

# **IRAS e-Tax Guide**

## **GST Guide for the Aerospace Industry (Sixth edition)**



**INLAND REVENUE  
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OF SINGAPORE**

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## 1 Introduction

- 1.1 In his 2009 Budget Statement, the Minister for Finance announced changes to the GST treatment for aircraft and aircraft-related supplies. The changes recognise that the aerospace industry is export-oriented and already highly regulated. Aircraft parts are unique and have no alternative uses apart from being fitted onto an aircraft. IRAS is therefore easing some current rules, with these changes aimed at facilitating GST compliance in the aerospace industry while maintaining the integrity of the GST system.
- 1.2 In line with the GST changes to the Marine related supplies introduced in Budget 2010, further refinement has been made to the GST treatment of aircraft-related supplies. Please see paragraph 2.1 for the details.

## 2 Overview of GST changes

- 2.1 At a glance, the GST changes involve the following:-

As announced by Minister in his 2009 Budget Statement

- (i) Expanding the definition of 'aircraft';
- (ii) Extension of zero-rating relief to aircraft parts;
- (iii) Amendments to the conditions of zero-rating repair and maintenance services performed on aircraft and aircraft parts;
- (iv) Import GST suspension for selected aerospace players under the 'Approved Import GST Suspension Scheme' ('AISS').

The above GST changes were effected by way of Ministerial remission from 1 April 2009 to 31 December 2009. To give legislative effect to these GST changes, the following amendments to the GST Act, the GST (General) Regulations, the GST (International Services) Order, and the GST (Import Relief) Order have been made with effect from 1 January 2010:

- (a) Section 21(4) of the GST Act – Definition of 'qualifying aircraft'
- (b) Section 21(3)(x) of the GST Act – Zero-rating of 'qualifying aircraft parts'
- (c) Paragraph 1A of 6<sup>th</sup> Schedule of GST (International Services Order) – Zero-rating repair and maintenance services performed on aircraft and aircraft parts
- (d) Regulation 45C of the GST (General) Regulations – AISS
- (e) Paragraph 13 of the GST (Import Relief Order) – Import relief for qualifying aircraft'

Please refer to paragraphs 3 to 7 below for more information.

As announced by Minister in his 2010 Budget Statement

- (i) Expanding the scope of zero-rating of supply of stores, fuel and merchandise for sale by retail to an aircraft

The above GST change was effected by way of Ministerial remission from 1 July 2010 to 31 December 2010. To give legislative effect to these GST changes, amendments to section 21(6)(b) of the GST Act have been made with effect from 1 January 2011.

Please refer to paragraph 8 below for more information.

- 2.2 A summary of the changes, including the prior GST treatment, can be found in Appendix 1 of this guide.

### **3 Definition of 'qualifying aircraft'**

- 3.1 Any reference to 'aircraft' under Section 21(3) of the GST Act must fall within the definition of Section 21(4)(a) of the GST Act. 'Aircraft' includes airplanes and helicopters but excludes for example, simulators and satellites.

- 3.2 Because it is recognised that due to Singapore's limited airspace, most aircraft (whether commercial or private) are internationally bound, the definition of 'qualifying aircraft' under Section 21(4)(a) of the GST Act has been expanded to mean:

- (a) any aircraft which is not used or intended for use for recreation or pleasure; or
- (b) any aircraft used or intended for use for recreation or pleasure if it is wholly used or intended to be wholly used for international travel —
  - (i) from a place outside Singapore to another place outside Singapore;
  - (ii) from a place in Singapore to a place outside Singapore; or
  - (iii) from a place outside Singapore to a place in Singapore.

- 3.3 In line with the above definition, a 'qualifying aircraft' would include both civil and military aircraft. It also includes internationally bound aircraft which are used or intended for use for recreation or pleasure purposes.

- 3.4 An aircraft which is used or intended for use for recreation or pleasure and partly used within Singapore airspace or which only circles international airspace before returning to Singapore will not fall within the definition of 'qualifying aircraft'.

#### Meaning of aircraft 'used or intended for use for recreation or pleasure'

- 3.5 An aircraft is regarded as used or intended for use for recreation or pleasure if it is designed or adapted for this purpose. This is regardless of whether the aircraft is supplied in a business capacity.

### 4 Zero-rating the sale or rental of aircraft and aircraft parts

- 4.1 Under section 21(3)(o) of the GST Act, the sale or rental of the entire qualifying aircraft enjoys zero-rating, regardless of the physical location of the aircraft (i.e. delivered locally or exported out of Singapore) and the belonging status of the customer (i.e. local or overseas person).
- 4.2 Zero-rating is now also extended to the sale or rental of aircraft parts under section 21(3)(x) of the GST Act. This treatment recognises that aircraft parts are unique and have no alternative uses in Singapore apart from being fitted onto aircraft.
- 4.3 Similar to the zero-rating of the entire qualifying aircraft, zero-rating of the sale or rental of aircraft parts applies regardless of the delivery location of the aircraft parts and the belonging status of the customer.
- 4.4 Zero-rating the sale and rental of aircraft parts is however, subject to the following conditions being met:
- (i) The aircraft part must come within the meaning of “qualifying aircraft parts”; and
  - (ii) The aircraft part must be a **new or serviceable** part. Specifically, the aircraft part must be certified as airworthy (i.e. fit for use on an internationally bound aircraft) by a national civil aviation or military authority. Zero-rating is not accorded to aircraft parts which are not certified as airworthy, e.g. aircraft parts which are not yet repaired to serviceable condition, or are beyond economic repair and are to be scrapped.

#### Meaning of ‘qualifying aircraft part’

- 4.5 As defined in Section 21(4)(a) of the GST Act, ‘**qualifying aircraft parts**’ means “such parts and equipment as are designed and built for exclusive use on an aircraft”.
- 4.6 They include parts and equipment installed or incorporated in the propulsion, navigation or communication systems or general structure of the qualifying aircraft. Such aircraft parts must be unique and have no alternative uses apart from being used on a qualifying aircraft. Consequently, parts which are generic will not fall under this definition.

#### Examples of ‘qualifying aircraft parts’:

- Engines, turbines
- Landing gear
- Radar, navigation and communication equipment
- Consumables, expendables and rotatable components used by the industry (as long as they are unique and have no alternative uses apart from being used on a qualifying aircraft)

- Components which are to be fitted inside an aircraft (e.g. electrical equipment, video and similar entertainment equipment incorporated into airline seats)
- Safety equipment (e.g. escape chutes, life jackets, smoke hoods and oxygen masks)
- Sanitary fixtures

Examples of 'non-qualifying aircraft parts':

- Generic materials (e.g. adhesives, chemicals, oils paints, solvents and thinners)
- Generics tools placed in aircraft
- Generic raw materials (e.g. fibre board, metals, plastics, fabrics for seats, carpets)
- Aircraft ground equipment

Please note that the examples quoted above are not exhaustive.

- 4.7 Consequently, aircraft parts which do not fall within the definition of 'qualifying aircraft parts', for example parts fitted on flight simulator, would not qualify for zero-rating under section 21(3)(x) and the normal GST rules would apply.
- 4.8 There may be instances where you may not be able to ensure that a specific aircraft part is wholly for use or intended for use on a qualifying aircraft. In such a situation, the Comptroller is prepared to accept that the aircraft part is for a 'qualifying aircraft' provided that the other stipulated condition under paragraph 4.4(ii) is satisfied. Accordingly, you can zero-rate the supply. However, if you know with certainty, for example, by considering your customer's business activities or you have documents which reflect that the use or intended use of the aircraft part is not for a 'qualifying aircraft', then you must apply the normal GST rules.

