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GST: Guide for the Travel Industry (Second Edition)



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1 Aim

- 1.1 This guide¹ explains the GST principles and treatment for the supplies of travel products, services and transactions commonly encountered in the travel industry.
- 1.2 This guide also covers the Budget 2022 announcement on the change in the GST treatment of services comprising the arranging of international transport of passengers and related insurance as well as the arranging or facilitating the booking of accommodation (henceforth referred to collectively as “travel arranging services”). The change takes effect from 1 Jan 2023² and is highlighted in Section 9. The applicable transitional rules for such services straddling 1 Jan 2023 can be found in Section 12.
- 1.3 You should read this guide if you supply travel products and/or travel arranging services.

2 At a Glance

- 2.1 Table 1 and Table 2 below summarizes the GST treatment for travel products and related travel arranging services commonly supplied by travel agents.

Table 1 – GST Treatment for Travel Products

Description of travel product	GST Treatment
Supply of services comprising the international transport of passengers: • From Singapore to a place outside Singapore; • From a place outside Singapore to Singapore; or • From a place outside Singapore to another place outside Singapore. (e.g. sale of air tickets, ferry tickets and coach tickets to neighboring countries)	Zero-rated under section 21(3)(a)
Supply of accommodation (e.g. hotels or similar lodging)	Depends on the location of property: • Standard-rated if the property is located in Singapore

¹ This e-Tax guide replaces the IRAS' e-Tax guide “GST: Travel Industry (Seventh Edition)” published on 1 Jul 2021.

² In Budget 2022, the Minister for Finance announced that the basis for determining whether zero-rating applies to a supply of travel arranging services will be updated, to be based on where the customer and direct beneficiary of the service belong.

	• Outside the scope of GST if the property is located outside Singapore
Supply of outbound package tours	Zero-rated under section 21(3)(i)
Supply of inbound package tours	Standard-rated

Table 2 – GST Treatment for Travel Arranging Services

(i) Arranging of international transport of passengers and related insurance

Supply of travel arranging services by	GST Treatment	
	Before 1 Jan 2023	On or after 1 Jan 2023 ³
A local GST-registered travel agent	Zero-rated under section 21(3)(c)	• Standard-rated if the travel arranging services are contractually supplied to a person belonging in Singapore. • Standard-rated if the travel arranging services directly benefits a non-GST registered person belonging in Singapore. This is regardless of whether the services are contractually supplied to an overseas or local person. • Zero-rated under section 21(3)(j) if the travel arranging services are contractually supplied to an overseas person and directly benefit an overseas person or a GST-registered person belonging in Singapore.

³ Refer to footnote 2.

An overseas travel agent to a Reverse Charge (“RC”) business ⁴ in Singapore	Outside the scope of RC ⁵	Subject to RC
An overseas travel agent to a non-GST registered customer in Singapore	Subject to GST under the overseas vendor registration (“OVR”) regime if the arranging services qualify as digital services	Subject to GST under OVR regime

(ii) Arranging of accommodation

Supply of travel arranging services by	GST Treatment	
	Before 1 Jan 2023	On or after 1 Jan 2023
A local GST-registered travel agent	Depends on the location of the property: - Standard-rated if the property is located in Singapore - Zero-rated under section 21(3)(e) if the property is located outside Singapore	- Standard-rated if the travel arranging services are contractually supplied to a person belonging in Singapore. - Standard-rated if the travel arranging services directly benefits a non-GST registered person belonging in Singapore. This is regardless of whether the services are contractually supplied to an overseas or local person. - Zero-rated under section 21(3)(j) if the arranging services are contractually supplied to an overseas person and directly benefit an overseas person or a

⁴ RC business refers to a business that is subject to reverse charge as it is not entitled to full input tax credit; or belongs to a GST group that is not entitled to full input tax credit. Refer to the e-Tax Guide “GST: Reverse charge” for more information on reverse charge.

⁵ Services comprising the arranging of international transport of passengers and related insurance, or overseas accommodation fall outside the scope of RC before 1 Jan 2023 as such services would qualify for zero-rating under section 21(3) of the GST Act, had they been made by a taxable person belonging in Singapore.

		GST-registered person belonging in Singapore.
An overseas travel agent to an RC business in Singapore	Not subject to RC if the property is located outside Singapore ⁶	Subject to RC regardless of location of property
An overseas travel agent to a non-GST registered customer in Singapore	Subject to GST under the OVR regime if the arranging services qualify as digital services.	Subject to GST under OVR regime

(iii) Arranging of package tours (inbound/outbound)

Supply of travel arranging services by	GST Treatment	
	Before 1 Jan 2023	On or after 1 Jan 2023
A local GST-registered travel agent	Standard-rated if the arranging services are contractually supplied to a person belonging in Singapore. Zero-rated under section 21(3)(j) if the arranging services are contractually supplied to an overseas person and directly benefitting an overseas person or a GST-registered person belonging in Singapore ⁷ .	No change
An overseas travel agent to a RC business in Singapore	Subject to RC	No change
An overseas travel agent to a non- GST registered customer	Subject to GST under the OVR regime if the arranging services qualify as digital services	Subject to GST under OVR regime

⁶ Refer to footnote 5.

⁷ Refer to paragraph 6.3 for more information.

3 Glossary

Travel products

- 3.1 Goods or services supplied to travellers in relation to their travel to and/or stay at a destination. Examples include flights, hotels, tours, land transfers and admission to places of interest.

Travel agent

- 3.2 Travel agent refers to a person in the business of supplying and/or arranging for the supply of travel products for travellers, including a travel agent who operates its business via digital platform and website.

- 3.3 A local travel agent refers to a travel agent that belongs in Singapore as it has a business establishment or fixed establishment in Singapore or its usual place of residence is in Singapore. An overseas travel agent refers to a travel agent that belongs outside Singapore as it has neither a business establishment nor a fixed establishment in Singapore nor is its usual place of residence in Singapore.

