

# **IRAS e-Tax Guide**

## **GST Guide on Imports (Third Edition)**



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## 1 Introduction

### 1.1 Who should read this Guide?

You should read this Guide if:

- (a) You are importing your own goods.
- (b) You are importing goods on behalf of overseas principals.

### 1.2 The scope of this e-tax Guide

1.2.1 This Guide provides basic information on GST matters relating to importation of goods, including GST reporting requirements and various related schemes available.

1.2.2 Singapore Customs administers the collection of GST on the importation of goods into Singapore. Hence, this Guide is not meant to be a comprehensive guide on import procedures. For more information on import procedures, please visit Singapore Customs' website at [www.customs.gov.sg](http://www.customs.gov.sg). Alternatively, you may call Singapore Customs on 6355 2000 or email to [customs\\_documentation@customs.gov.sg](mailto:customs_documentation@customs.gov.sg).

## 2 Importation of goods

### 2.1 GST upon Importation of Goods

2.1.1 Generally, all goods imported into Singapore are subject to GST, regardless of whether the person importing the goods is GST-registered or not.

2.1.2 The importer is required to take up the appropriate import permit and pay GST upon importation of the goods into Singapore unless the goods qualify for import relief as explained in paragraph 5.

### 2.2 Computation of GST on Imported Goods

2.2.1 Import GST is levied on the taxable value, which includes the Cost, Insurance and Freight (CIF) plus other chargeable costs and the customs duty payable (if applicable).

Example:

Price of goods	\$10,000.00
Freight and Insurance	<u>\$ 2,000.00</u>
CIF	\$12,000.00
Handling Charges (1 %)	\$ 1,200.00
Add Customs Duty	<u>\$ 3,600.00</u>
Taxable Value	<u>\$16,800.00</u>
GST (7%)	\$ 1,176.00

## GST Guide on Imports

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2.2.2 The value of the imports should be in Singapore dollars. Imported goods expressed in a foreign currency must be converted into Singapore dollars using the prevailing rate of exchange quoted by Singapore Customs<sup>1</sup> at the time of declaration.

### 2.3 Import Permit

2.3.1 An import payment permit is declared before the dutiable and non-dutiable goods are brought into customs territory<sup>2</sup>. The permit declarations are to be electronically submitted through the TradeNet<sup>®</sup> System<sup>3</sup> to Singapore Customs.

2.3.2 Importers are required to activate their Unique Entity Number (UEN) with Singapore Customs before making electronic submissions of permits through the TradeNet<sup>®</sup> System.

### 2.4 Payment of GST at the Point of Import

2.4.1 GST payment for imports will be made to Singapore Customs through the Inter-Bank GIRO facility. This GIRO arrangement with Singapore Customs is separate from the GIRO arrangement the importer has with IRAS (if any).

2.4.2 Either the importer or the declarant (eg. freight forwarder) must apply to SC for the payment of import GST through GIRO.

### 2.5 Supply of Imported Goods to Local Customers

2.5.1 To establish if GST should be charged on the sale of goods to the local customer, GST-registered business has to determine when the ownership of the goods is transferred to the customer. This is to establish whether the goods are supplied in Singapore or outside Singapore.

2.5.2 Generally, the person who has ownership of the goods at the point of importation should be the importer. This is because only the rightful importer can claim input tax incurred on the import of goods and he must have an import permit in his name to support the claim. Nevertheless, the parties privy to the contractual arrangement will be in the best position to determine the question of when the ownership of goods passes.

#### 2.5.3 Scenario 1

If the ownership of the goods was transferred to the customer **before** the goods were imported into Singapore, the sale of goods is treated as an out-of-scope supply. Therefore, the GST-registered supplier does not charge GST on the supply and does not report the supply in the GST return as

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<sup>1</sup> The exchange rates are published on Singapore Customs' website on a weekly basis.

