated and zero-rated supplies**.
- When GST-registered, charge and account for GST on such supplies, instead of the suppliers, regardless of whether these suppliers are GST-registered or not.

Local Redeliverers

- If regarded as the supplier, the local redeliverer, in computing its **combined turnover** when determining GST registration liability, is required to:
 1. Include supplies of **LVG** made by **local and overseas suppliers** to non-GST registered customers, for which it assisted non-GST registered customers to purchase and/or deliver to Singapore;
 2. Include **its own direct sales of LVG to non-GST registered customers**; and
 3. Include **its own standard-rated and zero-rated supplies**.
- When GST-registered, charge and account for GST on such supplies, instead of the suppliers, regardless of whether these suppliers are GST-registered or not.

4. Features of Simplified Pay-only Regime



4. Features of Simplified Pay-only Regime

For ease of compliance, overseas OVR vendors will be registered under a simplified pay-only regime. The regime features simplified GST reporting and documentation requirements.

1. Appointment of local agent/Security deposit

- **No requirement** for overseas vendors under pay-only regime **to appoint a local agent** to handle their tax matters
- **No requirement to provide security deposit**, unless overseas vendor is registering on a voluntary basis (subject to typical conditions imposed by the Comptroller)

2. GST Filing and Payment

- Overseas vendors registered under the pay-only regime will **file simplified GST returns** with only certain relevant fields available
- Simplified returns are filed on a **quarterly basis** with **filing and payment due within 1 month** from the end of each accounting period.

4. Features of Simplified Pay-only Regime

3. Input tax claims/Refunds

- Input tax claims are not allowed under the simplified regime
- If overseas vendor is in a net refundable position, the net GST refundable will be retained as credit for offset against GST payable in future periods
- Subject to Comptroller's approval, overseas vendor may request for net GST to be refunded if they are willing to bear the associated remittance charges

4. Correction of Errors/ Bad debts

- If errors are made in the GST returns, overseas vendor should correct them in their next GST return
- Where significant errors are made, overseas vendor may write in to request for an adjustment of their GST returns providing reasons for the adjustment
- Bad debt relief is available upon completing the self-review checklist with GST refundable held as credit

4. Features of Simplified Pay-only Regime

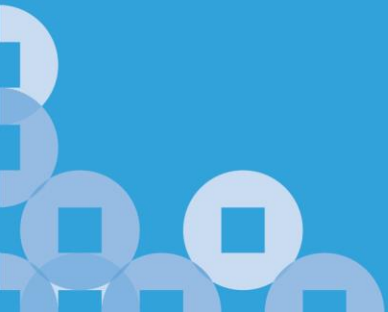
5. Invoicing/Price Display

- No additional invoicing and price display requirements imposed beyond overseas vendor's usual business practices under the simplified regime

6. Record Keeping

- Overseas suppliers are required to maintain proper business and accounting records for at least 5 years (similar to domestic GST-registered businesses – record-keeping e-tax guide)
- Must make available upon request supporting documents, including sales listings, invoices issued, payment evidence and customer information (i.e. GST registration number) to substantiate GST collected from all supplies made to customers in Singapore

5. Implications to existing and new OVR Vendors



5. Existing and New OVR Vendors

- Existing OVR vendors, that are registered for GST currently, do not need to register for GST again. They will proceed to charge and account for GST on the supply of LVG and/or remote services from 1 Jan 2023.
- Both existing and new OVR vendors will need to make changes to their accounting systems and/or business processes to identify whether there is a need to charge GST on their supply of LVG and/or remote services by determining:
 1. Where the customers belong (Remote Services);
 2. Whether the goods are imported into Singapore (LVG); and
 3. Whether the supplies are B2C supplies.

1. Determining where Customer belongs (Remote Services)

Remote Services

- Existing belonging status guidelines apply:
 - Corporate entity: Business Establishment & Fixed Establishment rules
 - Individual: Usual place of residence
- However, due to the limited information available to overseas suppliers, they may instead **maintain 2 pieces of non-conflicting evidence** based on the following proxy categories:
 - I. Payment Proxy (e.g. credit card info, bank account details)
 - II. Residence Proxy (e.g. billing or home address)
 - III. Access Proxy (e.g. IP address, mobile country code of SIM card)
- The 2 evidence pieces should comprise **one payment proxy**, and **either a residence or access proxy**

1. Determining where Customer belongs (Remote Services)

- However, if the **payment proxy is not available or is contradictory**, the overseas supplier is required to obtain two pieces of non-conflicting evidence consisting of **a residence and access proxy each**.