### Documentary requirements

- 4.9 To enjoy zero-rating relief, you no longer need to maintain commercial transport evidence to prove that the aircraft parts have left Singapore. Instead, you are required to maintain the following commercial documents which should already be part of your existing business and accounting records:-
- Purchase order by customer;
  - Invoice to customer for sale or rental of new or serviceable aircraft parts;
  - For qualifying aircraft parts that are used or to be used on a civil aircraft (whether commercial or privately-owned), the Authorised Release Certificate to prove that aircraft parts are airworthy;
  - For qualifying aircraft parts which are used or to be used on a military aircraft, the Comptroller is willing to accept any other equivalent documents that prove that the military aircraft parts are airworthy;
  - In-house documents used to indicate that the part is for a qualifying aircraft, if any; and
  - Evidence of payment received from the customer.

- 4.10 Examples of in-house documents which you may maintain to indicate that the aircraft part is for a qualifying aircraft include:
- Written confirmation by customer
  - Indication on purchase order or invoice
  - Contract which identifies the model of the aircraft

### 5 Zero-rating the supply of repair and maintenance services performed on a qualifying aircraft and aircraft parts

5.1 Section 21(3)(p) of the GST Act accords zero-rating for prescribed services relating to the repair and maintenance of a qualifying aircraft.

5.2 The specific services qualifying for zero-rating are prescribed under Paragraph 1A of the Sixth Schedule of the International Services Order and are as follows:-

“The repair and maintenance of any aircraft, where -

- (a) the repair or maintenance of the aircraft is carried out on board the aircraft;
- (b) any part or component of the aircraft is –
  - (i) removed for repair and reinstalled on the aircraft; or
  - (ii) removed and an identical part or component is installed in its place; or
- (c) any part or component of an aircraft is repaired (including repaired by way of an exchange with an identical part or component) by a **qualifying person.**”

#### Meaning of ‘qualifying person’

5.3 For the purposes of paragraph 5.2(c), a “qualifying person” refers to a person who is certificated by a national civil aviation or military authority to carry out the repair or exchange of the aircraft part or component. These are commonly known in the industry as Maintenance, Repair and Overhaul (“MRO”) players.

Examples of national civil aviation authorities include but are not limited to The Federal Aviation Administration (FAA) for the United States, European Aviation Safety Agency (EASA) for Europe and Civil Aviation Authority of Singapore (CAAS) for Singapore.

#### Repair and maintenance services supplied by a non-qualifying person

5.4 Zero-rating relief does not extend to repair and maintenance services which are **performed** on aircraft parts by persons who are not certificated by a national civil aviation or military authority.

5.5 However, the Comptroller recognises at times, the contractual supplier of the repair services may not physically perform the actual repair itself but outsources the repair services to a “qualifying person” instead. For this reason, the contractual supplier may not be certificated by a national civil aviation or military authority.

- 5.6 As the underlying nature of the repair services has not changed, zero-rating under Section 21(3)(p) will also apply to the repair and maintenance services supplied by the non-certificated contractual supplier, provided that he has a **written contract** with his customer to provide repair and maintenance services on any part or component of a qualifying aircraft. Zero-rating is also subject to the condition that the repair services are sub-contracted by the non-certificated person to a “qualifying person”. The qualifying person must physically carry out the repair and maintenance works. The non-certificated contractual supplier must maintain a copy of the repair and maintenance contract, in addition to the documents specified in paragraphs 5.23 and 5.24, in order to enjoy zero-rating under this scenario.

### What constitutes a ‘written repair and maintenance contract’?

- A formal written contract between yourself and your customer
  - A written instruction in the form of a purchase order
  - Any other form of written instruction and acceptance of work order – this could be communicated via letter or email
- 5.7 If you do not have a written repair and maintenance contract or your supply chain includes other non-certificated persons (in addition to yourself), you may write in to the Comptroller to seek prior approval for zero-rating. The Comptroller will make an assessment based on a review of your business scenario and the documents made available.

### Repair and maintenance services qualifying for zero-rating

- 5.8 Zero-rating of repair and maintenance services under Section 21(3)(p) will also encompass the following-

#### ***Scope of activities qualifying for zero-rating***

- 5.9 The scope of activities that may qualify for zero-rating as repair and maintenance are as follows -
- (a) Repair – to restore the aircraft or aircraft part to a serviceable condition;
  - (b) Modification, overhaul, improvement and upgrading – work to improve the reliability of the aircraft or aircraft part but does not alter the nature and form of the original aircraft or aircraft part;
  - (c) Evaluation and recertification – work performed in assessing whether the aircraft part is repairable or airworthy; and
  - (d) Maintenance – which includes testing of parts, cleaning and fumigation
- 5.10 For zero-rating the conversion of aircraft, please refer to paragraphs 5.27 and 5.28 below.

### ***Additional charges constituting repair and maintenance***

- 5.11 Apart from billing your customer for the repair or maintenance services carried out, you may also impose additional charges directly in relation to repair or maintenance services under specific circumstances.
- 5.12 The GST treatment of such additional charges would follow that of the repair and maintenance services i.e. zero-rated. This is provided that such additional charges are:
- (a) for the same supply of repair and maintenance services rendered by you; and
  - (b) would not exist if not for the principal supply of repair or maintenance services.
- 5.13 Examples of such additional fees imposed by the industry are 'expedite fee' imposed for urgent repair services carried out on top of the normal repair or maintenance fees or non-technical support man-hours incurred in the course of providing the repair or maintenance works.
- 5.14 However, zero-rating does not extend to charges which do not satisfy the above conditions (a) and (b). They are therefore treated as separately supplied from the repair and maintenance services and the normal GST rules will apply.

### ***Exchange/rotatable pool models***

- 5.15 A common business model adopted by MRO players is the maintenance of an exchange or rotatable pool of spare parts which they will draw from to do a one-for-one exchange with the customer's unserviceable part in the course of their repair services. The purpose of the pool arrangement is to meet the needs of their customers requiring serviceable parts urgently. Recognising the economic substance of these business arrangements, such one-for-one exchange of aircraft parts where the underlying supply is still one of repair and maintenance will be treated as a single zero-rated supply of repair services for GST purposes.

### ***Repair and maintenance by the hour or fixed rate***

- 5.16 There are other business models of regular aircraft or aircraft part servicing where MRO players bill customers periodically, either by flight hours or at a fixed rate, depending on the age of the aircraft.
- 5.17 In this instance, the total periodic billings can be zero-rated if the repair and maintenance is performed by a qualifying person on a qualifying aircraft. This is regardless of the type of repair work being done.

### ***Other ancillary expenses on-charged (ancillary supplies) in the course of providing these repair and maintenance services***

- 5.18 The repair and maintenance of an aircraft and its parts involve a wide range of activities. In the course of performing these activities, MRO players may incur other costs.
- 5.19 For simplicity, the Comptroller is prepared to regard all such costs incurred and on-charged by MRO players as part and parcel of the overall repair and maintenance services and enjoy zero-rating, if the value of the cost forms a small portion of the total consideration invoiced. We consider 5% as small. If the cost exceeds the 5% threshold, the qualitative factors that such ancillary supplies are:
- essential in providing the repair and maintenance services; and
  - for the reimbursement of aircraft-related expenses
- should be satisfied before applying the zero-rating.
- 5.20 Examples of such ancillary supplies include refueling, defueling, landing fees, fuel sampling tests, test flight charges, etc.

### **Supplies **not** treated as repair and maintenance**

- 5.21 There are some instances where an unserviceable part is beyond economic repair and must be scrapped. In this instance, the MRO player may provide a replacement part for this unserviceable part. These replacement parts are sold or rented based on a pricing catalog maintained by MRO players.
- 5.22 In such a situation, the supply of aircraft part is not a supply of repair service. This supply may however also qualify for zero-rating as a sale or rental of aircraft parts. Please refer to paragraph 4 of this guide for more information.

