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31 July 2015

Ministry of Finance
100 High Street, #10-01
The Treasury
Singapore 179434
Attention: Tax Policy Directorate

BY POST & EMAIL
[pc_itabill@mof.gov.sg]

Dear Sir / Madam

**FEEDBACK BY LAW SOCIETY ON THE PUBLIC CONSULTATION ON
GOODS AND SERVICES TAX (AMENDMENT) BILL 2015**

We refer to your email of 13 July 2015 inviting Law Society to provide feedback on the Public Consultation on Goods and Services Tax (Amendment) Bill 2015 ("Bill").

2 The Bill was referred to our practice committees and their views on the same are set out in Annex A for your consideration.

3 The Law Society is grateful to the Ministry of Finance ("MOF") for engaging members for their feedback on the Bill.

Yours faithfully



K. Gopalan
Director, Representation and Law Reform

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ANNEX A – FEEDBACK ON THE PUBLIC CONSULTATION OF THE GOODS AND SERVICES TAX (AMENDMENT) BILL 2015

PUBLIC CONSULTATION OF THE GOODS AND SERVICES TAX (AMENDMENT) BILL 2015

Date Submitted:	31 July 2015		
Name:	The Law Society of Singapore		
Contact Details:	Representation & Law Reform Department, represent@lawsoc.org.sg		
Summary of feedback:	Most of the individuals consulted have reviewed the proposed amendments in detail and have no further comments. One proposed change to the draft GST (Amendment) Bill has been set out below.		
Details:			
No.	Tax Change (Amendment to GST Act)^a	Comments^b	Proposed change to draft GST (Amendment) Bill
	Revise the definition of "aircraft" for the purpose of zero-rating supplies made in relation to an aircraft, and extend zero-rating to specific supplies made in relation to non-qualifying aircraft; Clause 2 of draft GST (Amendment) Bill 2015 – Amendment of Section 21	<p>It is noted that the definition of "aircraft" has been amended to refer to aircraft used for international travel and international transportation of goods and passengers. Based on the proposed new definition, only aircraft that are wholly used or intended to be wholly used for travel from a place in Singapore to another place in Singapore will fall outside the zero-rating provision.</p> <p>It is submitted that in the IRAS e-tax guide "GST Guide for the Aerospace Industry (Second Edition)", Appendix 1 acknowledges that "<i>due to Singapore's limited airspace, most aircraft (whether commercial or private) are internationally bound</i>". Since this is the case, MOF could consider extending</p>	<p>It is suggested that as a matter of policy, <u>MOF could consider extending the scope of the zero-rating provisions to cover all types of aircraft</u>. On the presumption that domestic air travel in Singapore is limited, it is submitted that the overall revenue leakage will be minimal.</p> <p>Alternatively, MOF could consider redrafting the definition of "aircraft" so that the scope of the provision is reflected more simply as:</p> <p style="text-align: center;"><i>"aircraft" means any aircraft that is not wholly used or intended to be wholly used for travel from a place in Singapore to another place in Singapore"</i></p> <p>However, if the original definition is still preferred, it is suggested that examples should be included in the <i>GST Guide for the Aerospace Industry (Second Edition)</i>, setting out situations where the aircraft (and the service(s) rendered in respect thereof) would fall outside the scope of the zero-rating provision, or be regarded</p>

		<p>the scope of the zero-rating provisions to all types of aircraft, for greater ease of administration and application of such provisions. In the alternative, MOF could consider that the definition of "aircraft" might be simplified to reflect the types of aircraft that <u>will not</u> come within the scope of zero-rating, given that such instances are limited.</p> <p>Alternatively, it is suggested that as a matter of policy, <u>MOF could consider extending the scope of the zero-rating provisions to cover all types of aircraft.</u> On the presumption that domestic air travel in Singapore is limited, it is submitted that the overall revenue leakage will be minimal.</p>	<p>as "non-international aircraft" under the new definition proposed for Section 21.</p>
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^a To quote the title of the tax change as well as the relevant section(s) of the draft GST (Amendment) Bill 2015. Please refer to the Summary Table for reference.

^b Illustrations and diagrams could be attached as Annexes.