



INLAND REVENUE
AUTHORITY
OF SINGAPORE

IRAS e-Tax Guide

GST: Guide for Advertising Industry
(Sixth Edition)

Published by
Inland Revenue Authority of Singapore

Published on 1 Jan 2023

First Edition on 14 Nov 2014
Second Edition on 30 Sep 2019
Third Edition on 11 Jun 2021
Fourth Edition on 20 Dec 2021
Fifth Edition on 15 Aug 2022

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1 Aim

- 1.1 This guide explains the GST principles applicable to the advertising industry and is applicable to the following suppliers of advertising services:
- (i) Media owner,
 - (ii) Media agency, and
 - (iii) Creative agency / full range advertising agency.
- 1.2 Some of the common forms of advertising and related services which they provide and will be discussed in this guide are:
- (i) Media Sales,
 - (ii) Media Planning,
 - (iii) Creative and Production Sales,
 - (iv) Brand Public Relations (PR) and Events Organising.
- 1.3 This guide also covers the change in the GST treatment of media sales with effect from 1 Jan 2022¹ and the transitional rules applicable for supplies of media sales straddling 1 Jan 2022.

2 At a glance

- 2.1 A supply of service is made in Singapore if the supplier belongs in Singapore (i.e. has a business or fixed establishment in Singapore). A supply of service in Singapore attracts GST unless it qualifies for zero-rating relief as an international service under section 21(3) of the GST Act, or it is an exempt financial service listed under the Fourth Schedule to the GST Act.
- 2.2 To level the GST treatment for all services consumed in Singapore, the following regimes have been implemented to imported services²:

From 1 Jan 2020

- i) Reverse charge regime for Business-to-Business (“B2B”)³ supplies of imported services; and
- ii) Overseas vendor registration regime for Business-to-Consumer (“B2C”)⁴ supplies of imported digital services.

¹ In Budget 2021, the Minister for Finance announced that the basis for determining whether zero-rating applies to a supply of media sales, will be changed from the place of circulation of advertisement to the place where the customer and direct beneficiary of the service belong. The change is made in recognition of the growth in online advertising and the compliance difficulties faced by businesses in determining the place of circulation of advertisements, especially for online media sales.

² For more details, please refer to IRAS website at www.iras.gov.sg (GST > GST and Digital Economy > GST on Imported Services).

³ Business-to-Business (“B2B”) supplies refer to supplies made to GST-registered persons, including companies, partnerships and sole-proprietors.

⁴ Business-to-Consumer (“B2C”) supplies refer to supplies made to non-GST registered persons, which include individuals and businesses that are not registered for GST.

From 1 Jan 2023⁵

- iii) Overseas vendor registration regime for Business-to-Consumer (“B2C”) supplies of imported non-digital services.

Consequently, from 1 Jan 2023, all B2C supplies of imported remote services⁶, whether digital or non-digital, will be taxed by way of the extended overseas vendor registration regime.

- 2.3 Table 1 below briefly explains the zero-rating provisions of the GST Act applicable to the supplies of advertising and related services⁷ while Table 2 shows the GST treatment of media sales before and after 1 Jan 2022:

Table 1 – Zero-rating provisions applicable to advertising and related services

Zero-rating provision	Description of services
Section 21(3)(i) Section 21(3)(k)	Event organising where the exhibition or convention services are supplied for: • Events held overseas • Events held in Singapore and are: (a) Contractually supplied to a person belonging outside Singapore (‘an overseas person’) wholly in the person’s business capacity; and (b) Directly benefitting an overseas person wholly in the person’s business capacity or with effect from 1 Jan 2020, directly benefitting an overseas person wholly in the person’s business capacity and/or a GST-registered person belonging in Singapore.
Section 21(3)(j)	Media planning, creative and production sales, brand PR where the services are: (a) Contractually supplied to an overseas person; and (b) Directly benefitting an overseas person or with effect from 1 Jan 2020, directly benefitting an overseas person and/or a GST-registered person belonging in Singapore.

⁵ 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 8% to 9% on 1 Jan 2024.

⁶ Remote services refer to 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.

⁷ For the extract of section 21(3) provisions, please refer to IRAS website at www.iras.gov.sg (GST > GST-registered businesses > Working out your taxes > When to charge 0% GST (zero-rate) > Providing International Services).

Zero-rating provision	Description of services
Section 21(3)(u) Section 21(3)(j)	Media sales supplied: - Prior to 1 Jan 2022, where the advertisement is substantially (i.e. more than 51%) circulated overseas; - With effect from 1 Jan 2022, where the services are: (a) Contractually supplied to an overseas person; and (b) Directly benefitting an overseas person and/or a GST-registered person belonging in Singapore.

Table 2 – GST treatment of media sales before and after 1 Jan 2022⁸

Supply of media sales by	Before 1 Jan 2022	With effect from 1 Jan 2022
A local GST-registered supplier	- Zero-rate if the advertisement is substantially (>51%) circulated overseas; - Standard-rate if the advertisement is circulated in Singapore.	- Zero-rate if the services are contractually supplied to an overseas person and directly benefit an overseas person and/or a GST-registered person belonging in Singapore; - Standard-rate if the services are contractually supplied to a person belonging in Singapore or directly benefit a non-GST registered person belonging in Singapore.
An overseas media supplier to a GST-registered person not entitled to full input tax credit or belongs to a GST group not entitled to full input tax credit (i.e. Reverse Charge ("RC") business)	- Not subject to reverse charge if the advertisement is substantially circulated overseas; - Subject to reverse charge if the advertisement is circulated in Singapore.	Subject to reverse charge regardless of where the advertisement is circulated.

⁸ Refer to footnote 1

Supply of media sales by	Before 1 Jan 2022	With effect from 1 Jan 2022
An overseas online media supplier to a non-GST registered person in Singapore	- Not subject to GST (i.e. outside the scope of the Oversea Vendor Registration (“OVR”) regime) if the advertisement is substantially circulated overseas; - Subject to GST under OVR if the advertisement is circulated in Singapore.	Subject to GST under OVR regardless of where the advertisement is circulated.

- 2.4 For supplies of media sales that straddle 1 Jan 2022, please refer to paragraph 8 to ascertain whether and to what extent the transactions are subject to GST and when GST has to be accounted for.

3 Media Sales

- 3.1 The GST treatment of media sales will be discussed in this section. It will apply to the media owner and intermediary supplier such as the media agency, creative advertising agency or full range advertising agency. Other suppliers can also adopt the GST treatment if they make an onward supply of media sales, such as a holding company buying and supplying it to its related companies.

- 3.2 Media sales refer to:

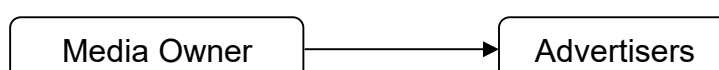
- (i) Sale of advertising space for hardcopy print and outdoor advertisements via newspapers, magazines, billboards, etc.;
- (ii) Sale of advertising airtime for broadcasting via TV and radio; and
- (iii) Sale of media space for online advertising (in the form of page view, impression, hit rate, electronic data mail, SMS messages, etc.) in other digital media via email, internet and mobile phone.

3.3 Suppliers involved in media sales

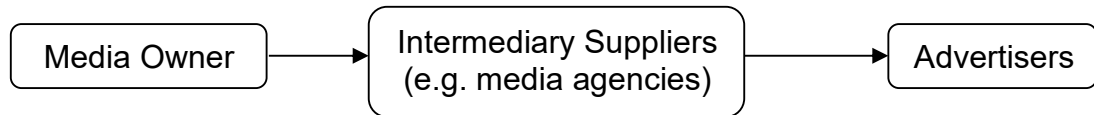
- 3.3.1 The primary supplier is the media owner who sells advertising space, airtime and web media space for placement of advertisements.

- 3.3.2 The 2 common scenarios of the supply chain for media sales are:

- (i) Sale from the media owner directly to the advertisers.



- (ii) Sale from the media owner to intermediary suppliers (such as the media agencies, creative advertising agencies or full range advertising agencies) who make an onward supply to the advertisers. In this situation, the media agencies or advertising agencies are acting as principals for the transactions on media sales.



3.4 Value of supply of media sales

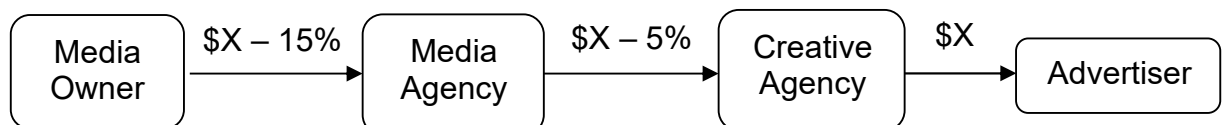
3.4.1 Where the media owner makes media sales directly to the advertiser, the billing is usually based on the rates stated on the rates card for traditional media (e.g. newspapers and magazines) or clicks or impressions for online advertising. The value of supply is the gross selling price (e.g. \$X) charged to the advertiser. The price includes all costs incurred in typesetting, formatting, printing and necessary technology to have the advertisement fitted into the time or space supplied, and transmission by whatever medium of communication to the readers or viewers.

3.4.2 Where the media owner makes media sales to a media agency or advertising agency and allows a discount (e.g. 15%) from the gross selling price (i.e. \$X), the value of supply for the media sales is therefore the discounted price (i.e. \$X – 15%) payable by the agency.

3.4.3 When the media agency or advertising agency onward bills the advertiser to recover the cost of the media sales (i.e. \$X), the agency is making a separate supply of media sales. The value of this supply is the gross selling price (i.e. \$X). The supplies mentioned here and in paragraph 3.4.2 are illustrated below:



3.4.4 In the media sales supply chain, there may be more than one agency involved, with the discount shared by multiple parties. Each agency acts as a principal for the media sales transaction and has to account for GST on the selling price charged to the advertiser as illustrated below:



3.4.5 If an advertising agency acts as a commission agent for the media owner, it is the media owner who makes a supply of media space or airtime directly to the advertiser and charges the advertiser at the gross selling price (i.e. \$X). The media owner pays the advertising agency a commission for the provision of

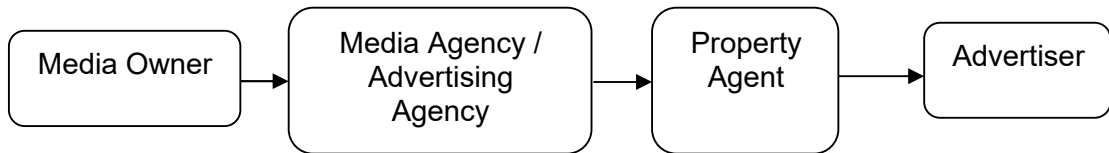
agency services. The value of supply for the advertising agency's service is the commission earned as illustrated below:



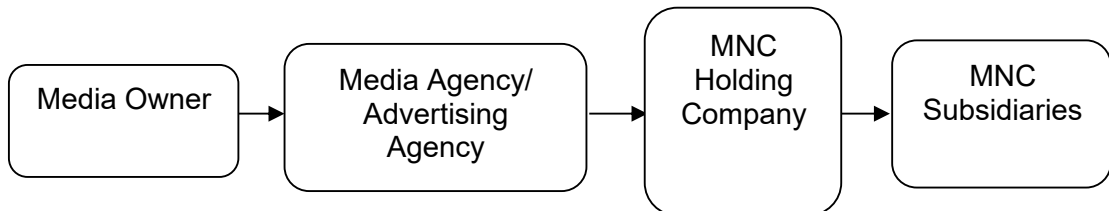
3.5 GST treatment of media sales **before** 1 Jan 2022

- 3.5.1 Media sales involving the circulation of the advertisement is a supply of service that is performed through the media on which the advertisement is placed. This service is directly in connection with the advertising media in circulation, not the subject matter of the advertisement.
- 3.5.2 The advertising media in circulation can be in physical or digital form. For the placement of advertisement in hardcopy print, the media is in the form of physical goods such as newspapers, magazines, billboards, etc. For advertisement through TV, radio, internet and mobile phone, the advertising media is in digital form.
- 3.5.3 The supplier must charge and account for GST at the prevailing rate on the media sales unless it can be zero-rated under Section 21(3)(u) of the GST Act. The proxy to determine whether to standard-rate or zero-rate media sales is the place of circulation of the advertisement and not the belonging status of the contracting party or recipient of service. The GST treatment is as follows:
- (i) If the circulation of the media advertisement is in Singapore, the supply is standard-rated.
 - (ii) If the circulation of the media advertisement is outside Singapore, the supply is zero-rated.
 - (iii) For regional circulation of the same media advertisement, the supply is considered to be substantially circulated outside Singapore and can be entirely zero-rated if at least 51% of the total circulation of the same media advertisement through physical or digital media is circulated outside Singapore.
- 3.5.4 This GST treatment applies throughout the supply chain to cover all suppliers who bill for media sales, for example the media sales by a media owner to a media/ advertising agency who in turn makes the media sales to the advertiser.

- 3.5.5 It is also applicable to suppliers outside the advertising industry (e.g. the property agents) who buy advertising media space or airtime from media owner / media agency / advertising agency and make onward supplies of those advertising media sales to their customers, as illustrated below.



- 3.5.6 If a holding company of a multinational company (“MNC”) on behalf of its subsidiaries, contracts with a media owner / media agency / advertising agency for the media buying, and recovers the costs of the media buying from the respective subsidiaries, the holding company is treated as a principal making onward supplies of advertising media sales to its subsidiaries as illustrated below. The basis to standard-rate or zero-rate the onward supplies of media sales similarly depends on the place of circulation of the advertising media.



