

# **IRAS e-Tax Guide**

**GST: Approved Contract Manufacturer  
and Trader (ACMT) Scheme**

**(Fourth Edition)**



INLAND REVENUE  
AUTHORITY  
OF SINGAPORE

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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### **TABLE OF CONTENTS**

1	Overview.....	4
2	Entity-Based GST Treatment.....	7
3	Updates in this Guide .....	7
4	Benefits of the Scheme .....	9
5	Conditions of Eligibility for the ACMT Scheme .....	9
6	Application Procedure .....	12
7	Conditions of Approval .....	13
8	Requirements as an ACMT CM.....	13
9	Requirements as an ACMT LOG.....	16
10	Operational Procedures on Import GST Suspension.....	18
11	Validity Period of ACMT Scheme Status .....	18
12	Consequences of Incorrectly Applying the ACMT Scheme .....	19
13	Contact Information .....	19
14	Appendix 1.....	20
15	Appendix 2.....	23

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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### 1 Overview

- 1.1 The ACMT Scheme (the “Scheme”) was introduced in 1999 to improve the international competitiveness of our local contract manufacturers (“CM”). Prior to 1999, CMs were required to account for GST on their supplies to overseas clients of value added activities performed on goods which the CMs process and subsequently delivered to another local CM for further processing. The Scheme specifically disregarded the supplies of such value added manufacturing or processing activities, and provided for what was then known as “customer accounting” of the delivery of these goods. Thus, entire supply chains were identified and relieved of GST, in recognition of the fact that they involved the performance of value added activities on goods that would eventually be exported out of Singapore.
- 1.2 Previously, CMs were required to make a joint application for the scheme with all other parties involved in the chain of value added activities. Approval for the ACMT scheme was limited to the particular scenario for which the application was made and confined to the joint applicants. This posed additional administrative burden on ACMT persons since separate applications had to be made as business scenarios change over time.
- 1.3 IRAS has reviewed this application process, taking into account the compliance costs faced by ACMT persons. The Comptroller of GST has, in consultation with the industry, decided to adopt an entity-based approach to cater to the changing commercial realities faced by businesses. The administrative processes of the scheme will be streamlined, such that once ACMT status is granted to a GST-registered business, there is no need to seek subsequent approval from the Comptroller for new business scenarios that the same approved person operates.
- 1.4 The main features of the revised Scheme remain unchanged but include enhancements for easier compliance by approved ACMT persons. The changes include:
- (a) Entity-based approach

In contrast to the previous scenario-based approach, the ACMT scheme will now approve individual entities separately. Approved ACMT persons no longer need to be concerned with the entire supply chain and merely have to self-assess and ensure that subsequent delivery is made to another approved ACMT person as listed on the IRAS website in order to enjoy the benefits of the scheme.
  - (b) Both CMs and logistics companies<sup>1</sup> can apply for ACMT status, but with different features. Henceforth, CMs with approved ACMT status are known as “ACMT CM”, logistics companies with approved ACMT status are

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<sup>1</sup> This refers to logistics companies acting as distribution agents of their overseas client (see paragraph 5 for the qualifying criteria for ACMT LOG) and not authorised declaring agents of the CMs.

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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known as “ACMT LOG” and “ACMT persons” refer to both ACMT CM & ACMT LOG in this guide.

(i) ACMT CM

CMs are contracted to perform substantial value added activities for their overseas clients and may be required to receive and deliver treated or processed goods within Singapore or export the said goods, depending on their role in the contract manufacturing supply chain. Therefore, ACMT CM can disregard their supplies of value added activities to its overseas clients only under 2 situations: (a) if the treated or processed goods are delivered to another ACMT person, or (b) to the final customer of the overseas client as a distributing agent. ACMT CM will also perform “recipient accounting” on goods received from another ACMT person. For all other transactions initiated by the ACMT CM, normal GST rules apply.

(ii) ACMT LOG

On the other hand, logistics companies typically do not perform value added activities that involve treatment and processing but merely receive such treated or processed goods from a CM, and subsequently deliver the said goods locally or export them out of Singapore. ACMT LOG will thus deliver treated or processed goods locally or export them upon instructions of their overseas clients. They may deliver to another ACMT CM but not to another ACMT LOG. They can perform “recipient accounting” on goods received from all ACMT CM, so long as these activities are done on the instructions of their overseas clients. For all other transactions initiated by the ACMT LOG, normal GST rules apply.

(c) Recipient Accounting

- (i) “Recipient accounting” means that any ACMT person who receives goods treated or processed from another ACMT person must account for the output GST on the goods received as if the former had itself supplied the goods in Singapore in the course or furtherance of its business. This ACMT person has to include in its GST returns, the value of the goods received and the corresponding output GST (to be computed as 7% of the value of the goods) as the standard-rated supplies [Box 1] and output tax [Box 6] respectively.
- (ii) At the same time, the ACMT person can claim the tax charged as input tax credit. The person must declare in the GST return of the same accounting period, the value of the goods received as taxable purchases [Box 5] and input GST [Box 7] respectively.
- (iii) From **1 April 2009**, for the purpose of recipient accounting, the Comptroller will accept valuation of goods received under the ACMT

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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scheme for which there is no actual market price or the price is not known to the recipient (e.g. under the consignment model), using the nominal value of S\$1 multiplied by the quantity of goods.

- (iv) For the purposes of 'recipient accounting', the ACMT person must account for GST whenever such goods are received under the Scheme.
  - (v) "Recipient accounting" supersedes the previously termed "customer accounting".
- (d) Acting as a distributing agent on behalf of an overseas client
- (i) ACMT persons may sometimes act as distributing agents on behalf of their overseas clients and upon instructions of the overseas client, may either export the treated or processed goods or deliver them locally.
  - (ii) If the overseas client had sold the goods to a local customer, and the ACMT person delivers the goods to the local customer upon instructions of the overseas client, the ACMT person must charge and account for GST on the sale, based on the actual sales value of his overseas client. If the ACMT person exports such goods on behalf of the overseas client, it must keep proper export documents and report the value of such exports as zero-rated supplies in the GST returns, provided the export qualifies for zero-rating relief.
- (e) Suspension of Import GST for ACMT CM
- (i) GST suspension recognises that although the goods would eventually be exported out of Singapore, the ACMT CM may not directly export the goods but would deliver to another ACMT person. Consequently, the first ACMT CM will always have difficulties meeting the 51% export requirement of the Major Exporter Scheme ("MES"). Thus, the Comptroller of GST will automatically grant suspension of import GST to all ACMT CMs when their ACMT applications are approved and they remain in the scheme.
  - (ii) Applicants who are already approved under the MES scheme will continue to enjoy import GST suspension privileges under the ACMT scheme.
- (f) Full Turnkey and Modified Turnkey Arrangements

The Scheme is now extended to include full turnkey and modified turnkey business arrangements. All references to the consignment model also refer to such business arrangements.

