

Amendments to Goods and Services Tax Act

Amendment of section 2

1. The Goods and Services Tax Act (called in this Part the principal Act) is amended —

(a) by deleting the full-stop at the end of the definition of “unit trust” in subsection (1) and substituting a semi-colon, and by inserting immediately thereafter the following definition:

“VCC Act” means the Variable Capital Companies Act 2018 (Act 44 of 2018).”; and

(a) by inserting, immediately after subsection (2), the following subsections:

“(3) The terms “sub-fund”, “VCC” and “umbrella VCC” have the meanings given to them in the VCC Act.

(4) To avoid doubt, the term “company” includes a VCC.”.

New section 33AA

2. The principal Act is amended by inserting, immediately after section 33A, the following new section:

“Umbrella VCCs

33AA.—(1) For the purposes of this Act, an umbrella VCC making or receiving a supply on behalf of one of its sub-funds is taken to be a separate person from the same VCC making or receiving a supply on behalf of another of its sub-funds.

(2) Accordingly —

(a) a supply that is made by an umbrella VCC on behalf of one of its sub-funds, and received by the same VCC on behalf of another of its sub-funds, is taken to be a supply made by one person to another person;

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- (b) supplies made or received by an umbrella VCC on behalf of different sub-funds are taken to have been made or received by different persons; and
 - (c) an umbrella VCC making taxable supplies on behalf of one of its sub-funds is to be registered as a person separately from the same umbrella VCC making taxable supplies on behalf of another of its sub-funds and each is taken to be a separate taxable or registered person.

(3) For the purposes of this Act, a reference to a business carried on by a taxable person is, where the taxable person is an umbrella VCC in relation to any of its sub-funds, to its business in relation to that sub-fund.

(4) Where —

- (a) the person who receives, is supplied or is the customer of the goods or services mentioned in section 14(1)(a)(i), 38(1) or (2) or 38A(2) is an umbrella VCC; and
- (b) the goods or services are supplied for the purpose of or in connection with the VCC's business in relation to any of its sub-funds,

then, for the purpose of section 14(2), 38(1) or (2) or 38A(2) (as the case may be), the recipient, person supplied or customer of those goods or services is taken to be the umbrella VCC on behalf of that sub-fund.

(5) Any liability of the umbrella VCC for tax in relation to a supply made by it on behalf of a sub-fund, together with any penalty or other amounts payable to the Comptroller in relation to the supply, is considered (for the purposes of section 29 of the VCC Act) liability incurred by the umbrella VCC on behalf of the sub-fund.

(6) Any fine or penalty imposed on an umbrella VCC for an offence committed by it in connection with any of its sub-funds, including but not limited to—

- (a) a supply received or made by it on behalf of the sub-fund; and
- (b) any return, document, information or other matter concerning the sub-fund,

is considered (for the purpose of section 29 of the VCC Act) liability incurred by the umbrella VCC on behalf of the sub-fund.”.

Amendment of First Schedule

3. Paragraph 1 of the First Schedule to the principal Act is amended by inserting, immediately after sub-paragraph (3), the following sub-paragraphs:

“(3A) Where a sub-fund (called *A*) is merged with another sub-fund (called *B*) (whether of the same umbrella VCC or of another umbrella VCC) and either —

- (a) all of the following conditions are satisfied:
 - (i) *B* is the surviving sub-fund following the merger;
 - (ii) the umbrella VCC of *A* was a taxable person in relation to *A* immediately before the merger;
 - (iii) the umbrella VCC of *B* is not a registered person in relation to *B* at the time of the merger; or
- (b) all of the following conditions are satisfied:
 - (i) a new sub-fund (called *C*) is formed following the merger;
 - (ii) either:
 - (A) the umbrella VCC of *A* was a taxable person in relation to *A*; or
 - (B) the umbrella VCC of *B* was a taxable person in relation to *B*,
immediately before the merger, or both;
 - (iii) the umbrella VCC of *C* is not a registered person in relation to *C* at the time of the merger,

then the umbrella VCC of *B* or *C* (as the case may be) becomes liable to be registered in relation to it at the time of the merger if —

- (c) the total value of all of its taxable supplies made in Singapore on behalf of that sub-fund in the calendar year immediately preceding the calendar year in which the time of merger falls exceeds \$1 million; or
- (d) there are reasonable grounds for believing that the total value of all of its taxable supplies made in Singapore on behalf of that sub-fund in the period of 12 months then beginning will exceed \$1 million.

