



INLAND REVENUE
AUTHORITY
OF SINGAPORE

Goods & Services Tax Guide on E-Commerce

This guide is meant to assist businesses in
understanding the GST treatment on E-
Commerce.

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1. Introduction

This guide is to assist you in understanding how Goods and Services Tax (GST) should be charged in electronic commerce transactions of **physical goods, digitised goods and services**. You should read this guide in conjunction with the Goods and Services Tax Act and the Subsidiary Legislation.

2. GST Overview

2.1 What is GST ?

GST is a tax on domestic consumption. It is charged on any supply of goods or services made in Singapore by a taxable person¹ in the course or furtherance of any business carried on by him. The present rate of GST is 3%.

2.2 What is GST chargeable on ?

In general, goods and services supplied in Singapore are taxable at 3%. The only exemption from GST are on certain financial services (specified in the Act) and the sale or lease of residential properties. These supplies are referred to as exempt supplies.

A supply of goods and services can be zero-rated (i.e. attract GST at 0%) if the goods are exported or if the services are international services².

2.3 Who is required to collect GST ?

Only a GST-registered person can charge and collect GST on all supplies of goods or services made in Singapore apart from exempt or zero-rated supplies. The GST-registered persons need to account and pay the GST collected to Comptroller of GST at prescribed regular intervals. For import of goods, GST is payable directly to Customs and Excise Department at the point of importation into Singapore.

If you are supplying goods or services in Singapore via internet or any other electronic media, you are accountable for the collection of GST as in traditional commerce. This also applies notwithstanding that the transactions are effected through a third party e-commerce service provider.

¹ A person is a taxable person for GST purposes if he is required to be registered under the GST Act. Please refer to paragraph 2.4 for more information.

² Section 21(3) of the GST Act, which describes the international services, is given in Appendix I.



2.4 Under what circumstances am I required to register for GST purposes ?

You are required to register for GST if you make taxable supplies of goods and/or services in Singapore with an annual turnover exceeding or likely to exceed \$1,000,000.

For further information regarding your liability to register, please refer to the handbook on "Do I need to register?". You can get a copy of the handbook from our Taxpayer Services Centre or download it from our website at www.iras.gov.sg.

2.5 If I am an e-commerce service provider, do I need to charge GST on the supplies provided by my clients ?

No, your client will charge and account the GST as his output tax if he is registered for GST. However, if you are registered for GST, you should charge your client with 3% GST on your service fees if your client belongs in Singapore (please refer to paragraph 3.2.2).

3. When is GST chargeable ?

3.1 Physical Goods

3.1.1 Are physical goods supplied over the internet subject to GST ?

All physical goods supplied over the internet attract GST if the supplier is a GST-registered person and the supply is made in Singapore. The principle guiding the charging of GST on e-commerce transactions is the same as that for traditional commerce. Therefore, as a GST-registered person, if you sell goods via the internet and the goods are delivered locally, you are making a standard-rated supply and GST is chargeable at 3%.

The medium through which the transaction occurs does not alter the taxability of the transaction.

3.1.2 When can I zero-rate my supply of goods made over the internet?

To determine whether you can zero-rate your supply of goods made over the internet, you need to prove that the goods are exported.

If the goods are exported by you or via your freight forwarder, you are making a zero-rated supply and GST can be levied at 0% provided you maintain the necessary export documents. (Please refer to paragraph 5.6)



Hence, whether you charge GST at 3% or zero-rate the supply of goods depends on the destination of your delivery.

For example, if you sell books over the internet, you will need to charge GST at 3% on the price of the books if these are delivered to a local destination. However, if you export the books to another country, you will be able to zero-rate the supply of the books provided you maintain the necessary documents to prove exports.

3.1.3 If I obtain my supplies from an overseas supplier, do I need to pay GST?

You are required to pay GST to Customs and Excise Department when you import goods by post or by air, if the value of the goods exceeds \$400.00.

However, if you are “importing” digitised goods³, you need not pay GST when you download these digitised goods, regardless of the value of the goods.

If you are ‘importing’ services, that is, the services are provided by someone not belonging in Singapore, you need not pay GST.

3.2 Services/Digitised Goods

3.2.1 When do I need to charge GST for services supplied via the internet?

If you are registered for GST in Singapore, you must charge your customers 3% GST unless the services are zero-rated under section 21 of the GST Act. Some examples of these zero-rated services are :

- supply of international transport (e.g. sales of air tickets);
- services performed for a person who **does not belong in Singapore** at the time the service is performed and the services are not supplied directly in connection with land or goods situated inside Singapore.

