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No. S 845

**GOODS AND SERVICES TAX ACT
(CHAPTER 117A)**

**GOODS AND SERVICES TAX
(GENERAL) (AMENDMENT NO. 2)
REGULATIONS 2013**

In exercise of the powers conferred by sections 25(1), 27, 37A and 83E(1) of the Goods and Services Tax Act, the Minister for Finance hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Goods and Services Tax (General) (Amendment No. 2) Regulations 2013 and shall come into operation on 1st January 2014.

Amendment of regulation 46

2. Regulation 46 of the Goods and Services Tax (General) Regulations (Rg 1) (referred to in these Regulations as the principal Regulations) is amended —

(a) by deleting paragraph (3A) and substituting the following paragraphs:

“(3A) Where —

- (a) goods are supplied to an overseas person in Singapore and delivered to an approved contract manufacturer for the purposes of applying to or carrying out on the goods any process under a contract with and directly benefitting an overseas person; and
- (b) after the process has been applied to or carried out on the goods —

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- (i) the approved contract manufacturer delivers the goods to an approved person or to a customer of the overseas person;
 - (ii) the approved contract manufacturer exports the goods; or
 - (iii) the approved contract manufacturer or any other person destroys or disposes of the goods, where the goods are of an unsatisfactory standard or quality or are in excess of the amount required,

to the satisfaction of the Comptroller, then the goods shall be treated as having been supplied to the approved contract manufacturer in the course or furtherance of his business.

(3B) Where paragraph (3A) applies, the approved contract manufacturer shall also be entitled to claim under section 19 of the Act a deduction of input tax on the deemed supply referred to in paragraph (3A) as if the whole of the input tax were allowable under section 20 of the Act, if —

- (a) the approved contract manufacturer pays the tax on the deemed supply of goods; or
 - (b) the overseas person pays the tax on the supply of goods to him in Singapore, and the approved contract manufacturer makes a refund to the overseas person of the amount of the tax.”; and
- (b) by deleting the words “paid to the Comptroller” in paragraph (19C) and substituting the words “he is required to pay”.

Amendment of regulation 46A

3. Regulation 46A of the principal Regulations is amended —

- (a) by deleting the words “account for or” in paragraph (23)(a);

(b) by deleting sub-paragraphs (i) and (ii) of paragraph (23) and substituting the following sub-paragraphs:

“(i) in the case of sub-paragraph (a) —

(A) pay to the Comptroller without demand the tax chargeable on the importation (except to the extent that the tax would, apart from this regulation, otherwise be claimable as input tax under the Act); and

(B) include the amount of tax payable as output tax in his return for the prescribed accounting period in which the importation took place;

(ii) in the case of sub-paragraph (b), correct the error in accordance with regulation 66; and

(iii) in the case of sub-paragraph (c), correct the error in accordance with regulation 66 (except to the extent that the tax would, apart from this regulation, otherwise be claimable as input tax under the Act).”; and

(c) by inserting, immediately after paragraph (23), the following paragraph:

“(24) Notwithstanding paragraph (23), unless the Comptroller otherwise allows, where an approved person has, without paying the tax chargeable, made a supply of goods to another approved person (referred to in this paragraph as the approved customer) under paragraph (8)(b) or (11)(b) and the approved customer, at the time of supply, failed to satisfy any of the requirements specified in paragraph (1) or (2) (notwithstanding that the approved customer continues to be approved under the scheme), the approved customer —

(a) shall pay to the Comptroller without demand an amount equal to the tax which would, but for this regulation, have been payable on the supply

made by the approved person (except to the extent that the tax would, apart from this regulation, otherwise be claimable as input tax under the Act by the approved customer); and

- (b) shall include the amount payable which he is required to pay under sub-paragraph (a) as output tax in his return filed for the prescribed accounting period in which the supply was made.”.

Deletion and substitution of regulation 50B

4. Regulation 50B of the principal Regulations is deleted and the following regulation substituted therefor:

“Revocation of approval and recovery of refund made as tax due

50B.—(1) Where the Comptroller or any proper officer of customs ascertains that a tourist or a person who has held himself out to be a tourist —

- (a) does not satisfy any of the conditions under regulation 50(1) or (1A), or both, as the case may be;
- (b) has failed to comply with regulation 50A(1); or
- (c) is not a tourist within the meaning of regulation 49,

the Comptroller may revoke any approval for a refund under the scheme (whether granted before, on or after 1st January 2014 to the tourist or person).

(2) Where —

- (a) an approval for a refund under the scheme is revoked under paragraph (1) after the refund has been made to the tourist or person by a taxable person; and
- (b) the Comptroller has made a refund to the taxable person because of the refund referred to in sub-paragraph (a),

the tourist or person shall, upon notification by the Comptroller of the revocation, whether in writing or otherwise, immediately

repay to the Comptroller the amount of the refund referred to in sub-paragraph (a).

(3) For the avoidance of doubt, sections 78 and 79 of the Act shall apply to the recovery of the amount of the refund referred to in paragraph (2).”.

New Division 5 of Part VII

5. The principal Regulations are amended by inserting, immediately after regulation 50F, the following Division:

“Division 5 — Seizure, etc., of goods and arrest, etc., of persons

Seizure, etc., of goods

51.—(1) The Comptroller or an authorised person may seize any goods which the Comptroller or authorised person —

- (a) has reasonable cause to suspect have been used or are intended to be used by any person in seeking or obtaining a refund under the scheme in circumstances that would constitute an offence under section 62 or 63 of the Act; or
- (b) has reasonable cause to believe may aid in any investigation or prosecution in connection with such offence.

(2) Sections 83A to 83D of the Act shall apply in relation to goods seized pursuant to paragraph (1).

Arrest, etc., of persons

51A. The Comptroller or an authorised person may, in accordance with section 83E of the Act, arrest without warrant —

- (a) any person found committing or attempting to commit, or employing or aiding any person to commit, or abetting the commission of, any offence under section 62 or 63 of the Act in connection with the scheme;

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- (b) any person whom he may reasonably suspect to have in his possession any goods liable to seizure pursuant to regulation 51(1)(a); or
- (c) any person against whom a reasonable suspicion exists that he has been guilty of any offence under section 62 or 63 of the Act in connection with the scheme,

and may search or cause to be searched, any person so arrested.”.

*[G.N. Nos. S 674/2008; S 32/2009; S 118/2009;
S 626/2009; S 64/2010; S 566/2010; S 827/2010;
S 181/2011; S 691/2011; S 398/2012; S 495/2012;
S 24/2013]*

Made this 26th day of December 2013.

LIM SOO HOON
*Permanent Secretary
(Finance) (Performance),
Ministry of Finance,
Singapore.*

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(To be presented to Parliament under section 86(2) of the Goods and Services Tax Act).