(3B) An umbrella VCC is not liable to be registered in relation to a sub-fund by virtue of sub-paragraph (3A)(c) at the end of any calendar year if the Comptroller is satisfied that the value of its taxable supplies made in Singapore on behalf of that sub-fund in the next calendar year will not exceed \$1 million.”.

Amendment of Third Schedule

2. The Third Schedule to the principal Act is amended by inserting, immediately after paragraph 5, the following paragraph:

“6. Paragraph 4 applies with the following modifications for the purposes of determining whether a person has control over a company that is an umbrella VCC making or receiving the supply in question on behalf of a sub-fund:

- (a) a reference to the issued shares or share capital of, or the voting power in, the company is to the issued shares or share capital of the umbrella VCC in respect of that sub-fund, or the voting power attached to such shares, as the case may be;
- (b) a reference to the income of the company is to the income of the umbrella VCC from the sub-fund;
- (c) a reference to the assets of the company is to the assets held by the umbrella VCC on behalf of or that are attributable to that sub-fund;
- (d) a reference to a loan creditor of the company is to the creditor of the umbrella VCC in respect of a loan that is taken by the umbrella VCC on behalf of that sub-fund;

*THIS VERSION OF THE BILL IS IN DRAFT FORM AND IS SUBJECT TO CLEARANCE BY THE
ATTORNEY-GENERAL'S CHAMBERS AND THE MINISTRY OF FINANCE*

- (e) a reference to the winding up of a company is to the winding up of the umbrella VCC or the sub-fund.”.

EXPLANATORY STATEMENT

This Bill seeks to modify the Goods and Services Tax Act (Cap. 117A) in its application to variable capital companies (VCC) and their sub-funds.

Clause 1 amends section 2 (Interpretation) to insert definition for various terms used in the amendments. It also clarifies that the term “company” (which carries its dictionary meaning) includes a VCC.

Clause 2 inserts new section 33AA to provide for the following:

- (a) that an umbrella VCC making or receiving a supply on behalf of one of its sub-funds is taken to be a separate person from the same VCC making or receiving a supply on behalf of another of its sub-funds. Therefore, each is taken to be a separate taxable or registered person;
- (b) that any liability of an umbrella VCC for tax in relation to a supply made by it on behalf of a sub-fund, as well as any penalty or other amounts payable in relation to the supply, is considered, for the purpose of section 29 of the Variable Capital Companies Act, a liability of the umbrella VCC incurred on behalf of the sub-fund. Section 29 of the VCC Act provides that any such liability of an umbrella VCC is to be discharged solely out of the assets of the sub-fund;
- (c) that any fine or penalty imposed on an umbrella VCC for an offence committed in relation to a sub-fund is likewise considered, for the purpose of section 29 of the VCC Act, a liability incurred by the umbrella VCC on behalf of the sub-fund;
- (d) to amend various provisions in their application to an umbrella VCC making or receiving a supply on behalf of a sub-fund.

Clause 3 amends the First Schedule (Registration) to provide that if 2 sub-funds *A* and *B* merge, resulting in *B* surviving the merger, and only the umbrella VCC of *A* was a taxable person in relation to *A* immediately before the merger, then the umbrella VCC of *B* is liable to be registered in relation to *B* at the time of the merger in certain circumstances. If *A* and *B* merge and a new sub-fund *C* is formed, and either the umbrella VCC of *A* was a taxable person in relation to *A* or the umbrella VCC of *B* was a taxable person in relation to *B*, immediately before the merger, or both, then the umbrella VCC of *C* is liable to be registered in relation to *C* at the time of the merger in the same circumstances.

Clause 4 amends the Third Schedule (Valuation – Special Cases) to modify paragraph 4 of that Schedule in its application in relation to a company that is an umbrella VCC making or receiving a supply on behalf of a sub-fund. Paragraph 4 sets out the rules for determining when a person has control over a company. This is for the purpose of determining whether a person making or receiving a supply to or from another is connected with each other, which is one of the preconditions for the Comptroller to make a direction that the value of the supply is taken to be its open market value.