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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### 2 Entity-Based GST Treatment

2.1 In short, the revised ACMT scheme shall operate based on the following principles:

- (i) An ACMT CM can disregard the supply of value added activities to its overseas client only if the treated or processed goods are delivered to another ACMT person, or to the final customer of the overseas client.
- (ii) When an ACMT person receives treated or processed goods from another ACMT person, the former has to perform recipient accounting for GST on the goods. In instances where there is no actual market price or for which the price of the treated or processed goods is not known to the recipient, the recipient may perform recipient accounting based on the nominal value of S\$1 multiplied by the quantity of goods received.
- (iii) As a distributing agent acting on behalf of overseas client, the ACMT person is required to charge and account for GST when it delivers the treated or processed goods locally to the final customer in Singapore and must therefore report the standard-rated supplies and corresponding GST, based on the actual sales value of his overseas client in the GST returns. If the goods are exported to overseas customers, the ACMT person must keep export documents and report the value of such exports as its zero-rated supplies, provided the export qualifies for zero-rating relief.
- (iv) The ACMT person is required to know in what capacity (i.e. whether for value added activities or as a distributing agent) it is receiving and delivering the treated or processed goods

### 3 Updates in this Guide

3.1 With effect from 1 April 2009, the following changes to the ACMT scheme apply:

- (a) Replacement of business scenario approval with entity-based approval

Each applicant will be considered for ACMT status on its own merit. There will no longer be the need to seek approval for each business scenario.

- (b) Distinction between a CM and a logistics company

Under this revised ACMT scheme, ACMT persons will be categorised either as an ACMT CM or an ACMT LOG and each has to assume the conditions, requirements and control standards of an ACMT person.

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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- (c) Publishing names of ACMT persons (including ACMT CM and ACMT LOG) on IRAS website

Each ACMT person will need to know whether the person to whom it delivers or from whom it receives treated or processed goods is also an approved ACMT person (i.e. ACMT CM or ACMT LOG), to enable each to fulfil the requirements of the ACMT scheme. Hence, the names of all ACMT persons will be published on the IRAS website, indicating their respective roles.

- (d) Revised conditions for eligibility and requirements associated with the ACMT scheme

The eligibility conditions and requirements for each ACMT CM or ACMT LOG are updated to reflect the new entity-based approval in paragraphs 5, 8 and 9 of this Guide.

- (e) Self-assessment of qualifying supplies for ACMT persons

Once approved under the ACMT scheme, the ACMT CM will be able to disregard the supply of value added activities to an overseas client when it delivers the goods to another ACMT person or to the final customer of the overseas client, upon the instructions of his overseas client. The ACMT person has to perform recipient accounting when it receives treated or processed goods from another ACMT person (except where an ACMT LOG delivers goods to another ACMT LOG). As a distributing agent of overseas client, the ACMT person must account for the tax on the delivery of goods (local or export) to the customers of the overseas client.

- (f) Replacement of previous reference to “customer accounting” with “recipient accounting”

“Recipient accounting” replaces the previous “customer accounting”, although the mechanism works in the same manner as before.

- (g) Suspension of Import GST for ACMT CM

An ACMT CM will be granted suspension of GST upon importation of its goods, including consigned goods of the overseas clients as long as he remains approved for ACMT. It does not have to meet the normal eligibility criteria (such as having to make a substantial amount of export) for MES status to enjoy such GST suspension.

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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### 4 Benefits of the Scheme

- 4.1 An ACMT CM can disregard the supply of value added activities to its overseas client (consequently no GST is chargeable on the fees to overseas client) if the delivery of treated or processed goods is made to another ACMT person or to the overseas client's final customers.
- 4.2 Although the supplies of value added activities to overseas clients are treated as outside the scope of the GST under the ACMT Scheme, the ACMT CM is still entitled to claim input tax credit attributable to making such supplies to the overseas clients.
- 4.3 An ACMT CM will enjoy import GST suspension of all goods imported under the following scenarios as long as the ACMT CM remains approved for the Scheme.
- (a) Importation of own goods in the course or furtherance of business;
  - (b) Importation of goods in the capacity as a section 33(2) agent of an overseas person;
  - (c) Importation of goods under section 33A; and
  - (d) Importation of goods consigned to him by his overseas client on which value added activities are performed under the ACMT scheme.
- 4.4 If an ACMT CM is currently under the Major Exporter Scheme (MES), its ACMT CM status will enable it to enjoy import GST suspension as well. Hence, its MES scheme will no longer be necessary.

### 5 Conditions of Eligibility for the ACMT Scheme

To be eligible for this scheme, you must satisfy the following conditions:

5.1 You must be a GST-registered business

Before you can apply to be an ACMT person, you must first be registered with the Comptroller of GST as a GST-registered person. Please refer to the e-Tax Guide on "[Do I Need to Register?](#)" for information on registration.

5.2 You must be a qualifying contract manufacturer or logistics company.

Contract Manufacturer [ACMT CM]

A qualifying contract manufacturer is one with an annual turnover of at least S\$10 million, in an approved industry sector. Currently, there are only two approved industry sectors – the semi-conductor industry and the printing industry.

If you are not in an approved industry sector and wish to be considered for inclusion in the ACMT Scheme, please write to the Comptroller of GST at 55 Newton Road, Singapore 307987 with detailed justifications on why your industry

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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sector should similarly be approved. Please do not submit the application form for the scheme until we convey that we can include your industry.

### Logistics Company [ACMT LOG]

If you are a logistics company, you must be receiving treated or processed goods from an ACMT CM for subsequent distribution as an agent of your overseas client.

- 5.3 You must provide value added activities in the course of your business for non-related overseas clients who are not registered for GST.

### Contract Manufacturer [ACMT CM]

If you are a contract manufacturer applying for the Scheme, only the supply of value added activities on goods for your non-related overseas client may qualify to be disregarded for GST purposes, but not other activities. Value added activities include processing, assembly, testing and other manufacturing-related types of activities where the form and nature of goods have changed.