Example 7

An Australian resident visiting Singapore purchases and downloads a movie digitally from overseas Company D, which is registered under the OVR regime. Customer's IP address (access proxy) indicates that he belongs in Singapore. But customer's billing address (residence proxy) indicates that he belongs in Australia which matches with the credit card information (payment proxy) provided.

Company D concludes that the customer belongs in Australia and does not charge GST on the sale of the movie.

2. Determining whether goods are imported into Singapore (LVG)

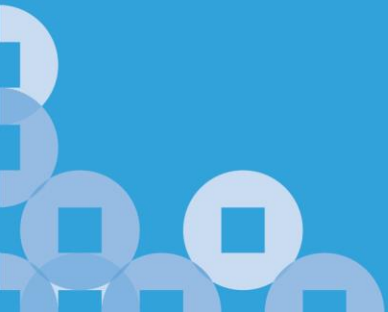
LVG

- A low-value good is regarded as imported into Singapore if the goods are delivered from **outside Singapore** to a **recipient in Singapore**.
- An OVR Vendor may regard a supply of low-value goods as delivered from outside Singapore to a recipient in Singapore if:
 - (i) The goods are located **outside Singapore at the point of sale**; and
 - (ii) The shipping address indicated by the customer shows a **Singapore address and the goods are delivered to that Singapore address**.

3. Determining whether it is a B2C Supply

- B2C stands for business-to-consumer and refers to transactions made by a **GST-registered person**, to a **non-GST registered customer**.
- By default, overseas vendors will treat their supplies as being **supplied to non-GST registered customers**.
- GST-registered customers are responsible for **providing their GST registration number** to overseas vendors so that GST will not be charged. Overseas vendors will have to **make certain system changes** to allow customers that are GST-registered to provide their registration number.
- Overseas vendors can **check via our GST-registered Business Search function** available on our website to ascertain if the GST registration numbers given by customers are valid.
- Penalties have been **legislated for misrepresentation** (of GST registration status and belonging status) by non-GST registered customers.
- For GST incorrectly charged on supplies to GST-registered customers, customers would have to obtain the **refund directly from overseas vendors**.

6. Preventing Double Taxation on LVG



Potential Incidences of Double taxation

GST may be collected twice, first by OVR Vendors and again at Singapore Customs border, under the following situations:

Multiple LVG shipped as single consignment, with total value > CIF \$400

Exchange rate fluctuations

Difference in valuation as supplier uses sales value to determine whether the goods are LVG while import GST is collected based on CIF value

The relevant information that GST has been charged by OVR vendor was not presented upon importation

Multiple goods in a single consignment

Multiple LVG could be shipped as a single consignment with a total value above \$400 CIF, resulting in double taxation



\$150

(1) OVR Vendor collects GST on all 3 LVG



\$150



\$150



Single consignment of \$450

(2) OVR Vendor ships the LVG as one single consignment



(3) GST collected at Customs border since CIF > \$400

Exchange rate fluctuations

Exchange rate fluctuations arising from the differences in timing during the application of the exchange rate



S\$398 at point of sale

(1) OVR Vendor collects
GST on the LVG



S\$402 at the time
of importation

(2) GST collected at
Customs border since CIF
> \$400

Differences in valuation

OVR Vendors are required to use the sales value of the good to determine whether the good is LVG, which excludes insurance and freight costs. Customs value is based on CIF so double taxation may occur.



\$390 at point of sale

(1) OVR Vendor collects
GST on the LVG



\$35 transport and
insurance fees are
added to the \$390

(2) GST collected at
Customs border since CIF
> \$400

Measures to mitigate double taxation



How?

OVR vendors required to pass the relevant GST information* down to the logistics chain.

Logistics service providers would provide the information to Singapore Customs in a timely manner so that import GST will not be imposed on goods where GST was already collected by OVR vendors.