If you wish to know the list of supplies that can be zero-rated under section 21(3) of the GST Act, please refer to Appendix I.

3.2.2 What does “belonging in Singapore” mean?

If your customer is a business entity, such as a company or a partnership, it is considered as ‘belonging’ in Singapore if the business establishment is in Singapore or it has a fixed establishment in Singapore. If your customer has

³ Digitised goods are treated as services for GST purposes.



more than one fixed establishment, that is, both in Singapore and elsewhere, then the fixed establishment you should consider is the one which the services are most directly used or to be used.

If your customer is an individual, he/she is treated as belonging in Singapore if Singapore is his or her usual place of residence.

3.2.3 How do I know if my customer who is a business entity has business in Singapore or has a fixed establishment in Singapore?

If your customer has a Singapore address in your membership database (for instance, your regular business customer) a Singapore domain name or a Singapore IP address, these are indications that he has business in Singapore.

However, the following may indicate that your business customer belongs in a country outside Singapore:

- address of the business entity as shown in your membership database is outside Singapore; and
- domain name or IP address indicates that the business is a foreign establishment; and
- company gives a declaration, at the time of transaction, that the company is located outside Singapore; and
- any other information you have that indicates your customer as belonging outside Singapore⁴.

3.2.4 If my customer is an individual consumer, how do I know that he/she belongs in Singapore?

As a supplier, you should take reasonable steps to determine where your customer belongs.

If your customer has a **Singapore domain name or a Singapore IP address**, such as amylin@pacific.net.sg, you must charge GST on the supplies of services.

If your customer does not have a Singapore domain name nor a Singapore IP address, such as johnlee@aol.com, then you need to obtain a declaration of his usual place of residence. If he declares that his usual place of residence is Singapore, then you must charge GST on the supplies of services. If he declares that it is outside Singapore, then you can treat him as belonging outside Singapore and zero-rate your supply of services to him.

⁴ Guidelines relating to determining the location of customer will change with advancement in technology.



If your customer fails to declare his usual place of residence, then you should charge GST on the supplies of services.

Please refer to Appendix II on the possible situations and the GST treatment for each of the situations.

3.2.5 When must I charge GST for the sales of digitised goods such as music and software over the Internet?

If you sell digitised goods such as music and software over the internet to an individual consumer or a business entity, you must charge 3% GST unless the customer does not belong in Singapore. Please refer to paragraph 3.2.3 and 3.2.4 to decide if your customer belong or does not belong in Singapore.

4. When do I account for GST ?

4.1 When should I charge GST and account for the output tax to the Comptroller of GST for goods sold via internet ?

The time of supply of the goods determines when you should charge and account for GST.

General Rules

In most cases, the supply is treated as taking place at the earliest of the following events :

- 1) goods are removed or are made available;
- 2) a tax invoice is issued for that supply;
- 3) payment is received for that supply.

Exception: If you issue a tax invoice within 14 days after the event in (1), then the time of supply is the date of this tax invoice.

If the supply is **on sale or return terms**, the time of supply is the earliest of the following events:

- 1) time when the supply is made;
- 2) 12 months after removal of the goods;
- 3) date of the tax invoice.



Exception: If you issue a tax invoice within 14 days after the event in (1) or (2), whichever is the earlier, then the time of supply is the date of this tax invoice.

You should account for GST on e-commerce supplies together with other business transactions in your GST returns.

5. Other GST Responsibilities

5.1 *What are my responsibilities as a GST-registered person?*

As a GST-registered person, you have the following responsibilities:

- i) Keep your business records for 7 years. These records include:
 - business and accounting records;
 - copies of serially printed receipts, tax invoices and simplified tax invoices issued by you;
 - tax invoices, simplified tax invoice and receipts received by you;
 - import/export documents, if any;
 - all credit and debit notes;
 - any other documents that may be prescribed by the Comptroller.
- ii) Provide a tax invoice within 30 days of the supply being made or a longer period as allowed by the Comptroller of GST, to a taxable person whenever you make a supply to him.
- iii) Complete and submit the GST returns and pay the Comptroller of GST the amount of tax no later than one month after the end of each accounting period.
- iv) Provide all information as requested by the Comptroller of GST and to provide any reasonable assistance as may be required in the event of an inspection.
- v) Inform the Comptroller of GST in writing when you cease making taxable supplies or when you transfer your business.
- vi) Remain registered for at least two years if you are a voluntary registrant.
- vii) Show the price as GST inclusive when you issue a receipt.