You must not be related to the overseas client(s) for whom you are providing the value added activities under the Scheme. For this purpose, the percentage of shareholdings that you or your overseas client may have in each other shall not exceed 51%, unless the Comptroller has specifically approved as an exception based on the merits of the case. Your overseas client(s) must not be registered for GST in Singapore in order for the scheme to apply.

### Logistics Company [ACMT LOG]

If you are a logistics company applying for the Scheme, you may not typically provide value added activities, but you must be engaged as a local agent of an overseas client for the subsequent distribution of such treated or processed goods on the instructions of the overseas client. Your overseas client must not be registered for GST and must not be related to you i.e. not more than 51% in terms of shareholdings in each other, unless the Comptroller has specifically approved as an exception based on the merits of the case.

- 5.4 You must have contract(s) or business transactions with non-related overseas clients involving value added activities which constitute a large percentage of your turnover or are of a substantial amount.

### Contract Manufacturer [ACMT CM]

This refers to the total value of your contract(s) or business transaction(s) with your overseas client in respect of value added activities. The total value of the contract(s) or business transaction(s) with non-related overseas clients (who are not GST-registered) must involve value added activities that constitute a large percentage of your turnover i.e. 51% or more<sup>2</sup>. The Comptroller will also consider applications involving value added activities that are of substantial value in

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<sup>2</sup> This would be calculated using the total value of your value added activities performed for non-related overseas clients divided by your total turnover based on (i) past records or (ii) a 12-month projection starting from the date of application into the scheme.

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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absolute dollar terms i.e. S\$1 million or more, even if they do not meet the 51% of turnover criterion.

If you do not have an existing contract at the time of application for the scheme but there are clear indications well supported with documentary evidence that you will secure one soon, you may apply for the ACMT Scheme based on a 12-month projection starting from the date of application of the scheme.

### Logistics Company [ACMT LOG]

This Condition does not apply to applicants that are logistics companies.

- 5.5 The treated or processed goods (which subsumed the consigned components, if applicable) must be substantially exported.

### Contract Manufacturer [ACMT CM]

At least 85% of all treated or processed goods (which includes the consigned components) on which you have provided value added activities for your overseas non-related clients, must eventually be exported out of Singapore.

### Logistics Company [ACMT LOG]

If you are a logistics company, at least 85% of all the treated or processed goods belonging to the overseas client must eventually be exported.

- 5.6 You must maintain good inventory controls and accounting records.

You must maintain good inventory systems and controls to track the movement of the treated or processed goods belonging to your overseas client(s). You must, at all times, be able to accurately account for the quantity of the consigned goods received, the quantities delivered locally or exported, the quantities in Work-In-Progress, the spoilage and the balance in your warehouse. The relevant control standards are attached as Appendix 2.

The records you keep on the movement of the treated or processed goods together with the necessary export documents (if applicable) must be up-to-date. You must be able to make such records and documentation readily available upon request.

- 5.7 You must have good compliance record as GST payer.

You must have a good history of payment of GST, submission and completion of GST returns, in the last 3 years.

- 5.8 You must have good compliance record on Income Tax, Property Tax and with the Singapore Customs.

Similarly, you must have good history of payment of income tax, property tax, customs duties, submission of income tax returns and filing correct income tax returns, in the last 3 years.

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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5.9 You must be able to comply with other conditions as the Comptroller of GST may impose.

The Comptroller may impose additional conditions or requirements (such as furnishing a banker's guarantee) for the purpose of safeguarding tax revenue.

### 6 Application Procedure

6.1 From **1 April 2009** onwards, there is no longer a need for all parties in the chain of value added activities to be approved under a specific scenario. Instead, individual qualifying persons may come forward to apply to be an ACMT CM or ACMT LOG.

6.2 Any additional business scenarios with new overseas clients or new links in the supply chain will be allowable under the ACMT scheme so long as the ACMT persons duly verify that next person in the supply chain is another ACMT person, subject to the requirements of the scheme.

#### Application process

6.3 A GST-registered person that satisfies the Conditions of Eligibility for the Scheme can apply for the Scheme either as an ACMT CM or an ACMT LOG, according to the role it performs in the contract manufacturing supply chain.

6.4 To apply for the ACMT Scheme, please complete and submit the relevant ACMT Scheme application form i.e. GST F14A applicable to a CM or GST F14B for a logistics company. The forms can be downloaded from IRAS website. The application forms must be submitted together with the following documents:

- your latest annual audited financial statements;
- external auditor's opinion of the above mentioned financial statements, which must be unqualified; and
- any other required document as stipulated in the application form.

6.5 We will inform you of the outcome of your application within one month, if you provide us with complete information for our review and assessment of your eligibility. You may be required to furnish a banker's guarantee upon the direction of the Comptroller. We may request for a visit of your premises to establish your accounting and control standards when we assess it as necessary.

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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### 7 Conditions of Approval

- 7.1 In general, the Conditions of Eligibility are also Conditions of Approval (COA). Any additional COA beyond those published in Paragraph 5 of this e-Tax guide will be spelled out in the individual approval letters.

### 8 Requirements as an ACMT CM

Once approved under the ACMT Scheme, the ACMT CM must agree to comply (in addition to the COA) with the respective status requirements as set out below:

- 8.1 An ACMT CM can disregard the supply of value added activities to its overseas client and deliver goods free of GST to another approved ACMT person upon instructions of the overseas client. However, it must ensure that the recipient is another approved ACMT person by checking against the list of such persons published on the IRAS website. It should inform such a recipient that the goods are delivered under the ACMT scheme.
- 8.2 If the ACMT CM does not deliver the goods to another approved ACMT person, it cannot disregard the supply of value added activities to its overseas client and consequently, the normal GST treatment applies.
- 8.3 Upon receipt of goods from another ACMT person, the ACMT CM is required to perform “recipient accounting”.
- 8.4 Sometimes, the ACMT CM may act as a distributing agent on behalf of its overseas client after performing value added activities on the treated or processed goods. In this instance, the ACMT CM can also disregard the supply of value added activities to its overseas client. However, the ACMT CM must charge and account GST on the local delivery of the treated or processed goods, based on the actual sales value of its overseas client. The ACMT CM has to report the standard-rated supplies and corresponding output tax in its GST returns. When the ACMT CM exports the treated or processed goods on behalf of its overseas client, it must keep proper export documents and report the value of such exports as its zero-rated supplies in its GST returns, provided the export qualifies for zero-rating relief.
- 8.5 For the purposes of acting as a distributing agent on behalf of the overseas client, the ACMT CM must account for GST on goods delivered locally under the Scheme, based on normal time of supply rule at the earliest of the following:
- whenever the goods are delivered; or
  - whenever a tax invoice is issued; or
  - whenever payment is received for the goods.

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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However, if the goods delivered is the first trigger point and a tax invoice is issued within 14 days after the delivery date, the time of supply is based on the tax invoice date.

- 8.6 Every time the ACMT CM enters into (or renews) a contract with an overseas client, the onus will be on the ACMT CM to ensure that the overseas client is not a GST-registered person. If it is, the ACMT CM should not use the ACMT Scheme for such transactions.
- 8.7 In respect of the goods on which value added activities has been performed for its overseas clients, the ACMT CM has to ensure that:
- i. at least 85% of such treated or processed goods is consistently exported out of Singapore; and/or
  - ii. 100% of such treated or processed goods are delivered to another ACMT person.

The ACMT CM will be required to conduct an annual self-review to ascertain that this percentage remains satisfied.

- 8.8 The ACMT CM is required to inform the Comptroller of any discrepancy found in the stock of the consigned components and treated or processed goods (if applicable) as and when the discrepancy is discovered (e.g. through annual stock take or through audit).
- 8.9 The following table describes the GST reporting requirements of an ACMT CM for each qualifying activity under the ACMT scheme:-

Activities done by ACMT CM	Subsequent movement of goods after value added activities	GST Reporting
Import consigned goods from overseas clients for value added activities	NA	Import GST on the consigned goods is suspended under the import suspension scheme for ACMT CM.  You are required to report the value of the imported consigned goods in:- <ul style="list-style-type: none"> <li>• Box 5 of the GST return (i.e. as your taxable purchases); and</li> <li>• Box 9 of the GST return.</li> </ul>
Perform value added activities for overseas client	Deliver to an ACMT CM or ACMT LOG upon instruction from the overseas client or for distribution to its customer.	The supply of value added activities will be disregarded under the ACMT scheme provided the treated or processed goods are delivered to another ACMT person or to the overseas client's customers. There is no need for you to report the supply of value added activities provided to your overseas client in your GST return.

## Approved Contract Manufacturer and Trader (ACMT) Scheme

Activities done by ACMT CM	Subsequent movement of goods after value added activities	GST Reporting
Perform value added activities for overseas client	Deliver to a <b><u>non-ACMT person</u></b> upon instruction from the overseas client	<p>The supply of value added activities <b>cannot be disregarded</b> under the ACMT scheme. You must charge GST on the value added activities provided to the overseas client as the treated or processed goods are delivered locally to a non-ACMT person.</p> <p>You are required to report:-</p> <ul style="list-style-type: none"> <li>• the value of value added activities performed as your standard-rated supplies (i.e. Box 1 of the GST return); and</li> <li>• the GST on the value of the value added activities as output tax in Box 6 of the GST return.</li> </ul> <p>However, if the treated or processed goods are exported (e.g. to an overseas CM), you can zero-rate the value added activities provided you maintain relevant export documents to support the movement of goods out of Singapore. Please refer to our e-Tax guide on "<a href="#">A Guide on Exports</a>" for more information.</p>
Receive treated or processed goods from <u>another ACMT person</u> for value added activities	NA	<p>As the recipient of the treated or processed goods, you are required to perform recipient accounting when you received these goods from another ACMT person.</p> <p>You are required to report the value of these goods<sup>3</sup> received in:-</p> <ul style="list-style-type: none"> <li>• Box 1 of the GST return (i.e. standard-rated supplies); and</li> <li>• Box 5 of the GST return (i.e. taxable purchases).</li> </ul> <p>In addition, you need to report 7% on the value the goods received in:-</p> <ul style="list-style-type: none"> <li>• Box 6 of the GST return (i.e. Output tax due); and</li> <li>• Box 7 of the GST return (i.e. Input tax and refund claimed).</li> </ul>
Deliver treated or processed goods to an <u>ACMT CM or ACMT Log</u> on the instruction of your overseas client	NA	<p>There is no reporting requirement when you deliver treated or processed goods to another ACMT person under the ACMT Scheme. However, it is the ACMT recipient who has to perform recipient accounting on receipt of the goods.</p>
Deliver treated or processed goods on the instruction of your overseas client to its <u>customers</u>	NA	<p>As a distributing agent of your overseas client, you have to charge and account GST on the local delivery of the goods based on the overseas client's sales value to the customer.</p> <p>You are required to report:-</p> <ul style="list-style-type: none"> <li>• the sales value of the goods delivered as your standard-rated supplies (i.e. Box 1 of the GST return); and</li> <li>• the GST on the sales value of the goods as output tax in Box 6 of the GST return.</li> </ul>

<sup>3</sup> Recipient accounting can be performed based on nominal value of S\$1 multiply by the quantity of goods received.

## Approved Contract Manufacturer and Trader (ACMT) Scheme

Activities done by ACMT CM	Subsequent movement of goods after value added activities	GST Reporting
		<p>If the goods are exported, you can zero-rate the delivery of the goods to the customer of your overseas client provided you maintain relevant export documents to support the movement of goods out of Singapore. Please refer to our e-Tax guide on "<a href="#">A Guide on Exports</a>" for more information on the documentary requirements.</p> <p>You are required to report the sales value of the goods exported as your zero-rated supplies (i.e. Box 2 of the GST return).</p>

### 9 Requirements as an ACMT LOG

Once approved under the ACMT Scheme, the ACMT LOG must agree to comply (in addition to the COA) with the following requirements:

- 9.1 In order to enjoy the benefits of the ACMT scheme, an ACMT LOG may only receive or deliver treated or processed goods from or to an ACMT CM, but not from and to another ACMT LOG. Upon receipt of treated or processed goods from an ACMT CM, the ACMT LOG is required to perform 'recipient accounting'.
- 9.2 As a distributing agent for its overseas client, the ACMT LOG may either export the treated or processed goods out or deliver them locally upon instructions of its overseas client. The ACMT LOG is required to account for the GST for such supplies only if it has received the treated or processed goods from an ACMT CM. If its overseas client has sold the goods to a local customer, and the ACMT LOG delivers the goods to the local customer upon its overseas client's instruction, the ACMT LOG must charge and account GST on the sale to the local customer. The ACMT LOG has to report the standard-rated supplies and corresponding output tax in its GST returns. When the ACMT LOG exports the treated or processed goods on behalf of the overseas client, it must keep proper export documents and report the value of goods exported as its zero-rated supplies in the GST returns, provided the export qualifies for zero-rating relief.
- 9.3 For the purposes of acting as a distributing agent on behalf of the overseas client, the ACMT LOG must account for GST on goods delivered locally under the Scheme at the earliest of the following events:
  - whenever the goods are delivered;
  - whenever an invoice is issued for the sale of the goods; or
  - whenever payment is received for the goods.

