

Goods and Services Tax (General) (Amendment) Regulations 2007

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GOODS AND SERVICES TAX ACT
(CHAPTER 117A)

GOODS AND SERVICES TAX (GENERAL) (AMENDMENT) REGULATIONS 2007

In exercise of the powers conferred by sections 21A, 29, 46(1)(g) and 86(1) of the Goods and Services Tax Act, the Minister for Finance hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Goods and Services Tax (General) (Amendment) Regulations 2007 and shall come into operation on 1st July 2007.

Amendment of regulation 27

2. The Goods and Services Tax (General) Regulations (Rg 1) (referred to in these Regulations as the principal Regulations) are amended by renumbering regulation 27 as paragraph (1) of that regulation, and by inserting immediately thereafter the following paragraph:

“(2) Paragraph (1) shall not apply to any supply or importation of goods or supply of services used by an insurer directly in connection with a motor car of a person who contracted with the insurer for the insurance cover on that motor car, where the insurance cover commences on or after 1st January 2007.”.

Amendment of regulation 37

3. Regulation 37 of the principal Regulations is amended —

(a) by deleting the words “a period of 6 years commencing on the first day of the prescribed accounting period which the attribution was determined” in the 7th and 8th lines of paragraph (1) and substituting the words “the relevant period”; and

(b) by inserting, immediately after paragraph (5), the following paragraph:

“(6) In this regulation, “relevant period” means —

(a) where the prescribed accounting period during which the attribution of input tax referred to in paragraph (1) was determined ends before 1st January 2007, a period of 6 years commencing on the first day of that prescribed accounting period; or

- (b) where the prescribed accounting period during which the attribution of input tax referred to in paragraph (1) was determined ends on or after 1st January 2007, a period of 5 years commencing on the first day of that prescribed accounting period.”.

Amendment of regulation 38

4. Regulation 38 of the principal Regulations is amended —

- (a) by deleting the words “a period of 6 years commencing on the day of the supply to him of the assets” in the 7th and 8th lines of paragraph (1) and substituting the words “the relevant period”; and
- (b) by inserting, immediately after paragraph (5), the following paragraph:

“(6) In this regulation, “relevant period” means —

- (a) where the prescribed accounting period during which the supply referred to in paragraph (1) was made ends before 1st January 2007, a period of 6 years commencing on the day the supply was made; or
- (b) where the prescribed accounting period during which the supply referred to in paragraph (1) was made ends on or after 1st January 2007, a period of 5 years commencing on the day the supply was made.”.

Amendment of regulation 39

5. Regulation 39 of the principal Regulations is amended —

- (a) by deleting the words “a period of 6 years commencing on the first day of the prescribed accounting period in which the attribution was determined” in the 7th and 8th lines of paragraph (1) and substituting the words “the relevant period”; and
- (b) by inserting, immediately after paragraph (3), the following paragraph:

“(4) In this regulation, “relevant period” means —

- (a) where the prescribed accounting period during which the attribution of input tax referred to in paragraph (1) was determined ends before 1st January 2007, a period of 6 years commencing on

- the first day of that prescribed accounting period; or
- (b) where the prescribed accounting period during which the attribution of input tax referred to in paragraph (1) was determined ends on or after 1st January 2007, a period of 5 years commencing on the first day of that prescribed accounting period.”.

New regulation 41A

6. The principal Regulations are amended by inserting, immediately after regulation 41, the following regulation:

“Input tax deemed incurred in relation to insurance cash payments

41A.—(1) This regulation shall apply where the period of insurance cover under a contract of insurance commences on or after 1st January 2007.

(2) Subject to paragraph (3), where the premium payable under the contract of insurance is subject to the tax rate in force under section 16 of the Act, the insurer shall be deemed to have incurred input tax on any cash payment made by him upon the occurrence of an insured event and which is obligatory under that contract of insurance (referred to in this regulation as deemed input tax), except in such situation as the Minister may decide otherwise for the protection of revenue.

(3) Paragraph (2) shall only apply where the contract of insurance is taken out by a person who, at the time the insurance cover commences under that contract —

- (a) is not registered under the First Schedule to the Act;
- (b) is a sole proprietor who is registered under the First Schedule to the Act and who purchased the insurance cover other than in the course or furtherance of his business;
- (c) where the contract is for medical and accident insurance, is registered under the First Schedule to the Act and is disallowed under regulation 26 from claiming any credit under sections 19 and 20 of the Act on any input tax incurred on the premium paid on that contract; or
- (d) where the contract is for motor car insurance, is registered under the First Schedule to the Act and is disallowed under regulation 27 from claiming any credit under sections 19 and 20 of the Act on any input tax incurred on the premium paid on that contract.

(4) Where an insurer incurs deemed input tax under paragraph (1) —

- (a) the cash payment made by the insurer to which the deemed input tax relates shall not be treated as consideration for any supply made to the insurer;
- (b) the amount of deemed input tax shall be an amount equal to the relevant tax fraction of the cash payment; and
- (c) the deemed input tax shall be treated as having been incurred by the insurer in the prescribed accounting period in which the cash payment was made by him.

(5) Except as the Comptroller may otherwise allow, an insurer making a claim for the deduction of deemed input tax shall keep a record of that claim consisting of information showing that —

- (a) the period of insurance cover under the contract of insurance commenced on or after 1st January 2007;
- (b) the premium payable under the contract of insurance was subject to the tax rate in force under section 16 of the Act;
- (c) the cash payment was made by him upon the occurrence of an insured event;
- (d) the payment was obligatory under the contract of insurance; and
- (e) the person who entered into the contract for insurance with him was a person specified in paragraph (3).

(6) If an insurer recovers from any person (other than his re-insurer under a re-insurance contract) the cash payment referred to in paragraph (2) or any part thereof —

- (a) the deemed input tax on the cash payment shall be reduced by an amount equal to the relevant tax fraction of the sum recovered in the prescribed accounting period in which the sum was recovered; and
- (b) where the insurer has claimed and deducted the deemed input tax, he shall account and repay to the Comptroller the amount of the adjustment in the prescribed accounting period referred to in subparagraph (a).

(7) In this regulation, “relevant tax fraction” means the fraction calculated in accordance with the following formula: