The system and the 2020 turning point

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Singapore's goods and services tax is a value added tax charged under the Goods and Services Tax Act 1993 on supplies of goods and services made in Singapore by a taxable person in the course of business and on imports. The standard rate rose from 7 to 8 per cent on 1 January 2023 and to 9 per cent on 1 January 2024.[1] Registration is compulsory once taxable turnover exceeds S$ 1 million in a calendar year or is expected to exceed it in the next twelve months, with voluntary registration available below that threshold.[2] Switzerland's VAT works on the same principles with a standard rate of 8.1 per cent since 1 January 2024 and a registration threshold of CHF 100,000 of worldwide turnover (see Part G, Chapter V). A Swiss reader will find the architecture familiar and the detail different.

Until the end of 2019 the supply of a cryptocurrency was treated in Singapore as a supply of services. A person who sold Bitcoin for Singapore dollars made a taxable supply, while a person who paid for a coffee in Bitcoin made two supplies, one of the coffee and one of the Bitcoin. The result was double taxation of every use of a token as payment and a compliance burden that no other means of exchange carried. IRAS consulted in 2019 and changed the rule with effect from 1 January 2020. From that date the supply of a digital payment token is exempt when made in exchange for

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fiat currency or another digital payment token, and the use of a digital payment token as payment is disregarded as a supply.[3] The change aligned Singapore with the European Court of Justice's decision in *Hedqvist* and with the Swiss practice that treats the exchange of payment tokens as an exempt turnover in the financial sector.[4]

Notes

1. Goods and Services Tax Act 1993 (2020 Rev. Ed.), ss. 8 and 16; Goods and Services Tax (Amendment) Act 2022 (rate increase in two steps). ↩
2. Goods and Services Tax Act 1993, First Schedule, paras 1 and 9 (compulsory and voluntary registration). ↩
3. IRAS, e-Tax Guide *GST: Digital Payment Tokens*, third edition, 30 January 2026 (first edition 19 November 2019, second edition 3 August 2022), paras 6.4 and 6.5 (exchange and loans of DPTs exempt) and section on use of DPTs as payment (disregarded supply). ↩
4. Court of Justice of the European Union, Skatteverket v David Hedqvist, Case C-264/14, judgment of 22 October 2015. For Switzerland see FTA, MWST-Info 04 and the FTA practice statement on cryptocurrencies, discussed in Part G, Chapter V. ↩

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