However, if the goods delivered is the first trigger point and a tax invoice is issued within 14 days after the delivery date, the time of supply is based on the tax invoice date.

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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- 9.4 The ACMT LOG, as a distributing agent for its overseas clients, will be required to conduct an annual self-review to ascertain that at least 85% of all the treated or processed goods received from ACMT CMs are exported out of Singapore.
- 9.5 The ACMT LOG is required to inform the Comptroller of any discrepancy found in the stock of its overseas clients as and when the discrepancy is discovered (e.g. through annual stock take or through audit).
- 9.6 The following table describes the GST reporting requirements of an ACMT LOG for each qualifying activity under the ACMT scheme:-

Activities done by ACMT Log	GST Reporting
Receive treated or processed goods from an ACMT CM	<p>As the recipient of the treated or processed goods, you are required to perform recipient accounting when you received these goods from a ACMT CM.</p> <p>You are required to report the value of these goods received in:-</p> <ul style="list-style-type: none"> <li>• Box 1 of the GST return (i.e. standard-rated supplies); and</li> <li>• Box 5 of the GST return (i.e. taxable purchases)</li> </ul> <p>In addition, you would required to report 7% on the value the goods received in:-</p> <ul style="list-style-type: none"> <li>• Box 6 of the GST return (i.e. Output tax due); and</li> <li>• Box 7 of the GST return (i.e. Input tax and refund claimed)</li> </ul>
Deliver such treated or processed goods (i.e. received from ACMT CM) upon the instruction of your overseas client to <u>its customers</u>	<p>As a distributing agent of your overseas client, you are required to charge and account for GST on the local delivery of goods, based on the overseas client's sales value to the customer.</p> <p>You are required to report:-</p> <ul style="list-style-type: none"> <li>• the sales value of the goods delivered as your standard-rated supplies (i.e. Box 1 of the GST return); and</li> <li>• the GST on the sales value of the goods as output tax in Box 6 of the GST return.</li> </ul> <p>If the goods are exported and you maintain relevant export documents to support the zero-rating of the goods, you can zero-rate the delivery of the goods to the customer of your overseas client.</p> <p>You are required to report the sales value of the goods exported as your zero-rated supplies (i.e. Box 2 of the GST return)</p>

- 9.7 Please refer to Appendix 1 for diagrammatic illustration of the GST treatment under the ACMT scheme for various scenarios involving ACMT persons in the supply chain.

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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### 10 Operational Procedures on Import GST Suspension

10.1 As an approved applicant of the scheme, an ACMT CM can clear goods upon importation using the permit type “ME/MC” under TradeNet. The TradeNet import declaration procedures for the importer registered with the ACMT scheme are as follows:

(a) Registered ACMT CMs should authorise their TradeNet declaring agent through IRAS in the GST A1 application form available on the IRAS website.

(b) An IN-Non-Payment with Declaration Type = “APS – Approved Premise/ Scheme” permit should be declared for each direct import into Singapore:

- The **Place of Receipt** code should be declared as “ME”.

For more details on the registration of a Unique Entity number and/or TradeNet user, please refer to SC website at [www.customs.gov.sg](http://www.customs.gov.sg).

10.2 However, if you are not a TradeNet user and/or if you choose to engage freight forwarding companies to assist you, you are required to appoint the relevant authorised declaring agent (e.g. freight forwarder) to clear the goods from SC on your behalf. You can appoint the declaring agent using the Form A1. Any subsequent addition / deletion to your list of authorised declaring agents after you have been granted ACMT CM status, can be made using either the online Declaration of Agents via *myTax Portal* or download paper Form A1 from [www.iras.gov.sg](http://www.iras.gov.sg) > Quick Links > Tax forms > GST.

10.3 At any time, an ACMT CM can have a maximum of 20 authorised declaring agents. As you are accountable for all permits declared by your authorised declaring agents, you are advised to exercise due care and impose relevant controls in appointing the declaring agents for this purpose.

### 11 Validity Period of ACMT Scheme Status

11.1 Once your application is approved, you will be granted the ACMT status either as an ACMT CM or ACMT LOG. Your application will remain valid for 3 years, as long as you continue to satisfy the conditions of eligibility for the ACMT scheme. You may also be subject to periodic audits.

11.2 Whenever an ACMT CM or ACMT LOG ceases to qualify for the ACMT scheme, he will have to inform the Comptroller to revoke its ACMT status.

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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### 12 Consequences of Incorrectly Applying the ACMT Scheme

- 12.1 If an ACMT person breaches any condition or requirement of the scheme, its ACMT status may be revoked. Depending on the condition(s) breached, the ACMT person may also be required to account GST suspended on the importation of goods and GST otherwise payable on any supply of value added activities previously disregarded.
- 12.2 You are required to repay to the Comptroller without demand the amount of tax on the supply in each of the following instances:-
- (a) An ACMT CM incorrectly disregards its supply of value added activities (based on the fees charged) to its overseas client, where it:
    - (i) Delivers to a non-ACMT person;
    - (ii) Contracts with an overseas person who is a GST-registered person or the overseas person subsequently becomes GST-registered; or
    - (iii) Contracts with an overseas person who is a related company, (unless where the Comptroller has specifically given a prior approval for an exception based on the merit of the case).
  - (b) If an ACMT CM had imported goods which do not fall under the allowable scenarios in paragraph 4.3, he must repay the GST suspended on the imported goods.
  - (c) An ACMT CM or ACMT LOG fails to charge and account for GST on the local delivery of treated or processed goods to the final customer on behalf of its overseas client as a distributing agent.
- 12.3 In addition to repaying the tax that has been under-accounted, the ACMT person may also be fined, depending on the circumstances in which the conditions are breached.