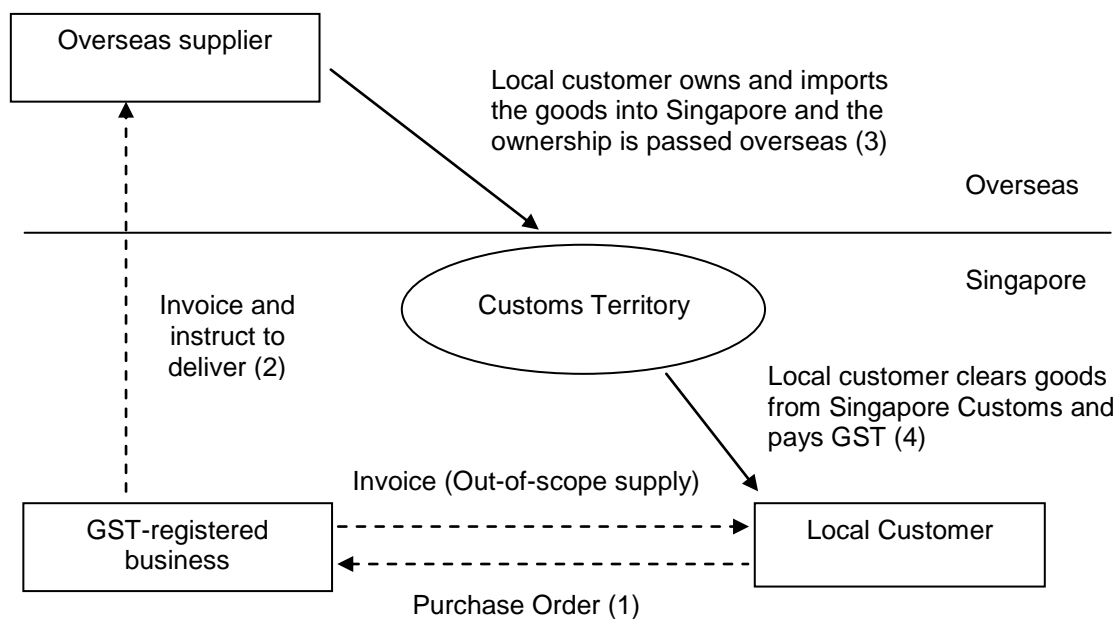
<sup>2</sup> Section 3 of the Customs Act defines "customs territory" to mean Singapore and the territorial waters thereof but excluding any Free Trade Zone.

<sup>3</sup> For more information on TradeNet<sup>®</sup> System, please visit website of Singapore Customs [www.customs.gov.sg](http://www.customs.gov.sg) and [www.tradexchange.gov.sg](http://www.tradexchange.gov.sg).

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taxable supply<sup>4</sup>. The customer who has the ownership of the goods at the point of importation should import the goods and declare an import permit in his name. The customer will then be responsible for paying the GST upon importation of the goods into Singapore.



### Scenario 1: Ownership of the goods transferred to customer outside Singapore

#### 2.5.4 Scenario 2

If the ownership of the goods was transferred to the customer **after** the goods were imported into Singapore, the sale is a local supply. The ownership of the goods remains with the GST-registered business when the goods are imported into Singapore. The GST-registered business is declared as the importer on the import permit and is responsible for paying the GST upon importation of goods into Singapore.