Supplies by third party service providers

- 3.5.7 The GST treatment based on circulation does not apply to supplies made by third party service providers⁹ (such as printing companies, telecommunication service providers) who provide services to the media owners or advertising agencies for the circulation of the advertisement.
- 3.5.8 For example, a telecommunication company provides mass Short Message Services (i.e. SMS) directly to an advertiser to transmit the advertising messages to its subscribers. Even though some value-added services such as typesetting and creation of graphics are provided, the supply is predominantly telecommunication services and not a supply of advertising space or time in any electronic media. It cannot qualify for zero-rating under section 21(3)(u) based on place of circulation¹⁰. The zero-rating of telecommunication services will instead be based on section 21(3)(q) of the GST Act.
- 3.5.9 Zero-rating under section 21(3)(u) will also not apply to services provided by an advertising agency acting as a commission agent for the media owner as described in paragraph 3.4.5. Whether such services can be zero-rated

⁹Section 21(3)(u) zero-rating does not apply to other service providers who are not supplying media sales. If the service provider is providing telecommunication services, the basis to zero-rate is under section 21(3)(q). For provision of other services, the basis to zero-rate is generally under section 21(3)(j).

¹⁰ This is specifically excluded under section 21(4D).

depends on whether they satisfy the zero-rating conditions under section 21(3)(j) of the GST Act.

3.6 Media sales for advertisement circulated in Singapore

3.6.1 The supplier must charge and account for GST at the prevailing rate for the media sales if the advertisement is circulated in Singapore regardless of whether the supply is made to a local or overseas customer¹¹. The advertisement is considered to be circulated in Singapore if:

- (i) The advertisement is placed on hardcopy print (e.g. newspapers, magazines) made available in Singapore; or
- (ii) The advertisement is placed on local television and radio channels aired mainly in Singapore.

3.6.2 For media sales advertising through mobile phones (e.g. in the form of SMS or SMS-enabled banner), the place of subscription of the telephone line is used as a proxy to determine the place of circulation. If an advertisement is sent to subscribers of local telephone lines, the circulation is in Singapore. The media sales have to be standard-rated.

3.7 Media sales for advertisement circulated outside Singapore

3.7.1 Media sales for advertisement circulated outside Singapore by means of hardcopy print such as magazines, and digital mode via TV, radio, internet and mobile phone can be zero-rated under section 21(3)(u). This is regardless of whether the services are provided to a local or overseas customer.

3.7.2 For media sales advertising through mobile phones, if an advertisement is sent to subscribers of overseas telephone lines, the media circulation is generally regarded to be outside Singapore and can be zero-rated. However, if the advertisement is targeted at and sent specifically to subscribers of overseas telephone lines who are in Singapore, the media sales must be standard-rated as the advertisement is circulated locally.

3.8 Media sales for advertisement circulated both in Singapore and outside Singapore

3.8.1 Apportionment of the value of supplies into standard-rated and zero-rated supplies is generally required when supplies consist of a mixture of standard-rated and zero-rated supplies. However, suppliers of media sales advertising may face practical difficulties in apportioning the value of supply for Singapore and overseas circulation.

3.8.2 The use of the administrative rule of “51% circulation outside Singapore” as a proxy to regard the mixed circulation as being substantially outside Singapore

¹¹ Media sales supply made to an overseas person cannot qualify for zero-rating under section 21(3)(j) as it is specifically excluded under section 21(4B).

will remove the need for apportionment. In other words, the supply of media sales with mixed circulation can be wholly zero-rated if this rule is satisfied.

3.9 Elaboration of the “51% circulation outside Singapore” rule

Publications

3.9.1 For advertising space in regional publications circulating in and outside Singapore, the 51% circulation rule applies only to publication of the same version or edition for distribution to multiple countries. It cannot apply to publications for a specific country's market.

3.9.2 For publications issued specifically for a particular country (for example, Her World Malaysia and Her World Singapore), the circulation rule is confined to that country. Media sales for Her World Malaysia can be zero-rated (being circulated overseas) while media sales for Her World Singapore are standard-rated.

3.9.3 Similarly, magazines with the same content printed in different languages, or magazines with slight modifications for distribution in different countries cannot be regarded as the same version or edition of the publication.

3.9.4 Where media sales involve a new publication with no past track record, the 51% circulation rule can be based on "expected volume of circulation" in each country. The expected volume of circulation must be supported with reasonable basis. For publication with established track records, the percentage of circulation rule to be applied should be based on the average actual circulation. The percentage of circulation should be periodically reviewed, or whenever there is a change, for future application. Retrospective GST adjustment for past media sales transactions is not required should the percentage derived from actual volume of circulation is different.

Airtime

3.9.5 For sale of advertising airtime for broadcasting via TV and radio, the 51% circulation outside Singapore applies only to the same advertisement aired simultaneously in Singapore and overseas via regional channel. For advertisements via mobile phones, the 51% circulation outside Singapore must be based on the proportion of overseas phone lines in a targeted list of recipients for the same advertisement messages.

Internet

3.9.6 For advertisements placed on internet, the viewer access is generally global-wide. As the reach-out is substantially outside Singapore, the entire value of media sales advertising can be zero-rated. This applies to advertisements that are placed on a webpage having no restricted access or with restricted access to viewers from Singapore and overseas.

3.9.7 If the advertisements are placed on a webpage having restricted access to viewers in Singapore only (e.g. restricted access to IP addresses from Singapore), then the media sales should be standard-rated.

3.9.8 The same applies to advertising in applications downloaded to mobile devices (e.g. phone ‘apps’). If the advertisements are placed in an application with no restricted access, or with restricted access to users from Singapore and overseas, the media sale advertising can be zero-rated. If the advertisement is placed in an application having restricted access to users in Singapore only¹², then the media sales should be standard-rated.

3.10 The GST treatment of media sales via different media modes are summarised in Annex A.

3.11 Information required on invoice to support zero-rating

3.11.1 If the media sales qualifies for zero-rating, the supplier’s invoice to its customer must clearly show that it is billing for media sales for advertisements circulated outside Singapore or circulated both inside and outside Singapore.

3.11.2 Details of the media¹³, date of advertisement, place of circulation, etc. should be shown. If the supplier is billing in a single invoice for both standard-rated and zero-rated media sales, the invoice must clearly separate and show details of both the standard-rated and zero-rated media sales advertising.

3.11.3 If the media / advertising agency supplies media sales and other forms of advertising services, it will usually bill its client separately for the media sales. Should the supplier issue a single invoice for both media sales and other advertising services, it needs to show the details of the media sales (including place of circulation) and other advertising services. For zero-rated media sales, it must also keep a copy of the invoice issued by the media owner to support the purchase of advertising media space and date of overseas or mixed circulation.

3.12 GST treatment of media sales **with effect from 1 Jan 2022**

Supply of media sales by local suppliers

3.12.1 With effect from 1 Jan 2022, the GST treatment of media sales will no longer depend on the place of circulation of the advertisement. Instead, the supply of media sales will be zero-rated under section 21(3)(j) if the supply is contractually made to an overseas person and directly benefit an overseas person and/or a GST-registered person belonging in Singapore. The service will not be regarded as directly in connection with the advertising media in circulation nor the subject matter of the advertisement.

Identifying the “direct beneficiary” of media sales

3.12.2 For the supply of media sales, the Comptroller will generally regard your contractual client as the sole direct beneficiary of the services if the following conditions are satisfied:

¹² Generally, if the application is only available for download at an online store for Singapore users, access to the application is regarded to have restricted access to users in Singapore.

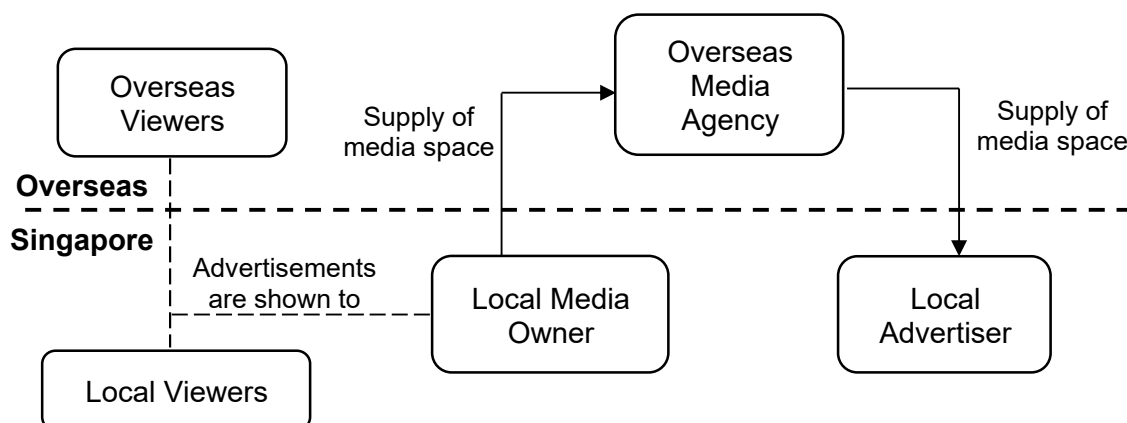
¹³ For internet, please show the website address of the advertisement.

- (i) The service agreement between you and your contractual client does not specify or require the services to be provided to another person¹⁴; and
- (ii) You only liaise with and is accountable to your contractual client for the service deliverables (e.g. takes instructions from your contractual client for the supply of media sales).

3.12.3 Where the above conditions are satisfied, you need not look beyond your contractual client in deciding whether to zero-rate your supply of media sales.

Example 1: Supply of media space by a local media owner to an overseas media agency

A local advertiser engages an overseas media agency to purchase media space for placement of its product advertisements. The overseas media agency in turn contracts with a local media owner for placement of the advertisements in its magazine. The agreement between the overseas media agency and local media owner does not specify or require the services to be provided to the local advertiser. The overseas media agency also liaises directly and gives instructions to the local media owner. The printed magazines are substantially circulated in Singapore.



In this example, the overseas media agency will be regarded as the sole direct beneficiary of the supply of media space by the local media owner, as it is the contractual recipient of the services and the local media owner does not liaise with or take instruction from the local advertiser for the services.

The viewers are not direct beneficiaries of the supply of media space made by the local media owner to the overseas media agency as they merely obtain “spin-off” benefits (e.g. gaining product knowledge) from the advertisements published in the magazines.

¹⁴ If the service agreement specifies that the services are to be provided to another person, then that person will be regarded as directly benefitting from the media sales.

3.12.4 Where the two conditions in paragraph 3.12.2 are not satisfied, you should consider the following:

- (i) The person(s) other than the contractual client stated in the service agreement whom you are required to provide your services to; and
- (ii) The person(s) whom you are accountable for the services deliverables.

3.12.5 The examples below illustrate the situations where the conditions in paragraph 3.12.2 are not satisfied.

Example 2: Supply of media space by a local media owner to an overseas person but contract specifies service is to be provided to a local person

A local media owner contracts with an overseas person for the supply of media space. The contract between the local media owner and the overseas person specifies that the service is to be provided to a subsidiary in Singapore. The local media owner will liaise directly with and take instructions from the local subsidiary for the placement of its product advertisements.

While the contract is with an overseas person, the local subsidiary¹⁵ will be regarded as the direct beneficiary of the supply of media space as it requires the media owner to provide the service to and be accountable to the local subsidiary.

Example 3: Supply of media space by a local media owner to an overseas person but local media owner is accountable to a local person

A local media owner contracts with an overseas headquarter (HQ) for the supply of media space. The contract between the local media owner and the overseas HQ does not mention any other party. However, the local media owner has been instructed by the overseas HQ to liaise directly with its subsidiary in Singapore as the media space is for the advertisement of products sold by the subsidiary. The media owner is accountable to the local subsidiary for the service deliverables. The local media owner also receives payment for the media space from the local subsidiary.

The local subsidiary¹⁶ will be regarded as the direct beneficiary of the supply of media space by the local media owner, as the local media owner is accountable to the local subsidiary for the service deliverables.

¹⁵ Where the local subsidiary is a GST-registered person, the local media owner can zero-rate the supply of media space under section 21(3)(j) as the supply is contractually made to an overseas person and directly benefit a GST-registered person belonging in Singapore.

¹⁶ Refer to footnote 10.

Supply of media sales by overseas suppliers to GST-registered businesses in Singapore

- 3.12.6 Under the Reverse Charge (“RC”) mechanism, when a supplier who belongs outside Singapore (“overseas supplier”) makes a supply of media sales to a GST-registered person who belongs in Singapore, the GST-registered recipient, as an RC business¹⁷, would be required to account for GST on the value of its imported services as if it was the supplier, to the extent the imported services fall within the scope of RC.
- 3.12.7 With effect from 1 Jan 2022, an RC business who procures media sales from overseas suppliers would be required to apply RC and account for GST on the value of its imported services, regardless of the place of circulation of advertisements¹⁸.
- 3.12.8 Hence, in example 1 above, the supply of media sales by the overseas media agency to the local advertiser would be subject to RC if the local advertiser is an RC business.

Supply of digital media sales by overseas suppliers to non-GST registered persons in Singapore

- 3.12.9 Before 1 Jan 2022, an overseas supplier who is registered under the Overseas Vendor Registration (“OVR”) regime has to charge GST on the supply of digital media sales to a non-GST registered customer in Singapore only if the advertisements are substantially circulated in Singapore¹⁹.
- 3.12.10 With effect from 1 Jan 2022, the supply of digital media sales by an overseas supplier to a non-GST registered customer in Singapore for advertisements substantially circulated outside Singapore will also be subject to GST under the OVR regime.

