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26 July 2019

Ministry of Finance  
100 High Street, #10-01  
The Treasury  
Singapore 179434

Email: [pc\\_gstabil@mf.gov.sg](mailto:pc_gstabil@mf.gov.sg)

Attention: Tax Policy Directorate

Dear Sir/Madam,

## Public consultation on draft goods and services (GST) (Amendment) Bill 2019

CPA Australia is one of the worlds' largest accounting bodies with 22 offices globally and more than 164,000 members in 150 countries and regions. CPA Australia has had a longstanding presence in Singapore that dates to the 1950s. We make this submission on behalf of our members and in the broader public interest.

CPA Australia supports the proposed reforms. Specific comments on the draft Bill are included in the attached template. We also make the following general observations for consideration:

- Singapore's proposed amendments related to the making of out-of-jurisdiction intangible supplies are similar to the Australian reforms that came into effect on 1 July 2018. The Australian experience has been better than expected with significant uptake by offshore suppliers and high levels of compliance, even where Australia has no formal jurisdiction to enforce payment.

However, we note that the S\$400 exemption for imported goods remains whereas Australia simultaneously removed the A\$1000 low-value goods GST exemption. This ensures parity of GST treatment for imported goods and services.

- The proposed digital payment token provisions align the GST treatment of a broad range of cryptocurrencies to money (fiat currencies) to prevent their treatment as 'taxable supplies', which we support.

The challenge in accommodating such payment tokens within the concept of a medium of exchange is the great variety in the form and function of digital tokens that are being introduced into the market. The more prescriptive the legislation is, the more difficult it can be for it to accommodate new forms of digital payment tokens.

While CPA Australia supports the intent of the legislation to not obstruct the fintech industry, caution may be necessary when the Minister modifies subsections 2A(1) and (2) to ensure that there are no unintended consequences on government revenue, consumer protection or financial system stability.

Please find our feedback in the requested template format below.



If you have any queries do not hesitate to contact Melvin Yong, Country Head Singapore at CPA Australia on [melvin.yong@cpaaustralia.com.au](mailto:melvin.yong@cpaaustralia.com.au) or +65 6671 6511, or Gavan Ord, Manager Business and Investment Policy at CPA Australia on [gavan.ord@cpaaustralia.com.au](mailto:gavan.ord@cpaaustralia.com.au) or +61 3 9606 9695.

Yours sincerely

A handwritten signature in black ink, appearing to read "G Pflugrath". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

**Dr Gary Pflugrath CPA**  
**Head of Policy and Advocacy**  
**CPA Australia**

**Public Consultation of Good & Services Tax (“GST”) (Amendment) Bill 2019 – Template for Submission of Comments**

<b>Date Submitted:</b>	22 July 2019		
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<b>Summary of feedback:</b>			
<b>Details:</b>			
<b>No.</b>	<b>Tax Change (Amendment to GST Act)<sup>a</sup></b>	<b>Comments<sup>b</sup></b>	<b>Proposed change to draft GST (Amendment) Bill</b>
1	Refine design parameters for GST on imported services	CPA Australia agrees overall with the proposed changes while suggesting that: <ul style="list-style-type: none"> <li>the legislation accommodates GST-registered entities who may not be carrying on a business for GST purposes (e.g. charities, investment holding companies), and</li> <li>the discrepancy between GST-registered overseas entities and overseas suppliers registered under the OVR pay-only regime for the requirement for a section 33(1) agent be removed.</li> </ul>	
2	Introduce an offence for misrepresentation of information	The two-tier offences being introduced into the GST Act and the inclusion of a strict liability offence at section 62A is appropriate, given in many scenarios, the level of offending and value of GST forgone may be comparatively low.  For clarity and consistency, the proposed subsection 62(7) should be replicated in section 62A so there is no doubt as to what proves misrepresentation of status.	Consider the inclusion of: <b>62A. - (2A)</b> For the purpose of subsection (2), where — <ul style="list-style-type: none"> <li>(a) X purchases the supply using a device; and</li> <li>(b) a mobile country code, IP address or other information identifies the physical location of the device at the time X makes the purchase, then X, in using the device, is treated as having misrepresented their status.</li> </ul>

