

Annex

Key suggestions received on the Goods and Services Tax (Amendment) Bill 2015

Allowing the Comptroller of GST to impose a Travel Restriction Order on a person who fails to repay a tourist refund wrongly claimed under the Tourist Refund Scheme

- a) **Suggestion:** The amendment results in a stricter enforcement of the GST Law and may discourage tourism in Singapore as tourists who are not aware of the GST rules may have unintentionally made a wrongful claim.

*MOF's response: **Not accepted.** The amendment is not targeted at bona fide tourists and is hence not expected to impact negatively on tourism. The Travel Restriction Order is targeted at persons who do not meet the conditions for refunds but claim the tourist refunds wrongly and fail to repay them upon being notified of the erroneous refunds. The conditions for refunds can be found on IRAS' website and in brochures on the tourist refund scheme available at the airport and retail stores.*

- b) **Suggestion:** It is suggested that other enforcement powers such as the powers to seize goods and arrest individuals who attempt to fraudulently claim tourist refunds be used in tandem with the imposition of a Travel Restriction Order to discourage abuse of the tourist refund scheme.

*MOF's response: **Accepted.** The powers to impose a Travel Restriction Order could be used together with the powers to seize goods and detain persons in relation to cases involving tourist refund fraud. The amendment represents an additional avenue through which the Comptroller could seek to recover any unpaid refunds. It can be exercised even when there is no fraud involved.*

Revising the definition of "aircraft" for the purpose of zero-rating supplies made in relation to an aircraft, and extending zero-rating to specific supplies made in relation to non-qualifying aircraft

- c) **Suggestion:** It is suggested that clarification be provided on whether an aircraft that is used for test flights in Singapore but subsequently used for international travel would qualify as an aircraft that is wholly used or intended to be wholly used for international travel

*MOF's response: **Accepted.** An aircraft would be considered as wholly used or intended to be wholly used for international travel if that is the primary intent of the aircraft. Test flights undertaken by an aircraft that is intended to be used for international travel are regarded as facilitating the use of the aircraft for international travel.*

- d) **Suggestion:** It is suggested that the scope of zero-rating be extended to all types of aircraft. The overall revenue leakage is expected to be minimal given that domestic air travel in Singapore is limited.

*MOF's response: **Not accepted.** The policy intent is not to zero-rate the supply of and supply relating to all types of aircrafts. Based on GST principles, consumption in Singapore should be taxed. Zero-rating should hence not be extended to aircrafts which are primarily used for domestic travel in Singapore.*