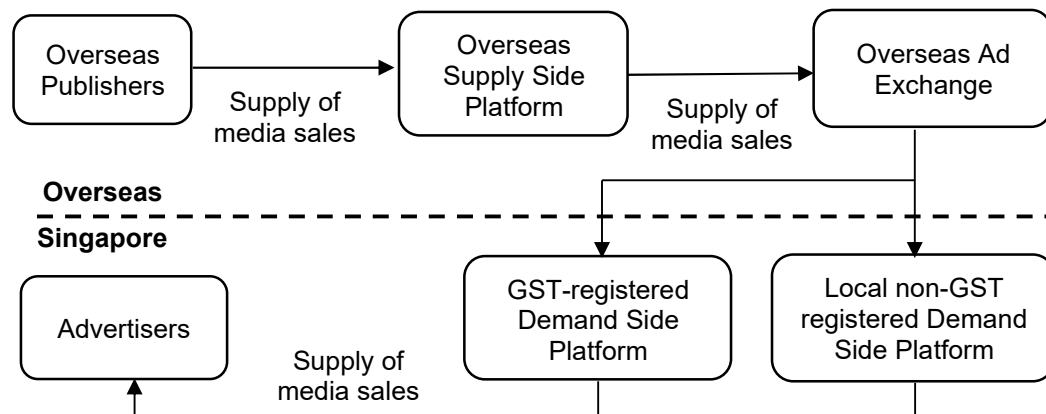
¹⁷ “RC business” refers to a person who is subject to reverse charge when the person: (a) is not entitled to full input tax credit; or (b) belongs to a GST group that is not entitled to full input tax credit. You may refer to the e-Tax Guide “GST: Reverse Charge” for guidelines on when a person is subject to reverse charge.

¹⁸ Before 1 Jan 2022, the supply of media sales by an overseas supplier to a GST-registered person falls outside the scope of RC if the place of circulation of the advertisements is substantially outside Singapore.

¹⁹ Before 1 Jan 2022, the scope of digital services excludes advertising services on intangible media platform substantially circulated outside Singapore.

Example 4: Supply of digital media space through an overseas Ad Exchange

The overseas Ad Exchange provides a virtual marketplace where publishers auction their digital media space for bidding by advertisers in real time. It is registered under the OVR regime and is regarded as the supplier of digital media space to the Demand Side Platforms (“DSP”) as it authorises the delivery of media space²⁰.



Determining the “direct beneficiary”

For each supply of digital media space, the contractual client will be treated as the sole direct beneficiary of the services if the relevant service agreement does not stipulate another person as the recipient of the services and the supplier only liaises with the contractual client for the supply of services.

Where the above conditions are satisfied, the Comptroller will regard:

- The supply of digital media space by the overseas Ad Exchange as directly benefitting the DSP only; and
- The supply of digital media space by the DSP as directly benefitting the local advertisers only.

GST treatment of digital media space

The overseas Ad Exchange has to charge and account for GST on digital media space supplied to the non-GST registered DSP in Singapore, regardless of the place of circulation of the advertisement. On the other hand, the GST-registered DSP in Singapore has to account for GST on the imported digital media space procured from the overseas Ad Exchange, if it is an RC business.

²⁰ Refer to the e-Tax Guide: “GST: Taxing imported services by way of an overseas vendor registration regime” for guidelines on when an electronic marketplace is regarded as the supplier for digital services made through the marketplace on behalf of overseas suppliers.

Supply of non-digital media sales by overseas suppliers to non-GST registered persons in Singapore

- 3.12.11 From 1 Jan 2023, the OVR regime will be extended to tax B2C's imported non-digital services. Consequently, the supply of non-digital media sales by an overseas supplier to a non-GST registered customer in Singapore will be subject to GST.

4 Media planning

- 4.1 In this section, the GST treatment of media planning will be discussed. It will apply to the media agency and full range advertising agency.

- 4.2 Media planning is strictly a professional and advisory service. The supplier of media planning bills its client for this media planning service based on the time cost or on a retainer fee basis.

4.3 GST treatment for media planning

- 4.3.1 Media planning bears no direct nexus with the place of media circulation of the advertisement and the subject matter of the advertisement. The mode of advertisement and the countries of circulation are merely the basis of planning. Therefore, zero-rating concept based on the rule of media circulation for media sales advertising cannot be applied for media planning services.

- 4.3.2 If the supply of media planning services is made to a Singapore client, the supplier has to charge and account for GST at the prevailing rate on the supply.

- 4.3.3 If the supplier is engaged by a Singapore client to provide media planning for its group of companies that are located outside Singapore, or located both inside and outside Singapore, the supplier has to similarly standard-rate its supply.

Zero-rating under section 21(3)(j)

- 4.3.4 The supply of media planning services to a client outside Singapore can be zero-rated under section 21(3)(j) of the GST Act if the following two conditions are satisfied:

- (i) The service is supplied under a contract (written or verbal) with an overseas client who does not belong in Singapore, and the invoice is issued directly to that overseas client who engaged the supplier for the services; and

- (ii) The service must directly benefit

- a) Prior to 1 Jan 2020
the overseas client and/or another overseas person(s) only.

- b) With effect from 1 Jan 2020
the overseas client, another overseas person(s) and/or GST-registered local person(s) only.

A service will "directly benefit" a person if there is a direct impact on the recipient of service. In practice, the Comptroller will first look at the contract governing the supply of service. If the contract stipulates another person as the recipient of the service, the Comptroller will consider the supply to directly benefit this recipient.

If the supplier of media planning services does not meet any of the two conditions, it has to standard-rate its supply.

- 4.3.5 The supplier can therefore zero-rate its supply if the client is an overseas advertiser who will directly benefit from its services, provided that the contract does not name -

- (i) Prior to 1 Jan 2020
a local person as the recipient or beneficiary of the services.
- (ii) With effect from 1 Jan 2020
a local non-GST registered person as the recipient or beneficiary of the services²¹.

The supplier can also zero-rate its supply if it is engaged by an overseas holding company / group HQ / regional office to do media planning for its group of companies which could include Singapore and overseas entities. The services provided (involving market studies; choosing advertising media, timing and frequency of advertising; co-ordination with various parties; etc.) are for the purpose of optimising the media investment of the group. It does not matter whether the contracting party recovers the costs from the entities in the group as it is the immediate recipient who will directly benefit from the supplier's services. Other entities in the group may enjoy an increase in publicity and sales but the benefits they receive are indirect and one step removed.

Where zero-rating may not apply

- 4.3.6 The supplier may be engaged by an overseas advertising agency to perform media planning services for the latter's client, the advertiser. The supplier can zero-rate its supply because it is dealing directly with the overseas advertising agency and bills it for its services.
- 4.3.7 However, if the contract specifies the advertiser to be the recipient of services and/or requires the supplier to deal directly with the advertiser, then the advertiser benefits directly from the supplier's services.

²¹ Hence, with effect from 1 Jan 2020, the supply would qualify for zero-rating if the recipient or beneficiary of the services is a local GST registered person.

- 4.3.8 Consequently, the supplier has to standard-rate its supply made to the overseas advertising agency if the advertiser is –
- (i) Prior to 1 Jan 2020
a local person as the services benefit it.
 - (ii) With effect from 1 Jan 2020
a local non-GST registered person as the services benefit it⁹.
- 4.3.9 If the advertiser is an overseas person, the supplier can zero-rate its supply to the overseas advertising agency.
- 4.3.10 The supplier may secure a project by way of a global contract entered into with an overseas HQ. For work specifically provided to the local entity, adaptations (by means of Memorandum of Understanding) to the contract will be made with the local entity. This supply is billed directly to the local entity and has to be standard-rated as it is supplied contractually to and for the benefit of the local entity.
- 4.4 Please refer to Annex B for a summary of the GST treatment for media planning services prior to and with effect from 1 Jan 2020.
- 4.5 A media agency may provide its client with some media buying advice or media planning services as part of the value-add to its media sales. It does not charge its client for these services that are ancillary to the principal supply of media sale. The cost of these media planning services has been factored into the price for media sales. In this case, the supply is principally media sales and the GST treatment will follow that of the media sales.

5 Creative and Production Sales

- 5.1 This section sets out the GST treatment of creative and production sales which applies to both a creative advertising agency and a full range advertising agency.
- 5.2 Creative and Production sale is a sale of creative ideas and advertising artworks provided by the advertising agencies. The creative and production sale (concept development, art direction, design, copywriting, etc.) is generally charged based on certain rates. In addition, a standard fee may be levied on all third party costs (photography, directors and artists, printing and filming, etc.). The service is fully performed when the idea is conceptualised, artworks created and accepted.
- 5.3 The creative and production stage results in the advertisement concepts and artworks being developed but does not result in the actual delivery of the advertisement to the public.

5.4 GST treatment for creative and production sales

5.4.1 The supply of creative and production sales is a supply of service with no direct connection with the subject matter of the advertisement (i.e. whether it is an advertisement for a particular land or goods or service). Neither does it have a direct nexus with the media or circulation of the advertisement.

5.4.2 The advertiser usually contracts for this service, uses the artworks and controls the usage. Thus, the advertiser is the person who directly benefits from the supply.

Client is a local advertiser

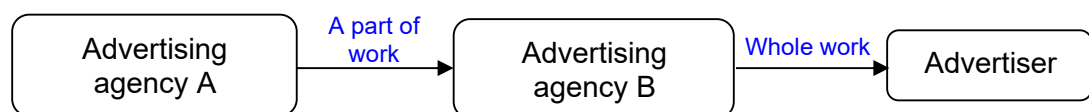
5.4.3 If the supply of creative and production sales is made to a local advertiser, the full value of this supply which includes billing for production costs incurred in or outside Singapore, third party costs (recovered at cost or at mark-up) and the supplier's own fees, has to be standard-rated.

Client is an overseas advertiser

5.4.4 If the supply is made to an overseas advertiser, it can qualify for zero-rating under section 21(3)(j) as the overseas advertiser contracts for and is the immediate recipient and direct beneficiary of the service. The supplier need not look beyond its contractual client (i.e. the advertiser) in deciding whether to zero-rate its creative and production service. It also need not be concerned with the advertised subject matter (i.e. whether the advertisement is in respect of land or goods situated in or outside Singapore).

Client is another advertising agency

5.4.5 If an advertising agency (say B) has outsourced certain aspects of creative work to the supplier (say A) so that B can incorporate it when B renders creative and production services to the advertiser, there are two separate supplies involved. Both A and B are principals of the supplies.



5.4.6 For the supply from A to B, B is the immediate recipient of the service. This service is first received by B and enables B to make another supply of creative works to B's client, the advertiser. If B is an overseas advertising agency, A can zero-rate the supply under section 21(3)(j) provided that the services also only benefit -

(i) Prior to 1 Jan 2020
an overseas advertiser

(ii) With effect from 1 Jan 2020
an overseas or a local GST registered advertiser

If B is a local person, A has to standard-rate its supply.

- 5.4.7 Similarly, when B bills its advertiser for the entire package of service, B will standard-rate or zero-rate the supply depending on whether the advertiser is a local or overseas person.
- 5.4.8 Please refer to Annex C for a summary of the GST treatment for creative and production sales prior to and with effect from 1 Jan 2020.

6 Brand PR and Events Organising

GST treatment of Brand PR

- 6.1 In undertaking an advertising campaign, an advertising agency can be involved in Brand PR. The works involve PR consultation, managing reputation and relationships with targeted audiences, planning and preparation for media release, planning of activities, scheduling, etc.
- 6.2 If the supply of Brand PR is made to a local person, the supplier has to standard-rate its fee.
- 6.3 The supply can be zero-rated under section 21(3)(j) if it is made to an overseas person provided that -
- (i) Prior to 1 Jan 2020
the overseas person is also the immediate recipient directly benefiting from the service.
 - (ii) With effect from 1 Jan 2020
the overseas person and/or a local GST registered person are the immediate recipient(s) directly benefiting from the service.
- 6.4 Please refer to Annex D for a summary of the GST treatment for brand PR prior to and with effect from 1 Jan 2020.

GST treatment for Events Organising

- 6.5 The advertising agency can also be involved in organising exhibitions or conventions for promotional campaigns. These events can be held in Singapore or outside Singapore. If the advertising agency is organising such events, it can zero-rate its supply of exhibition or convention services:
- (i) under section 21(3)(i) if the exhibition or convention events are held outside Singapore (regardless of whether the client is a local or overseas person); or
 - (ii) under section 21(3)(k) for exhibition or convention events held in Singapore, if the supply is –

a) Prior to 1 Jan 2020

- contractually made to a person wholly in the person's business capacity and who in that capacity belongs outside Singapore; and
- directly benefits a person wholly in the person's business capacity and who in that capacity belongs outside Singapore.

b) With effect from 1 Jan 2020

- contractually made to a person wholly in the person's business capacity and who in that capacity belongs outside Singapore; and
- directly benefits a person wholly in the person's business capacity and who in that capacity belongs outside Singapore and/or is a GST registered person belonging in Singapore.

6.6 If the supply is made to a local or overseas individual (not in the individual's business capacity), and the exhibition or convention is held in Singapore, the supplier has to standard-rate its supply. For more information on the GST treatment relating to exhibitions and convention services, please refer to the e-Tax Guide "GST: Exhibition, Convention and Ancillary Services".

7 Summary of GST Treatment of Advertising Services and Common Business Scenarios

A summary of the GST treatment of the various advertising services and common business scenarios can be found at Annexes E and G.

8 Supplies of Media Sales Straddling 1 Jan 2022

8.1 A supply of media sales would be regarded as straddling 1 Jan 2022 and be subject to the transitional rules explained in paragraph 8 when at least one of these events take place wholly or partially on/after 1 Jan 2022:

- (i) Issuance of invoice;
- (ii) Performance of services;
- (iii) Settlement of payments.

For example, the supplier's invoice is issued before 1 Jan 2022 but the service is performed and payment is received on/after 1 Jan 2022.

8.2 Specifically, the transitional rules will apply 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);
- (ii) You issue an invoice on your supply of media sales before 1 Jan 2022, and the supply ceases to be zero-rated or out-of-scope on 1 Jan 2022, as elaborated in paragraph 8.4; or

- (iii) As an RC business, you receive an invoice from your overseas supplier before 1 Jan 2022 on your purchase of media sales, and the supply ceases to be out-of-scope on 1 Jan 2022, as elaborated in paragraph 8.5.