### **Documentary requirements**

- 5.23 In order to zero-rate supplies of repair and maintenance services which fall under paragraph 5.2(a) and (b), the supplier must maintain the following documents:-
- Work order or purchase order from customer;
  - Invoice to his customer;
  - Evidence of payment received from customer, and
  - Documents validating that –
    - (a) the repair and maintenance were carried out on board the qualifying aircraft; or
    - (b) the part or component was removed and re-installed on the aircraft after the repair; or
    - (c) the part or component was removed and an identical part or component installed in its place;

as applicable. This could be in the form of a work order report or any other similar documents.

5.24 For repair and maintenance services performed on aircraft parts which fall under paragraph 5.2(c), the supplier is required to maintain the following:-

- Certificate issued by the various national civil aviation or military authority;
- Invoices to customers for repair works;
- For qualifying aircraft parts that are used or to be used on a civil aircraft (whether commercial or privately-owned), the Authorised Release Certificate to prove that aircraft parts are airworthy;
- For qualifying aircraft parts which are used or to be used on a military aircraft, the Comptroller will accept any other equivalent documents that prove that the military aircraft parts are airworthy;
- In-house documents which substantiate that the repair work has been performed on the part of a qualifying aircraft, e.g. Strip report or work statement, if any;
- Work order or purchase order from customer; and
- Evidence of payment received from customer.

5.25 For repair and maintenance services performed on aircraft parts which are charged periodically by flight hours or fixed rate, the supplier is required to maintain the following:-

- Certificate issued by the various national civil aviation or military authority;
- Periodic invoices to customers for repair works;
- Repair and maintenance contract with customer;
- For qualifying aircraft parts that are used or to be used on a civil aircraft (whether commercial or privately-owned), the Authorised Release Certificate to prove that all aircraft parts repaired under this contract are airworthy;
- For qualifying aircraft parts which are used or to be used on a military aircraft, the Comptroller is willing to accept any other equivalent documents that prove that all military aircraft parts repaired under this contract are airworthy;
- In-house documents which substantiate that the repair work has been performed under this contract on the part of a qualifying aircraft, e.g. Strip report or work statement, if any
- Evidence of payment received from customer.

5.26 Similar to the zero-rating of sale and rental of aircraft parts, please refer to paragraph 4.8 in the event you have difficulty ascertaining whether the aircraft part is intended for use on a qualifying aircraft.

### Conversion of an aircraft

- 5.27 The conversion of an aircraft where there is a change in its nature and form (e.g. conversion of a passenger aircraft to freight aircraft) is not treated as a supply of repair and maintenance services.
- 5.28 However, the supply can also be zero-rated as a supply of aircraft if after the conversion, the aircraft remains a qualifying aircraft. This is regardless of whether your customer is a local or overseas person.

## **6 Approved Import GST Suspension Scheme ('AISS')**

### Introduction

6.1 The Approved Import GST Suspension Scheme ("AISS") is governed by Regulation 45C of the GST (General) Regulations and allows approved businesses in the aerospace industry to import goods into Singapore with GST suspended. Approved businesses can also remove qualifying aircraft parts from Airport Logistics Park of Singapore ("ALPS") or any other Free Trade Zones ("FTZ") without incurring import GST, regardless of the origin of the goods. This could refer to either:-

- 'new imports' i.e. goods received from overseas which may or may not have entered Customs Territory before. Accordingly, this definition includes goods that may have been exported from Singapore previously and re-imported;
- 'locally sourced goods' i.e. goods manufactured or bought locally; or
- 'localised goods' i.e. goods brought into an area designated as a Free Trade Zone from Customs Territory.

### Benefits of the Scheme

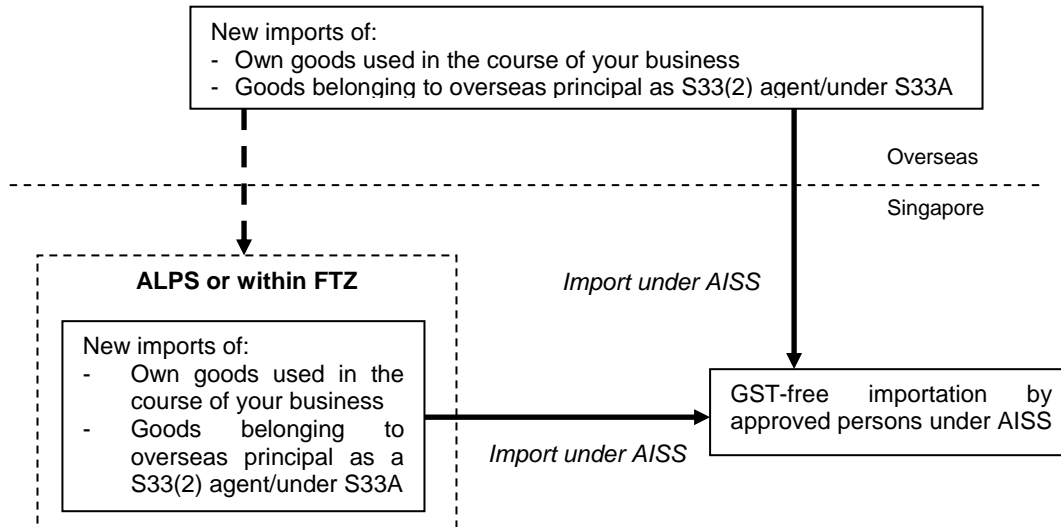
- 6.2 Under AISS, aerospace players will enjoy the following benefits:-
- (a) Import your own goods in the course or furtherance of your business (for example, aircraft parts, capital assets) with GST suspended
  - (b) Import goods belonging to your overseas principal for supply (either in Singapore or for export) in the capacity of a section 33(2) agent<sup>1</sup> with GST suspended
  - (c) import goods belonging to an overseas principal which will later be re-exported (e.g. back to the overseas principal) with GST suspended, if the

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<sup>1</sup> Prior to 1 Jan 2012, the same goods imported must be the same goods with no change in its form and nature upon their subsequent supply. With effect from 1 Jan 2012, you are allowed to act as a section 33(2) agent even where there is a change in nature and form of the goods. However, you must be able to track the goods and ensure that all goods imported in the capacity of a section 33(2) agent are supplied.

requirements for section 33A agent in the [GST Guide on Imports](#) are satisfied (the importer is hereafter referred to as the “section 33A agent”)<sup>2</sup>

### Scenario 1 - illustrates subparagraphs (a) to (c) above



### (d) Removal of localised or locally sourced qualifying aircraft parts from ALPS/FTZ

AISS businesses can remove localised or locally sourced qualifying aircraft parts' from ALPS or other FTZs with GST suspended. The qualifying aircraft parts must belong to the AISS business or to his overseas principal for whom he is acting in the capacity of a section 33(2) agent or under section 33A. Under this scenario, the qualifying aircraft parts must not belong to another local person.

### Scenario 2 - illustrates subparagraph (d) above

You, as a player in the aerospace industry, may have warehousing facilities located within ALPS.

Under AISS, you will enjoy GST suspension on localised or locally sourced qualifying aircraft parts which are removed from ALPS/FTZ into Customs Territory. You may then return such 'qualifying aircraft parts' belonging to you back to your warehousing facility if they are unused and store them for future use.

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<sup>2</sup> Section 33A of the GST Act allows repayment of GST paid on importation to an overseas person through a claim of input tax by a local agent who imports the goods, subject to certain requirements. For an agent who is also an approved AISS person, Regulation 45C of the GST (General) Regulations allows it to suspend the import GST if the same requirements are satisfied.

(e) Import of qualifying aircraft parts belonging to local or overseas persons

Approved AISS businesses can also import qualifying aircraft parts for persons who have local or overseas business presence, with GST suspended. This is in situations where the aircraft parts are not consigned to him in the capacity of a section 33(2) GST agent.

For scenarios where an AISS business is in the capacity of a section 33(2) GST agent, please refer to scenario 6.2(b).