* Relevant GST information means:

1. whether GST has been paid for each item, and
2. the GST registration number of the OVR Vendors

Preventing Double Taxation



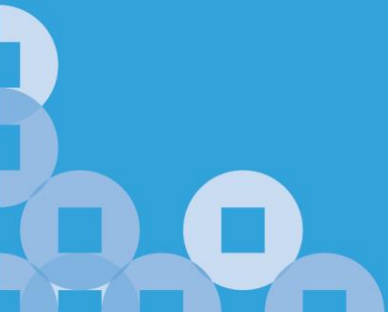
It is important to include the relevant GST information

If the relevant information is not presented upon importation and double taxation occurred, the customer can **seek a reimbursement of GST from the OVR vendor** and the OVR vendor must provide a refund to the customer if they produce evidence that substantiates that import GST was paid to Singapore Customs. If the OVR vendor has already filed and paid the GST collected in the GST return, it may seek a refund by filing it in the next GST return and maintain evidence that GST charged at the point of sale has been refunded to the customer.



If everyone plays their part, the instances of double taxation should be minimised.

7. Exception to use import value of goods for determining whether the value of goods falls within the entry value threshold



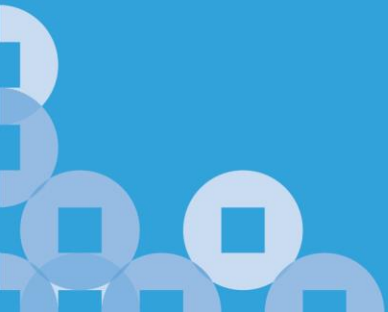
7. Exception to use Import Value of goods instead of Sales Value

- As explained previously, to determine if the goods fall within the definition of LVG, the **sales value** of the goods should be used to determine if the value of the goods falls within the entry value threshold of S\$400.
- However, OVR vendors whose systems and business processes enable them to determine the value of the transportation and insurance fees at the point of sale may prefer to use the **“import value”** of the goods, instead of sales value, so as to be consistent with the valuation used for Singapore Customs importation purposes.

7. Exception to use Import Value of goods instead of Sales Value

- Import Value is determined in accordance with Section 18 of the GST Act and generally comprises the Cost, Insurance and Freight (“CIF”) value, any customs duties payable, commission and other incidental.
- OVR vendors can make the election to use the import value by completing and submitting the “LVG entry value threshold election” form. Once submitted, they may proceed to use the import value instead of sales value to determine the entry value threshold of the goods.

8. Exception to apply entry value threshold on a per-consignment basis



8. Exception to apply entry value threshold on a per-consignment basis

- As explained previously, entry value threshold would **apply individually** to each item of goods supplied regardless of the way the goods are bundled for shipment.
- As an exception, OVR Vendors may make an election to apply the **entry value threshold on a per-consignment basis**, as opposed to on individual goods supplied, if the following conditions are fulfilled:
 - (i) The **OVR Vendor has full oversight** of the supply and logistics chain;
 - (ii) The OVR Vendor has put in place a business procedure or process that **enables it to determine**, at the point of sale, if the goods ordered by the customers **would be shipped and delivered as a single consignment**;

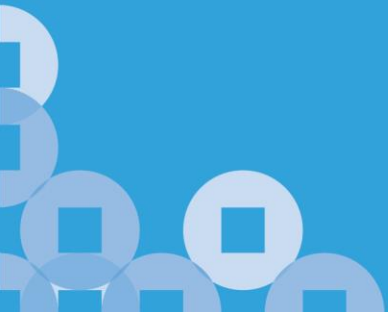
8. Exception to apply entry value threshold on a per-consignment basis

(iii) The business procedure or process in (ii) is documented, and agreed upon with the underlying suppliers in the case of electronic marketplaces; and

(iv) The OVR Vendor is able to make the **necessary GST adjustments** should there be subsequent changes to the customers' orders (e.g., change in price, quantity or weight of the goods ordered) that would affect the value of the consignment.

- OVR vendors can make the election to use the entry value threshold per-consignment basis by completing and submitting the **“LVG entry value threshold election” form**. Once submitted and able to ensure that all the conditions are fulfilled, they may proceed to use entry value threshold per-consignment basis to determine the entry value threshold of the goods.