Otherwise, the general time of supply will apply (i.e. earlier of when payment is received/made or invoice is issued) to determine the tax chargeable on the supply of media sales.

8.3 Where the supply of media sales qualifies for zero-rating on/after 1 Jan 2022

8.3.1 Paragraphs 8.3.2 to 8.3.3 apply when:

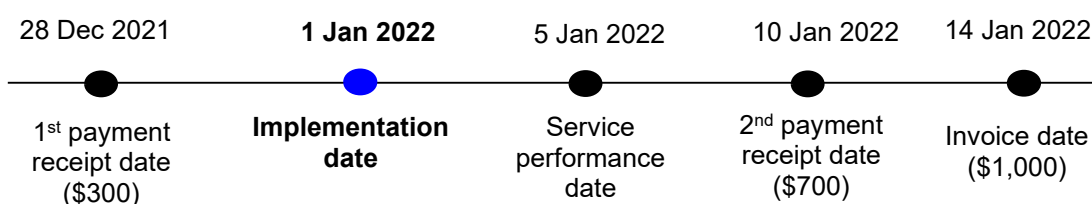
- (i) You supply media sales to an overseas person;
- (ii) The services directly benefit an overseas person and/or a GST-registered person in Singapore; and
- (iii) The advertisement is substantially circulated in Singapore.

In this case, the tax treatment of such a supply changes from standard-rated to zero-rated on 1 Jan 2022.

8.3.2 If you issue an invoice or receive any payment on your supply of media sales before 1 Jan 2022, and a part or all of the services are performed on/after 1 Jan 2022, you can elect²² to zero-rate the supply on the **higher of** the value of services performed or the payment received on/after 1 Jan 2022.

Example 5: Supply of media sales to overseas customer for local circulation

On 28 Dec 2021, you receive an advance payment of \$300 from the overseas customer for the supply of media sales worth \$1,000. After the services are fully performed, you receive the balance payment of \$700 on 10 Jan 2022 and issue an invoice on 14 Jan 2022.



According to the time of supply rule, GST shall be charged at:

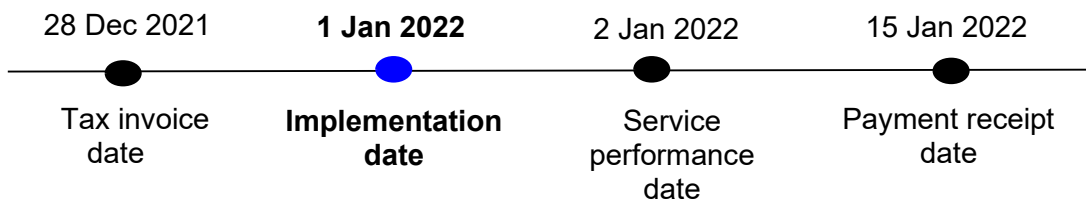
- 7% on the \$300 received before 1 Jan 2022; and
- 0% on the \$700 received after 1 Jan 2022.

²² 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.

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 after 1 Jan 2022 (i.e. the higher of the value of services performed or payment received on/after 1 Jan 2022).

- 8.3.3 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 2022 to reverse the GST charged earlier.

Example 6: Supply of media sales to overseas customer for local circulation where tax invoice is issued before election



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 2022.

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 after 1 Jan 2022. In this case, you must issue a credit note by 15 Jan 2022 to reverse the GST charged earlier.

8.4 Where the supply of media sales is subject to GST on/after 1 Jan 2022

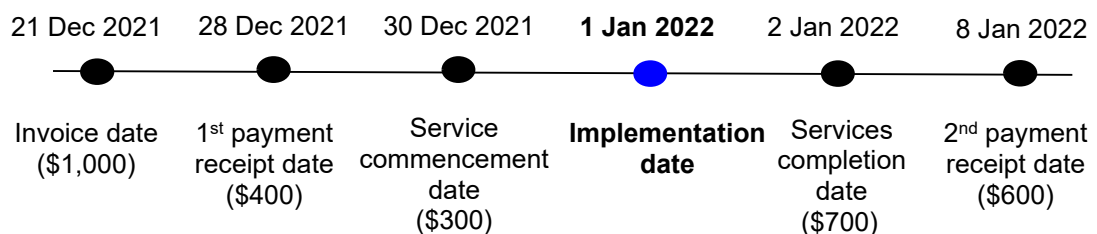
8.4.1 Paragraphs 8.4.2 to 8.4.8 apply when:

- (i) You supply media sales to a local customer and the advertisement is substantially circulated outside Singapore (in this case, the tax treatment for the supply changes from zero-rated to standard-rated on 1 Jan 2022); or
- (ii) As an overseas supplier registered under the OVR regime, you supply digital media sales to local non-GST registered customers and the advertisement is substantially circulated outside Singapore (in this case, the tax treatment for the supply changes from out-of-scope to an imported service under the OVR regime on 1 Jan 2022).

If invoice is issued before 1 Jan 2022

- 8.4.2 If you issue an invoice before 1 Jan 2022 but you do not perform any services or receive any payment before that date, you must account for GST at 7% on the entire value of the supply.
- 8.4.3 If you perform part of the services or receive only part payment before 1 Jan 2022, you will need to account for GST at 7% on the **lower of** the value of services performed or payment received on/after 1 Jan 2022.
- 8.4.4 You are required to account for output tax on the part of supply that is subject to GST in the prescribed accounting period in which the earliest of the following falls:
- (i) When the new invoice for the part of supply is issued;
 - (ii) When the payment for the part of supply is received; or
 - (iii) 15 Jan 2022.
- 8.4.5 The invoice issued to your customer before 1 Jan 2022 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 2022 for the part of the supply that is subject to GST at 7%.

Example 7: Supply of media sales to local customer for overseas circulation where invoice is issued before 1 Jan 2022



With effect from 1 Jan 2022, the supply of media sales to local customer will be subject to GST regardless of the place of circulation.

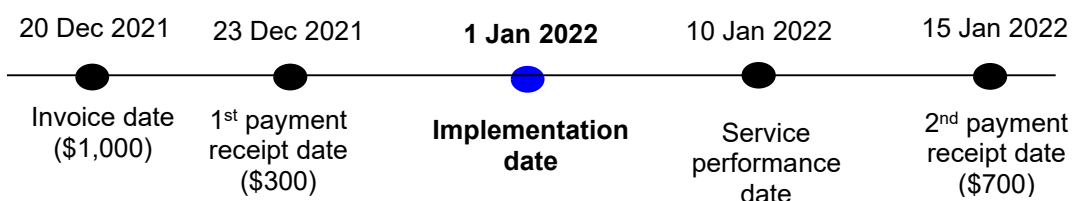
As you perform part of the services and receive part of the payment before 1 Jan 2022, the transitional rules will apply such that you must charge and account for GST on the payment of \$600 that is received after 1 Jan 2022. The remaining invoice value of \$400 is zero-rated.

If the invoice issued on 21 Dec 2021 is a tax invoice, you are required to issue to your customer by 15 Jan 2022:

- A credit note for \$600 to reduce the original value of zero-rated supply; and
- A new tax invoice to charge 7% GST on the \$600.

Example 8: Supply of digital media sales to non-GST registered customer in Singapore for overseas circulation where invoice is issued before 1 Jan 2022

You are an overseas supplier registered under the OVR regime. On 23 Dec 2021, you receive an advanced payment of \$300 from a non-GST registered local customer for the supply of digital media sales for overseas circulation. The services are fully performed on 10 Jan 2022 and the remaining payment of \$700 is received on 15 Jan 2022.



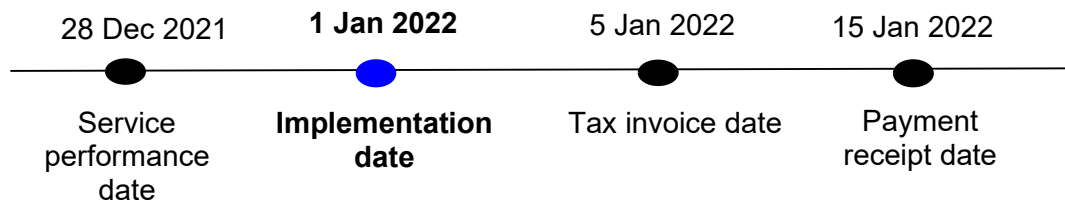
With effect from 1 Jan 2022, the supply of imported digital media sales is subject to GST under the OVR regime.

Notwithstanding that the invoice is issued before 1 Jan 2022, you are required to charge and account for GST on the payment of \$700 that is received after 1 Jan 2022. The remaining invoice value of \$300 is not subject to GST.

If invoice is issued on/after 1 Jan 2022

- 8.4.6 If you issue an invoice and receive payment on your supply of media sales on/after 1 Jan 2022, you will need to charge 7% GST on the invoice issued or payment received.
- 8.4.7 However, if a part or all of the services are performed before 1 Jan 2022, you can elect to apply the old rate (i.e. zero-rated or out-of-scope, whichever is applicable) on the **higher of** the value of services performed or the payment received before 1 Jan 2022.
- 8.4.8 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 2022 to reverse the GST charged earlier.

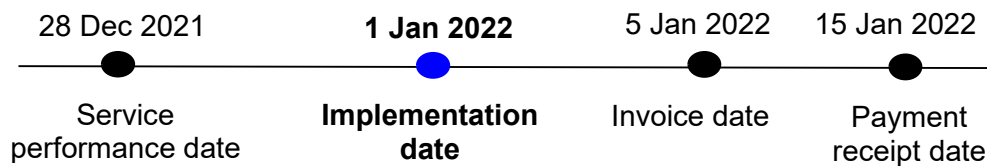
Example 9: Supply of media sales to local customer for overseas circulation where invoice is issued on/after 1 Jan 2022



With effect from 1 Jan 2022, the supply of media sales to local customer is subject to GST regardless of the place of circulation.

As the supply takes place on 5 Jan 2022, it is subject to 7% GST. However, you can elect to zero-rate (i.e. charge GST at 0%) the entire value of supply as the services are fully performed before 1 Jan 2022.

Example 10: Supply of digital media sales to non-GST registered customer in Singapore for overseas circulation where invoice is issued on/after 1 Jan 2022



With effect from 1 Jan 2022, the supply of digital media sales by an overseas supplier to non-GST registered customer in Singapore is subject to GST under the OVR regime. As the supply takes place on 5 Jan 2022, it is subject to 7% GST. However, you can elect to not charge GST on the entire value of supply (i.e. treat as the supply as out-of-scope) as the services are fully performed before 1 Jan 2022.

8.5 Where the supply of imported media sales is subject to reverse charge on/after 1 Jan 2022

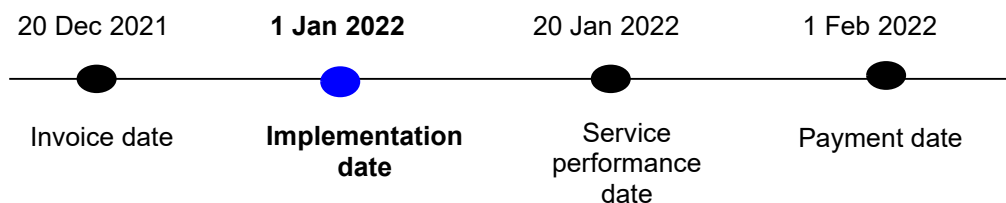
8.5.1 With effect from 1 Jan 2022, the supply of media sales by an overseas supplier to an RC business in Singapore will be subject to GST via reverse charge mechanism, regardless of where the advertisement is circulated.

8.5.2 Paragraphs 8.5.3 to 8.5.9 apply when you are an RC business and you procure media sales from an overseas supplier where the advertisement is substantially circulated outside Singapore. In this case, the tax treatment for the supply of imported media sales changes from out-of-scope to a reverse charge supply on 1 Jan 2022.

If invoice is issued before 1 Jan 2022

- 8.5.3 If the overseas supplier issued an invoice before 1 Jan 2022 but you have not made any payment nor received the services before that date, you must account for output tax on the entire value of the supply.
- 8.5.4 Where you have made part payment or received part of the services before 1 Jan 2022, you would need to account for output tax by way of reverse charge on the **lower of** the payment made or value of services received on/after 1 Jan 2022.
- 8.5.5 You are required to account for output tax on the part of the supply that is subject to reverse charge in the prescribed accounting period in which the earlier of the following falls:
- (i) When the payment for the part of supply is made by you; or
 - (ii) 15 Jan 2022.

Example 11: Supply of imported media sales to an RC business for overseas circulation where invoice is issued before 1 Jan 2022 but payment made and services performed are both on/after 1 Jan 2022



With effect from 1 Jan 2022, the supply of imported media sales to a RC business is subject to RC. In this example, as the services are fully performed and full payment is made after 1 Jan 2022, the entire supply of imported media sales is subject to RC.

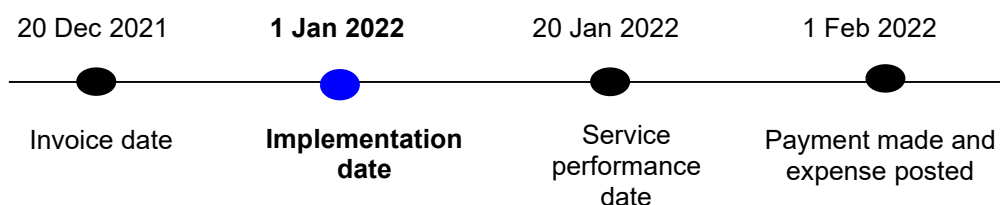
As an RC business, you are required to account for GST on the supply of imported media sales in the prescribed accounting period in which 15 Jan 2022 falls (which is earlier than the payment date of 1 Feb 2022).