Travel product suppliers

- 3.4 Suppliers of travel products, e.g. airlines, hotels and tour operators.

Package tours

- 3.5 A planned tour, bundled with various elements such as flights, hotels and land tours, advertised and sold together for one price. Package tours may be inbound or outbound.

Travel arranging services

- 3.6 Services provided to arrange or facilitate the booking and payment of an underlying travel product (e.g. flights or accommodation).

Remote services

- 3.7 For the purposes of the extended overseas vendor registration regime⁸, 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.

Digital services

- 3.8 Any service supplied over the Internet or other electronic network and the nature of which renders its supply essentially automated with minimal or no human intervention, and impossible without the use of information technology. Digital services fall within the definition of 'remote services'.

⁸ Since 1 Jan 2020, Singapore had implemented the Overseas Vendor Registration ("OVR") Regime to impose GST on business-to-consumer supplies of digital services. From 1 Jan 2023, the OVR registration regime will be extended to business-to-consumer supplies of non-digital services, as well as imported low-value goods. Refer to the e-Tax Guide "GST: Taxing imported remote services by way of the overseas vendor registration regime" and "GST: Taxing imported low-value goods by way of overseas vendor registration regime" for more information.

4 International transport of passengers

4.1 Generally, services comprising the international transport of passengers refer to the transport of passengers by air, land or sea either from or to a place outside Singapore, or between two places outside Singapore.

4.2 GST treatment for the supply of international transport of passengers

4.2.1 You can zero-rate the supply of services to transport of passengers from:

- (i) Singapore to a place outside Singapore;
- (ii) a place outside Singapore to Singapore; or
- (iii) a place outside Singapore to another place outside Singapore

For example, you can zero-rate the sale of air tickets, ferry tickets to neighbouring countries and railway passes for overseas travel.

4.3 GST treatment for the supply of insurance services relating to international transport of passengers

4.3.1 You can zero-rate the supply of insurance policies that relate to the international transport of passengers such as travel insurance policies.

4.4 Arranging the international transport of passengers

4.4.1 If you are merely arranging for the supply of international transport of passengers and the related insurance and not providing the underlying travel products as a principal, with effect from 1 Jan 2023, whether your supply of the arranging services can be zero-rated will depend on the belonging status of your customer and the direct beneficiary of the services. Please refer to Section 9 for the GST treatment of arranging services and Section 10 for guidelines on determining whether you are principal or agent in providing the services.

5 Accommodation

5.1 The GST treatment for the supply of accommodation (e.g. hotels or similar lodging) depends on where the property is located. You must standard-rate the supply of accommodation if the property is located in Singapore. If the property is located outside Singapore, the supply is out-of-scope since it is regarded as a supply of goods made outside Singapore.

Arranging the supply of accommodation

5.2 If you are merely arranging or facilitating the booking of accommodation and not providing the accommodation as a principal, with effect from 1 Jan 2023, whether your supply of the arranging services can be zero-rated will depend on the belonging status of your customer and the direct beneficiary of your services. Please refer to Section 9 for the GST treatment of arranging services

and Section 10 for guidelines on determining whether you are principal or agent in supplying the accommodation.

6 Package tours

6.1 If you are supplying a package tour as a principal, the GST treatment will depend on where the services are performed. However, if you are acting as an agent and earn a service fee for arranging a tour, the GST treatment will depend on the belonging status of your customer and the direct beneficiary of your services.

6.2 Package Tours Supplied as Principal

6.2.1. You can zero-rate the supply of outbound package tours as the services are performed wholly outside Singapore.

6.2.2. You must standard-rate the supply of inbound package tours as the services are performed and consumed in Singapore. If you also include the supply of air tickets in your inbound tour package, the part of the sales price relating to air tickets can be zero-rated.

Deposit payment for package tour

6.2.3. Where a deposit forms partial payment for inbound tour package, you have to charge GST on the deposit and account for the tax in the GST return relating to the accounting period in which the deposit is received. Where the deposit forms partial payment for outbound tour package, you can zero-rate the deposit received.

Optional tour package

6.2.4. If you sell an optional tour that is conducted in Singapore, you must standard-rate the sale. If the optional tour is conducted overseas, you can zero-rate the sale.

Regional tour package

6.2.5. If you sell a regional tour package (covering Singapore and neighbouring countries), you must standard-rate the portion which will be conducted in Singapore. You can zero-rate the portion which will be conducted in other countries.

Example

Price of regional tour package:

2 days, 1 night in Singapore	S\$300
3 days, 2 nights in Penang	S\$450
2 days, 1 night in Bangkok	<u>S\$250</u>
Total price of regional tour package	S\$1,000

GST will be chargeable on the \$300.

6.3 Package Tours Supplied as Agent

- 6.3.1. When you sell overseas package tours as an agent on behalf of an overseas tour operator, the sale of the tour package itself will not attract GST as the sale of the package is not your supply. You need not report such sales in your GST returns.
- 6.3.2. If you earn a service fee from the overseas tour operator, the fee will qualify for zero-rating since the arranging services are supplied contractually to and directly benefit the overseas tour operator. However, if you earn a service fee from a local tour operator for selling or marketing package tours, you must standard-rate the fee even if the package tour is wholly performed outside Singapore. Such service fees must be reported in your GST returns as zero-rated and standard-rated supplies respectively.
- 6.3.3. If you receive a service fee from the traveller for arranging the tour package on the traveller's behalf, you must standard-rate the fee if the traveller belongs in Singapore. On the other hand, you can zero-rate the fee if your service is contractually supplied to and directly benefits a traveller belonging outside Singapore and who is outside Singapore at the time the services are performed. Please refer to Section 11 for guidelines on determining where your customer belongs.

7 **GST Treatment of Cruise Packages**

- 7.1 Cruise packages that include docking or stop over at one or more ports outside Singapore will be zero-rated.
- 7.2 "Cruise-to-nowhere" packages (i.e. cruises in international waters which do not dock at any port outside Singapore), will also qualify for zero-rating. However, cruises around Singapore waters will be standard-rated.