9. Exception to apply GST on LVG imported via Sea or Land



9. Exception to apply GST on LVG Imported via Sea or Land

GST is only applicable if the LVG is imported into Singapore via air or post



OVR vendors with genuine difficulties in determining the mode of shipment of the LVG at the point of sale may seek the Comptroller's approval, **by completing and submitting the "Application to charge GST on LVG imported via sea/ land" form**, to charge GST on LVG imported via sea and land.



9. Exception to apply GST on LVG Imported via Sea or Land



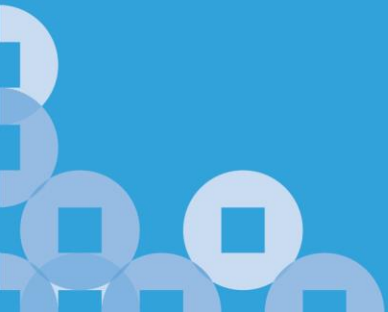
To prevent GST from being imposed again at importation, OVR vendors are also required to provide relevant GST information* down to the logistics chain for the imports via Sea and land.

Logistics service providers would provide the information to Singapore Customs in a timely manner so that import GST will not be imposed on goods where GST was already collected by OVR vendors.

* Relevant GST information means:

1. whether GST has been paid for each item, and
2. the GST registration number of the OVR Vendors

10. Time of Supply Rules



10. Time of Supply Rules

- Once GST-registered, OVR vendors will need to apply the time of supply rules on each transaction to determine when the supply has been made as they are required to report the supply and account for GST in their GST returns based on the time of supply.

Time of Supply

- The time of supply is triggered by the earlier of the following two events:
 - (i) When **payment is received**; or
 - (ii) When an **invoice** (or any equivalent document that serves as a bill for payment) **is issued**.

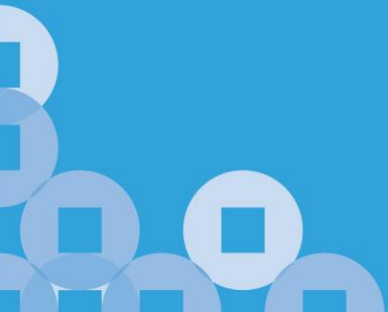
10. Time of Supply Rules

Example 8



Based on the time of supply rules, the time of supply is triggered at the invoice issuance date on 22 Mar 2023, 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 LVG/remote services supplied in the prescribed accounting period ended 31 Mar 2023.

11. Transitional Rules

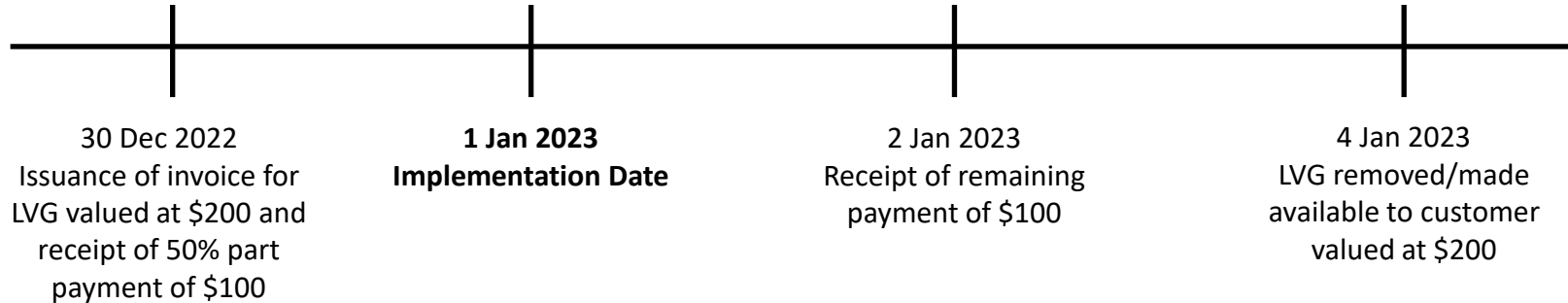


11. Transitional Rules - LVG

- Special transitional rules apply to transactions made by OVR vendors that straddle the implementation date of 1 Jan 2023.
- A supply of LVG will be treated as straddling the implementation date and subject to the transitional rules when:
 - i. The supplier's **invoice** is issued on/after 16 Feb 2021 but **before 1 Jan 2023**; and
 - ii. The **goods are removed or made available to the customer** and **payment is received on/after 1 Jan 2023**.
- Such a supply is subject to GST to the extent of the lower of the **value of payment received** or the **value of the goods removed or made available to the customer** on/after 1 Jan 2023.