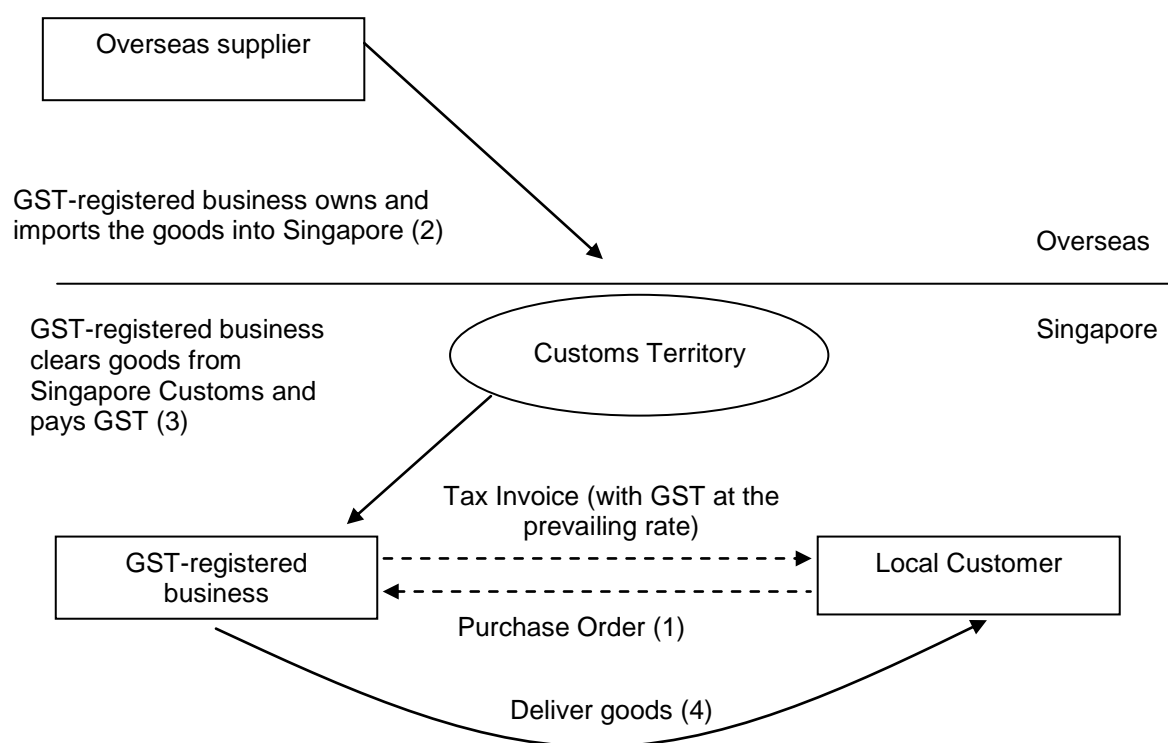
2.5.5 Subsequently, when the goods are delivered to the customer in Singapore, the GST-registered business has to charge GST at the prevailing rate as the supply of goods is made in Singapore.

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<sup>4</sup> If the out-of-scope supplies form part of your main trading or business income, please include the figure in your GST return under "Revenue" (Box 13).

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### Scenario 2: Ownership of the goods transferred to customer in Singapore

## 2.6 Claiming Import GST

2.6.1 GST-registered businesses are allowed to claim the GST incurred on importation of goods only if they satisfy all the conditions for claiming input tax:

- The goods or services must have been supplied to the GST-registered businesses or the goods have been imported by them as a Section 33(2) agent<sup>5</sup>;
- The goods or services are used or to be used for the purpose of their business;
- The input tax is directly attributable to taxable supplies or out-of-scope supplies which would be taxable if made in Singapore;
- The input tax claims must be supported by tax invoices addressed to them, or simplified tax invoices. For imports, the claims should be supported by import permits which show them as the importer of the goods; and
- The input tax claims are not disallowed expenses under Regulation 26 and 27 of the GST Act (General Regulations).

2.6.2 GST-registered businesses are required to maintain the import permit, which shows them as the importer of the goods to support the input tax claims. This applies also to instances when the GST-registered business imports goods via logistics companies.

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<sup>5</sup> See paragraph 4.1.1 for the qualifying criteria as such agent.