8 **Cancellation fees for travel products**

- 8.1 Generally, you need not charge GST on cancellation fees that are imposed to deter customers from backing out of their bookings or to compensate you for the loss suffered as a result of the cancellation. In such situations, there are no goods or services provided in return to the customers.
- 8.2 However, GST is chargeable if any fees are imposed for administrative services provided to assist customers in cancelling their bookings or effecting the cancellation. You can zero-rate the administrative fees if the customer belongs outside Singapore and is outside Singapore when the service is performed.

9 Travel arranging services

9.1 Traditionally, travel agents operate out of brick-and-mortar stores and facilitate the booking and payment of travel products through non-digital means (e.g. walk-ins or over the phone). With the advent of technology and emergence of online booking platforms and metasearch engines ("online travel agents" or "OTAs" in short), the online travel booking market has grown significantly over the years. OTAs offer customers a platform where they can seamlessly book and purchase travel products without the need to directly approach a travel agent or travel product supplier.

9.2 Travel arranging services refer to services provided by travel agents (including OTAs) in the capacity of an agent to facilitate the booking and payment of the underlying travel products (e.g. international transport of passengers and accommodation). Such services can be provided via the Internet or through non-digital means.

9.3 Travel agents may charge a fee to customers (e.g. travellers) and/or earn a commission from travel product suppliers (e.g. airlines and hotels) for the travel arranging services provided.

9.4 Supply of travel arranging services by local travel agents

9.4.1 This section sets out the GST treatment of the following travel arranging services provided by local travel agents prior to and **with effect from 1 Jan 2023**:

(i) Services comprising the arranging of international transport of passengers and the arranging of insurance related to such transportation; and

(ii) Services comprising the arranging of accommodation.

GST treatment of travel arranging services **before 1 Jan 2023**

9.4.2 Generally, the GST treatment of travel arranging services provided in relation to the arranging of international transport of passenger and related insurance and the arranging of accommodation depends on the nature of the underlying travel products.

Arranging of international transport of passengers and related insurance

9.4.3 You can zero-rate the service fee or commission received for the arranging of international transport of passengers and related insurance regardless of where your customer belongs.

Arranging of accommodation

9.4.4 The GST treatment of services comprising the arranging or facilitating the booking of accommodation depends on the location of the property. You can

zero-rate the fee or commission received for the arranging of overseas accommodation. If the services relate to the arranging or facilitating of an accommodation in Singapore, you must standard-rate the fee or commission received.

GST treatment of travel arranging services with effect from 1 Jan 2023⁹

- 9.4.5 With effect from 1 Jan 2023, the GST treatment of services provided in relation to the arranging of international transport of passenger and related insurance and the arranging of accommodation will no longer depend on the nature of the underlying travel products. Instead, it will depend on where the contractual person and direct beneficiary¹⁰ of the services belong. Such travel arranging services will qualify for zero-rating if the services are:

- (i) contractually supplied to an overseas person; **and**
- (ii) directly benefiting an overseas person who is outside Singapore at the time the services are performed or a GST-registered person belonging in Singapore.

Example 1: Arranging of international transport services provided to a local customer

You charge a fee to a local traveller for booking a return flight to Japan. You must standard-rate the fee as your service is supplied to and directly benefits the traveller who belongs in Singapore.

Example 2: Arranging services provided to an overseas customer

You operate an online booking platform which allows travellers to search for and book local and overseas hotel accommodation. You enter into a contract with an overseas hotel in Japan to promote the hotel and facilitate the booking of rooms at the hotel. You receive a commission from the hotel for each confirmed booking made on your platform.

You can zero-rate the commission received from the hotel since your service is supplied to and directly benefit the hotel which belongs outside Singapore.

⁹ In Budget 2022, the Minister for Finance announced that the basis for determining whether zero-rating applies to travel arranging services of international transport of passenger and related insurance, and accommodation, will be based on where the customer and direct beneficiary of the service belong. This change will ensure that the GST rules accurately reflect the place of consumption of travel arranging services and parity in the GST treatment between local and overseas travel agents on their supplies of travel arranging services.

¹⁰For more information on determining the belonging status of your customer(s) and direct beneficiaries, please refer to section 11 of this guide.

Example 3: Arranging of hotel accommodation provided to a local customer

You operate an online booking platform which allows travellers to search for and book local and overseas accommodation. You charge a service fee to the traveller for each confirmed booking made on your platform.

A local traveller booked a hotel accommodation in Japan for 2 nights via your platform and is charged a service fee.

You must standard-rate the fee as your service is supplied to and directly benefits the traveler who belongs in Singapore.

- 9.4.6 There is no change to the GST treatment of the underlying travel product. The supply of international transport of passengers and related insurance will continue to be zero-rated. The supply of accommodation located outside Singapore will remain out-of-scope while that of accommodation located in Singapore will continue to be standard-rated.

Identifying the direct beneficiary of travel arranging services

- 9.4.7 You should refer to Section 4 of the e-tax guide, GST: Clarification on “Directly in Connection with” and “Directly Benefit” for guidance on determining the direct beneficiary of your services. Generally, to identify persons who benefit from your travel arranging services, you should first examine your contract for the supply of travel arranging services. If the contract stipulates the recipients of the services, the Comptroller will consider the supply to directly benefit all these recipients. You should also determine the person whom you owe an obligation to and are accountable for the services as this person is likely to be a direct beneficiary of your travel arranging services.

Example 4: Commission received from an overseas hotel

You have an agreement with an overseas hotel in Paris to recommend the hotel and facilitate the booking of accommodation at the hotel should a traveller approach your travel agency seeking accommodation in Paris. The hotel will pay you a commission for each successful booking provided that you meet the terms and conditions in the agreement. A local traveller provided you with his particulars and travel details to enable you to book accommodation on his behalf at the hotel.