- 8.5.6 However, paragraph 8.5.5 does not apply in the following situations:
- (i) ***If you have been accounting for GST on your reverse charge transactions based on the earlier of posting date or the date of payment made²³, and both the posting date and payment date for the imported media sales take place on/after 1 Jan 2022***

²³ Section 11C(3) of the GST Act

You are required to account for output tax on the part of the supply that is subject to reverse charge in the prescribed accounting period where the earlier of the posting date or payment date takes place;

Example 12: RC business adopting posting date for accounting of GST on RC transactions and posting date and payment date are on/after 1 Jan 2022



As the invoice is issued by the overseas supplier to you before 1 Jan 2022 and no payment is made before that date, the supply of imported media sales is subject to RC.

As an RC business, you are required to account for GST in the prescribed accounting period in which 1 Feb 2022 falls. You should also claim the corresponding input tax according to the normal input tax recovery rules in the same prescribed accounting period.

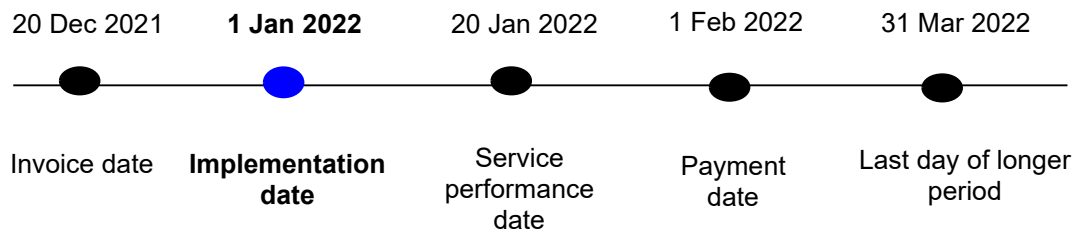
(ii) ***If you have elected to apply reverse charge at the end of the longer period²⁴, and:***

a) ***the supply of imported media sales takes place in the longer period where the day immediately after the end of the longer period is on/after 1 Jan 2022***

You are required to account for output tax on the imported media sales in the prescribed accounting period in which the day immediately after the end of the longer period falls;

²⁴ Section 11C(8) of the GST Act

Example 13: RC business applying RC at end of longer period and the day immediately after is on/after 1 Jan 2022

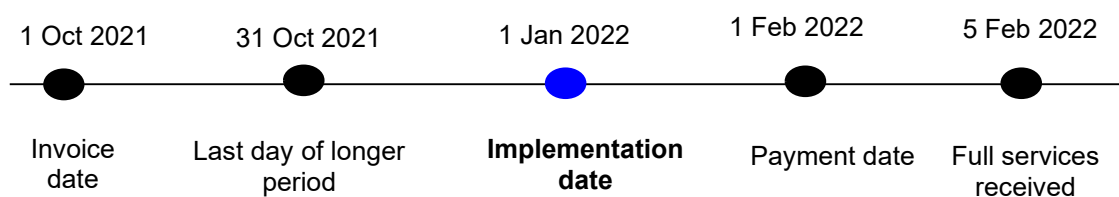


As an RC business, you are required to account for output tax on the imported media sales in the prescribed accounting period in which 1 Apr 2022 falls. This prescribed accounting period is the same period in which the longer period adjustment is made. For example, if the longer period ends on 31 Mar 2022 and the next prescribed accounting period is from 1 Apr 2022 to 30 Jun 2022, you will account for output tax on the media sales in this prescribed accounting period.

b) the supply of imported media sales takes place in the longer period where the day immediately after the end of the longer period is before 1 Jan 2022

You are to account for output tax on the imported media sales in the prescribed accounting period in which 15 Jan 2022 falls.

Example 14: RC business applying RC at the end of longer period and the day immediately after is before 1 Jan 2022

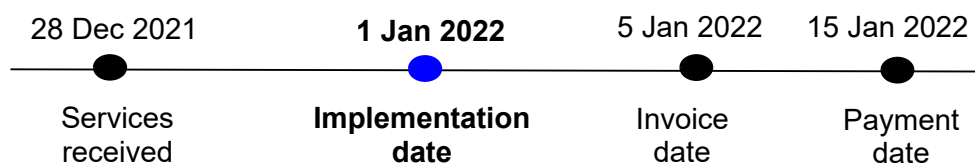


As the invoice is issued by the overseas supplier before 1 Jan 2022 and no payment is made before that date, the entire supply of imported media sales is subject to RC at 7%. As an RC business, you are required to account for output tax on the imported media sales in the prescribed accounting period in which 15 Jan 2022 falls.

If invoice is issued on/after 1 Jan 2022

- 8.5.7 If the invoice is issued to you and you make payment on/after 1 Jan 2022, you would have to account for output tax on your purchase of media sales from your overseas supplier.
- 8.5.8 However, if a part or all of the services are performed before 1 Jan 2022, you can elect to treat the supply as out-of-scope (i.e. not subject it to reverse charge) on the **higher of** the value of services received or the payment made before 1 Jan 2022. The remaining value of the imported media sales will be subject to GST under reverse charge.
- 8.5.9 Hence, if the invoice is issued on/after 1 Jan 2022 but you have made full payment to the overseas supplier before 1 Jan 2022, you need not account for any output tax on the imported media sales.

Example 15: Imported media sales supplied to an RC business for overseas circulation where invoice and payment are on/after 1 Jan 2022 but services received before 1 Jan 2022



With effect from 1 Jan 2022, the supply of imported media sales to an RC business for advertisement that is substantially circulated outside Singapore is subject to GST under RC.

As the supply takes place on 5 Jan 2022, it is subject to GST under RC. However, you can elect to treat the entire supply as out-of-scope as the services are fully received before 1 Jan 2022.

- 8.6 The transitional rules for supplies of media sales straddling 1 Jan 2022 are summarised in Annex F.

9 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”).

10 Updates and Amendments

	Date of amendment	Amendments made
1	30 September 2019	(a) To reflect the GST rules prior to and with effect from 1 Jan 2020 arising from the amendment to “directly benefit” condition due to reverse charge. (b) Updated paragraph 5.4.6 to provide added clarity on the GST treatment for creative and production sales. (c) Flowcharts on the summary of GST treatment for the various services moved to Annexes.
2	11 Jun 2021	(a) To reflect the change in GST treatment of media sales with effect from 1 Jan 2022. (b) To reflect the transitional rules for supplies of media sales and imported media sales straddling 1 Jan 2022. (c) The summary of different advertising media mode moved to Annex A. (d) Updated Annex E to include the GST treatment of media sales and imported media sales on/ after 1 Jan 2022. (e) Inserted Annex F to include summary of the transitional rules for media sales and imported media sales straddling 1 Jan 2022. (f) Updated Annex G to include the GST treatment of media sales and imported media sales on/ after 1 Jan 2022.
3	20 Dec 2021	(a) Amended paragraph 3.12.2 to clarify that both conditions must be satisfied for the contractual client to be regarded as the sole direct beneficiary. (b) Inserted paragraph 3.12.4 on factors to consider where the two conditions in paragraph 3.12.2 are not satisfied. (c) Inserted paragraph 3.12.5 to provide examples on identifying direct beneficiary for the supply of media sales

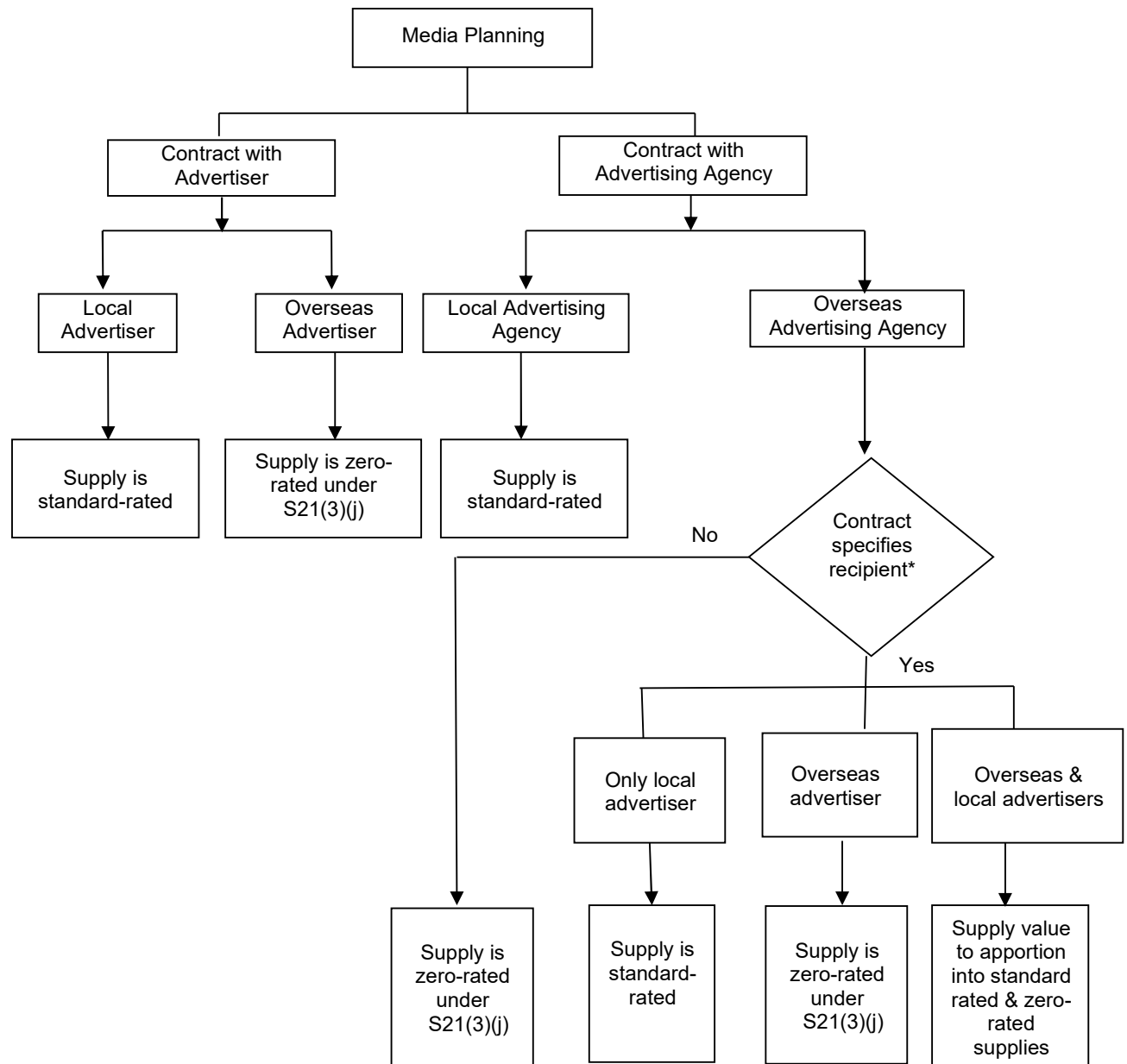
	Date of amendment	Amendments made
4	15 Aug 2022	(a) Inserted paragraph 2.2. to highlight the general GST treatment for imported services implemented under the various regimes effective on 1 Jan 2020 and from 1 Jan 2023. (b) Inserted paragraph 3.12.11 to include the GST treatment of imported non-digital media sales from 1 Jan 2023.
5	1 Jan 2023	Inserted footnote 5 to paragraph 2.2 to reflect that the GST rate will be increased in 2-steps from 7% to 8% on 1 Jan 2023 and 8% to 9% on 1 Jan 2024.

Annex A – Summary of Different Advertising Media Mode

Advertising Media Mode	Local Circulation (standard-rated)	Overseas Circulation (zero-rated)	Mixed Circulation qualifying for zero-rating
<u>In Physical Form:</u> Hardcopy print advertisement	Hardcopy circulated in Singapore	Hardcopy circulated/exported overseas	For the same version of hardcopy print advertisement, at least 51% circulation is outside Singapore
<u>In Digital Form:</u> 1) Television & Radio Advertising	Broadcast in Singapore	Broadcast outside Singapore	Broadcast simultaneously in regional channels
2) Internet Advertising (includes advertising in applications on mobile device)	On webpage/ application with restricted access to viewers/ users in Singapore	On webpage / application with no restricted access, or with restricted access to Singapore and non-Singapore viewers / users	
3) Mobile Phone Advertising	Subscribers of local telephone lines	Subscribers of overseas telephone lines	At least 51% are subscribers of overseas telephone lines

