Reverse charge and the Swiss supplier

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Since 1 January 2020 Singapore has applied a reverse charge to imported services acquired by businesses that are not entitled to full input tax recovery. The regime was extended to low-value imported goods on 1 January 2023. A Singapore business that makes exempt supplies of DPTs and buys services from overseas suppliers (cloud hosting, blockchain analytics, legal advice from Zürich) must account for GST on those services as if it had supplied them to itself. It may recover that GST only to the extent of its taxable use.[1] The Guide notes expressly that partially exempt DPT businesses may be subject to reverse charge.[2] A Singapore exchange that spends heavily on foreign software and advice can find reverse charge GST among its larger tax costs.

The Swiss supplier is affected from the other side. A Zürich law firm or a Zug software company that supplies services to a Singapore business has no Singapore GST obligation, because the Singapore customer accounts for the tax under reverse charge. A Swiss supplier of digital services to Singapore private consumers is in a different position. The overseas vendor registration regime was introduced for digital services on 1 January 2020 and extended to all remote services and low-value goods on 1 January 2023. Under it an overseas supplier whose global turnover

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exceeds S$ 1 million and whose supplies to Singapore consumers exceed S$ 100,000 must register for Singapore GST and charge it.[3] A Swiss wallet-software provider that sells subscriptions to Singapore individuals is within that regime. A Swiss exchange that sells tokens to Singapore individuals makes exempt supplies and need not register for them, but its fees for services are taxable remote services and count towards the threshold.

Cross-border perspective

A Zug company supplying analytics software to a Singapore DPT licensee invoices without Singapore GST. The licensee self-assesses 9 per cent under reverse charge and recovers only the taxable-use portion. The Zug company must still consider Swiss VAT: a supply of services to a foreign business recipient is taxed at the recipient's place under Art. 8 para. 1 of the Swiss VAT Act and is therefore outside Swiss VAT. The same Zug company selling the software to Singapore consumers must register under the Singapore overseas vendor regime once its Singapore consumer sales exceed S$ 100,000, while the Swiss VAT consequences of business-to-consumer electronic services follow Art. 10 of the Swiss VAT Act. The two systems mirror each other and neither taxes the same supply twice when the rules are applied correctly.

Notes

1. Goods and Services Tax Act 1993, s. 14 (reverse charge on imported services and low-value goods), as amended with effect from 1 January 2020 and 1 January 2023. See also IRAS, e-Tax Guide *GST: Taxing imported services by way of reverse charge*, current edition. ↩
2. IRAS, e-Tax Guide *GST: Digital Payment Tokens*, third edition, 30 January 2026, para 12.3 (reverse charge for partially exempt businesses acquiring services from overseas suppliers). ↩
3. Goods and Services Tax Act 1993, s. 14A and the Seventh Schedule (overseas vendor registration regime). ↩

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