Since the primary objective of the services is to market and recommend the hotel, the direct beneficiary of your travel arranging services is the hotel. Although you would have to liaise with the travellers while performing your services, the travellers are not direct beneficiaries of your supply of services to the hotel in this instance. Therefore, you should zero-rate the commission received from the hotel.

Example 5: Commission received from an overseas customer under a global contract

You signed a global contract with an overseas holding company to manage corporate travel of its subsidiaries in Southeast Asia including Singapore. The scope of services includes booking of flights and accommodation for the employees travelling for business.

Since your services relate to arranging business trips of the employees, the subsidiaries are regarded as the direct beneficiaries of your services. You can zero-rate the services performed for an overseas subsidiary or a local GST-registered subsidiary.

9.5 Supply of travel arranging services by overseas travel agents

- 9.5.1 This section sets out the GST treatment of the following travel arranging services provided by overseas travel agents prior to and with effect from 1 Jan 2023:

Supply of travel arranging services to non-GST registered persons in Singapore

- 9.5.2 Before 1 Jan 2023, an overseas travel agent registered under the OVR regime has to charge GST on the supply of travel arranging services only if the services qualify as digital services.
- 9.5.3 With effect from 1 Jan 2023, the OVR regime will be extended to tax business-to-consumers (“B2C”) supplies of non-digital services. Hence, travel arranging services (both digital and non-digital) provided by overseas travel agents if supplied and received remotely, will be brought to tax under the OVR regime.

Example 6: Arranging services supplied by an overseas travel agency

A local traveller emailed an overseas travel agency established in Japan to book an air ticket to Japan. The overseas travel agency charges the traveller a service fee of \$20, in addition to the price for the air ticket.

The \$20 service fee earned by the overseas travel agency is in return for the travel arranging service provided to the local traveller.

The overseas travel agency, if registered under the OVR regime, is required to charge and account for GST on the fee. No GST is chargeable on the airfare as it is outside the scope of GST.

10 Determining whether you are a principal or an agent

10.1 You may act in the capacity of a principal or an agent in supplying travel products to your customers. It is important to determine whether you are making the supplies as a principal or agent because it will affect the following:

- (i) **GST treatment of your mark-up or fee charged for ancillary services**
If you are supplying the travel products as a principal, the GST treatment of any mark-up imposed would form part of the consideration for your supply of travel products and therefore, will follow the GST treatment of the supply of the travel product. If you charge a separate fee for services ancillary to the supply of the travel products, the GST treatment of the fee will also follow that of the supply of travel products. For example, if you buy and sell air tickets as a principal and you charge an administrative fee to travellers who buy air tickets via your website, you can zero-rate the fee together with the sale of the air tickets. On the other hand, if you are merely an agent facilitating the supply of travel products, the GST treatment of any fees or mark-up imposed will depend on the belonging status of your customer.
- (ii) **Value of taxable supplies for GST reporting** - If you act as an agent to facilitate the booking of travel products in return for a service fee, you should only report the service fee as your taxable supply and not the price of the travel products sold. The GST treatment of your service fee will depend on the belonging status of your customer and the direct beneficiary of your service. However, if you are selling the travel products in the capacity of a principal, you should report the entire value of the travel product sold as your taxable supply. For instance, if you supply an outbound package tour as a principal for \$4,500, you should report the entire sale value of the outbound tour package (i.e. \$4,500) as your zero-rated supply.
- (iii) **GST registration liability** – If you act as an agent to facilitate the booking of travel products, you should regard the service fees and commissions earned from travel arranging services as your taxable supplies to determine your liability to register for GST. On the other hand, if you are a principal, you should regard your proceeds from the sale of travel products such as tour packages, air-tickets and hotel accommodation in Singapore as your taxable supplies to determine your liability to register for GST.
- (iv) **Recovery of input tax on expenses** Generally, you will be able to claim input tax on purchases only if you procure them as a principal and not an agent. For example, if you procure and supply local hotel accommodation as a principal, you will be able to claim the input tax incurred.

10.2 As a travel agent, you may:

- (i) purchase travel products from travel product suppliers, and onward supply them individually or as a package tour to your customers (i.e. travellers); or
- (ii) purchase package tours (which may comprise international and domestic transports, accommodation, recreational activities, and tickets to places of attractions) from other travel operators/agents and onward supply them to your customers.

10.3 Generally, you are acting in the capacity of a principal if you contract for the purchase of travel product with the supplier in your own name or capacity. On the other hand, if you merely facilitate or arrange the booking of travel products between the suppliers and the traveller, then you are likely acting as an agent. In the event that the contractual relationship is not clear, the following indicators can help you determine your role in the transaction with the traveller:

Indicators	You are a principal if	You are an agent if
Assumption of responsibilities and risks	You are accountable to the traveller in the event that you are unable to supply the travel product. For example, if you are a principal in supplying a tour package, you are accountable to the customer if the tour is cancelled.	You are not accountable to the traveller for non-performance of the underlying travel product as the contract is between the traveller and the tour operator. For example, if you are an agent, you are not legally liable to provide a refund for the travel product to the traveller when the tour package that the traveller booked through you is cancelled by the tour operator.
Legal entitlement to payments/proceeds from customers	The traveller is legally obligated to pay you for the travel product and not the travel product supplier.	The traveller is legally obligated to pay the travel product supplier for the travel product, although you may collect the payment on behalf of the travel product supplier.

Alteration to value of travel product	You can determine the selling price of the travel product provided (including discounts) at your own discretion.	You are unable to determine the selling price of the travel product and cannot change the pricing without the explicit permission of the travel product supplier. You are only able to determine the value of your service fee or margin earned from arranging the supply of the travel product.
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Examples 7 and 8 provide more information to help you determine whether you are a principal or an agent in carrying out a transaction.

Example 7

You contracted with a local hotel for the purchase of hotel rooms and onward supply the hotel rooms to travellers. The hotel charges you \$200 for each room night. You decide to price the hotel room at \$250 per night but give 10% discount for bookings of 3 nights or more. A traveller booked an accommodation for 3 nights at the hotel through your website.