An exception is made for goods imported via courier or air express shipments through TNT Express Worldwide (S) Pte Ltd, Federal Express (S) Pte Ltd, United Parcel Service Singapore Pte Ltd or DHL Express (Singapore) Pte Ltd. GST-registered businesses that engage these 4 Air Express Companies need not have an import permit to support their GST claims. The tax invoices issued by these 4 companies will be used to support the claim of import GST instead of the import permit. The tax invoice must have the details of the GST payment permit.

- 2.6.3 GST-registered businesses may claim the import GST through their GST F5 returns for the relevant accounting period. The value of imported goods and the GST paid, based on their import permit, should be declared in their GST F5 return under Total Value of Taxable Purchases (Box 5) and Input Tax and Refunds Claimed (Box 7) respectively.
- 2.6.4 If GST-registered businesses have temporarily exported their own goods for repair, customer trials etc, and subsequently re-import the same goods, they are allowed to claim the input tax incurred subject to all the input tax claim conditions under paragraph 2.6.1. Alternatively, GST-registered businesses may apply for GST relief on the export and subsequent re-importation of goods into Singapore. Once the import relief is granted, they do not need to make payment for GST on the re-importation of the goods. Please refer to paragraph 5.4.

### **3 Correcting errors made on importation of goods**

#### **3.1 Responsibility of the Importer**

- 3.1.1 The importer has the overall responsibility to ensure that the import permit is taken up in a timely manner for import of goods and the declarant must ensure true and correct declarations when submitting permit applications for Singapore Customs' approval. The following illustrates the guidelines for rectifying errors made on the declaration of permits.

#### **3.2 Over-declaration on the Value of Imported Goods**

- 3.2.1 Where importers have over-declared the value of the imported goods, the importer may claim the higher amount of GST paid as their input tax in their GST F5 return for the relevant accounting period. Further, importers are required to declare the correct value of the imported goods before GST (and not the over-declared import permit value) and the actual GST paid based on the original permit in the GST F5 return under Total Value of Taxable Purchases (Box 5) and Input Tax and Refunds Claimed (Box 7) respectively.

##### Illustration<sup>6</sup>:

Over-declared value as per the import permit - \$ 10,000  
GST paid to Singapore Customs - \$ 700  
Correct value of the goods - \$ 1,000

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<sup>6</sup> For illustration purposes, all currency/monetary amounts refer to Singapore dollars.

## GST Guide on Imports

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The importer should declare the value of imports and the corresponding GST amount in his GST F5 return as follows:

GST F5 return:

Total Value of Taxable Purchases (Box 5)	\$ 1,000
Input Tax and Refunds Claimed (Box 7)	\$ 700

### 3.3 Under-declaration on the Value of Imported Goods

- 3.3.1 Where importers have under-declared the value of the imported goods, they are required to take up a short-payment permit (with reference to the original permit) to declare the shortfall and make payment for the GST shortfall. They may claim the additional GST paid to Singapore Customs with the short-payment permit as documentary evidence for their input tax claims. This is assuming the short payment permit is taken in the same accounting period as the import permit. Otherwise, the short payment permit should be reported in the accounting period it is taken.

Illustration:

Under-declared value as per the import permit - \$ 1,000  
GST paid to Singapore Customs - \$ 70  
Correct value of the goods imported - \$ 3,000  
Correct GST amount to be paid to Customs - \$ 210

Assuming the short-payment permit is taken with Singapore Customs to declare the shortfall in the same accounting period as the import permit.

Amount of imported goods under-declared – \$2,000  
Additional GST payable – \$140

Importer should declare the value of imports and the corresponding GST amount in the GST F5 return as follows:

GST F5 return (in the same accounting period)

Total value of taxable purchases (Box 5)	\$ 3,000
Input tax and refunds claimed (Box 7)	\$ 210

If the short-payment permit is taken with Singapore Customs in the next accounting period to declare the shortfall, both the import permit and the short-payment permit would be declared separately in the respective accounting periods, as illustrated.

