

SINGAPORE – LOGIC CHANGES

AUTHORITY UPDATE GUIDE

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Introduction

This guide provides an explanation of the most recent changes made to Determination for the authority of Singapore, which were implemented in connection to the new GST regulations implementing reverse charge mechanism for the imported services.

According to the law, when a supplier located outside Singapore makes a B2B supply of services to a GST-registered person in Singapore, this GST-registered recipient will be required to account for GST on the value of his imported services as if he were the supplier, to the extent the imported services fall within the scope of reverse charge.

What needs to be noted is that the new regulations will apply only to:

- i) GST-registered persons who procure services from overseas suppliers and are either not entitled to full input tax credit or belong to GST groups that are not entitled to full input tax credit; and
- ii) Non-GST registered persons who procure services from overseas suppliers exceeding \$1 million in a 12-month period and would not be entitled to full input tax credit even if GST-registered.

Considering the above, Singapore entities entitled for full tax credit do not have to apply the reverse charge for the imported services and, as such, will not be subject to GST in Singapore.

In order to provide the appropriate results for both scenarios (i.e. either entities entitled for full tax credit and the ones partially exempt), we have included some enhancements to Determination logic for the authority of Singapore.

With accordance to the new settings, the Transaction Type of Customer Location Services needs to be used for scenarios where reverse charge should be applied (i.e. in case of procuring services by the Singapore entities, which are not entitled for full input tax credit), whereas Transaction Types of Default Services and Electronic Services will not trigger any liability for the buyer.

Below are some examples of the expected results for Singapore authority in respect of acquisition of the abovementioned services:

TAX RESULTS EXAMPLES

Test 1: B2B Customer Location Services provided by a foreign entity to the SG Buyer

WORKBENCH ELEMENTS	VALUES
Role	Buyer
Transaction Type	Customer Location Services
Seller Primary	Germany
Buyer Primary	Singapore
Seller Registration	DE123456789
Buyer Registration	12345678A

Scenario 2020 January 1st Update - Singapore - authority options allowing RC on imported services (buyer):

View Results: <input type="button" value="2"/>		Gross Amount: 1000.00	Eff%: 0%			
Zone	Authority	Invoice Desc	Type	Dir	Fee Rate	Tax Amt TT IT
Country: SINGAPORE	Singapore	GST	RC	O	7%	70.00
Country: SINGAPORE	Singapore	GST	RC	I	7%	70.00
						0.00 USD
<input type="checkbox"/> Authority Messages:						
Authority	RuleOrder	Message				
Singapore	10000	GCBCL31: Reverse charge in Buyer's country.				
Singapore	10000	GCBCL32: Recovery of reverse charge in Buyer's country.				

Test 2: B2B Default Services provided by a foreign entity to the SG Buyer

WORKBENCH ELEMENTS	VALUES
Role	Buyer
Transaction Type	Default Services
Seller Primary	Germany
Buyer Primary	Singapore
Seller Registration	DE123456789
Buyer Registration	12345678A

Scenario 2020 January 1st Update - Singapore - authority options allowing RC on imported services (buyer):

View Results: <div>1</div>		Gross Amount: 1000.00		Eff%: 0%			
Zone	Authority	Invoice Desc	Type	Dir	Fee Rate	Tax Amt	TT IT
Country: SINGAPORE	Singapore	Not Liable	NL	I	0%	0.00	
						0.00 USD	
<div><input type="checkbox"/> Authority Messages:</div>							
Authority	RuleOrder	Message					
Singapore	5001	GCBCL219: No VAT liability in Buyer's country.					

Test 3: B2B Electronic Services provided by a foreign entity to the SG Buyer

WORKBENCH ELEMENTS	VALUES
Role	Buyer
Transaction Type	Electronic Services
Seller Primary	Germany
Buyer Primary	Singapore
Seller Registration	DE123456789
Buyer Registration	12345678A

Scenario 2020 January 1st Update - Singapore - authority options allowing RC on imported services (buyer):

View Results: <div>3</div>		Gross Amount: 1000.00		Eff%: 0%			
Zone	Authority	Invoice Desc	Type	Dir	Fee Rate	Tax Amt	TT IT
Country: SINGAPORE	Singapore	Not Liable	NL	I	0%	0.00	
						0.00 USD	
<div><div></div> Authority Messages:</div>							
Authority	RuleOrder	Message					
Singapore	5001	GCBCL219: No VAT liability in Buyer's country.					