As you have contracted with the hotel for the accommodation and in turn onward supply the hotel rooms to traveller, you are acting in the capacity of a **principal** in supplying the accommodation to the traveller. You have the liberty to price the hotel rooms and the traveller is legally obliged to pay you for the rooms booked through your website.

Example 8: Arranging services supplied by online platform

You operate a website which assists travellers to arrange and book hotel accommodation. Travellers who book accommodation on your website are subject to the Terms of Use of the website. The Terms of Use expressly provide that it is an agreement between you and the travellers and specify that:

- You provide an online platform for travellers to browse different types of lodging and make reservations with the hotels; and
- The total booking price which you collect from the travellers at the time of booking includes a facilitation fee for your services of arranging the booking and payment for the accommodation.

You also enter into a separate contract with each hotel listed on your website. The contract with each hotel specifies that:

- You provide services to facilitate the booking of hotel reservations;
- The hotel is responsible for providing related information such as room rates, availability of rooms and its cancellation policy so that the information can be clearly displayed on your website;
- You cannot alter the room rate set by the hotel, except for the booking fee you charge to the travellers;
- You are authorized by the hotel to collect payment for the hotel room on its behalf (less any booking fees that you are entitled to retain)
- Any complaints and disputes relating to the guest stays at the hotel will be directed to the hotel for resolution.

The Terms of Use and the contract that you enter with each hotel show that you are not supplying the hotel room to travellers as a principal. Instead, you are just facilitating the booking and payment of the hotel room on behalf of the traveller in the capacity of an **agent**.

11 Determining where the customer belongs

Local Travel Agents

11.1 If your customer is a **corporate body**, your customer is treated as belonging in Singapore if:

- (i) it has a business establishment ("BE") (i.e. an agency or a branch in Singapore) or fixed establishment ("FE") only in Singapore; or
- (ii) it has a BE or FE both in Singapore and outside Singapore and the services are most directly used or to be used by his establishment in Singapore; or
- (iii) it does not have a BE or FE in any country but its usual place of residence (i.e. place of incorporation or place of legal constitution) is in Singapore.

11.2 If your customer is an **individual**, your customer is treated as belonging in Singapore if your customer's usual place of residence is in Singapore. Your customer's "usual place of residence" is in Singapore if:

- (i) your customer resides in Singapore voluntarily and for a settled purpose, such as to pursue a course of study or due to employment; and
- (ii) your customer's stay in Singapore has some degree of continuity, apart from temporary or occasional absence, such that it forms part of the regular and habitual pattern of your customer's life.

11.3 The Comptroller of GST may regard the residential address of an individual as the individual's usual place of residence. Hence, if an individual has a Singapore residential address, the individual will be regarded as belonging in Singapore for GST purposes.

Determining belonging status of customers for services supplied remotely

11.4 For services that are transacted over the Internet (e.g. online booking of international transport of passenger or accommodation) or remotely (e.g. booking via email or phone call), you may not be able to properly verify the belonging status of your customers.

11.5 If you are a local travel agent and your customer is an **individual**, your customer is considered as belonging in Singapore if your customer's usual place of residence is in Singapore. You are required to take reasonable steps to determine where your customer belongs:

- (i) If your customer has a Singapore address in your database, a Singapore domain name (e.g. davidlim@pacific.net.sg) or a Singapore IP address, you should treat your customer as belonging in Singapore.
- (ii) If your customer provides any Singapore identification number (such as Singapore passport number, employment pass or work permit pass number), you should treat your customer as belonging in Singapore.
- (iii) If you are unable to obtain the information in (i) or (ii), you may obtain a declaration of your customer's usual place of residence at the time of transaction:
 - a) If your customer declares that his/her usual place of residence is Singapore, you should treat your customer as belonging in Singapore.
 - b) If your customer declares that his/her usual place of residence is outside Singapore, you can treat the customer as belonging outside Singapore.

- (iv) If you are unable to obtain any of the information in (i) to (iii), you should treat your customer as belonging in Singapore.

Example 9: Determining the belonging status of customer

You run a travel agency in Singapore and operates a website facilitating the booking of flights and hotel accommodations. A customer booked a flight to Germany via your website. The customer provided his foreign passport number, his employment pass number and billing address in Singapore.

As the employment pass and billing address in Singapore indicate that the customer resides in Singapore, the customer will be regarded as belonging in Singapore.

- 11.6 If your customer is a **business**, you should examine if your customer has a Singapore business address in your database, a Singapore domain name or a Singapore IP address. If so, you should treat your customer as belonging in Singapore.
- 11.7 If the information in paragraph 11.6 does not indicate that your customer belongs in Singapore, you may treat your customer as belonging outside Singapore if:
- (i) address of the business entity is outside Singapore;
 - (ii) the domain name or IP address indicates that his business is a foreign establishment (e.g. davidlim@abccorporation.com.au);
 - (iii) the customer gives a declaration, at the time of transaction, that the company is located outside Singapore; and
 - (iv) any other information you have that indicates your customer as belonging outside Singapore.
- 11.8 The following indicators are non-exhaustive. If you are unable to adopt the abovementioned guidelines due to exceptional business circumstances, you may seek approval from the Comptroller in writing for alternative methods of determining where your customer belongs.

Overseas Travel Agents

- 11.9 If you are an overseas travel agent, you may refer to the [IRAS e-Tax Guide – GST: Taxing imported services by way of an overseas vendor registration regime](#) for the proxies to determine your customer's belonging status.

12 Supplies of travel arranging services straddling 1 Jan 2023

- 12.1 As mentioned in paragraph 9.4.5, the GST treatment of travel arranging services for international transportation of passengers and related travel insurance, and accommodation (“travel arranging services”) will change with effect from 1 Jan 2023.
- 12.2 Under normal circumstances, the time of supply rules¹¹ will determine when your supply is treated as taking place for GST purposes and therefore when you must account for GST on the supply. However, for supplies of travel arranging services straddling 1 Jan 2023, there are special transitional rules that may apply to affect the GST treatment and GST rate¹² chargeable on the supply.
- 12.3 A supply of travel arranging services would be regarded as straddling 1 Jan 2023 and be subject to the transitional rules when one or more of the following events straddle 1 Jan 2023:
- (i) issuance of invoice;
 - (ii) performance of services;
 - (iii) receipt of payment.