GST F5 return (Import permit)

Total value of taxable purchases (Box 5)	\$ 1000
Input tax and refunds claimed (Box 7)	\$ 70

GST F5 return (short-payment permit)

Total value of taxable purchases (Box 5)	\$ 2,000
Input tax and refunds claimed (Box 7)	\$ 140

### 3.4 Wrong Declaration of Name of Importer

- 3.4.1 If the name of importer is wrongly declared, where the importer's name is not indicated on the import permit, the importer cannot claim the GST based on the import permit as it does not show its name as the importer.
- 3.4.2 Both the rightful importer and the "mistaken" importer should write to Singapore Customs (with documentary proof) to inform that the permit has been declared in the wrong company's name. The rightful importer should take up a replacement permit in its name. With the correct import permit, the GST paid can be claimed in its GST return provided it satisfies all the conditions of input tax claims. (Please refer to paragraph 2.6) The "mistaken" importer should seek a refund of the GST amount paid from Singapore Customs.

## 4 Importing goods on behalf of an Overseas Company

### 4.1 Section 33(2) Agent<sup>7</sup>

- 4.1.1 If a GST-registered business imports goods belonging to an overseas person, for the purpose of supplying them as its agent either locally or for export, the GST-registered business is acting as a Section 33(2) agent. The overseas person must not belong in Singapore<sup>8</sup> and must not be GST-registered. Under Section 33(2), the GST-registered agent is deemed as the principal of the goods and is responsible for all the goods imported.
- 4.1.2 Goods imported and subsequently supplied by a GST-registered agent on behalf of the overseas person are treated as imported and supplied by the GST-registered agent. Hence, the GST-registered agent is allowed to claim the GST paid on importation of the overseas person's goods as his input tax.

#### Requirements on the goods

- 4.1.3 Prior to 1 Jan 2012, the local agent must supply the goods imported with no change in the form and nature of the goods.<sup>9</sup> If there is a change in the nature and form of the goods, the local agent can no longer act as a Section 33(2) agent.

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<sup>7</sup> Section 33(2) Agent-

For the purposes of GST Act, goods imported by a taxable person and supplied by him as agent for a person who is not a taxable person may be treated as imported and supplied by the taxable person as principal.

<sup>8</sup> The overseas company shall be treated as **belonging** in Singapore if:

- (a) He has a business or fixed establishment only in Singapore; or
- (b) He has no business or fixed establishment overseas but his place of incorporation or the place where the business is legally constituted is in Singapore; or
- (c) He has such establishments both in and outside Singapore but the service it is providing is directly concerned with its Singapore establishment.

<sup>9</sup> There should not be any significant differences in the imported goods upon the subsequent supply in terms of size, shape appearance or composition, and should also not possess any new quality.

- 4.1.4 With effect from 1 Jan 2012, a GST-registered business is allowed to act as a Section 33(2) agent even where there is a change in nature and form of the goods. However, the GST-registered business must be able to track the goods and ensure that all goods imported are supplied and GST accounted for accordingly. This change in tax treatment has been made to take into account commercial reality, that some imported goods may undergo a treatment or process that alters their nature or form before they are subsequently supplied.

### Reporting and Record-keeping Requirements

- 4.1.5 The GST-registered agent is required to report such imports and the corresponding GST amount in the GST F5 return under Total Value of Taxable Purchases (Box 5) and Input Tax and Refunds Claimed (Box 7) respectively.<sup>10</sup> If the agent is approved under a scheme with an import GST suspension feature<sup>11</sup>, the import GST can be suspended. Nevertheless, the GST-registered business is still required to report such imports under Total Value of Taxable Purchases (Box 5) and Total Value of Goods Imported under Major Exporter Scheme/ other approved schemes (Box 9).
- 4.1.6 Subsequently, when the GST-registered agent supplies these goods locally or exports the goods, the agent is required to account the supplies in the GST return.
- (a) For goods that are supplied locally, they have to issue a tax invoice to charge and account for GST at the prevailing rate on the supply made to the customers of their overseas principal. They are required to report such sales and the corresponding GST amount in their GST return under Total Value of Standard-rated Supplies (Box 1) and Output Tax Due (Box 6) respectively.
  - (a) For goods that are exported, they can charge GST at 0% if they maintain the required export documentation<sup>12</sup> to support the zero-rating. They are required to report such sales in their GST return under Total Value of Zero-rated Supplies (Box 2).
- 4.1.7 In addition to the above, GST-registered agent must also maintain records of the agent's own imports and supplies separately from the imports and supplies (i.e. local sales or export) made on behalf of the overseas principal.

