

DPM Heng Swee Keat says visitors pay GST too but doesn't mention that they can claim a refund when leaving

The Online Citizen, 23 January 2020

The Goods and Services Tax (GST) is “paid by everyone who is in Singapore, whether they are here as tourists, they are here as workers, as expatriates”, said Deputy Prime Minister Heng Swee Keat at the Singapore Perspective Conference 2020 by the Institute of Policy Studies’ (IPS) on Monday (20 Jan).

He was responding to a question by Singapore Democratic Party (SDP) chairman Dr Paul Tambyah who asked whether the government has considered alternatives to raising the GST- which he described as a regressive tax- for the purposes of raising revenue such as returning the corporate tax level to 20% or bringing back tax for unearned income like the estate duty.

Mr Heng answered by first refuting Dr Tambyah’s statement that GST is regressive, noting the tax system should be considered as a whole with GST being weighed against other taxes and spending.

He added that the government has designed its policies to ensure that the tax system and schemes benefit lower income groups and those who need help the most.

Mr Heng then went on to address GST specifically, saying, “And there’s another aspect which Mr Paul Tambyah may want to remember that GST is not just paid by Singaporeans. It is paid by everyone who is in Singapore, whether they are here as tourists, they are here as workers, as expatriates. It’s paid by everyone in Singapore when they consume services and buy certain goods.”

GST in Singapore

Following media reports on Mr Heng’s response, an image has been circulating on WhatsApp and social media highlighting the DPM’s comment that even visitors pay GST but they’re allowed to also get a GST refund before they leave the country.

So technically, visitors don’t pay GST.

According to Singapore Customs, the Tourist Refund Scheme (TRS) allows tourists to claim a refund of the GST they’ve paid on goods from participating retailers if the items are being brought out of Singapore via Changi or Selatar airports.

This is a common practice, actually, with many other countries also having a system in place to allow tourists to claim a refund of taxes on goods. In the UK, tourists are also allowed to claim refunds on their version of the GST, the Value Added Tax (VAT) on both goods and services.

In Singapore, refunds are not allowed on services, goods consumed in Singapore or purchased by businesses or for commercial purposes, for goods exported by freight or accommodation.