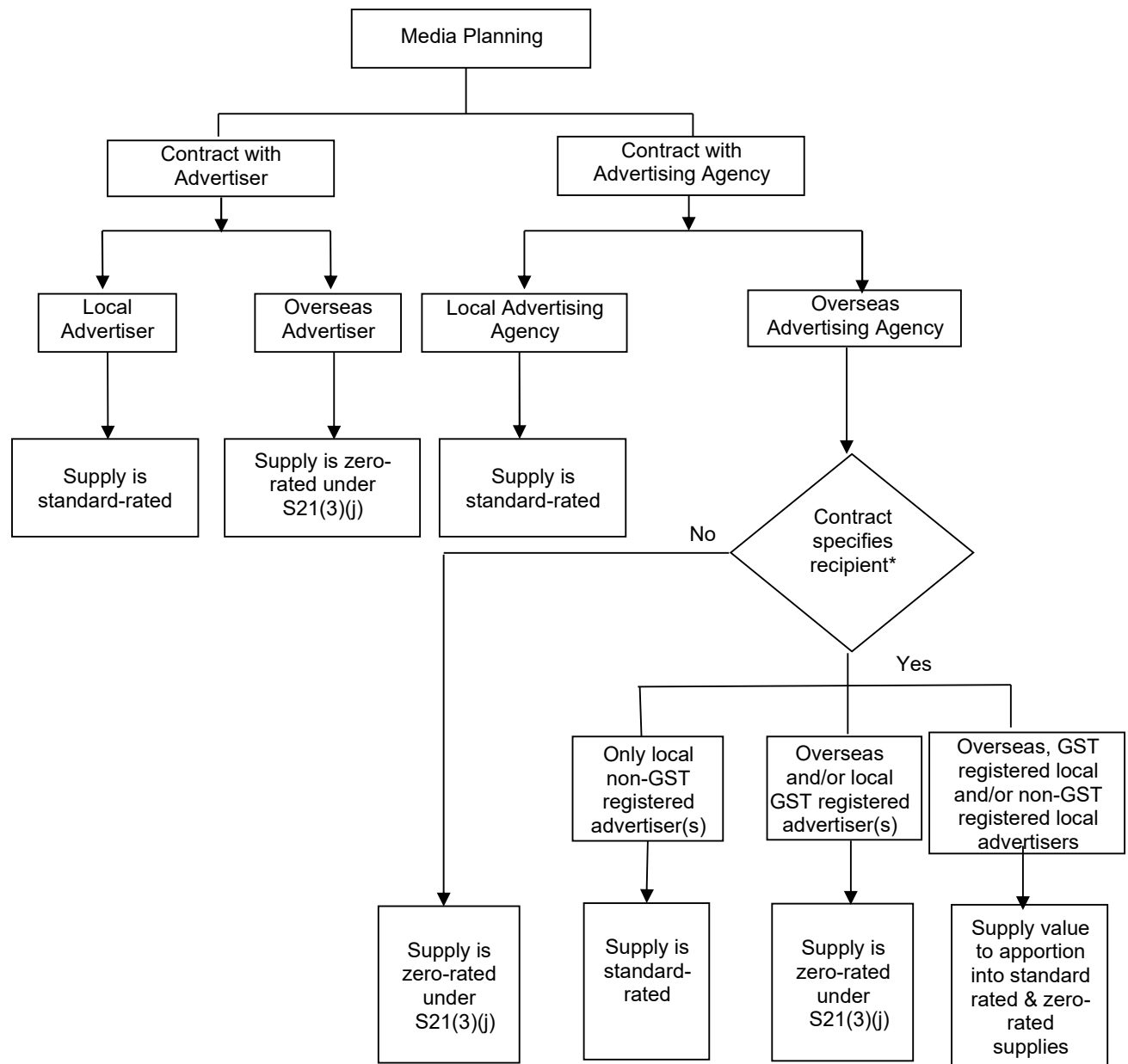
Annex B – GST Treatment for Media Planning Services

Prior to 1 Jan 2020



*Contract specifies the advertiser to be the recipient of services and/or requires the supplier to deal directly with the advertiser

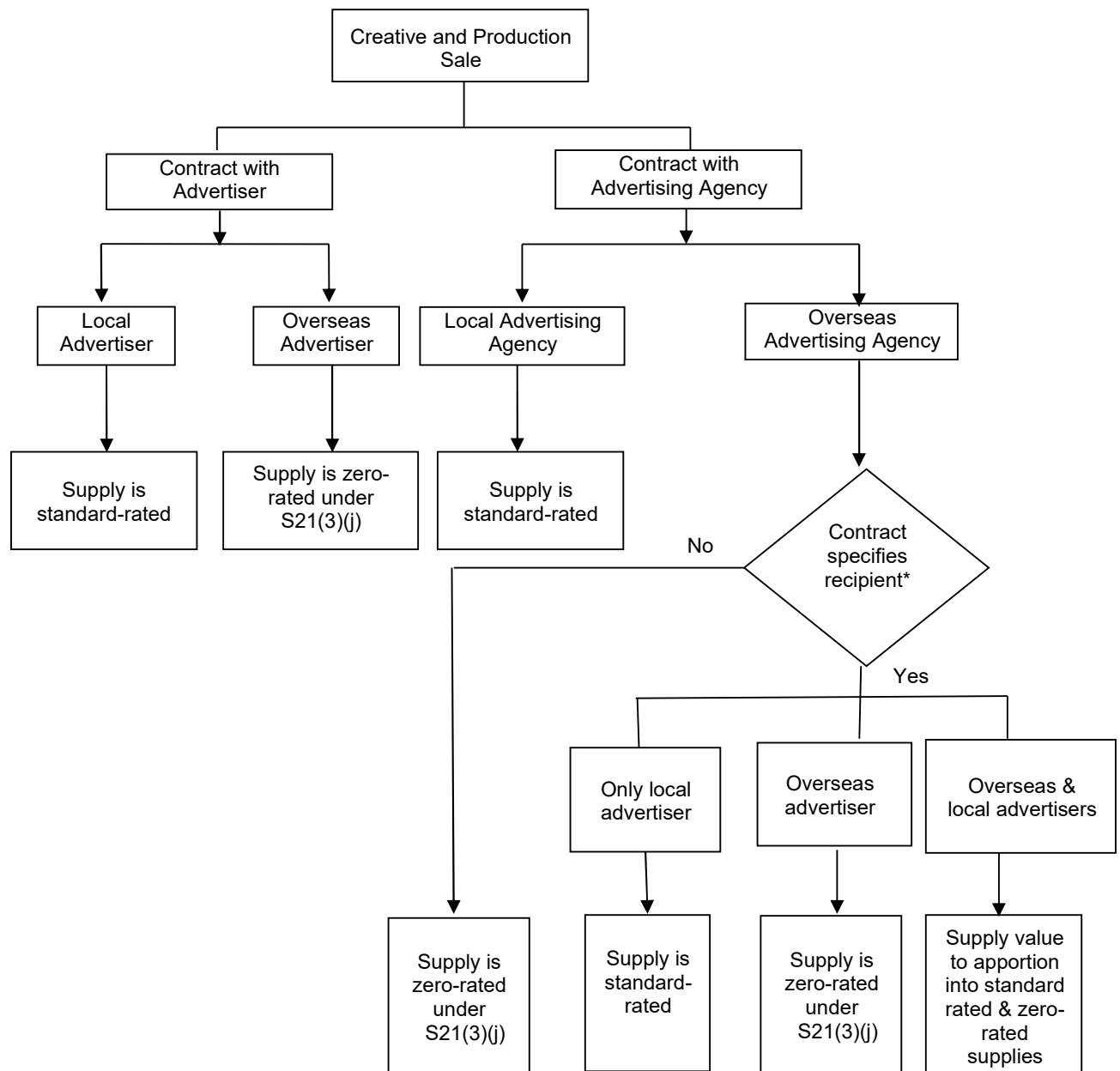
With effect from 1 Jan 2020



*Contract specifies the advertiser to be the recipient of services and/or requires the supplier to deal directly with the advertiser

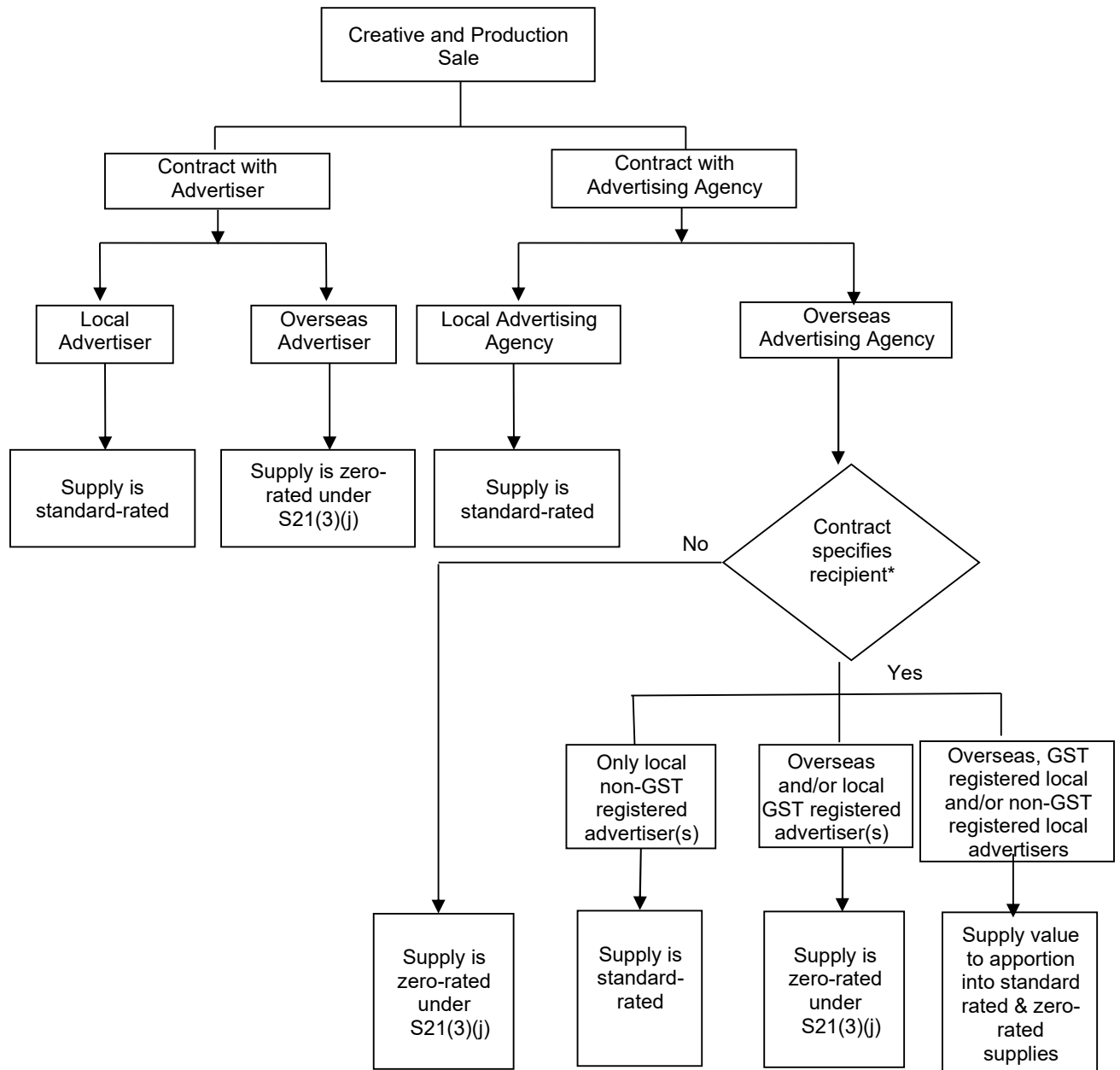
Annex C – GST Treatment for Creative and Production Sales

Prior to 1 Jan 2020



*Contract specifies the advertiser to be the recipient of services and/or requires the supplier to deal directly with the advertiser

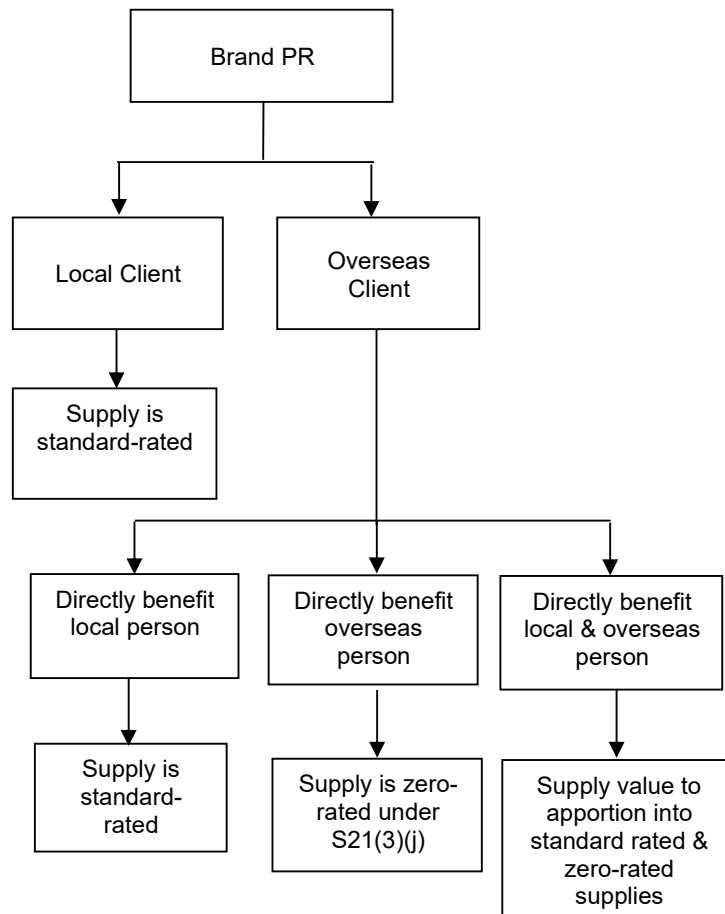
With effect from 1 Jan 2020



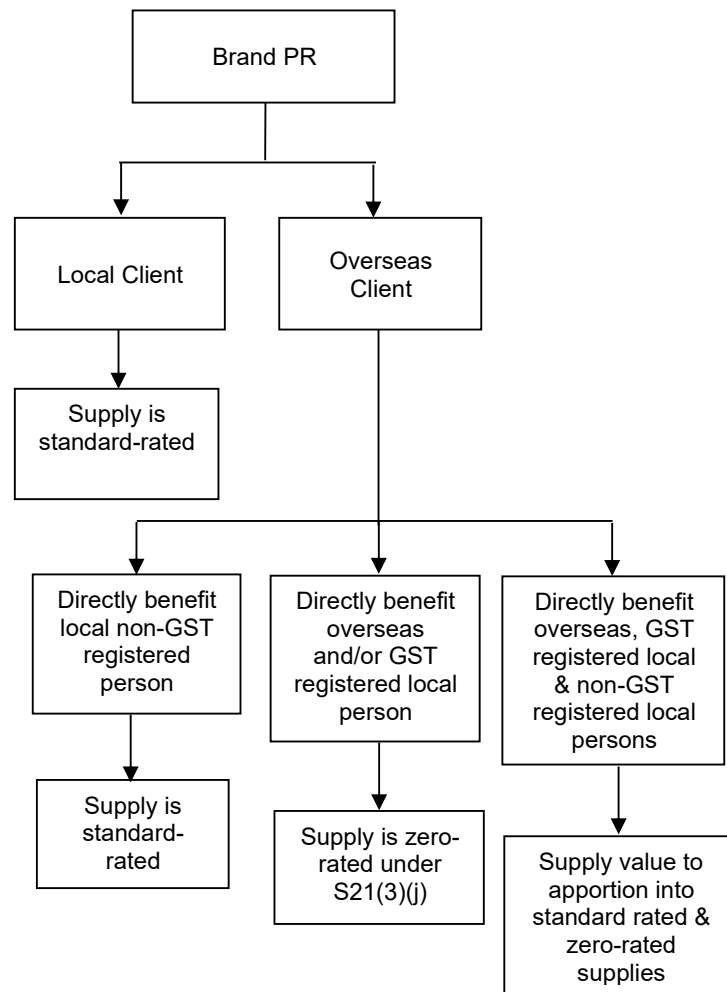
*Contract specifies the advertiser to be the recipient of services and/or requires the supplier to deal directly with the advertiser

