

TAX UPDATES



Changes to the Goods and Services Tax Act to extend GST to overseas services from 1 January 2020 and enhance IRAS investigation powers from 1 January 2019

➤ **Introduction of goods and services (“GST”) on imported services:**

From 1 January 2020, GST on imported services will be introduced through a Reverse Charge mechanism for business-to-business (“B2B”) imported services, and an Overseas Vendor Registration (“OVR”) regime for business-to-consumer (“B2C”) imported services.

Under the Reverse Charge mechanism, when local business customers that are GST-registered purchase services from overseas suppliers, they will be responsible for accounting and paying the GST to IRAS, instead of the supplier, as is traditionally the case.

For B2C imported services, overseas suppliers and electronic marketplace operators will be required to register for GST under the OVR regime if they have a global annual turnover of S\$1 million or more and make sales of digital services of at least S\$100,000 to local consumers. These GST-registered overseas vendors will charge and collect GST on their sale of digital services to consumers in Singapore, and pay the collected GST to IRAS. Examples of such B2C imported digital services are video and music streaming services, mobile applications and software.

➤ **Enhance IRAS powers to investigate tax crimes**

IRAS investigative powers under the GST Act have been enhanced by providing authorised IRAS officers with the power of forced entry, the power to arrest without warrant, and the power to carry out body search. IRAS is also empowered to gather from any person all information relevant to its investigations or the prosecution of offences under the Act.

➤ **Sharing information with law enforcement agencies to combat serious fraud**

IRAS may now share with law enforcement agencies information that may be relevant to the investigation or prosecution of serious crime. Such crimes are prescribed in the First and Second Schedules to the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of benefits) Act.

If you wish to understand more on the above, please feel free to approach:

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