



Singapore

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 1st January 2020.

VAT Standard rate

The standard VAT rate in Singapore in 2023 is 8%.

VAT Reduced rate

There is no reduced rate established.

Threshold

If the company belongs outside Singapore, it is required to register for GST in Singapore if it:

- Has an annual global turnover exceeding \$1 million;
- Makes B2C supplies of digital services to customers in Singapore exceeding \$100,000.

Pieces of evidence

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:

- Payment Proxy (e.g. credit card information based on BIN number bank account details);
- Residence Proxy (e.g. billing address, home address);
- Access Proxy (e.g. mobile country code of SIM card, IP address, location of fixed landline through which the service is supplied).

E-services list

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

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);
- 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).

Registration procedure

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.

Companies can register for GST by completing the GST registration application form for Overseas Vendors and providing the requested information.

It is not required to appoint a local agent to handle tax matters in Singapore, nor is required to provide a security deposit during the course of registration.

VAT returns filing date

In the simplified GST returns, foreign businesses are required to report only the value of supplies made and the GST collected in the relevant accounting period on a quarterly basis.

Foreign businesses 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.

VAT payment date

The same date as for filing (see above).

Penalties

Penalties may apply in the following scenarios:

- Failure or late notification for GST registration;
- Late or non-filing of GST returns;
- Submission of incorrect GST returns;

Late or non-payment of GST due;
Failure to maintain proper record keeping;
Failure to comply with the responsibilities of a GST-registered person in Singapore.

For example, a 5% penalty and subsequently an additional 2% penalty (not exceeding 50% of the tax outstanding) will be imposed for each completed month that the tax remains unpaid.

From 1 April 2018, the late submission penalty of \$200 is imposed immediately once the GST return is not filed by the due date. A penalty of \$200 will continue to be imposed for every completed month that the GST F5/F8 return is outstanding, till the maximum of \$10,000 for each outstanding F5/F8 return.

Keeping records

GST-registered businesses are expected to maintain proper business and accounting records for at least 5 years, in order to support GST declarations.



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