These qualifying aircraft parts must be consigned to him for the purposes of making his taxable supplies.

For example, AISS businesses can import aircraft parts on behalf of a local airline or an overseas airline with a local branch/office in Singapore for the purposes of carrying out repair services on the aircraft part.

(f) Removal of qualifying aircraft parts from ALPS/FTZ by the AISS recipient of the goods for the purposes of making his taxable supplies

Generally for customs clearance purposes, the **importer on record** is the owner of the imported goods. If the owner is an overseas person, then the local GST agent (for example an overseas person's third-party logistics provider) will be the importer on record. Importer on record refers to the person named on the shipping documents as the owner/consignee of the goods. Similarly, for locally sourced goods moved into ALPS for example, the owner is generally shown as the purchaser of the goods on the supporting invoices.

When the qualifying aircraft parts are to be removed from ALPS into Customs territory, the local owner or local section 33(2) agent of the overseas persons, as importer, may have to incur import GST.

To facilitate the GST-free removal of qualifying aircraft parts from ALPS/FTZs in such instances, an AISS business can make use of the scheme to remove the qualifying aircraft parts with GST suspended. This is on the basis that the AISS business is receiving the aircraft parts for the purposes of making his taxable supplies.

For customs clearance purposes, the AISS business, as recipient of the qualifying aircraft parts can be reflected as the "importer", although he is not the original importer on record or the owner of the goods.

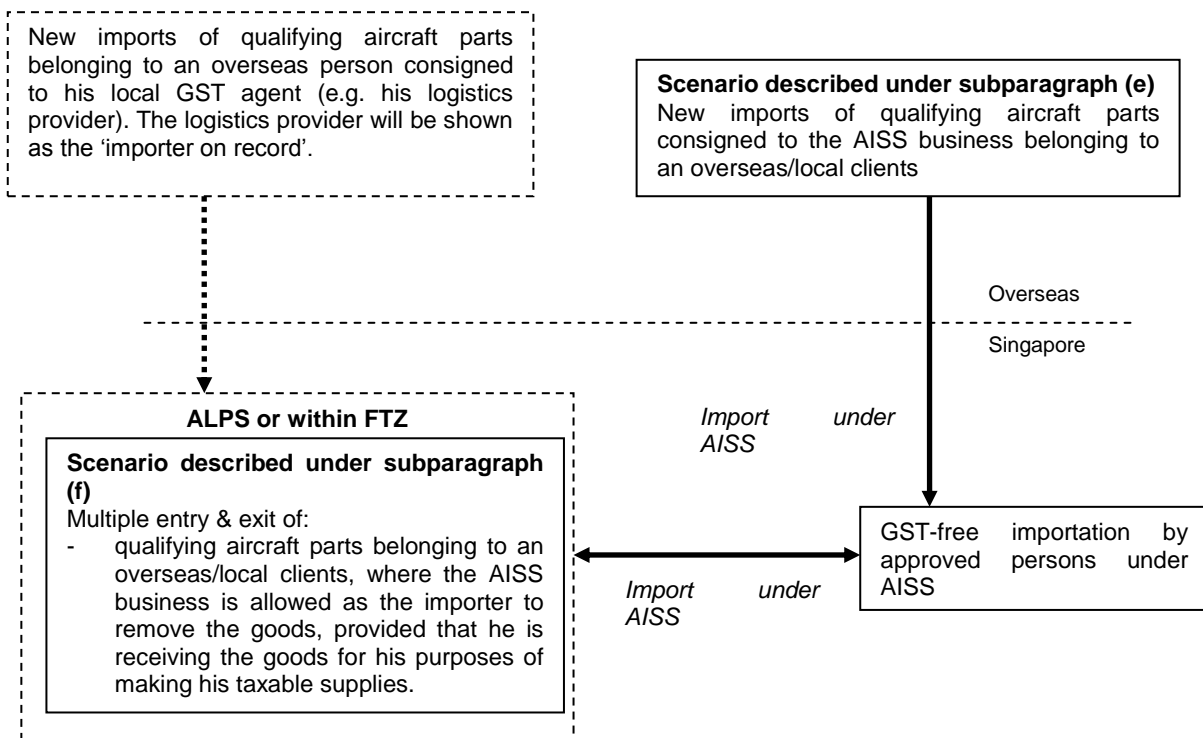
For example, a local MRO has been contracted to provide repair services for aircraft parts belonging to a local customer who does not have AISS status. The aircraft parts are stored in ALPS/FTZ. Although the aircraft parts do not belong to the local MRO, he can use his AISS status to remove the goods with GST suspended. This is on the basis that he is

receiving the goods for the purpose of making his taxable supplies of repair services.

**Scenario 3 - illustrates subparagraphs (e) and (f) above**

Qualifying aircraft parts may be consigned to MRO businesses for the purposes of performing repair services on the parts. Airlines may also receive qualifying aircraft parts from the Original Equipment Manufacturers [“OEMS”] where these goods are only subsequently sold to the airlines when they are utilised.

These scenarios are characterised by the fact that the qualifying aircraft parts do not in effect belong to the business who is importing such goods or removing them from ALPS. However, even in such scenarios, import GST suspension will similarly apply, so long as the business who is consigned with the qualifying aircraft parts is approved under AISS.



**Requirements of Eligibility for AISS**

In order to be eligible for this scheme, you must satisfy the following requirements:

**6.3 You must be a GST-registered business.**

You must be registered with the Comptroller of GST as a registered GST business. For more information on registration, please refer to the e-Tax Guide on “Do I Need to Register?”

### 6.4 You must be a player in the aerospace industry.

The aerospace player must be one with an annual turnover of at least S\$1 million and who is:

- (a) An international airline; or
- (b) A player in the MRO industry whose MRO services qualify for zero-rating as explained in paragraph 5 above; or
- (c) Businesses (for example - Original Equipment Manufacturers (OEMs) and distributors) engaged in the business of manufacturing; or buying and selling 'qualifying aircraft' and/or 'qualifying aircraft part' of a substantial amount.

*Substantial amount* – This means that the total value of your business transactions involving "qualifying aircraft" and/or "qualifying aircraft parts" must constitute a large percentage of your turnover, i.e. 75% or more.

If you are in a GST group, to be eligible for the scheme, 75% of the group's total supplies must be attributable to activities (a) to (c) mentioned above. If you do not satisfy the eligibility threshold of 75%, you may still write in to the Comptroller to apply for the AISS status. However, your application will be assessed on a case by case basis.

### 6.5 You must maintain good inventory controls and accounting records.

You must maintain good inventory systems and controls to track the movement of all the goods belonging to you, your local clients/suppliers or overseas clients/principals/suppliers. You should keep good and up-to-date accounting records of all imports under AISS as well as the subsequent supplies and exports of the goods. You must be able to make such records and documentation readily available upon request. The relevant control standards and accounting records are attached as Appendix 2.

### 6.6 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 three years.

### 6.7 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 three years.

- 6.8 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.

### **Application Procedures**

- 6.9 A GST-registered person that satisfies the Requirements of Eligibility for the scheme above can apply for AISS status. You must apply for AISS status as a new applicant even if you are currently under MES.
- 6.10 To apply for AISS, please complete and submit the AISS application form i.e. GST F21 (which can be downloaded from IRAS' website). The application form must be submitted together with the following documents:
- Latest audited financial statements; and
  - Written declaration that you are a player in the aerospace industry. This written declaration must be endorsed by an authorised representative of your organisation.
- 6.11 We will inform you of the outcome of your application within one month from the date of receipt of your application. You may be required to furnish a banker's guarantee, upon the direction of the Comptroller. We may also, in the course of processing your application, request for a visit to your business premises to assess your business and review your accounting and business records.
- 6.12 Once your application for AISS is approved, your current MES status (if applicable) will be replaced with AISS which confers more benefits to you.