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<sup>10</sup> For goods imported using Import GST Deferment Scheme (IGDS), you should also declare the value of goods imported and the deferred import GST payable in the IGDS Section of your GST return.

<sup>11</sup> GST schemes with an import GST suspension feature are the Major Exporter Scheme (MES), Approved Third Party Logistics Company Scheme (3PL), Approved Import Tax Suspension Scheme (AISS) and Approved Contract Manufacturer and Trader Scheme (ACMT).

<sup>12</sup> For more information on export documentation to be maintained, please refer to the e-tax Guide "A Guide on Exports" published on our website.

### De-registration implications for a Section 33(2) Agent

- 4.1.8 There may be situations where a local agent de-registers from GST while the overseas person's goods are still in his custody. Any supply of the goods made by the local agent on behalf of the overseas person after he has de-registered from GST will not be taxable. Since the local agent did not supply those goods while he was GST-registered, the local agent can no longer act as a Section 33(2) agent. Hence, the local agent cannot claim the GST on importation of such goods as his input tax, suspend the GST on importation of such goods using Major Exporter Scheme (MES)/ other approved schemes or defer the GST on importation of such goods using Import GST Deferment Scheme (IGDS).
- 4.1.9 If import GST had been claimed, suspended or deferred on the goods, the local agent is required to repay the Comptroller the import GST before he de-registers from GST:
- a) If the local agent had claimed the import GST, he is required to file a GST F7 for the period in which he made the claim to reduce the Total Value of Taxable Purchases (Box 5) and Input Tax and Refunds Claimed (Box 7).<sup>13</sup>
  - b) If the local agent had used IGDS to defer the payment of import GST at the point of importation but has not account for the deferred import GST in his GST return, he needs to account for the amount deferred under Output Tax Due (Box 6) in his last GST return.
  - c) If the local agent had used MES/ other approved schemes to suspend the import GST, he needs to account for the amount suspended under Output Tax Due (Box 6) in his last GST return.

## 4.2 Section 33A Agent<sup>14</sup>

- 4.2.1 When a GST-registered business imports goods belonging to an overseas person and subsequently exports the goods (but without a subsequent supply of the goods<sup>15</sup>), the GST-registered business may claim the GST paid at importation on behalf of the overseas person (i.e. as an agent) under Section 33A if the following conditions are satisfied:

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<sup>13</sup> As a concession, the local agent may choose to make the adjustment in his next GST return if:

- (i) The net GST amount to adjust for all the affected periods is not more than \$1,500; and
- (ii) The summation of non-GST amounts to adjust for each of the affected periods is not more than 5% of the Total Value of Supplies (Box 4) declared in the submitted GST return. In the case where there was no supply made in the affected period, the 5% rule will be applied to the total value of the taxable purchases.

<sup>14</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. The local agent is referred to as a "Section 33A agent".

<sup>15</sup> As the GST-registered business does not import and subsequently supply the goods, the GST-registered business cannot claim the GST paid on importation as a Section 33(2) agent.

