



***PrivacyRules brief
Country Overview:
Blockchain &
Cryptocurrency
Regulations in
Singapore***

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*Expert presentation
Brief intro of the Expert...*

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1) At what stage is your country in regulating such technologies? Are there applicable rules and/or related laws?

A: There are no regulations directed specifically at blockchain or cryptocurrency. However, when the Payment Services Act 2019 ("PS Act") comes into force, intermediaries that are dealing with cryptocurrencies may be regulated as a payment service provider if they are carrying on a business of providing an e-money issuance service or a digital payment token service. The PS Act is expected to come into force sometime at the end of 2019 or in the first half of 2020.

Other than the PS Act, the regulators are generally of the view that existing laws and regulations continue to apply where relevant. For example, the Infocomm Media Development Authority ("IMDA") has stated its preliminary view that distributed ledger technology, which includes blockchain, is not inconsistent with the Electronic Transactions Act (Cap. 88) ("ETA") and that certain provisions may be applicable.

2) How would you define your Government's approach to these technologies?

A: In general, the Singapore government welcomes blockchain technology and actively encourages its development. IMDA has organised two editions of its Blockchain Challenge, challenging participants to solve industry-facing challenges. IMDA has also partnered with industry players to put in place a blockchain ecosystem engagement platform.

In addition, the government itself is adopting the use of blockchain technology. For example, the Government Technology Agency and Ministry of Education were involved in the joint development of the OpenCerts platform, which uses Ethereum smart contracts to issue and validate digital certificates of graduates of local educational institutions. The Monetary Authority of Singapore ("MAS") has also explored the use of blockchain technology for operating an interbank real-time gross settlement system with successful working implementations.

3) Are Cryptocurrencies subjected to Taxation? How are they tracked?

A: Businesses that choose to accept cryptocurrencies are subject to normal income tax rules and will be taxed on the income that is derived from or received in Singapore. If a business uses or accepts cryptocurrencies as payment for goods and services, it



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should record the sale or purchase based on the open market value of the goods or services in Singapore dollars, and if such value cannot be determined, then based on the rate of exchange of the cryptocurrency at the time of the transaction.

While there are no capital gains taxes in Singapore, a business that derives a profit from buying and selling, or mining and trading, cryptocurrencies will be taxed on such profits. Whether certain gains are to be classified as trading or capital gains will depend on the specific facts and circumstances of each case.

Further, from 1 January 2020, the goods and services tax ("GST") treatment for cryptocurrencies that are "digital payment tokens" under the PS Act will be amended as follows:

- a person who uses "digital payment tokens" as payment for goods or services need not account for GST on such use; and
- the exchange of "digital payment tokens" for fiat currency or other "digital payment tokens" will be exempt from GST.

4) Are there specific provisions to contrast money laundering in the use of such technologies?

A: There are no specific provisions to combat money laundering in the context of blockchain and cryptocurrency. The general anti-money laundering and counter-terrorist financing legislation remains applicable (i.e. the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A), Terrorism (Suppression of Financing) Act (Cap. 325) and the relevant United Nations Regulations).

When the PS Act comes into force, regulated entities that are providing an e-money issuance service and/or a digital payment token service may have to additionally comply with specific anti-money laundering provisions imposed by MAS.

5) Is there a sales regulation in place?



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A: When the PS Act comes into force, intermediaries who are carrying on a business of providing a digital payment token service in respect of cryptocurrencies that are "digital payment tokens" will be regulated. A digital payment token service includes any service of buying or selling a digital payment token in exchange for any money or any other digital payment token.

6) Are 'smart contracts' regulated in your jurisdiction?

A: There are no regulations directed specifically at 'smart contracts'. However, the ETA may be relevant insofar as 'smart contracts' involves the use of electronic transactions. In the Consultation Paper on Review of the ETA, IMDA has stated its preliminary view that the ETA does not prevent the use and formation of smart contracts.

7) Is 'Distributed Ledger Technology' (DLT) regulated in your jurisdiction? If so, jointly or separately from Blockchain and Cryptocurrency?

A: There are no regulations directed specifically at DLT.

8) Any additional element to consider on Blockchain and Cryptocurrency in your jurisdiction?

A: In relation to cryptocurrency, it may be useful to consider the applicability of securities law under the Securities and Futures Act ("SFA"). In its Guide to Digital Token Offerings, MAS has stated that "offers or issues of digital tokens may be regulated by MAS if the digital tokens are capital markets products under the SFA".

9) Is there a regulatory authority for blockchain and cryptocurrencies in your country?

A: No. There is no regulatory authority for blockchain or cryptocurrencies specifically.



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10) Are there any entities that provide guidance on blockchain and cryptocurrencies in your country?

A: The relevant regulators have provided guidance on the interaction of blockchain and cryptocurrencies with existing legislation. For example, MAS has published a Guide to Digital Token Offerings to clarify the applicability of the SFA to cryptocurrencies. The Inland Revenue Authority of Singapore and IMDA has also provided clarification on issues relating to tax and electronic transactions respectively.



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