### 13 Contact Information

For enquiries on this e-Tax guide, please contact:

Goods & Services Tax Division  
Inland Revenue Authority of Singapore  
55 Newton Road  
Singapore 307987

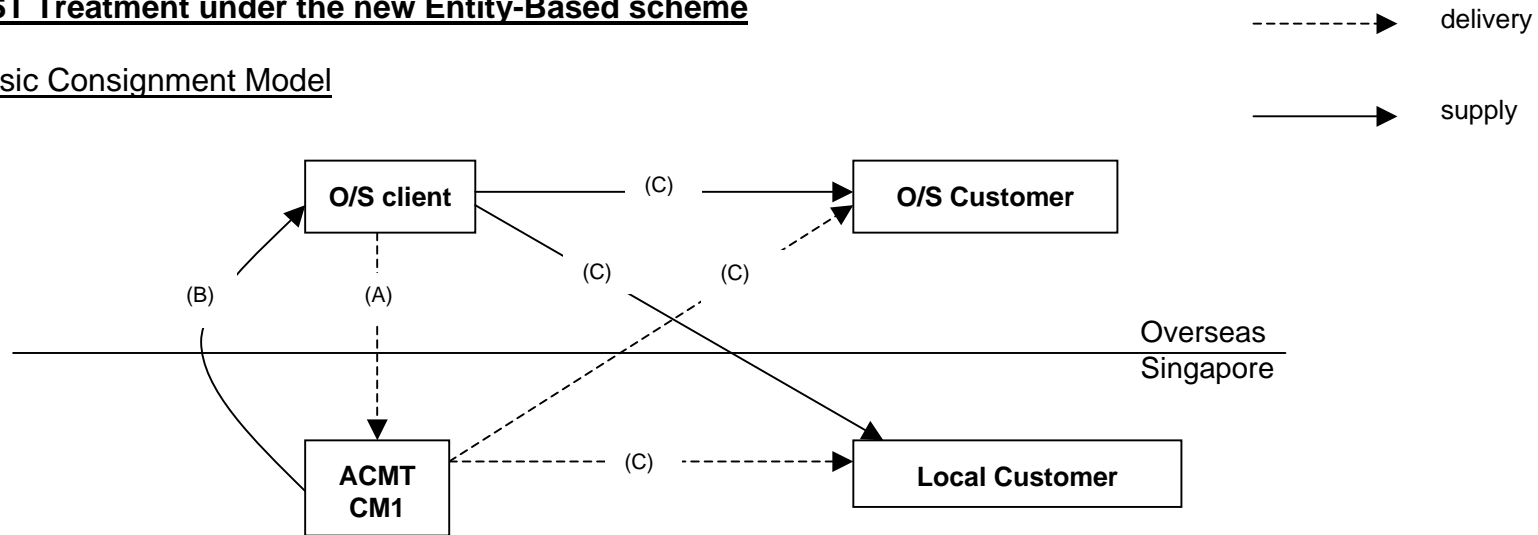
Tel: 1800 356 8633  
Fax: (+65) 6351 3553  
Email: [gst@iras.gov.sg](mailto:gst@iras.gov.sg)

## Approved Contract Manufacturer and Trader (ACMT) Scheme

### 14 Appendix 1

#### GST Treatment under the new Entity-Based scheme

##### 14.1 Basic Consignment Model



#### Transaction

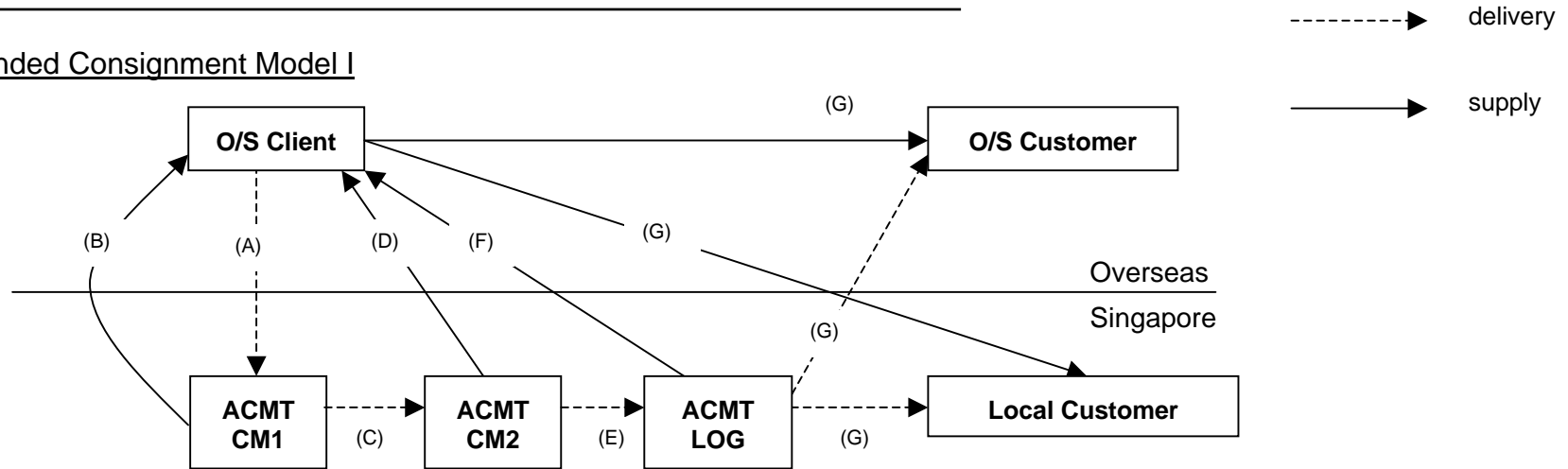
- (A) Import of consigned goods belonging to overseas (o/s) client into Singapore
- (B) Supply of value added activities on consigned goods from ACMT CM1 to o/s client
- (C) Sale of processed goods by o/s client. ACMT CM1 delivers the processed goods to local and overseas (exports) customers on behalf of o/s client

#### Corresponding GST Treatment

- (A) Import GST suspension under new ACMT scheme
- (B) Supply of value added activities disregarded if delivered to another approved ACMT person or distributed to final customer of o/s client
- (C) ACMT CM1 to account & charge GST on the value of sale between overseas client and the local customer. ACMT CM1 to report exported goods to overseas customer of o/s client as its value of zero-rated supplies if it qualifies for zero-rating relief.