### **Conditions of Approval**

- 6.13 In general, the Requirements of Eligibility are also Conditions of Approval (COA). The specific import GST suspension privileges enjoyed by each approved applicant will be spelt out in the individual approval letters, depending on their business activities conducted.

### **Requirements of the Scheme**

- 6.14 Once approved, the AISS business must also agree to comply with (in addition to the Conditions of Approval) the respective requirements set out below in order to enjoy import GST suspension. Appendix 3 summarises these requirements.
- 6.15 Importation of your own goods in the course and furtherance of your business

Under AISS, you will enjoy import GST suspension for all goods belonging to you on the importation of such goods into Singapore as described under Scenario 1 of paragraph 6.2.

You should not, under any circumstances, import goods on behalf of other persons (be it taxable or non-taxable persons), or import goods that are not for the furtherance of your business, except for the permissible scenarios described under paragraph 6.2 above.

### *Reporting Requirements*

You are required to report the value of all imports belonging to you in Box 5 and 9 of your GST F5 return. The normal reporting requirements apply for any subsequent supply of such goods.

#### 6.16 Importation of goods belonging to your overseas principals either in the capacity of a section 33(2) GST agent or under section 33A

Under AISS, you can also import goods with GST suspended for your overseas principals in the capacity of a section 33(2) or section 33A agent.

### *Reporting Requirements*

You are required to report the value of all imports belonging to your overseas principals in Box 5 and 9 of your GST F5 return. The normal reporting requirements apply for any supply (in your capacity of a section 33(2) agent) or re-export (under section 33A).

There are certain conditions and control standards that you are required to maintain in order to extend your AISS privileges to your overseas principals, which can be found in Appendix 2.

#### 6.17 Removal of localised or locally sourced qualifying aircraft parts from ALPS or any other FTZ belonging to you or your overseas principals either in the capacity of a section 33(2) or section 33A agent

Under AISS, you can also remove localised or locally sourced qualifying aircraft parts belonging to you or your overseas principals from ALPS or any other FTZ in the capacity of a section 33(2) or section 33A agent with GST suspended.

### *Reporting Requirements*

You are not required to report the subsequent removal of locally sourced or localised qualifying aircraft parts from ALP/FTZ in your GST returns. The normal reporting requirements apply for any supply of such goods (either your own goods or in your capacity of a section 33(2) agent).

Similar to paragraph 6.16, there are certain conditions and control standards that you are required to maintain in order to extend your AISS privileges to your overseas principals, which can be found in Appendix 2.

- 6.18 Importation of qualifying aircraft parts belonging to your local or overseas clients/suppliers which are consigned to you for the purpose of making your taxable supplies (and not in the capacity of a section 33(2) agent); and Removal of qualifying aircraft parts from ALPS/FTZ by the AISS recipient of the goods for the purposes of making your taxable supplies

You may import qualifying aircraft parts belonging to your local or overseas clients/suppliers consigned to you for the purposes of making your taxable supplies. You may also receive qualifying aircraft parts removed from ALPS or other FTZs belonging to your local or overseas supplier/client for the same purposes.

We will allow you, as the consignee or recipient (where applicable) of the qualifying aircraft parts, to import and/or remove them from ALPS or any other FTZ free of GST, even though the goods belong to your local or overseas clients. This is illustrated in Scenario 3 under paragraph 6.2 above.

### *Reporting Requirements*

For these specific scenarios where qualifying aircraft parts are imported by you as consignee or removed by you as recipient under AISS, you need not report the value of such imports and/or removal from ALPS or any other FTZ in your GST returns. You are also not required to report the outgoing movement of the qualifying aircraft parts. You should however, adopt the best practices laid out in Appendix 2.

If the aircraft parts are subsequently sold to you, the supply of these goods by your local supplier or the section 33(2) agent of your overseas supplier will be subject to the normal GST rules.

### **Operational Procedures**

- 6.19 As an approved applicant of the scheme, you can clear goods upon importation or from ALPS, Zero-GST Warehouse (ZGW) or any other FTZ using the permit type “ME/MC” under TradeNet. The TradeNet import declaration procedures for the importer registered with the AISS scheme are as follows:
- (a) Registered AISS businesses should authorise their TradeNet declaring agent through IRAS in the application form provided. This is even if you are an existing MES business. Please note that you are required to notify your authorised declaring agents of their appointment. If you use the services of any of the following four Air-Express companies – DHL Express (Singapore) Pte Ltd, United Parcel Service Singapore Pte Ltd, TNT Express Worldwide (S) Pte Ltd and Federal Express (Singapore) Pte Ltd – you are also required to authorise them as declaring agent under AISS.

- (b) An IN-Non-Payment with Declaration Type = "APS - Approved Premise/Scheme" permit should be declared for each direct import or subsequent release from the FTZ:
- For direct import, the **Place of Receipt** code should be declared as "**AISS**".
  - For subsequent removals from the FTZ, a corresponding previous import permit number should be declared if available. The **Place of Receipt** code should be declared as "**AISSLOC**".

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

- 6.20 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 AISS 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
- 6.21 At any time, an AISS business can have a maximum of 20 authorised declaring agents. It is your responsibility to keep and maintain the list of your 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.

### Validity period of AISS status

- 6.22 Once your application is approved, you will be granted AISS status and this will remain valid for as long as you continue to satisfy the Conditions of Eligibility for AISS. However, please note that you may be subject to periodic audits by the Comptroller of GST. If you have been accorded the ACAP status, the Comptroller will then step-down on GST compliance activities during the tenure of your ACAP status unless significant anomalies are noted in your GST declarations.
- 6.23 Accordingly, whenever you cease to qualify for AISS (such as by changing your nature of business and are no longer operating in the aerospace industry), you should inform the Comptroller immediately. Your AISS status will be terminated upon your cessation to qualify for AISS. You may also withdraw from the scheme at anytime.

**Implications of cessation from AISS**

6.24 You will have to ensure that you have fulfilled all your contractual obligations to your local or overseas clients/ suppliers pertaining to the qualifying aircraft parts imported or removed from ALPS/ FTZ (which belong to your local or overseas clients/ suppliers) for the purposes of making your taxable supplies.

**De-registration implications for AISS business**

6.25 When you de-register from GST, you will have to ensure the following:

<b>Type of goods</b>	<b>Requirements of AISS business</b>
Your own goods imported with GST suspended	Fulfill all the requirements pertaining to de-registration like all other GST-registered businesses and account for deemed output tax in your Final GST Return on these imported goods that form part of your assets and stocks if the value of taxable assets and stocks on hand as at the effective date of de-registration is more than S\$10,000.
Goods belonging to your overseas principal imported in the capacity of a section 33(2) agent with GST suspended	Refer to e-Tax Guide: <a href="#">GST Guide on Imports</a> on the de-registration implications of a section 33(2) agent.
Goods belonging to your overseas principal imported in the capacity of a section 33A agent with GST suspended	Refer to e-Tax Guide: <a href="#">GST Guide on Imports</a> on the de-registration implications of a Section 33A agent
Qualifying aircraft parts imported or removed from ALPS/ FTZ (which belong to your local or overseas clients/ suppliers) for the purposes of making your taxable supplies	Fulfill all your contractual obligations to your local or overseas clients/ suppliers pertaining to these goods before the Comptroller will consider your application to de-register from GST.

**Consequences of non-compliance with AISS**

6.26 Please note that the Comptroller may by notice in writing, revoke your AISS status if it found that you have:

- (a) At any time ceased to satisfy any of the Conditions of Eligibility of the scheme; or
- (b) Provided false, misleading or inaccurate information on your eligibility for AISS; or
- (c) Failed to comply with any condition or requirement of the scheme or as imposed by the Comptroller.