For example, you have fully performed the services before 1 Jan 2023 but you issue the invoice and receive payment for the services on/after 1 Jan 2023.

- 12.4 You will need to know when your travel arranging services are performed, in addition to the invoice date and payment date, to determine whether and how the transitional rules would apply to your supply spanning the date of change in the GST treatment of travel arranging services (i.e. 1 Jan 2023).
- 12.5 When the travel arranging services are considered to be performed is dependent on the terms and conditions stated in your contract or correspondences with your customer. For example, if you are arranging the booking of accommodation, the services may be considered to be performed once the hotel provides a booking confirmation to the customer.
- 12.6 Specifically, the transitional rules will apply to a supply of travel arranging services spanning 1 Jan 2023 when:
- (i) You wish to elect to apply the tax rate applicable at the time when the services are performed, rather than based on the general time of supply (i.e. the earlier of when payment is received/made or invoice is issued

¹¹ The time of supply rules determine when you should report your supplies and account for GST in your GST return. For most transactions, a supply is treated as taking place (and output tax will be accounted for) at the earlier of when (i) an invoice is issued; or (ii) payment is received.

¹² In Budget 2022, the Minister for Finance announced that the GST rate will be increased in 2-steps from 7% to 8% on 1 Jan 2023 and from 8% to 9% on 1 Jan 2024.

for the services). The situations where an election is applicable are illustrated in examples 10 and 12;

- (ii) You issue an invoice for your supply of services before 1 Jan 2023, and the supply ceases to be zero-rated or out-of-scope on 1 Jan 2023 (i.e. becomes standard-rated), as elaborated in paragraphs 12.8.5 to 12.8.7.
- (iii) As an RC business, you receive an invoice from your overseas supplier before 1 Jan 2023 on your purchase of travel arranging services, and the supply ceases to be outside the scope of imported services on 1 Jan 2023, as shown in Annex A under Transaction 3.

12.7 Paragraphs 12.8 to 12.9 covers the common scenarios where the transitional rules apply to supplies of travel arranging services that straddle 1 Jan 2023. For a more comprehensive list of scenarios where the transitional rules may apply, please refer to Annex A. For OVR vendors supplying non-digital travel arranging services that straddle 1 Jan 2023, please refer to the e-Tax Guide, GST: Taxing Imported Remote Services by way of the Overseas Vendor Registration Regime for the transitional rules.

12.8 Where the supply of travel arranging services is subject to GST on/after 1 Jan 2023

12.8.1. Paragraphs 12.8.2 to 12.8.7 apply when you supply travel arranging services to local customers and where the tax treatment for the supply changes from zero-rated to standard-rated with effect from 1 Jan 2023.

If invoice is issued on/after 1 Jan 2023

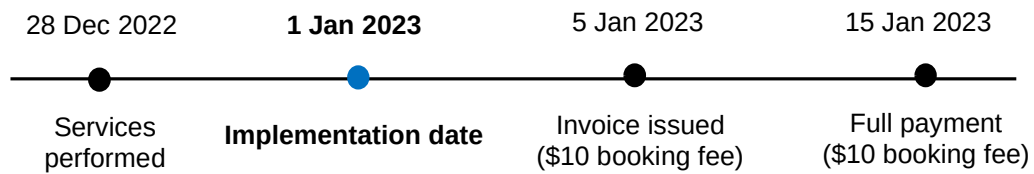
12.8.2 If you issue an invoice and receive payment on your supply of travel arranging services on/after 1 Jan 2023, you will need to charge GST at 8% on the invoice issued or payment received.

12.8.3 However, if the services are fully performed before 1 Jan 2023, you can elect¹³ to apply the old rate (i.e. zero-rated or out-of-scope, whichever is applicable) on the entire value of the supply.

12.8.4 Where you have issued a tax invoice to your customer before the election is made, you must issue a credit note to your customer by 15 Jan 2023 for the GST amount that is over-charged.

¹³ There is no need for you to complete any form or to seek prior approval from the Comptroller for this election. You are only required to maintain documentary evidence of when invoice is issued, payment is received, and services are performed.

Example 10: Travel arranging services fully performed before 1 Jan 2023 and invoice issued after 1 Jan 2023



With effect from 1 Jan 2023, the supply of travel arranging services to local customer is subject to GST.

According to the general rule, the time of supply is triggered on 5 Jan 2023, and hence the supply is subject to 8% GST. However, you can elect to zero-rate (i.e. charge GST at 0%) the entire value of the supply as the services are fully performed before 1 Jan 2023.

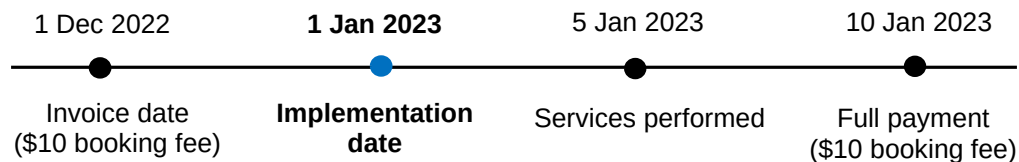
If you have issued a tax invoice for the arranging services before the election is made, you must issue a credit note by 15 Jan 2023 to reverse the GST charged earlier.

If invoice is issued before 1 Jan 2023

- 12.8.5 If you issue an invoice for your supply of travel arranging services before 1 Jan 2023 but do not perform any services or receive any payment before that date, you must account for GST at 8% on the entire value of the supply.
- 12.8.6 You are required to account for output tax on the supply in the prescribed accounting period in which the earliest of the following falls:
- (i) when the new invoice for the supply is issued;
 - (ii) when the payment for the supply is received; or
 - (iii) 15 Jan 2023.
- 12.8.7 The invoice issued to your customer before 1 Jan 2023 would have reflected GST charged at the old rate (i.e. zero-rated) or no GST charged (i.e. out-of-scope). If the invoice is a tax invoice, you must issue a credit note and a new tax invoice to your customer by 15 Jan 2023 for the supply that is subject to GST at 8%.