## Approved Contract Manufacturer and Trader (ACMT) Scheme

### 14.2 Extended Consignment Model I



#### Transaction

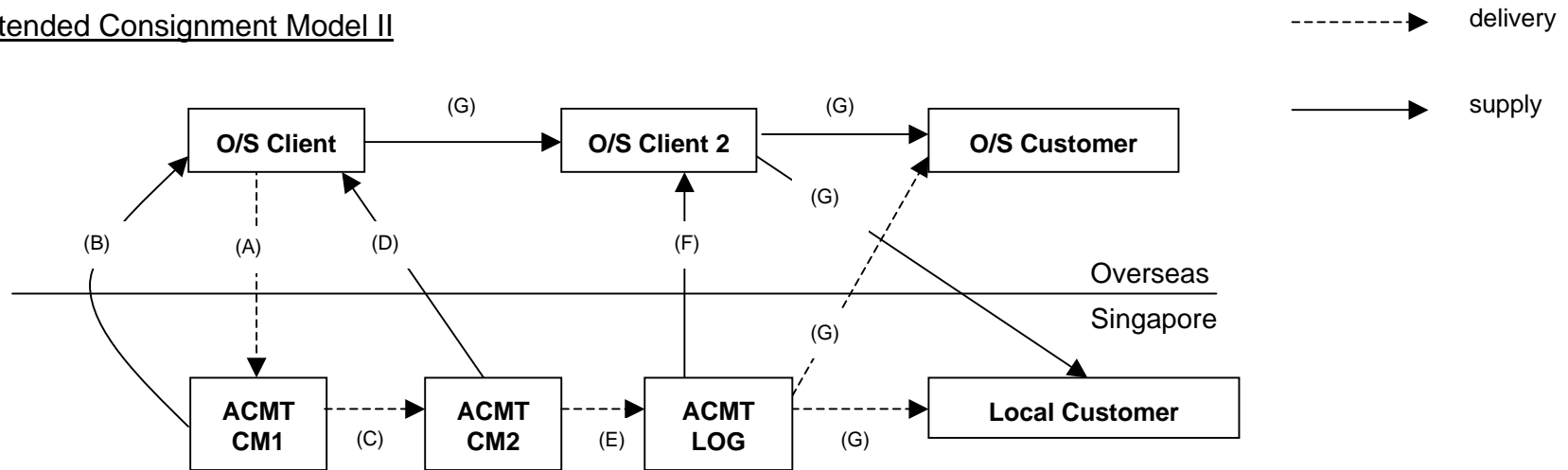
- (A) Import of consigned goods belonging to overseas (o/s) client into Singapore
- (B) Supply of value added activities on consigned goods from ACMT CM1 to o/s client
- (C) Local delivery of processed goods to ACMT CM2 on behalf of o/s client
- (D) Supply of value added activities on consigned goods from ACMT CM2 to o/s client
- (E) Local delivery of processed goods to ACMT LOG on behalf of o/s client
- (F) Supply of logistics services on processed goods from ACMT LOG to o/s client
- (G) Sale of processed goods by overseas client. ACMT Log delivers the processed goods to local and overseas (exports) customers on behalf of o/s client

#### Corresponding GST Treatment

- (A) Import GST suspension under new ACMT scheme
- (B) Supply of value added activities disregarded since delivered to another approved ACMT person
- (C) ACMT CM2 to perform Recipient Accounting on receipt of goods
- (D) Supply of value added activities disregarded since delivered to another ACMT person
- (E) ACMT LOG to perform Recipient Accounting on receipt of goods
- (F) Normal GST treatment applies to supply of logistics services
- (G) ACMT Log to account & charge GST on the value of sale between overseas client and the local customer. ACMT Log to report exported goods to overseas customer of overseas client as zero-rated supplies if it qualifies for zero-rating relief.

## Approved Contract Manufacturer and Trader (ACMT) Scheme

### 14.3 Extended Consignment Model II



#### Transaction

- (A) Import of consigned goods belonging to overseas (o/s) client into Singapore
- (B) Supply of value added activities on consigned goods from ACMT CM1 to o/s client
- (C) Local delivery of processed goods to ACMT CM2 on behalf of o/s client
- (D) Supply of value added activities on consigned goods from ACMT CM2 to o/s client
- (E) Local delivery of processed goods to ACMT LOG on behalf of o/s client
- (F) Supply of logistics services on processed goods from ACMT LOG to o/s client
- (G) Sale of processed goods by o/s client to local and overseas (export) customers. ACMT LOG delivers the processed goods to local and overseas (exports) customers on behalf of o/s client

#### Corresponding GST Treatment

- (A) Import GST suspension under new ACMT scheme
- (B) Supply of value added activities disregarded since delivered to another ACMT person
- (C) ACMT CM2 to perform Recipient Accounting on receipt of goods
- (D) Supply of value added activities disregarded since delivered to another ACMT person
- (E) ACMT LOG to perform Recipient Accounting on receipt of goods
- (F) Normal GST treatment applies to supply of logistics services
- (G) ACMT LOG to account & charge GST on the value of sale between o/s client and the local customer. ACMT LOG to report exported goods as its value of zero-rated supplies if it qualifies for zero-rating relief

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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### 15 Appendix 2

<p style="text-align: center;"><b>CONTROL STANDARDS FOR CM APPROVED UNDER THE ACMT SCHEME</b></p>
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The ACMT CM must maintain **good inventory systems and controls** to track the movement of the goods of its overseas clients. This includes the following:

1. **The ACMT CM must maintain an inventory system to track the movement of the raw materials consigned from the overseas client and/or other ACMT persons.**
  - 1.1. The ACMT CM must at all times, be able to account accurately for:
    - the quantity of the raw materials received;
    - the quantity in Work-In-Progress;
    - the spoilage and the balance in its material warehouse;
    - the quantity exported to the overseas client, if applicable;
    - the quantity delivered to other ACMT persons as per the instruction of the overseas client, segregated between ACMT recipients and non-ACMT recipients.
  - 1.2. The ACMT CM must perform a complete internal stock-take/inventory audit at least once a year.
  - 1.3. The ACMT CM must inform IRAS and explain for any discrepancy in the stock of the consigned raw materials (when any discrepancy is discovered). Any such discrepancy will be deemed as local supplies and GST is to be accounted for by the ACMT CM. The GST payable will be based on the GST suspended on the importation of the consigned raw materials or the value of the treated or processed goods, whichever is applicable and accounted for in the accounting period in which the discrepancy is found (e.g. through stock-take or audit).
2. **The ACMT CM must maintain proper documentation of all received raw materials**
  - 2.1. All receipts/replacements and returns of the raw materials from and to the overseas client and/or other ACMT persons must be properly documented. The ACMT CM should maintain such documents as:
    - **Goods Received Notes (GRN)** – to document the quantity / description received;
    - **Acknowledged Delivery Orders** – to support the GRN;