- 6.27 In addition, you may also be required to repay to the Comptroller the import GST otherwise payable on goods which you have imported under the scheme under the following circumstances:
- (a) If you import goods using your AISS status for an unapproved scenario which are not described under paragraph 6.2; or
  - (b) If you have ceased to be in the aerospace industry at the time of importation of the goods.
- 6.28 We urge you to voluntarily disclose any incorrect use of your AISS status to the Comptroller, if it should occur.

### **7 Import relief for 'qualifying aircraft'**

- 7.1 In view of the revised definition of a 'qualifying aircraft' (as explained in paragraph 3 above), Paragraph 13 of the GST (Import Relief) Order has been amended accordingly. Thus, the importer or person in charge of an aircraft or ship can now enjoy relief on their importation of an aircraft or ship, so long as the importer satisfies Singapore Customs that the imported aircraft or ship is an aircraft or a ship as defined in section 21(4)(a) of the Act. Please note that import GST is payable if the aircraft or ship ceases to be an aircraft or a ship as defined in section 21(4)(a) of the Act.
- 7.2 For more information on import relief matters, please contact Singapore Customs on 6355 2000.

### **8 Supply of stores, fuel and merchandise for sale by retail to aircraft**

- 8.1 Zero-rating of supplies of stores, fuel and merchandise for sale by retail to aircraft will now be expanded to all qualifying aircraft. The meaning of qualifying aircraft is explained in paragraph 3 of this e-Tax guide.
- 8.2 This means that the aircraft does not need to be on a flight to or from a destination outside Singapore. Zero-rating will apply as long as the aircraft is a 'qualifying aircraft'.

#### Documentary requirements

- 8.3 To substantiate that your supply of stores, fuel and merchandise for sale by retail to the aircraft qualifies for zero-rating, the Comptroller will rely on your existing commercial transaction documents. In addition, your delivery order to your customer should state that the supplies of stores/ fuel/ merchandise for sale by retail are for use on a qualifying aircraft and you must ensure that your delivery order is duly endorsed by your customer [name, designation, signature and company stamp (where applicable)].

### 9 Contact information

9.1 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)

9.2 If you wish to enquire about TradeNet or if you wish to ask about import relief, please contact:

Singapore Customs  
55 Newton Road  
Singapore 307987

Website: [www.customs.gov.sg](http://www.customs.gov.sg).  
Tel: (+65) 6355 2000

### 10 Updates and amendments

	<b>Date of amendment</b>	<b>Amendments made</b>
1	26 Mar 2009	(i) Revised paragraph 2 and 6.2 (ii) Inserted paragraph 6.20
2	1 Jan 2010	Extensive revisions made to take into account legislative amendments
3	1 Jun 2010	(i) Inserted paragraph 8 (ii) Revised Appendix 1
4	1 Jan 2011	Revised paragraphs 2 and 8 and Appendix 1
5	10 Jan 2012	(i) Revised paragraph 6.2 (ii) Inserted paragraph 6.24 and 6.25

Summary of Changes

Scope	Prior to 1 April 2009	GST changes with effect from 1 April 2009	Additional refinements
<p>1. Definition of “aircraft”</p>	<p>Any reference to ‘aircraft’ under section 21(3) of the GST Act must fall within the meaning of ‘aircraft’ provided for under section 21(4)(a).</p> <p>Previously, Section 21(4)(a) defines an aircraft as one “which is not used or intended for use for recreation or pleasure”.</p> <p>Consequently, zero-rating under sections 21(3)(l), 21(3)(m), 21(3)(n), 21(3)(o) and 21(3)(p) of the GST Act does not extend to aircraft used or intended for use for recreation or pleasure.</p>	<p>The meaning of ‘aircraft’ will be expanded to give recognition that due to Singapore’s limited airspace, most aircraft (whether commercial or private) are internationally bound. Therefore, private jets used for international travel should enjoy the same zero-rating privileges as commercial carriers.</p> <p>The definition of ‘aircraft’ under Section 21(4)(a) is -</p> <ul style="list-style-type: none"> <li>(a) any aircraft which is not used or intended for use for recreation or pleasure; or</li> <li>(b) any aircraft used or intended for use for recreation or pleasure if it is wholly used or intended to be wholly used for international travel — <ul style="list-style-type: none"> <li>(i) from a place outside Singapore to another place outside Singapore;</li> <li>(ii) from a place in Singapore to a place outside Singapore; or</li> <li>(iii) from a place outside Singapore to a place in Singapore.</li> </ul> </li> </ul> <p>‘Qualifying aircraft’ will continue to include civil and military aircraft. It will also include internationally bound aircraft used or intended for use for recreation or pleasure purposes. Accordingly, the new definition will cover privately-owned aircraft that are used for international travel, military aircraft and commercial aircraft.</p>	<p>N.A.</p>

Scope	Prior to 1 April 2009	GST changes with effect from 1 April 2009	Additional refinements
<p>2. Zero-rating of sale and rental of aircraft parts</p>	<p>Previously, the sale of aircraft parts can only be zero-rated if the goods are exported or to be exported and provided that the supplier maintains the necessary supporting documentary evidence as directed by the Comptroller.</p> <p>The rental of aircraft parts can only be zero-rated if they are exported (supported by documentary evidence) and leased to an overseas person or if they are already situated outside Singapore when the services are performed.</p>	<p>Zero-rating relief is now extended to sale/rental of aircraft parts regardless of its physical location and belonging status of the customer, subject to the following conditions:-</p> <p>(a) It must be a qualifying aircraft part. A 'qualifying aircraft part' means an aircraft part used or to be used on a qualifying aircraft.</p> <p>(b) It must be a new or serviceable qualifying aircraft part, i.e. airworthy</p> <p>This is regardless of the delivery location of the aircraft parts and the belonging status of the customer. This means that the sale or rental of a new or serviceable aircraft parts delivered locally will also enjoy zero-rating relief. It also does not matter whether the supply is made to a local or overseas person.</p>	<p>For qualifying aircraft parts which are used or to be used on a military aircraft, the Comptroller is willing to accept any other equivalent documents that prove that the military aircraft parts are airworthy.</p>

Scope	Prior to 1 April 2009	GST changes with effect from 1 April 2009	Additional refinements
<p>3. Zero-rating of repair and maintenance of aircraft and its parts</p>	<p>Previously, the supply of repair and maintenance services can qualify for zero-rating if the conditions prescribed under Paragraph 1 of the Sixth Schedule of the International Services Order is satisfied. It reads as follows:-</p> <p>The repair and maintenance of any ship or aircraft, where -</p> <p>(a) the repair or maintenance is carried out on board the ship or aircraft;</p> <p>(b) any part or component of the ship or aircraft is removed for repair and reinstalled on the ship or aircraft;</p> <p>(c) any part or component of the ship or aircraft is removed for repair and returned to the ship or aircraft as a spare; or</p> <p>(d) any part or component of the ship or aircraft is removed and replaced by an identical part or component.”</p> <p>Therefore, in order to apply zero-rating, the repair and maintenance services must be performed on board the aircraft; or the serviceable (repaired) part must be reinstalled</p>	<p>The repair and maintenance services can be zero-rated where -</p> <p>(a) Repair and maintenance services that are carried out on board the aircraft; or</p> <p>(b) Repair and maintenance services that are performed by a ‘qualifying person’ on an aircraft part of a qualifying aircraft.</p> <p>“Qualifying person” refers to a person who is certificated by a national civil aviation authority to perform a repair and maintenance process on an aircraft part</p> <p>As a result of the change, MRO players are relieved from the compliance burden of tracking the destination of the repaired part and in establishing the belonging status of their customers. They can also zero-rate their repair and maintenance services if it is performed by a qualifying person. Therefore, it is inconsequential whether the customer is a local or overseas person. It also does not matter if the aircraft part is exported or locally delivered.</p>	<p>The repair and maintenance services which can now be zero-rated are instances where -</p> <p>(a) the repair or maintenance is carried out on board the aircraft;</p> <p>(b) <i>any part or component of the aircraft is –</i></p> <p style="padding-left: 20px;"><i>(i) removed for repair and reinstalled on the aircraft; or</i></p> <p style="padding-left: 20px;"><i>(ii) removed and an identical part or component is installed in its place; or</i></p> <p>(c) any part or component of an aircraft is repaired (including repaired by way of an exchange with an identical part or component) by a qualifying person.</p> <p>The meaning of “Qualifying person” is clarified to refer to a person certificated by a national civil aviation <i>or military</i> authority to carry out the repair or exchange of the aircraft part or component.</p> <p>Additional refinements which take effect from 1 January 2010</p>

