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GOODS AND SERVICES TAX ACT 1993

GOODS AND SERVICES TAX (GENERAL) (AMENDMENT NO. 3) REGULATIONS 2022

In exercise of the powers conferred by sections 19(14) and 86(1) of the Goods and Services Tax Act 1993, the Minister for Finance makes the following Regulations:

Citation and commencement

1. These Regulations are the Goods and Services Tax (General) (Amendment No. 3) Regulations 2022 and come into operation on 1 January 2023.

Amendment of regulation 25

2. In regulation 25(1) of the Goods and Services Tax (General) Regulations (Rg 1), after the definition of “business trust”, insert —

““chauffeured private hire car” means a motor car that —

- (a) does not ply for hire on any road;
- (b) is hired, or made available for hire, under a contract (express or implied) for use as a whole with a driver for the purpose of conveying the hirer, and one or more passengers (if any), in that car; and
- (c) in respect of which a licence is issued under Part 5 of the Road Traffic Act 1961 for its use as a chauffeured private hire car;

“chauffeur service” means —

- (a) the carriage of one or more passengers; or

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- (b) the collection, conveyance and delivery, for reward, of any cargo not incidental to the carriage of any passenger in a chauffeured private hire car, and any goods, article, food or baggage which is unaccompanied by any passenger travelling in the chauffeured private hire car must be treated as cargo, but only if such collection, conveyance and delivery is approved by the Registrar, as defined under section 2(1) of the Road Traffic Act 1961, pursuant to rules made under that Act;”.

Replacement of regulation 27

3. In the Goods and Services Tax (General) Regulations, replace regulation 27 with —

“Disallowance of input tax relating to motor car

27.—(1) Subject to paragraphs (2) to (8), input tax incurred by a taxable person on any of the following is excluded from any credit under sections 19 and 20 of the Act:

- (a) the supply or importation of a motor car;
 - (b) the supply of goods or services to, or importation of goods by, the taxable person directly in connection with a motor car.
- (2) Where —
- (a) input tax is incurred by a taxable person on a supply or importation of a motor car;
 - (b) the motor car is used or to be used by a connected person of the taxable person;
 - (c) the provision of the use of the motor car by the taxable person to the connected person is not ancillary to any other supply made by the taxable person to the connected person; and
 - (d) the connected person has reimbursed the taxable person for a part or the whole of the sum of —

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- (i) the value of the supply or importation of the motor car; and
 - (ii) the input tax incurred by the taxable person in respect of that supply or importation,

paragraph (1)(a) does not apply to the amount of input tax that is reimbursed by the connected person.

(3) Paragraph (1)(a) does not apply to any input tax incurred by a taxable person on a supply or importation of a chauffeured private hire car, if —

- (a) the taxable person uses or intends to use the chauffeured private hire car to provide any chauffeur service in the course of a business of providing any chauffeur service carried on by the taxable person; and
- (b) where the taxable person is an individual — the taxable person also satisfies all the following conditions:
 - (i) the taxable person is a sole proprietor of a sole proprietorship that is registered under the Business Names Registration Act 2014 to carry on a business of providing any chauffeur service;
 - (ii) the taxable person maintains a fleet of at least 3 chauffeured private hire cars;
 - (iii) where —
 - (A) the taxable person personally provides any chauffeur service using any of the chauffeured private hire cars mentioned in sub-paragraph (ii) — the taxable person employs at least 2 other individuals to provide any chauffeur service using any of those chauffeured private hire cars; or

(B) the taxable person does not personally provide any chauffeur service using any of the chauffeured private hire cars mentioned in sub-paragraph (ii) — the individual employs at least 3 other individuals to provide any chauffeur service using any of those chauffeured private hire cars.

(4) Paragraph (1)(b) does not apply to any supply of goods or services to, or importation of goods by, an insurer directly in connection with a motor car of a person who contracted with the insurer for the insurance cover on that motor car, where the insurance cover commences on or after 1 January 2007.

(5) Where —

- (a) an amount of input tax is incurred by a taxable person on a supply of goods or services to, or importation of goods by, the taxable person directly in connection with a motor car;
- (b) the goods or services that are supplied or imported are used by a connected person of the taxable person;
- (c) the provision of the use of the goods or services that are supplied to, or imported by, the taxable person to the connected person is not ancillary to any other supply made by the taxable person to the connected person; and
- (d) the connected person has reimbursed the taxable person for a part or the whole of the sum of —
 - (i) the value of the supply of the goods or services or importation of goods; and
 - (ii) the input tax incurred on the value of that supply or importation,

paragraph (1)(b) does not apply to the amount of input tax that is reimbursed by the connected person.

(6) Paragraph (1)(b) does not apply to any input tax incurred by a taxable person on a supply of goods or services to, or importation of goods by, the taxable person directly in connection with a chauffeured private hire car, if the taxable person uses or intends to use the chauffeured private hire car to provide any chauffeur service in the course of a business of providing any chauffeur service carried on by the taxable person.

(7) Paragraph (1)(b) does not apply to any input tax incurred by a taxable person (*X*) on a supply of any chauffeur service that is provided to *X* by another taxable person (*Y*) using a chauffeured private hire car, if *Y* carries on a business of providing any chauffeur service.

(8) In this regulation, a person (*A*) is a connected person of another person (*B*) if *A* is determined to be connected to *B* in accordance with paragraph 3, read with paragraph 4, of the Third Schedule to the Act.”.

[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; S 845/2013; S 783/2014; S 105/2015; S 161/2015; S 709/2015; S 215/2016; S 622/2016; S 351/2017; S 461/2017; S 639/2017; S 179/2018; S 895/2018; S 137/2019; S 328/2019; S 875/2019; S 27/2021; S 474/2021; S 739/2021; S 1003/2021; S 620/2022; S 672/2022]

Made on 14 December 2022.

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(To be presented to Parliament under section 86(2) of the Goods and Services Tax Act 1993).