- (a) The overseas person does not belong in Singapore<sup>16</sup> and is not a taxable person ;
- (b) The GST paid at importation is eligible for claim as input tax by the overseas person if the overseas person had been a taxable person in Singapore and had imported the goods himself;
- (c) The GST-registered agent does not obtain reimbursement of the tax paid at importation. Hence, the agent must not obtain a reimbursement of the import GST paid from the overseas person nor offset the import GST against his service fees to the overseas person;
- (d) The goods are imported for a qualifying purpose (*see paragraph 4.2.3*);
- (e) The GST-registered agent retains control<sup>17</sup> over the goods during the period when they are in Singapore. If the goods undergo a treatment or process subsequent to the importation that changes their nature and form, the GST-registered business must be able to track the goods; and
- (f) The GST-registered agent ensures that the goods are exported or installed/ fitted onto a ship or aircraft within 3 years or before he de-registers from GST (whichever is the earlier).

4.2.2 If the GST-registered agent is approved under MES/ other approved schemes or IGDS, the GST-registered agent can use his scheme status to suspend or defer the GST on importation of goods belonging to an overseas person that satisfy the requirements stated in paragraph 4.2.1.

### Qualifying Purposes of Importation

4.2.3 The goods must be imported for any of the following purposes:

- To be used as a tool or machinery for carrying a process or treatment on other goods that will be supplied to the overseas person;
- In relation to goods that are parts or components to be installed or fitted onto a ship or an aircraft;
- To be stored in or transit through Singapore;
- To form the subject of any exhibition or convention;
- To undergo a process or treatment; and
- In relation to goods leased from the owner, the goods are imported for usage in Singapore.

4.2.4 After receiving possession of the goods upon importation, the GST-registered business must either:

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<sup>16</sup> The overseas company shall be treated as **belonging** in Singapore if:

- (a) He has a business or fixed establishment only in Singapore; or
- (b) He has no business or fixed establishment overseas but his place of incorporation or the place where the business is legally constituted is in Singapore; or
- (c) He has such establishments both in and outside Singapore but the service it is providing is directly concerned with its Singapore establishment.

<sup>17</sup> An agent having oversight of the goods while they are in Singapore will be considered as having control over the goods although he may not physically possess the goods in his premises.

- (i) Carry out the qualifying purpose himself; or
- (ii) Deliver the goods to a third party who carries out the qualifying purpose and later receive the goods back from the third party. This usually happens when the GST-registered business is a freight forwarder or outsources to a third party to carry out the qualifying purpose.

### Reporting and Record-keeping Requirements

- 4.2.5 The GST-registered agent is required to report such imports and the corresponding GST amount in the GST F5 return under Total Value of Taxable Purchases (Box 5) and Input Tax and Refunds Claimed (Box 7) respectively.<sup>18</sup> If the agent is approved under a scheme with an import GST suspension feature<sup>19</sup>, the import GST can be suspended. Nevertheless, the GST-registered business is still required to report such imports under Total Value of Taxable Purchases (Box 5) and Total Value of Goods Imported under MES/ other approved schemes (Box 9).
- 4.2.6 Subsequently, when the GST-registered agent exports these goods, the agent is required to report the export in their GST return under Total Value of Zero-rated Supplies (Box 2) in the GST return. He also must maintain the required export documentation<sup>20</sup>.
- 4.2.7 The GST-registered agent must also maintain records of the agent's own imports separately from the imports made on behalf of the overseas principal.

### Implications for Failure to Satisfy the Requirements and De-registration

- 4.2.8 There may be situations where a local agent claimed, had the import GST suspended or deferred on goods belonging to an overseas person but the agent fails to carry out the qualifying purpose for which the goods are imported or fails to receive back the goods given to a third party to carry out the qualifying purpose (see paragraph 4.2.4), and/or fails to export the goods or fit or install the goods onto a ship or an aircraft. In such situations (including the situation where the local agent de-registers from GST while the overseas person's goods are still in his custody, that is, the goods are not exported), the local agent can no longer act as a Section 33A agent. Hence, he is required to repay the Comptroller the import GST claimed, suspended or deferred on the importation of those goods. To do so, he shall account for the amount under Output Tax Due (Box 6) in his GST return. For the situation of de-registration, the amount should be accounted for under Output Tax Due (Box 6) in his last GST return.