Annex D – GST Treatment for Brand PR

Prior to 1 Jan 2020



With effect from 1 Jan 2020



Annex E – Summary of GST Treatment for Various Advertising Services

Advertising Services Supplied To The Advertiser

Forms of Advertising Services	Situations	Advertiser is:	
		Local Advertiser	Overseas Advertiser
1) Media Sales for Advertisement (Before 1 Jan 2022)			
a) Supplies by local suppliers	Local Circulation	Standard-rated Supply	Standard-rated Supply
	Overseas Circulation	Zero-rated Supply	Zero-rated Supply
	Local + Overseas Circulation		
	• At least 51% circulated outside Singapore	Zero-rated Supply	Zero-rated Supply
	• Less than 51% circulated outside Singapore	Standard-rated Supply	Standard-rated Supply
b) Supplies by overseas suppliers to GST-registered businesses in Singapore	Local Circulation	Subject to RC if local advertiser is GST-registered and an RC business	
c) Supplies by overseas suppliers to non-GST registered persons in Singapore	Digital Media Sales for Local Circulation	Subject to OVR if local advertiser is not GST-registered	

Forms of Advertising Services	Situations	Advertiser is:	
		Local Advertiser	Overseas Advertiser
2) Media Sales for Advertisements (with effect from 1 Jan 2022)			
a) Supplies by local suppliers		Standard-rated Supply	Zero-rated Supply
b) Supplies by overseas suppliers to GST-registered businesses in Singapore		Subject to RC if local advertiser is GST-registered and an RC business	
c) Supplies by overseas suppliers to non-GST registered persons in Singapore	Digital Media Sales	Subject to OVR if local advertiser is not GST-registered	
3) Media Planning		Standard-rated Supply	Zero-rated Supply
4) Creative & Production		Standard-rated Supply	Zero-rated Supply
5) Brand PR		Standard-rated Supply	Zero-rated Supply
6) Exhibition / Convention Organising ²⁵	Local Event	Standard-rated Supply	Zero-rated Supply (for businesses only)
	Overseas Event	Zero-rated Supply	Zero-rated Supply

²⁵ For more information on the GST treatment relating to exhibitions and convention services, please refer to the e-Tax Guide “GST: Exhibition, Convention and Ancillary Services”.

Advertising Services Supplied To The Advertising Agency

Forms of Advertising Services	Situations	Contract with Local Advertising Agency	Contract with Overseas Advertising Agency
1) Media Sales for Advertisements before 1 Jan 2022			
a) Supplies by local suppliers	Local Circulation	Standard-rated Supply	Standard-rated Supply
	Overseas Circulation	Zero-rated Supply	Zero-rated Supply
	Local + Overseas Circulation		
	At least 51% circulated outside Singapore	Zero-rated Supply	Zero-rated Supply
	Less than 51% circulated outside Singapore	Standard-rated Supply	Standard-rated Supply
b) Supplies by overseas suppliers to GST-registered businesses in Singapore	Local Circulation	Subject to RC if local advertising agency is GST-registered and an RC business	
c) Supplies by overseas suppliers to non-GST registered persons in Singapore	Digital Media Sales for Local Circulation	Subject to OVR if local advertising agency is not GST-registered	

Forms of Advertising Services	Situations	Contract with Local Advertising Agency	Contract with Overseas Advertising Agency
2) Media Sales for Advertisement with effect from 1 Jan 2022			
a) Supplies by local suppliers		Standard-rated Supply	Zero-rated Supply
b) Supplies by overseas suppliers to GST-registered businesses in Singapore		Subject to RC if local advertising agency is GST-registered and an RC business	
c) Supplies by overseas suppliers to non-GST registered persons in Singapore	Digital Media Sales	Subject to OVR if local advertising agency is not GST-registered	
3) Media Planning		Standard-rated Supply	<u>Prior to 1 Jan 2020</u> Zero-rated Supply (if contract does not specify recipient; or recipient specified in the contract is not a local person or the supplier does not deal with a local advertiser) <u>With effect from 1 Jan 2020</u> Zero-rated Supply (if contract does not specify recipient; or recipient specified in the contract is not a local non-GST registered person or the supplier does not deal with a local non-GST registered advertiser)

Forms of Advertising Services	Situations	Contract with Local Advertising Agency	Contract with Overseas Advertising Agency
4) Creative & Production		Standard-rated Supply	<u>Prior to 1 Jan 2020</u> Zero-rated Supply (if contract does not specify recipient; or recipient specified in the contract is not a local person or the supplier does not deal with a local advertiser) <u>With effect from 1 Jan 2020</u> Zero-rated Supply (if contract does not specify recipient; or recipient specified in the contract is not a local non-GST registered persons or the supplier does not deal with a local non-GST registered advertiser)
5) Brand PR		Standard-rated Supply	<u>Prior to 1 Jan 2020</u> Zero-rated Supply (if for the benefit of an overseas person) <u>With effect from 1 Jan 2020</u> Zero-rated Supply (if for the benefit of an overseas person and/or a GST registered local person)

Forms of Advertising Services	Situations	Contract with Local Advertising Agency	Contract with Overseas Advertising Agency
6) Exhibition / Convention Organising	Local Event	Standard-rated Supply	<u>Prior to 1 Jan 2020</u> Zero-rated Supply (if for benefit of an overseas person wholly in the person's businesses capacity) <u>With effect from 1 Jan 2020</u> Zero-rated Supply (if for benefit of an overseas person and/or GST registered local person wholly in the person's businesses capacity)
	Overseas Event	Zero-rated Supply	Zero-rated Supply

Annex F – Application of Transitional Rules for Supplies of Media Sales and Imported Media Sales Straddling 1 Jan 2022

Transaction 1 : Media sales supplied to overseas customer for local circulation (change in GST treatment from standard-rated to zero-rated) where invoice is issued before 1 Jan 2022

Issuance of Invoice	Services Performed	Payment Received	Applicable GST Rate
Before 1 Jan 2022	On/after 1 Jan 2022	Before 1 Jan 2022	- Based on the time of supply rule, you should standard-rate the supply as invoice is issued before 1 Jan 2022. - However, as the services are fully performed on/after 1 Jan 2022, you may elect to zero-rate the supply.
		On/after 1 Jan 2022	
		Part before and part on/after 1 Jan 2022	
	Part before and part on/after 1 Jan 2022	Before 1 Jan 2022	- Based on the time of supply rule, you should standard-rate the supply as invoice is issued before 1 Jan 2022. - However, as performance of services occur partially on/after 1 Jan 2022, you may elect to zero-rate the <u>higher</u> of the value of (i) services performed; or (ii) payment received <u>on/after</u> 1 Jan 2022.
		On/after 1 Jan 2022	
		Part before and part on/after 1 Jan 2022	

Transaction 1 : Media sales supplied to overseas customer for local circulation (change in GST treatment from standard-rated to zero-rated) where invoice is issued on/after 1 Jan 2022

Issuance of Invoice	Services Performed	Payment Received	Applicable GST Rate
On/after 1 Jan 2022	On/after 1 Jan 2022	On/after 1 Jan 2022	Based on the time of supply rule, you should zero-rate the supply as full payment is received after 1 Jan 2022.
		Before 1 Jan 2022	Based on the time of supply rule, you should standard-rate any payment received before 1 Jan 2022. Any payment received on/ after 1 Jan 2022 will be zero-rated.
		Part before and part on/after 1 Jan 2022	
	Part before and part on/after 1 Jan 2022	Before 1 Jan 2022	However, as performance of services occur wholly or partially on/ after 1 Jan 2022, you may elect to zero-rate the <u>higher</u> of the value of (i) services performed; or (ii) payment received <u>on/after</u> 1 Jan 2022.
		Part before and part on/after 1 Jan 2022	
		On/after 1 Jan 2022	Based on the time of supply rule, you should zero-rate the supply as the invoice is issued and full payment is received after 1 Jan 2022.

Transaction 2 : Media Sales supplied to local customer for overseas circulation (change in GST treatment from zero-rated to standard-rated) where invoice is issued before 1 Jan 2022

Issuance of Invoice	Payment Received	Services Performed	Applicable GST Rate
Before 1 Jan 2022	Before 1 Jan 2022	Before 1 Jan 2022	Based on the time of supply rule, you should zero-rate the supply as full payment is received before 1 Jan 2022.
		On/after 1 Jan 2022	You are required to zero-rate the <u>higher</u> of the value of: (i) services performed; or (ii) payment received <u>before</u> 1 Jan 2022. The remaining invoice value will be standard-rated.
		Part before and part on/after 1 Jan 2022	
	On/after 1 Jan 2022	Before 1 Jan 2022	
		On/after 1 Jan 2022	
		Part before and part on/after 1 Jan 2022	
	Part before and part on/after 1 Jan 2022	Before 1 Jan 2022	
		On/after 1 Jan 2022	
		Part before and part on/after 1 Jan 2022	

Transaction 2 : Media Sales supplied to local customer for overseas circulation (change in GST treatment from zero-rated to standard-rated) where invoice is issued on/after 1 Jan 2022

Issuance of Invoice	Payment Received	Services Performed	Applicable GST Rate
On/after 1 Jan 2022	Before 1 Jan 2022	Before 1 Jan 2022	Based on the time of supply rule, you should zero-rate the supply as full payment is received before 1 Jan 2022.
		On/after 1 Jan 2022	
		Part before and part on/after 1 Jan 2022	
	On/after 1 Jan 2022	On/after 1 Jan 2022	Based on the time of supply rule, you should standard-rate the supply as full payment is received after 1 Jan 2022.
		Before 1 Jan 2022	Based on the time of supply rule, you should standard-rate the supply as the invoice is issued and full payment is received on/after 1 Jan 2022.
		Part before and part on/after 1 Jan 2022	However, as performance of services occur wholly or partially before 1 Jan 2022, you may elect to zero-rate the <u>higher</u> of the value of: (i) services performed; or (ii) payment received <u>before</u> 1 Jan 2022.
	Part before and part on/after 1 Jan 2022	Before 1 Jan 2022	Based on the time of supply rule, you should zero-rate any payment received before 1 Jan 2022 and standard-rate any payment received after 1 Jan 2022.
		Part before and part on/after 1 Jan 2022	However, as performance of services occur wholly or partially before 1 Jan 2022, you may elect to zero-rate the <u>higher</u> of the value of (i) services performed; or (ii) payment received <u>before</u> 1 Jan 2022.
		On/after 1 Jan 2022	Based on the time of supply rule, you should zero-rate any part payment received before 1 Jan 2022 and standard-rate any payment received after 1 Jan 2022.

Transaction 3 : Imported B2B Media Sales which are circulated overseas (from out-of-scope to subject to GST under RC) where invoice is issued before 1 Jan 2022

Transaction 4 : Imported B2C Media Sales which are circulated overseas (from out-of-scope to subject to GST under OVR) where invoice is issued before 1 Jan 2022

Issuance of Invoice	Payment Made/Received	Services Performed	Applicable GST Rate
Before 1 Jan 2022	Before 1 Jan 2022	Before 1 Jan 2022	Based on the time of supply rule, the supply is not subject to RC / OVR (i.e. not taxed) as full payment is made/ received before 1 Jan 2022.
		On/after 1 Jan 2022	The RC business/OVR supplier is required to apply RC/OVR on the <u>lower</u> of the value of: (i) services performed; or (ii) payment made/received <u>on/after</u> 1 Jan 2022.
		Part before and part on/after 1 Jan 2022	
	On/after 1 Jan 2022	Before 1 Jan 2022	
		On/after 1 Jan 2022	
		Part before and part on/after 1 Jan 2022	
	Part before and part on/after 1 Jan 2022	Before 1 Jan 2022	
		On/after 1 Jan 2022	
		Part before and part on/after 1 Jan 2022	

Transaction 3 : Imported B2B Media Sales which are circulated overseas (from out-of-scope to subject to GST under RC) where invoice is issued on/after 1 Jan 2022