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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- **Material Quality Rejects (MQR)** – to document the quantity of raw materials received that has failed QC and will be returned
  - their equivalent to document the movement /quantity transfer of the materials into the material warehouse.
- 2.2. The ACMT CM must produce all such records upon request from IRAS.
- 3. The ACMT CM must maintain proper documentation of the consigned raw materials from material warehouse to factory, where applicable**
- 3.1. All drawings of the consigned raw materials for assembly / manufacturing must be properly documented and controlled. All drawings should only be allowed with:
- authorised **Material Requisition Form (MRF)** - a request, based on Manufacturing Order (MO) from the production line, for the necessary raw materials needed; or
  - its equivalent such that proper documentation and control can be effected.
- 4. The ACMT CM must track consigned raw materials in Work-In-Progress (WIP) and spoilage, where applicable**
- 4.1. The ACMT CM must track the quantity of the consigned raw materials in WIP through Manufacturing Orders (MO). The MO is basically a work order that initiates a production/assembly and should contain the following details:
- description and quantity of the consigned raw materials used; and
  - the stages of completion and the raw materials being used and to be used.
- 5. The ACMT CM must track treated or processed goods (which subsumes the consigned raw materials, if applicable) delivered according to instructions of the overseas client, where applicable**
- 5.1. Export of the treated or processed goods
- The ACMT CM's **invoices, export documents, packing list (P/L), and delivery orders (DO)** should be traceable to the **Purchase Orders (PO)** from overseas client and duly supported by **Bill of Materials (BOM)**. The BOM refers to the blue print of a treated or processed good, indicating the types of raw materials and their corresponding quantity that are used in its making.

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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- This should clearly indicate the quantity of the treated or processed goods exported and billed. Likewise, it should also show the quantity of the consigned raw materials exported to the overseas client, if applicable.
- 5.2. Local delivery of the treated or processed goods as a distributing agent on behalf of the overseas client
- The ACMT CM must ensure that the delivery is duly supported with documentary proof, like acknowledged Delivery Order; and
  - The ACMT CM must be able to accurately identify each local recipient and the quantities delivered to them supported by documentary proof.
  - The ACMT CM must charge and account GST on the sale value to the local customer.
- 6. The ACMT CM must maintain reconciliation reports of the consigned raw materials**
- 6.1. The ACMT CM will have to periodically report/account to overseas client on the status of the consigned raw materials as to:
- the quantity delivered as per the instruction of the overseas client (i.e. the portion exported and delivered locally, where applicable);
  - the quantity remaining in its custody (i.e. the good and spoilt portion); and
  - the parties to whom the goods are delivered to and the corresponding quantities etc.
- 6.2 The overseas client's audit team through physical verification of the consigned raw materials should endorse these reports.
- 6.3 The ACMT CM must produce such reports upon request from IRAS.
- 6.4 The ACMT CM may be required to request his external auditors to examine the inventory system and controls of the consigned raw materials and express an opinion on its system and controls. The ACMT CM must inform IRAS within one month, if the auditor's opinion of any such audits is qualified.

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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<p style="text-align: center;"><b>CONTROL STANDARDS FOR LOGISTICS COMPANY APPROVED UNDER THE ACMT SCHEME</b></p>
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ACMT LOG, likewise, must maintain **good inventory systems and controls** to track the movement of the treated or processed goods received from the ACMT CM upon instructions of the overseas client who engaged the approved logistics company. This includes:

**1. The ACMT LOG must maintain an inventory system to track the movement of the goods received from the ACMT CM.**

1.1. The ACMT LOG must at all times, be able to accurately account for:

- the quantity of the goods received;
- the quantity exported to the overseas client;
- the quantity delivered locally to customers of overseas client; and
- the quantity in Work-In-Progress (if there is additional processing work to be performed by the ACMT CM in the case of returns), and the balance in its warehouse.

1.2. The ACMT LOG must perform a full and comprehensive internal stock-take/inventory audit at least once a year.

1.3. The ACMT LOG must inform IRAS and account for any discrepancy in the stock of the consigned goods (when any discrepancy is discovered). Any such discrepancy will be deemed as local supplies and GST is to be accounted for by the logistics company. The GST payable will be based on the GST paid or suspended on the importation of the consigned goods or the value of the treated or processed goods whichever is applicable and accounted for in the accounting period in which the discrepancy is found (e.g. through stock-take or audit).

**2. The ACMT LOG must maintain proper documentation of all goods received from the ACMT CM**

2.1. All receipts of goods from the ACMT CM must be properly documented. The logistics company can maintain such documents like:

- **Goods Received Notes (GRN)** – to document the quantity / description of goods received;
- **Acknowledged Delivery Orders** – to support the GRN; or
- their equivalent to document the movement /quantity of the goods transferred into their warehouse.

## Approved Contract Manufacturer and Trader (ACMT) Scheme

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2.2. The ACMT LOG must produce all such records upon request from IRAS.

### **3. The ACMT LOG must maintain proper documentation of both the exportation and local delivery of goods previously received from the ACMT CM**

3.1. Accounting for goods previously received from the ACMT CM

- goods received and taken out of the warehouse for delivery must be properly documented and controlled by authorised internal shipping/delivery documents;
- export documents (please refer to 'Guide on Exports' for information on the export documents to be maintained) and acknowledged delivery orders to support the delivery of the goods both overseas and locally must be adequately maintained ; and
- the goods received from ACMT CM, the balance stored in the warehouse, and those exported and delivered locally must at all times be accurately accounted for and reconciled in terms of the quantity.

3.2. Identifying the local customers in which the goods are delivered

- the ACMT LOG should be able to identify, from its accounting system, the local customers and the corresponding quantity of goods;
- these information, pertaining to the local customer of the overseas client, should be easily extracted and consolidated upon request from IRAS; and
- The ACMT LOG must charge and account GST on the sale value to the local customer.

### **4. The ACMT LOG must maintain reconciliation reports**

4.1. As the goods belong to overseas client, though received from the ACMT CM, the logistics company will have to periodically report/account to overseas client on the status of the goods as to:

- the quantity delivered per the instructions of the overseas client – the portion exported and delivered locally;
- the quantity remaining in its custody – the good and spoilt portion; and
- the parties to whom the goods are delivered and the corresponding quantities etc.

4.2. Overseas client's audit team through physical verification of the goods should endorse these reports.

## **Approved Contract Manufacturer and Trader (ACMT) Scheme**

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- 4.3 The ACMT LOG must produce such reports upon request from IRAS.
- 4.4 The ACMT LOG may be required to request his external auditors to examine the inventory system and controls of the consigned raw materials and express an opinion on its system and controls. The ACMT CM must inform IRAS within one month, if the auditor's opinion of any such audits is qualified.