11. Transitional Rules - LVG

Example 9



The invoice is issued on/after 16 Feb 2021 but before 1 Jan 2023, and the goods are removed/made available to the customer and payment is received on/after 1 Jan 2023. This supply of LVG will be treated as straddling the implementation date and subject to the transitional rules. GST will be applicable on the remaining payment received of \$100 on 2 Jan 2023, as the value of the remaining payment is lower than that of the value of the LVG removed/ made available to the customer on or after 1 Jan 2023.

11. Transitional Rules - Non-digital Services

- Special transitional rules apply to transactions made by OVR vendors that straddle the implementation date of 1 Jan 2023.

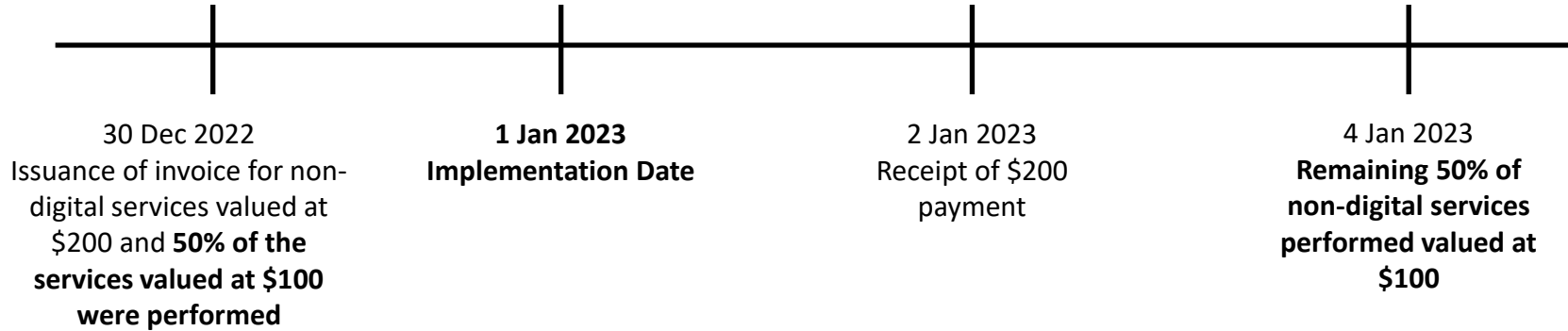
Discrete Supply of Non-digital Services

- A **discrete supply*** of non-digital services will be treated as straddling the implementation date and subject to the transitional rules when:
 - i. The supplier's **invoice** is issued on/after 16 Feb 2021 but **before 1 Jan 2023**; and
 - ii. The **performance of service** and **payment received occurs** on/after **1 Jan 2023**.
- Such a supply is subject to GST to the extent of the lower of the **value of payment received** or **value of services performed** on/after 1 Jan 2023.

**Discrete supplies refer to individually separate and distinct supplies, such as online examination services, legal advisory services.*

11. Transitional Rules - Non-digital Services

Example 10



The invoice is issued on/after 16 Feb 2021 but before 1 Jan 2023, and the performance of service and payment received occurs on/after 1 Jan 2023. This discrete supply of non-digital services will be treated as straddling the implementation date and subject to the transitional rules. GST will be applicable on the remaining portion of the services performed on or after 1 Jan 2023 amounting to \$100, as the value of the remaining services performed is lower than that of the value of payment received on or after 1 Jan 2023.

11. Transitional Rules - Non-digital Services

Continuous Supply of Non-digital Services

- A **continuous supply*** of non-digital services will be treated as straddling the implementation date and subject to the transitional rules when:
 - i. The supplier's **invoice** is issued or **payment** is received **before 1 Jan 2023**;
 - ii. The services (or part of the services) are **performed on/after 1 Jan 2023**; and
 - iii. The services are performed pursuant to an agreement made on/after 16 Feb 2021 but before 1 Jan 2023.
- The portion of the service performed from 1 Jan 2023 will be subject to GST.