5.2 What are the requirements of a proper tax invoice?

As a GST registered person, you are required to issue tax invoices for goods or services supplied to another taxable person. The tax invoice must be provided to the buyer within 30 days of the supply being made.

Details to be shown on the tax invoice include the following:

- 1) the words "Tax Invoice" in a prominent place;
- 2) an identifying number;
- 3) the date of issue of the invoice;
- 4) your name, address and registration number;
- 5) your customer's name (or trading name) and address;
- 6) the type of supply e.g. credit sale, hire-purchase, loan;
- 7) a description of goods or services supplied;
- 8) for each description, the quantity of goods or extend of services and the amount payable (excluding tax);
- 9) any cash discount offered;
- 10) the total amount payable excluding tax, the rate of GST and the total tax chargeable shown separately;
- 11) the total amount payable, including tax; and
- 12) if applicable, the breakdown of exempt, zero-rated or other supply, stating separately the gross amount payable in respect of each.

If you invoice in a foreign currency, items 10 and 11 should be converted into Singapore dollar using the selling exchange rate prevailing in Singapore at the time of supply. The exchange rate can be obtained from the rates published in the Straits Times or a bank. If you wish to use another basis of determining exchange rates, you should apply in writing to the Comptroller of GST for approval.

5.3 Do I need to issue a physical copy of the tax invoice to my customer if I made my sale via the internet?

If you wish to issue your tax invoice electronically, you need to seek approval from the Comptroller of GST (please refer to our guide on "Keeping Machine-sensible Records & Electronic Invoicing"). Pending approval from the Comptroller, you will still be required to issue a physical copy of the tax invoice to your customers.



5.4 *Do I need to retain hardcopies of my tax invoices or business records ?*

You must seek prior approval from the Comptroller of GST if you wish to preserve your tax invoices or business records in electronic form (please refer to our guides on “Keeping Machine-sensible Records & Electronic Invoicing” and “Keeping of Records in Imaging Systems”).

5.5 *What are the responsibilities in terms of displaying prices?*

All prices displayed, advertised, published over the internet for any supply of goods or services should be inclusive of GST, unless prior approval has been sought from the Comptroller of GST to do otherwise.

5.6 *What are the documents I need to maintain to support the zero-rating of goods sold over the internet ?*

For goods supplied over the internet which are exported by you or via your freight forwarder, you need to maintain following documents, bearing your name as the exporter:

- a) bill of lading - for export via sea; or
air waybill - for export via air; or
TDB permit - for export via Causeway;
- b) your invoice (not a pro-forma invoice) to the overseas customer;
- c) purchase order from your overseas customer;
- d) packing list or delivery note addressed to your overseas customer;
- e) insurance documents;
- f) evidence of payment received from your overseas customer.

5.7 *What if I export the goods via a postal or courier company?*

For goods supplied over the internet which are exported via a postal or courier company, you need to maintain:

- a) parcel post Customs declaration;
- b) parcel posting receipt/courier consignment note; and
- c) invoice to your overseas customer.



If you have any queries, please do not hesitate to contact us at
e-commerce@iras.gov.sg or

write to us at the following address :

Comptroller of GST
(Electronic Commerce)
55 Newton Road
Revenue House
Singapore 307987



APPENDIX I

Below is an extract from section 21 of the GST Act which lists the international services that can be zero-rated.

Section 21(3)

A supply of services shall be treated as a supply of international services where the services or the supply are for the time being of any of the following descriptions:

- (a) services (not being ancillary transport activities such as loading, unloading and handling) comprising the transport of passengers or goods -
 - (i) from a place outside Singapore to another place outside Singapore;
 - (ii) from a place in Singapore to a place outside Singapore; or
 - (iii) from a place outside Singapore to a place in Singapore;
- (b) services (including any ancillary transport activities such as loading, unloading and handling) comprising the transport of goods from a place in Singapore to another place in Singapore to the extent that those services are supplied by the same supplier as part of the supply of services to which paragraph (a) (ii) or (iii) applies;
- (c) services (other than the letting on hire of any means of transport) comprising the insuring or the arranging of the transport of passengers or goods to which any provision of paragraphs (a) and (b) applies;
- (d) the letting on hire of any means of transport for use in a place outside Singapore throughout the period of the hiring which -
 - (i) are exported by the lessor to such a place; or
 - (ii) are in such a place at the time of the supply;
- (e) services supplied directly in connection with land or any improvement thereto situated outside Singapore;
- (f) services supplied directly in connection with goods situated outside Singapore when the services are performed;