3	Update the GST treatment for digital payment tokens	<p>Australia's <a href="#">legislation</a> came into effect from 1 July 2017 and defined 'digital currency' for GST purposes. In contrast to the proposed definition of a digital payment token, the Australian definition can be interpreted to include a broader range of potential digital currencies or payment tokens. This removes the need for the Minister to adjust the definitions outside the legislative process. <i>See highlighted subsections and comments in Annex for examples.</i></p> <p>Subsection 2A(1)(c) may raise difficulties with the emergence of stable coins. There may be queries as to whether the <a href="#">approved Gemini dollar</a> which is pegged 1:1 to the US dollar or the proposed Facebook Libra digital currency would be GST exempt under the proposed legislation.</p>	<p>Consider a broader, more flexible legislative definition of digital payment tokens so modifications by the Minister are not required.</p> <p>Reconsider whether pegged digital payment tokens should be excluded:  <b>2A – (1) . . . .a digital payment token is a reference to any digital representation of value that has all of the following characteristics:</b>  . . .  (c) it is not denominated in any currency, <del>and is not pegged by its issuer to any currency;</del></p>
4	Change to the reporting of proceedings and decisions of tax cases	CPA Australia agrees with the proposed changes related to tax proceedings.	
5	Introduce definitions of 'accountant' and 'advocate and solicitor' for the purposes of appeals to the GST Board of Review	CPA Australia agrees that proceedings before the Income Tax Board of Review and the GST Board of Review should be as consistent as possible and supports legislation that ensures the standard of professional representation before Boards of Review.	

<sup>a</sup> To quote the title of the tax change as well as the relevant section(s) of the draft GST (Amendment) Bill 2019. Please refer to the Summary Table for reference.

<sup>b</sup> Illustrations and diagrams could be attached as Annexes.

**Annex – comparison of legislative definition of ‘digital token’ (Singapore) and ‘digital currency’ (Australia)**

Proposed section 2A <u><i>Goods and Services Tax Act</i></u>	Section 195-1 <u><i>A New Tax System (Goods and Services Tax) Act 1999</i></u>	Commentary
<p>2A.- (1).....a digital payment token is a reference to any digital representation of value that has all of the following characteristics:</p> <ul style="list-style-type: none"> <li>(a) it is expressed as a unit;</li> <li>(b) it is fungible;</li> <li>(c) it is not denominated in any currency, and is not pegged by its issuer to any currency;</li> <li>(d) it can be transferred, stored or traded electronically;</li> <li>(e) it is, or is intended to be, a medium of exchange accepted by the public, or a section of the public, without any substantial restrictions on its use as consideration.</li> </ul> <p>(2) A reference in this Act to a digital payment token does not include any of the following:</p> <ul style="list-style-type: none"> <li>(a) money;</li> <li>(b) anything which, if supplied, would be an exempt supply under Part I of the Fourth Schedule for a reason other than being a supply of one or more digital representations of value having the characteristics mentioned in subsection (1);</li> <li>(c) anything which — <ul style="list-style-type: none"> <li>(i) gives an entitlement to receive, or an entitlement to direct the supply of, goods or services from a specific person or persons; and</li> <li>(ii) ceases to function as a medium of exchange after the entitlement has been used.</li> </ul> </li> </ul> <p>(3) The Minister may by order in the Gazette do any of the following:</p> <ul style="list-style-type: none"> <li>(a) add to the characteristics, or modify or remove any characteristics, in subsection (1) of digital payment tokens for the purposes of this Act, whether generally or for specific circumstances;</li> <li>(b) add to the exclusions, or modify or remove any exclusion, in subsection (2).”</li> </ul>	<p>195-1 ...digital currency means digital units of value that:</p> <ul style="list-style-type: none"> <li>(a) are designed to be fungible; and</li> <li>(b) can be provided as *consideration for a supply; and</li> <li>(c) are generally available to members of the public without any substantial restrictions on their use as consideration; and</li> <li>(d) are not denominated in any country’s currency; and</li> <li>(e) do not have a value that depends on, or is derived from, the value of anything else; and</li> <li>(f) do not give an entitlement to receive, or to direct the supply of, a particular thing or things, unless the entitlement is incidental to: <ul style="list-style-type: none"> <li>(i) holding the digital units of value; or</li> <li>(ii) using the digital units of value as consideration;</li> </ul> </li> </ul> <p>but does not include:</p> <ul style="list-style-type: none"> <li>(g) *money; or</li> <li>(h) a thing that, if supplied, would be a *financial supply for a reason other than being a supply of one or more digital units of value to which paragraphs (a) to (f) apply.</li> </ul>	<ul style="list-style-type: none"> <li>• Singapore requires that the token <b>be</b> fungible (2A(1)(b)) whereas Australia requires that <b>its design enables</b> fungibility (195-1(a))</li> <li>• Singapore requires that the token <b>is</b> a medium of exchange (2A)(1)(e) whereas Australia requires that it <b>can</b> be provided as consideration (195-1(b))</li> <li>• Singapore <b>excludes</b> digital payment tokens which give an entitlement to receive goods or services etc (2A(2)(c)) where Australia <b>allows an incidental</b> entitlement (195-1(f))</li> </ul>