Example 11: Travel arranging services fully performed after 1 Jan 2023 and invoice issued before 1 Jan 2023

As a GST-registered local travel agent, you facilitated the booking of an overseas accommodation for a local customer and charged a booking fee of \$10 for the service.



With effect from 1 Jan 2023, the supply of services comprising the arranging or facilitating of booking of accommodation to a local customer will be subject to GST regardless of where the property is located.

As the services were fully performed and full payment received after 1 Jan 2023, the transitional rule will apply such that you must charge and account for GST on the booking fee of \$10 that is received after 1 Jan 2023.

If the invoice issued on 1 Dec 2022 is a tax invoice, you are required to issue the following to your customer by 15 Jan 2023:

- A credit note for \$10 to reduce the original value of zero-rated supply; and
- A new tax invoice to charge GST at 8% on the booking fee of \$10.

12.9 Where the supply of travel arranging services qualifies for zero-rating on/after 1 Jan 2023

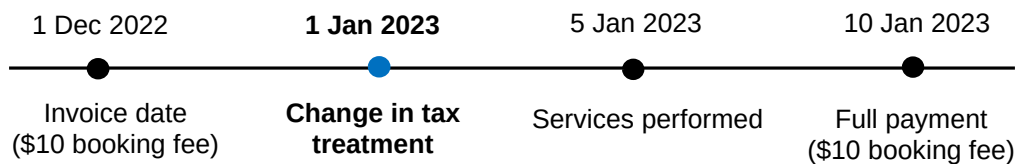
12.9.1 Where the travel arranging service (e.g. in relation to the booking of accommodation located in Singapore) is supplied to an overseas person and the service directly benefits an overseas person who is outside Singapore when the service is performed, or a GST-registered person in Singapore, the GST treatment of such a supply changes from standard-rated to zero-rated on 1 Jan 2023.

12.9.2 If you issue an invoice or receive any payment for your supply of travel arranging services before 1 Jan 2023, and the services are performed (i.e. booking completed) on/after 1 Jan 2023, you can elect to zero-rate the entire supply.

12.9.3 Where you have issued a tax invoice to your overseas customer before the election is made, you must issue a credit note to your customer by 15 Jan 2023 to reverse the GST charged earlier and issue a refund for the GST if it had been collected from your customer.

Example 12: Travel arranging services fully performed after 1 Jan 2023 and invoice is issued before 1 Jan 2023

As a GST-registered local travel agent, you facilitated the booking of local accommodation for an overseas customer and charged a booking fee of \$10 for the service.



With effect from 1 Jan 2023, the supply of services comprising the arranging or facilitating the booking of accommodation to an overseas customer will be zero-rated regardless of where the property is located, provided that the customer is not in Singapore when the service is performed.

According to the time of supply rule, you must charge and account for GST at 7% on the tax invoice issued to your customer before 1 Jan 2023. However, you can elect to zero-rate (i.e. charge GST at 0%) the entire value of supply as the services are fully performed after 1 Jan 2023. You must issue a credit note by 15 Jan 2023 to reverse the GST charged earlier.

13 Frequently Asked Questions

13.1 I help my customer residing in Singapore to book air tickets. I am not selling the air tickets as a principal but merely facilitate my customer in the booking of the tickets. I collect a booking fee of \$20 from my customer for the service. I also collect the air fares of \$1000 from my customer on behalf of the airline. Can I issue a tax invoice showing only a single price (i.e. \$1020)?

You must separately itemise the booking fee and air fares on your tax invoice as the booking fee is subject to GST at the standard-rate while the air fares are not subject to GST as they are not your supplies. For the booking fee, you should show the value excluding GST, the prevailing GST rate, the GST chargeable and the value including GST on the tax invoice.

13.2 I assist a walk-in traveller from Australia with the booking of hotel accommodation in Singapore and charge the traveller a booking fee of \$20. Is the booking fee subject to GST?

As the foreign traveller is physically present in your office in Singapore to receive your services, the booking fee will be subject to GST.

13.3 I charge a service fee for helping travellers to apply for visas. Do I have to charge and account for GST on the service fee and when I recover the visa fee from the traveller?

You must charge and account for GST on your service fee if the traveller belongs in Singapore. However, your recovery of the visa fee is a disbursement and thus is not subject to GST.

13.4 I facilitate the booking of air tickets for travellers and charge a fee for amending details of the flight itinerary (e.g. flight timing or destination). From 1 Jan 2023, do I have to charge and account for GST on the fee?

If you are facilitating the booking of air tickets as an agent, from 1 Jan 2023, you can zero-rate the fee if your services are contractually supplied to and directly benefitting an overseas traveller who is not in Singapore at the time the services are performed. Where your services are contractually supplied to a local traveller, you must charge and account for GST on the fee.

However, if you supply the underlying air ticket as a principal and charge a fee to amend the traveller's flight itinerary, the services are ancillary to the supply of the air ticket and you can zero-rate the fee regardless of whether your services are supplied to an overseas or a local traveller.

13.5 I charge a fee for assisting companies to manage their corporate travel needs. From 1 Jan 2023, do I have to charge and account for GST on the fee?

From 1 Jan 2023, you can zero-rate the service fee if your services are contractually supplied to an overseas company and directly benefitting the overseas company or a GST-registered company belonging in Singapore. Where your services are contractually supplied to a local company, you must charge and account for GST on the service fee.

14 Contact Information

For enquiries on this e-Tax Guide, please contact the Goods and Services Tax Division at www.iras.gov.sg (select "Contact Us").