- (g) services supplied directly in connection with goods for export outside Singapore and supplied to a person who belongs in a country other than Singapore, at the time the services are performed.
- (h) prescribed financial services supplied directly in connection with goods for export outside Singapore;
- (i) services of any of the following descriptions which are performed wholly outside Singapore:
 - (i) cultural, artistic, sporting, educational or entertainment services; or
 - (ii) exhibition or convention services; or
 - (iii) services ancillary to, including that of organising the performance outside Singapore of the services referred to in sub-paragraphs (i) and (ii);
- (j) services supplied for and to a person who belongs in a country other than Singapore and who is outside Singapore at the time the services are performed, not being services which are supplied directly in connection with-
 - (i) land or any improvement thereto situated inside Singapore; or
 - (ii) goods situated inside Singapore at the time the services are performed, other than goods referred to in paragraph (g);
- (k) prescribed services supplied for and to a person wholly in his business capacity (and not in his private or personal capacity) who in that capacity belongs in a country other than Singapore;
- (l) services provided within any free trade zone or the designated area of a port, terminal or airport for --
 - (i) the handling of ships or aircraft;
 - (ii) the handling or storage of goods carried in a ship or aircraft;
- (m) pilotage, salvage or towage services performed in relation to ships or aircraft;
- (n) services comprising the surveying of any ship or aircraft or the classification of any ship or aircraft for the purposes of any register;



- (o) the supply (including the letting on hire) of any ship or aircraft;
- (p) the repair, maintenance, broking or management of any ship or aircraft, being services which are provided to the owner, operator or agent of the ship or aircraft; or
- (q) prescribed services comprising the provision of any means of telecommunication transmitted --
 - (i) from a place outside Singapore to another place outside Singapore; or
 - (ii) from a place in Singapore to a place outside Singapore; or
 - (iii) from a place outside Singapore to a place in Singapore.

Aircraft, designated area and ship are defined in **section 21(4)(a)**:

- "aircraft" means an aircraft which is not used or intended for use for recreation or pleasure;
- "designated area", in relation to a port, terminal or airport means such area in or land or waters adjacent to a port, terminal or airport as the Minister may by order designate for the purposes of this section;
- "ship" means a ship (including an oil rig) which is not designed or adapted for use for recreation or pleasure and excludes any vessel licensed under the Port of Singapore Authority Act as a passenger harbour craft or pleasure craft.

Section 21(4)(b) elaborates on the services in section 21(3)(e) to 'include -

- (i) services in the course of the construction, alteration, repair, maintenance or demolition of any building or any civil engineering work; and
- (ii) services such as are supplied by estate agents and auctioneers, architects, surveyors, engineers and others involved in matters relating to land.



Section 21(4)(c) further explains the supply in section 21(3)(o) of a ship or, as the case may be, an aircraft to include 'the supply of services under a charter of that ship or aircraft except where the services supplied under such a charter consist of any of the following:

- (i) transport of passengers;
- (ii) accommodation;
- (iii) entertainment;
- (iv) catering of food or beverage;
- (v) education,

being services performed substantially in Singapore.'



Appendix II

GST Treatment for Sales of Services/Digitised Goods

Situation	GST Treatment
Domain name ends with dot sg, e.g. amylin@pacific.net.sg.	Standard-rate. Customer treated as belonging in Singapore and service is consumed in Singapore.
Domain name does not end with dot sg, e.g. johnlee@aol.com and customer declares that his usual place of residence is outside Singapore.	Zero-rate. Customer treated as belonging in a country outside Singapore and the service is provided to a non-resident.
Domain name does not end with dot sg, e.g. phillip_tan@hp.com and customer declares that his usual place of residence is in Singapore.	Standard-rate. Customer treated as belonging in Singapore based on his declaration and service is consumed in Singapore.
Domain name does not end with dot sg and customer does not declare his usual place of residence.	Standard-rate. Customer treated as belonging in Singapore.