Scope	Prior to 1 April 2009	GST changes with effect from 1 April 2009	Additional refinements
	<p>back onto the aircraft or returned to the aircraft as a spare.</p> <p>The conditions may no longer reflect the business reality. For example, component MRO players (i.e. those who do not provide complete 'nose to tail' MRO services) are generally not involved in removal of the unserviceable aircraft parts from the aircraft and neither are they involved in subsequent reinstallation of the serviceable part back onto the aircraft.</p>		<p>(highlighted in <i>italic</i>) have been made to also provide for zero-rating where –</p> <ul style="list-style-type: none"> <li>(i) an aircraft part or component is removed for repair and reinstalled on the aircraft; or</li> <li>(ii) removed and an identical part or component is installed its place</li> </ul> <p>Clarification has also been provided on the scope of zero-rating for repair and maintenance services performed by non-qualifying persons. Please refer to paragraphs 5.4 to 5.7 for more information.</p>

Scope	Prior to 1 April 2009	GST changes with effect from 1 April 2009	Additional refinements
<p>4. Import GST suspension of goods by aerospace players</p>	<p>Only businesses approved under the Major Exporter Scheme or 3PL Scheme can enjoy import GST suspension on:-</p> <ul style="list-style-type: none"> <li>(a) Import of its own goods in the course or furtherance of your business;</li> <li>(b) Import of goods belonging to his overseas principal for sale in Singapore or re-export in the capacity of a section 33(2) GST agent; and</li> <li>(c) Import of goods belonging to an overseas principal solely to be re-exported back to the same overseas principal, in the course or furtherance of the business under section 33A of the GST Act.</li> </ul>	<p>Under AISS, approved businesses can enjoy import GST suspension on the:-</p> <ul style="list-style-type: none"> <li>(a) Import of its own goods in the course or furtherance of your business;</li> <li>(b) Import of goods belonging to his overseas principal for sale in Singapore or re-export in the capacity of a section 33(2) agent;</li> <li>(c) Import of goods belonging to an overseas principal solely to be re-exported back to the same overseas principal, in the course or furtherance of the business in the capacity as a section 33A of the GST Act;</li> <li>(d) Removal of localised or locally sourced qualifying aircraft parts from ALPS/FTZ belonging to you or your overseas principals either in the capacity of a section 33(2) or section 33A agent</li> <li>(e) Import of qualifying aircraft parts belonging to local or overseas persons; and</li> <li>(f) Removal of qualifying aircraft parts by the AISS recipient of the goods for the purposes of making his taxable supplies.</li> </ul>	<p>Consequences of non-compliance have been included under paragraphs 6.26 to 6.28.</p>

<b>Scope</b>	<b>Prior to 1 July 2010</b>	<b>GST changes with effect from 1 July 2010</b>	<b>Additional refinements</b>
<p>5. Zero-rating the supply of stores, fuel and merchandise for sale by retail.</p>	<p>A supply of goods qualifies for zero-rating if the Comptroller is satisfied that the goods have been shipped for use as stores on a flight to or from a destination outside Singapore or as merchandise for sale by retail to persons carried on such a voyage or flight in a aircraft.</p>	<p>Zero-rating of supplies of stores, fuel and merchandise for sale by retail to aircraft will now be expanded to all qualifying aircraft. The meaning of qualifying aircraft is explained in paragraph 3 of this e-Tax guide.</p> <p>This means that the aircraft does not need to be on a flight to or from a destination outside Singapore. Zero-rating will apply as long as the aircraft is a 'qualifying aircraft'.</p>	

<b>BEST PRACTICES FOR BUSINESSES APPROVED UNDER AISS</b>
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The AISS business should undertake to assume the record-keeping standards and accounting practices as listed below:

### 1 RECORD KEEPING

#### 1.1 Inward handling/ Receipt of goods

- Goods Received Notes (GRN) – to document the date/ quantity/ description of goods received
- Duly acknowledged Delivery Orders (DOs) – to support the GRN
- Copies of import/ ME/ MC permits, transshipment permits etc
- Copies of shipping documents such as air waybill or bill of lading
- Copies of commercial invoices accompanying the goods, if available
- Copies of insurance documents accompanying the goods, if available
- Copies of correspondences from your overseas clients
- Any other similar documents to document the date/ movement/ quantity/ description of the goods received into its warehouse

The identity of the overseas client(s)/ supplier(s) as well as the value and description of the goods must be readily identifiable/ verifiable.

#### 1.2 Storage/ Custody of goods

- The relevant warehouse records/ reports showing clearly the person(s) handing over and person(s) receiving the goods at each stage of their storage into the warehouse
- The warehouse storage records/ reports showing the warehouse location where the goods are stored

#### 1.3 Outward handling/ Removal of goods

- Purchase Orders (POs) issued by your customer(s)
- Delivery Orders (DOs) issued by you
- Copies of export permits, transshipment permits etc
- Copies of shipping documents such as air waybill or bill of lading
- Copies of commercial invoices accompanying the goods, if available
- Copies of insurance documents accompanying the goods, if available
- Written instructions from your customer(s) to deliver the goods locally or to export the goods
- Any other similar documents to document the date/ movement/ quantity/ description of the goods removed from your warehouse

The identity of the overseas or local customer(s) as well as the value and description of the goods must be readily identifiable/ verifiable.

1.4 Stock-taking/ Inventory audit of goods  
You must maintain sufficient evidence to indicate that a full and comprehensive internal and/ or external stock-take/ inventory audit has been performed.

1.5 Discrepancy reporting of goods  
You must maintain reconciliation reports pertaining to discrepancies of the goods at the point of their:

- Receipt into the warehouse (if any)
- Removal from the warehouse (if any)
- And after a stock-take/ inventory audit is conducted

1.6 Invoicing for the goods supplied  
If you invoice your customer for the goods, you must maintain the following documents as evidence of the supply of the goods:

- Tax invoices issued for all local supplies of goods
- Invoices issued for all sales which are exported (i.e. the supporting export documents must be maintained as proof of exports of goods)
- Evidence of payment received from the customer (if any)

You must produce all such records upon request by IRAS.

## 2 ACCOUNTING

2.1 Importation  
The AISS business needs to declare the value of his imports, including that of the overseas principal(s) where he acts a section 33(2) or section 33A agent or the value of goods imported into/removed from ALPS or any FTZ, as “Total Value of Taxable Purchases” and “Total Value of Goods Imported under MES/ A3PL Company Scheme/Other Approved Schemes” in Box 5 and Box 9 of the GST returns respectively, for the relevant accounting periods. However, the AISS business does not need to report the import of any ‘qualifying aircraft parts’ mentioned under paragraph 6.2 (d), (e) and (f).

2.2 Supplies  
The AISS business has to charge and account GST on all local sales and zero-rate (0% GST) the supply if the goods are exported. This applies also to instances where he is acting as a section 33(2) or section 33A agent on behalf of an overseas principal. The AISS business also has to account for all such transactions in the GST returns as “Total value of standard-rated” and “Total value of zero-rated” supplies, in Box 1 and 2 of the GST returns respectively, for the relevant accounting periods. However, the AISS business does not need to report the export of any ‘qualifying aircraft parts’ mentioned under paragraph 6.2 (e) and (f). For paragraph 6.2 (d), the AISS business is only required to report the supply or export of qualifying aircraft parts belonging to him or his overseas principal in the capacity of a section 33(2) agent.