15 Updates

	Date of amendment	Amendments made
1	9 Dec 2022	• Added another example in paragraph 9.4.7 • Added paragraph 13.4 and 13.5 in Frequent Asked Questions • Other editorial changes

Annex A – Application of Transitional Rules for Supplies of Travel Arranging Services Straddling 1 Jan 2023

Transaction 1: Travel arranging services of: (i) international transport of passengers and related insurance; and (ii) overseas accommodation to local customers (i.e. change in GST treatment from zero-rated to standard-rated)

(1) Invoice issued before 1 Jan 2023

Payment Received	Services Performed	Applicable GST Rate
Before 1 Jan 2023	Before 1 Jan 2023	Based on the time of supply rule, you are required to zero-rate the supply as full payment is received before 1 Jan 2023.
	On/after 1 Jan 2023	
On/after 1 Jan 2023	Before 1 Jan 2023	As full service is performed before 1 Jan 2023, you are required to zero-rate the entire value of supply of services.
	On/after 1 Jan 2023	As full payment is received and services fully performed on/after 1 Jan 2023, you are required to standard-rate at 8% the entire value of the supply.
Part before and part on/after 1 Jan 2023	Before 1 Jan 2023	You are required to standard-rate at 8% the lower of the value of (i) service performed; or (ii) payment received on/after 1 Jan 2023. The remaining value will be zero-rated.
	On/after 1 Jan 2023	

(2) Invoice issued on/after 1 Jan 2023

Payment Received	Services Performed	Applicable GST Rate
Before 1 Jan 2023	Before 1 Jan 2023	Based on the time of supply rule, you are required to zero-rate the supply as full payment is received before 1 Jan 2023.
	On/after 1 Jan 2023	
On/after 1 Jan 2023	On/after 1 Jan 2023	Based on the time of supply rule, you are required to standard-rate the supply at 8% as full payment is received after 1 Jan 2023.
	Before 1 Jan 2023	- Based on the time of supply rule, you are required to standard-rate the supply at 8% as the invoice is issued and full payment is received on/after 1 Jan 2023. - However, as services are fully performed before 1 Jan 2023, you may elect to zero-rate the entire value of the supply.
Part before and part on/after 1 Jan 2023	Before 1 Jan 2023	- Based on the time of supply rule, you are required to zero-rate any payment received before 1 Jan 2023 and standard-rate any payment received after 1 Jan 2023. - However, as services are fully performed before 1 Jan 2023, you may elect to zero-rate the entire value of the supply.
	On/after 1 Jan 2023	Based on the time of supply rule, you are required to zero-rate any part payment received before 1 Jan 2023 and standard-rate any payment received after 1 Jan 2023.

Transaction 2: Travel arranging services of local accommodation to overseas customers (i.e. change in GST treatment from standard-rated to zero-rated)

(1) Invoice issued before 1 Jan 2023

Services Performed	Payment Received	Applicable GST Rate
On/after 1 Jan 2023	Before 1 Jan 2023	- Based on the time of supply rule, you are required to standard-rate the supply at 7% as invoice is issued before 1 Jan 2023. - However, as the services are fully performed on/after 1 Jan 2023, you may elect to zero-rate the entire supply of services.
	On/after 1 Jan 2023	
	Part before and part on/after 1 Jan 2023	

(2) Invoice issued on/after 1 Jan 2023

Services Performed	Payment Received	Applicable GST Rate
On/after 1 Jan 2023	On/after 1 Jan 2023	Based on the time of supply rule, you are required to zero-rate the supply as full payment is received after 1 Jan 2023.
	Before 1 Jan 2023	- Based on the time of supply rule, you are required to standard-rate any payment received before 1 Jan 2023 at 7%. Any payment received on/ after 1 Jan 2023 must be zero-rated. - However, as services are fully performed on/ after 1 Jan 2023, you may elect to zero-rate the entire supply of services.
	Part before and part on/after 1 Jan 2023	

Transaction 3: Imported B2B travel arranging services of: (i) international transport of passengers; and (ii) overseas accommodation (i.e. change in GST treatment from out-of-scope to subject to GST under Reverse Charge “RC”)

(1) Invoice issued before 1 Jan 2023

Payment Made	Services Performed	Applicable GST Rate
Before 1 Jan 2023	Before 1 Jan 2023	Based on the time of supply rule, the supply is not subject to RC as full payment is made before 1 Jan 2023.
	On/after 1 Jan 2023	
On/after 1 Jan 2023	Before 1 Jan 2023	As the service is fully performed before 1 Jan 2023, notwithstanding that full payment is made on/after 1 Jan 2023, entire supply of service is not subject to RC.
	On/after 1 Jan 2023	As the services are fully performed and payment fully made on/after 1 Jan 2023, the RC business is required to apply RC at 8% on the entire supply of services.
Part before and part on/after 1 Jan 2023	Before 1 Jan 2023	The RC business is required to apply RC at 8% on the <u>lower</u> of the value of: (i) services performed; or (ii) payment made on/ <u>after</u> 1 Jan 2023.
	On/after 1 Jan 2023	

(2) Invoice issued on/after 1 Jan 2023

Payment Made	Services Performed	Applicable GST Rate
Before 1 Jan 2023	Before 1 Jan 2023	Based on the time of supply rule, the supply is not subject to RC as full payment is made before 1 Jan 2023.
	On/after 1 Jan 2023	
On/after 1 Jan 2023	On/after 1 Jan 2023	Based on the time of supply rule, the supply is subject to RC at 8% as the invoice is issued and full payment is made on/after 1 Jan 2023.
	Before 1 Jan 2023	Based on time of supply rule, the supply will be subject to RC at 8% to the extent of payment made <u>on/ after</u> 1 Jan 2023.
Part before and part on or after 1 Jan 2023	Before 1 Jan 2023	However, as performance of services occur wholly before 1 Jan 2023, the RC business can elect not to apply RC on the entire value of the supply.
	On/after 1 Jan 2023	Based on time of supply rule, the portion of payment made on/ after 1 Jan 2023 will be subject to RC at 8%.