



# Extension to Singapore's GST OVR: What overseas businesses need to know

In 2021, Singapore's Finance Minister announced that the city-state would extend the scope of its overseas vendor registration (OVR) regime from 1 January 2023. Echoing similar regimes worldwide, this aims to level the playing field between overseas and local businesses.

Following the expansion of the OVR on 1 January 2023, all digital and non-digital B2C supplies of imported services will be subject to GST if the services can be supplied remotely ("remote services").

Remote services are defined as: ***"any services where, at the time of the performance of the service, there is no necessary connection between the physical location of the recipient and the place of physical performance".***

The new definition is likely to catch overseas suppliers of **online education, professional memberships, consultancy and advisory services, as well as professional brokerage services** and is therefore, likely to

impose Singapore GST registration and reporting obligations on overseas businesses that were not previously registered for VAT/GST outside their home country.

"On-the-spot" services will remain outside the scope of the OVR regime as there is a direct connection between the location of the supplier and the recipient. Examples include hairdressing services, transport, and catering services.

There is a two-tier registration threshold:

- i) global turnover exceeding S\$1 million, AND
- ii) value of remote sales supplied to Singaporean consumers exceeding S\$100,000.

## Next steps for overseas suppliers

### Consider if you fall within the regime

- Are your services 'remote' in nature?
- Can they be delivered without a physical connection between you and your customer?
- Even if you did not meet the revenue threshold in the last calendar year, if you are projected to do so within the next 12 months, you are required to prospectively register for GST.
- If you are projected to meet the revenue criteria, when do you need to register by?

### Consider how you would determine your customer's location and GST status

- GST does not apply if the consumer doesn't belong in Singapore, or if the buyer is a GST-registered business.
- Do your systems currently capture and retain sufficient data in event of audit?
- Do your suppliers' collect data on your customers?
- Are your data collection and retention policies PDPA and GDPR compliant?

### Determine your registration liability and establish what needs to be done

- Who is or will be responsible for overseas compliance?
- Do you have the systems, personnel, and IT resources you need?
- Do you need to review your pricing and margins to protect market share?
- Do your tax, finance and compliance staff need training on the OVR regime?

The key to staying compliant lies in preparing ahead of time.

Speak to our indirect tax team in Singapore to tap on their experience in undertaking specialist GST reviews and structuring arrangements.



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