### 3 ACTING IN THE CAPACITY OF A SECTION 33(2) AGENT ON BEHALF OF OVERSEAS PRINCIPALS

3.1 The AISS business who acts in the capacity of a section 33(2) agent on behalf of their overseas principals may only use his import GST suspension privileges if the following conditions are met:-

- (a) Your overseas principals do not belong in Singapore and are not registered for GST.
- (b) You keep separate records for goods belonging to the overseas principals.
- (c) You have control over the custody and possession of the goods owned by your overseas principals at all times.
- (d) If your overseas principal has subsequently sold the goods to a local customer, you must standard-rate and account for GST on the local sales. You have to account for the transactions i.e. the standard-rated supplies and corresponding output tax in your GST return. If as a section 33(2) agent, you export such goods on behalf of your overseas principal, you must keep proper export documents and report the value of such exports as your zero-rated supplies in your GST returns, provided the export qualifies for zero-rating relief.
- (e) However, as mentioned in paragraph 4 above, the sale and rental of any 'qualifying aircraft parts' will be accorded zero-rating relief. Therefore, in instances where your overseas principal sells any 'qualifying aircraft parts' locally, you, in the capacity of a section 33(2) agent, are required to keep the documents mentioned in paragraph 4.9 to substantiate the zero-rating relief and report such supplies as your zero-rated international services.

#### 3.2 Additional Record Keeping Requirements

- (a) Any correspondence or letter from each overseas principal, authorising the AISS business as its local agent.
- (b) Separate stock records for each overseas principal. The stock records must be supported by the relevant documents such as Purchase Orders (POs), Delivery Orders (DOs), Customs permits, shipping documents, commercial invoices, insurance documents, written instructions from and correspondences with overseas principals or their customers, tax invoice (if invoicing is done by the GST agent), evidence of payment received from the purchaser (if payment made to the GST agent) as well as any other relevant documents.
- (c) Records of the overseas principal(s) for whom the GST agent is acting, as if the GST agent is the taxable person.

### **4 WHERE 'QUALIFYING AIRCRAFT PARTS' ARE CONSIGNED TO OR RECEIVED BY AN AISS BUSINESS**

4.1 The AISS business may be also be consignee or the recipient of 'qualifying aircraft parts' which belonging to his local and/or overseas clients. In such instances, the AISS business need not report the value of such 'qualifying aircraft parts' which are imported and/or removed from ALPS or any other FTZ in his GST F5 return.

4.2 However, he should maintain the following documents:

- Goods Received Notes (GRN) – to document the date/ quantity/ description of 'qualifying aircraft parts' received
- Duly acknowledged Delivery Orders (DOs) – to support the GRN Goods Received Note
- Copies of commercial invoices accompanying the goods
- Purchase Orders (POs) issued by local and/or overseas customer(s)
- For new or serviceable 'qualifying aircraft parts', Authorised Release Certificate, if applicable

Requirement of AISS

Benefit		Applies to other goods apart from aircraft parts	Applies to aircraft parts only	GST Reporting Requirement
Existing benefit under MES	<p>(a) Import <b>your own goods</b> in the course or furtherance of your business with GST suspended.</p> <p><i>This scenario refers to the import of the AISS business' own purchases made for the purposes of its business Examples are the import purchases of its own capital assets or inventory.</i></p>	✓	✓	<p>Yes, you should report the value of all your own imports in Box 5 and 9 of your GST F5 return.</p> <p>The normal reporting requirements apply for any supply of such goods.</p>
Existing benefit under MES	<p>(b) Import <b>goods belonging to your overseas principal for sale</b> in Singapore or re-export in the capacity of a section 33(2) GST agent with GST suspended.</p> <p><i>This scenario refers to instances where the AISS business imports goods on behalf of its overseas principal <u>for sale</u> either locally or for export.</i></p>	✓	✓	<p>Yes, you should report</p> <ul style="list-style-type: none"> <li>• the value of these imports in Box 5 and 9 of your GST F5 return</li> <li>• The normal reporting requirements apply for any supply (in your capacity of a section 33(2) agent).</li> </ul>

Benefit		Applies to other goods apart from aircraft parts	Applies to aircraft parts only	GST Reporting Requirement
Existing benefit under MES	<p>(c) Import <b>goods belonging to an overseas principal</b> solely to be re-exported back to the same overseas principal, in the course or furtherance of the business under section 33A of the GST Act with GST suspended.</p> <p><i>This scenario refers to instances where the AISS business imports goods on behalf of its overseas principal, and subsequently re-exports the same goods back, without any sale of the goods. Examples of such instances are when goods are imported for repair, testing, etc.</i></p>	✓	<p>AISS business has an option to:-</p> <p>(1) Continue to import under this scenario and report the imports and subsequent re-exports in their GST returns; or</p> <p>(2) Come under Scenario (e), where no GST reporting is required.</p>	<p>Yes, you should report</p> <ul style="list-style-type: none"> <li>• the value of these imports in Box 5 and 9 of your GST F5 return.</li> <li>• The normal reporting requirements apply for any re-export (under section 33A).</li> </ul>

Benefit		Applies to other goods apart from aircraft parts	Applies to aircraft parts only	GST Reporting Requirement
Additional benefit under AISS	<p>(d) Removal of localised or locally sourced qualifying aircraft parts from ALPS/FTZ belonging to you or your overseas principals either in the capacity of a section 33(2) GST agent or under section 33A.</p> <p><i>This scenario refers to cases where for example the AISS business has a warehousing facility in ALPS/FTZ. The AISS business may purchase aircraft parts locally and store it in ALPS/FTZ (i.e. locally sourced). They may also move the same aircraft part in and out of ALPS/FTZ, resulting in multiple exits from ALPS/FTZ. Once aircraft parts enter Customs Territory and are move back into ALPS/FTZ, they are considered 'localised'.</i></p> <p><i>MES is not applicable for locally sourced or localised goods. However, under AISS, aircraft parts may now enjoy import GST suspension, even if they are locally sourced or localised.</i></p>	X	✓	While you are not required to report the removal of such goods from ALPS/FTZ, the normal reporting requirements apply for any supply of such goods (either your own goods or in your capacity of a section 33(2) GST agent)

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Benefit		Applies to other goods apart from aircraft parts	Applies to aircraft parts only	GST Reporting Requirement
Additional benefit under AISS	<p>(e) Import of <b>qualifying aircraft parts</b> belonging to local or overseas persons</p> <p><i>This scenario refers to instances where the AISS business imports aircraft parts on behalf of another person for the purposes of making its taxable supplies, <u>and not for the purposes as a s33(2) agent</u>. Examples include a MRO business who imports his customer's unserviceable part for repair. Under MES, the customer must be an overseas person with no local business presence and he must re-export the repaired part back in order to enjoy import GST suspension (see scenario (c)).</i></p> <p><i>However, under AISS, he may import on behalf of both his overseas or local customer with import GST suspension and is not required to export the aircraft part subsequently.</i></p>	X	✓	X
Additional benefit under AISS	<p>(f) Removal of <b>qualifying aircraft parts</b> from ALPS/FTZ by the AISS recipient of the goods for the purposes of making his taxable supplies</p> <p><i>This scenario is for cases where the AISS business may not be the local agent of the overseas person. The local agent (non-AISS business) would then have to incur import GST when removing the aircraft parts from ALPS/FTZ. However, under AISS, the AISS business can be declared as the "importer on record" and enjoy import GST suspension if he is receiving the aircraft parts for the purposes of making his taxable supplies.</i></p>	X	✓	X