**Continuous supplies refer to supplies that are progressively and continuously performed over a period of time, such as wealth management services, subscription to memberships in professional associations.*

11. Transitional Rules - Non-digital Services

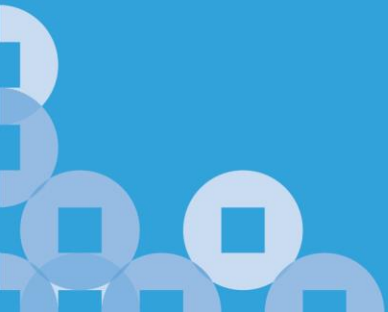
Example 11

Company A, established in Switzerland, provides wealth management services to clients worldwide. It contracts with a non-GST registered customer in Singapore on 1 Nov 2022 to provide wealth management services for the period covering 1 Nov 2022 to 31 Oct 2023.

Company A invoices its customer on a quarterly basis and issued an invoice on 1 Nov 2022 for its services for the period of 1 Nov 2022 to 31 Jan 2023 (3 months).

As the supply is a continuous supply of non-digital services which straddles the implementation date of 1 Jan 2023, Company A is required to account for GST on the payment received before 1 Jan 2023 that is attributable to the portion of services performed from 1 Jan 2023 to 31 Jan 2023 (i.e., 1 month).

12. Preparing for OVR



12. Preparing for OVR

Registration requirements

1. Check whether you are liable to register under Singapore's extended OVR regime.

- ✓ Overseas OVR Vendors: Will I have a global turnover exceeding \$1 million and make significant B2C supplies (i.e. > \$100,000) of LVG and remote services to Singapore, based on my past sales and future business plans?
- ✓ Local OVR Vendors: Will I be making significant taxable supplies (i.e. > \$1m), including B2C supplies of LVG and remote services to Singapore, based on my past sales and future business plans?

2. Register for GST.

- ✓ Overseas OVR Vendors registering under simplified pay-only registration regime: FormSG (which will be made available at a later date)
- ✓ Local OVR Vendors: eF1
- ✓ Submit the GST registration form and the necessary supporting documents

12. Preparing for OVR

System and process changes

3. Start allocating sufficient resources to system and process changes to comply with the regime's requirements.

- ✓ Ensure your system can:
 - Identify whether your customer belongs in Singapore (remote services), and allow GST-registered customers to provide their registration number during checkout process
 - Identify whether the goods are LVG at point of sale
 - Compute the correct amount of GST to bill to customer at billing stage
- ✓ Work with your logistics provider to ensure you can pass down the 2 pieces* of relevant GST information to prevent double taxation (for LVG).

* Relevant GST information means:

1. whether GST has been paid for each item, and
2. the GST registration number of the OVR Vendors

12. Preparing for OVR

System and process changes

3. (i) Where relevant, apply for IRAS' approval to:

- ✓ Charge GST on LVG imported via sea or land*

(ii) Where relevant, submit the LVG entry value threshold election form to:

- ✓ Elect to apply the entry value threshold on a per-consignment basis;
- ✓ Elect to use the import value of the goods, instead of the sales value, to determine the entry value of the goods.

** OVR Vendors are encouraged to apply for approval early so that there is sufficient time to process the application and prevent double taxation at the border.*

Additional Resources

- For more information on the OVR regime for LVG and remote services, you may refer to our webpages and e-Tax guides available at the following links below:

Webpages

[GST on Imported Services](#)

[GST on Imports of Low-Value Goods](#)

e-Tax Guides

[Taxing imported remote services by way of the overseas vendor registration regime](#)

[Taxing imported low-value goods by way of the overseas vendor registration regime](#)

- For further enquiries, please email in to us at GST@iras.gov.sg.

Thank You

The information presented in the slides aims to provide a better general understanding of taxpayers' tax obligations and is not intended to comprehensively address all possible tax issues that may arise. This information is correct as at the date of presentation. While every effort has been made to ensure that this information is consistent with existing law and practice, should there be any changes, IRAS reserves the right to vary its position accordingly.