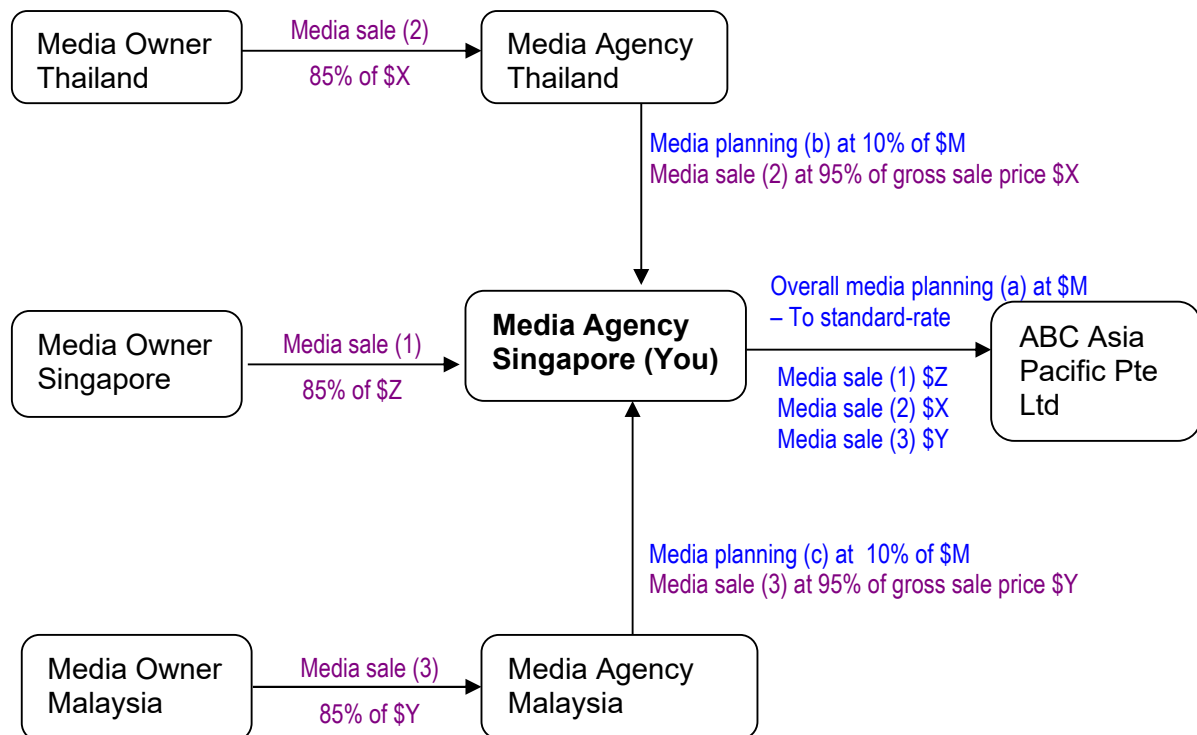
Transaction 4 : Imported B2C Media Sales which are circulated overseas (from out-of-scope to subject to GST under OVR) where invoice issued on/after 1 Jan 2022

Issuance of Invoice	Payment Made/ Received	Services Performed	Applicable GST Rate
On/after 1 Jan 2022	Before 1 Jan 2022	Before 1 Jan 2022	Based on the time of supply rule, the supply is not subject to RC / OVR (i.e. not taxed) as full payment is made/ received before 1 Jan 2022.
		On/after 1 Jan 2022	
		Part before and part on/after 1 Jan 2022	
	On/after 1 Jan 2022	On or after 1 Jan 2022	Based on the time of supply rule, the supply is subject to GST under the RC/OVR regime as the invoice is issued and full payment is made or received on/after 1 Jan 2022.
		Before 1 Jan 2022	- Based on time of supply rule, the supply will be subject to GST under RC/OVR to the extent of payment made or received <u>on/ after</u> 1 Jan 2022. - However, as performance of services occur wholly or partially before 1 Jan 2022, the RC business/OVR supplier can elect to apply RC/OVR on the <u>lower</u> of the value of: (i) services performed; or (ii) payment made/received <u>on/ after</u> 1 Jan 2022.
		Part before and part on/after 1 Jan 2022	
	Part before and part on or after 1 Jan 2022	Before 1 Jan 2022	
		Part before and part on/after 1 Jan 2022	
		On/after 1 Jan 2022	Based on time of supply rule, the portion of payment made or received on/ after 1 Jan 2022 will be subject to RC/OVR.

Annex G – Common Business Scenarios

- 1 A Singapore media agency is engaged by QRS Asia Ltd, a regional office in Japan, under a global contract signed in Japan, to provide media planning and media buying services for advertisements placed in magazines and TV media. The media planning service and media sales for placement of advertisements are billed separately. Is GST chargeable on the supply of services?**
 - 1.1 The supply of media planning services to QRS Asia Ltd can be zero-rated (i.e. GST at 0%) as the service is contractually supplied to and directly benefiting a person outside Singapore.
 - 1.2 Prior to 1 Jan 2022, the GST treatment of media sales depends on the place of circulation of advertisement. If the publications and TV media are wholly circulated in Singapore, the supply has to be standard-rated.
 - 1.3 If the media is circulated in both Singapore and other overseas countries, the entire value of media sales can be zero-rated if at least 51% of the circulation of the same version of publications is circulated outside Singapore or the advertisement is aired simultaneously in Singapore and overseas countries via regional channel.
 - 1.4 If the rule of 51% circulation outside Singapore is not satisfied, the entire value of media sales has to be standard-rated. No apportionment is required.
 - 1.5 With effect from 1 Jan 2022, the supply of media sales can be zero-rated as the service is contractually supplied to and directly benefiting QRS Asia Ltd who belongs outside Singapore.

- 2 A Singapore media agency is appointed by ABC Asia Pacific Pte Ltd (an Asia Pacific HQ situated in Singapore) as the regional media agency to provide media planning and media buying services for its group of companies in the entire Asia Pacific region. The Singapore media agency provides overall media planning for the Asia Pacific Region and media buying for only advertisements circulated in Singapore. The Singapore media agency in turn engages its overseas related media agencies in the respective countries to conduct media planning (in respect of their own countries) and media purchase for advertising in the respective countries. Does the Singapore media agency have to charge GST when it invoices ABC Asia Pacific Pte Ltd for the services?



Overall media planning (a)
Media planning (b)
Media planning (c)
Media sale (1)
Media sale (2)
Media sale (3)

- Planning for Asia Pacific Region at \$M
- Planning for Thailand market at 10% of \$M
- Planning for Malaysia market at 10% of \$M
- Sale of media space in Singapore media at \$Z
- Sale of media space in Thailand media at \$X
- Sale of media space in Malaysia media at \$Y

- 2.1 The supply of overall media planning services (a) at \$M to ABC Asia Pacific Pte Ltd is subject to GST as the service is provided to a person belonging in Singapore.

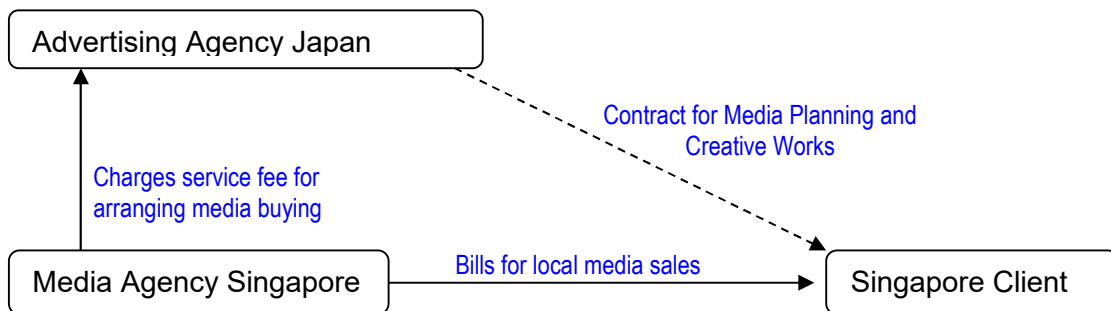
Before 1 Jan 2022

- 2.2 The sale of media space (1) for advertisements placed in Singapore media at \$Z is also subject to GST because the advertisement is circulated in Singapore. However, the sale of media space for advertisements placed in other countries [(2) & (3)] can be zero-rated (i.e. GST at 0%) as the advertising media circulation are outside Singapore.

On or after 1 Jan 2022

- 2.3 The sale of media space from the Singapore Media Agency to ABC Asia Pacific Pte Ltd is subject to GST as the service is contractually supplied to and directly benefiting a person belonging in Singapore.

- 3 An advertising agency in Japan has a contract with a Singapore Client. A media agency in Singapore is engaged by the advertising agency in Japan to buy media space for Singapore circulation and bill the Singapore Client directly. The media agency in Singapore will bill the advertising agency in Japan a service fee for arranging media buying. Is GST chargeable on the service fee?**



- 3.1 In this case, the media agency in Singapore is making 2 separate supplies:
- 1) a supply of media sale to the Singapore Client;
 - 2) a supply of service to the advertising agency in Japan for arranging media buying.

- 3.2 For 1), GST is chargeable on the media sales to the Singapore client during the period before and after 1 Jan 2022. 2), the service fee billed to advertising agency in Japan is strictly a service for arranging media buying. It is not a supply of media sale. The supply can be zero-rated as the service is contractually supplied to and directly benefiting an advertising agency outside Singapore.

- 4 A creative agency is appointed by XYZ Asia Pacific Pte Ltd (an Asia-Pacific HQ situated in Singapore) as the sole agency to provide creative works for all its advertising campaigns in the Asia Pacific region. Most of the productions (e.g. outdoor filming) are carried outside Singapore. Is GST chargeable on the creative and production costs?**

- 4.1 The services are provided contractually to a company belonging in Singapore. Creative works are not directly in connection with advertising media in circulation. GST is therefore chargeable at prevailing rate on the creative and production (including internal and third party) costs regardless of whether the productions take place in or outside Singapore.

5 An advertising agency is awarded a contract by an overseas advertiser to provide creative sales and media sales as a package. Can the entire package be zero-rated?

- 5.1 Creative sales and media sales are two distinctive services capable of being supplied independently of each other. The advertising agency is making two types of supplies:
- 1) the designing works for the advertisements; and
 - 2) sales of media space or airtime to promulgate the advertisement.

If the package is offered at one price, the agency has to determine the respective value applicable to creative sales and media sales and apply the GST treatment accordingly in the billings.

- 5.2 The GST treatment for the value attributable to creative sales depends on the belonging status of the contracting party and beneficiary of the services.

If the contract is entered into with an overseas advertiser and the services benefit the overseas advertiser, the value of creative sales can be zero-rated.

If the contract is entered into with a local advertiser, or if the services benefit a local advertiser, the advertising agency has to standard-rate the supply.

- 5.3 As for the value attributable to media sales, the GST treatment is based on the place of circulation before 1 Jan 2022. If the advertisement is circulated in Singapore, the media sales value is standard-rated. If it is circulated overseas, it can be zero-rated.

- 5.4 With effect from 1 Jan 2022, the GST treatment for the value attributable to media sales depends on the belonging status of the contracting party and beneficiary of the services. If the contract is entered into with an overseas advertiser and the services directly benefit the overseas advertiser, the value of media sales can be zero-rated.

6 A website owner (media owner) provides media sales for web advertising in the internet. The supply of media sales includes the application of the necessary technology to create the banners, buttons, graphic, pop-up or floating effects for the advertisements. Can the entire media sales supply be zero-rated?

- 6.1 Media sales for web advertising involve the sales of ad products such as banner ads, sidebar ads, pop-up and pop-under ads, floating ads, Unicast ads etc. The production costs in applying necessary technology to create the banners and effects are ancillary to the principal supplies of media sales.

Before 1 Jan 2022

- 6.2 The entire package of media sales for web advertisement can be zero-rated if the advertisement is placed on a webpage or website (either a Singapore, an overseas or general website) which allows access to both Singapore and overseas viewers/browsers.

- 6.3 If the advertisement is placed on a webpage or website which allows access only to Singapore viewers/browsers, the entire package of media sales for web advertisement has to be standard-rated.

On/ After 1 Jan 2022

- 6.4 The supply of media sales can be zero-rated if the service is contractually supplied to and directly benefiting a person belonging outside Singapore and/or GST-registered person belonging in Singapore.

7 A publisher gives out free magazines to a selected group of readers. Does the publisher need to account for GST on the free magazines distributed under controlled circulation?

- 7.1 Generally, GST has to be accounted on the open market value of the goods given free if each gift costs more than \$200 and input tax on these goods has been allowed. This rule applies if commercial copies (new/current issues) of magazines are given away free to readers, educational institutes, or potential clients.

- 7.2 However, if a media owner gives complimentary copies of the new/current issue to an advertiser who placed an advertisement in the said issue, it would not attract GST. If past issues of commercial copies have no commercial value and are given free, no GST need to be accounted for on the gift.

- 7.3 Controlled circulation of magazines (not for sale) will not attract GST if this is done to fulfil a contractual obligation with the advertisers, i.e. to circulate the advertisements. The magazines must be given to a selected group of people to whom the advertisers want to target their advertising efforts and the free copies must constitute more than 95% of the same version of magazines.

8 A media owner receives sponsorship in the form of money from a sole distributor. In exchange, the media owner gives advertising space or airtime to publicise the sponsor's products in the media owner's locally circulated newsletter or TV programme. Does the media owner need to account for GST on the sponsorship received?

- 8.1 If a media owner supplies something (i.e. any benefits) to a sponsor in return for the sponsorship, the media owner is making a taxable supply to the sponsor. Hence, the media owner has to account for GST based on the open market value of the advertising space or airtime given to the sponsor.

- 8.2 If the open market value for the taxable supply provided cannot be determined, the money the media owner receives will be treated as GST-inclusive. GST has to be accounted for based on a tax fraction²⁶ of the money.

²⁶ Tax fraction is the fraction of prevailing GST rate / (100 + prevailing GST rate).

- 9 If a media owner receives sponsorship in the form of gifts of goods instead, does the media owner need to account for GST on the sponsorship received in return for giving some benefits to the sponsor?**
- 9.1 The media owner has to account for GST based on the open market value of the benefits given to the sponsor (e.g. providing publicity on sponsor's products or making facilities available to the sponsor). If the media owner cannot determine the open market value of the benefits given to the sponsor, the media owner will have to account for GST based on the open market value of the goods.
- 10 If the gifts sponsored are specifically for the participants of the TV programme, does the media owner need to account for GST on the gifts received?**
- 10.1 The media owner does not have to account for GST on the gifts because they are given to the participants of the show.