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<sup>18</sup> For goods imported using IGDS, you should also declare the value of goods imported and the deferred import GST payable in the IGDS Section of your GST return.

<sup>19</sup> GST schemes with an import GST suspension feature are the Major Exporter Scheme (MES), Approved Third Party Logistics Company Scheme (3PL), Approved Import Tax Suspension Scheme (AISS) and Approved Contract Manufacturer and Trader Scheme (ACMT).

<sup>20</sup> For more information on export documentation to be maintained, please refer to the e-tax Guide "A Guide on Exports" published on our website.

4.2.9 However, the local agent is not required to repay the GST claimed or suspended on importation of goods in the following situations:

- (a) The local agent disposed of the goods due to obsolescence or spoilage or on the instructions of the owner;
- (b) The goods were lost or destroyed through fire, flood or theft;
- (c) The local agent supplied the goods on the instructions of the owner and he accounts for tax on the value of the supply; or
- (d) The local agent supplied the goods at an exhibition or convention and he accounts for tax on the value of the supply.<sup>21</sup>

### 4.3 Section 33(1) Agent<sup>22</sup>

4.3.1 As a Section 33(1) agent for a GST-registered overseas principal, the Section 33(1) agent is responsible for GST obligations of the overseas principal, which includes accounting of GST.

4.3.2 For goods imported on behalf of the overseas principal, the Section 33(1) agent will use the agent's own Unique Entity Number (UEN) to import the goods. The import permit will show the agent's name as the company who imported on behalf of the overseas principal.

4.3.3 The Section 33(1) agent has to report the goods imported on behalf of the GST-registered overseas person and the corresponding input tax claims in the overseas principal's GST returns.

4.3.4 If a Section 33(1) agent is under MES, the agent is not allowed to use the MES status to import goods on behalf of its overseas principal who is GST-registered.

4.3.5 The overseas principal should apply for MES in his own name if he wishes to come under MES. Upon approval, the Section 33(1) agent may use the overseas principal's MES status to import goods belonging to him into Singapore. The import permit will show the importer name as the Section 33(1) local agent importing the goods **on behalf of** the overseas company. The agent cannot use the overseas principal's MES status for agent's imports.

4.3.6 The agent should use the GST registration number of the overseas principal to charge and account for GST on taxable supplies made by the overseas principal.

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<sup>21</sup> For situations (c) and (d), the local agent is treated as a Section 33(2) agent if he imports and subsequently supplies the goods on behalf of the overseas person. Hence, he is not required to repay the GST on importation which he claimed/ suspended.

<sup>22</sup> Section 33(1) of the GST Act requires that an overseas person who is registered for GST, to appoint an agent as the substituted person and be accountable for any tax and duties accountable. In short, the section 33(1) agent steps into the shoes and assumes the responsibilities of the registered overseas person.

### 5 GST suspended at the point of importation

#### 5.1 When will GST be Suspended at the Point of Importation?

5.1.1 Import GST will be suspended in the following circumstances:

- |   |   |   |
|---|---|---|
| (a) Storage of goods in Free Trade Zones (FTZs)                                       | } | Administered<br>by Singapore<br>Customs |
| (b) Storage of goods in Zero GST Warehouses and<br>Licensed Warehouses                |   |   |
| (c) Importation of goods under Import Relief  | } | Administered<br>by IRAS                 |
| (d) Importation of goods under Major Exporter Scheme (MES)                            |   |   |
| (e) Importation of goods under Approved Third Party Logistics<br>(3PL) Company Scheme |   |   |
| (f) Import GST Deferment Scheme (IGDS)  |   |   |
| (g) Approved Contract Manufacturer and Trader<br>(ACMT) Scheme                        |   |   |
| (h) Approved Import GST Suspension Scheme   |   |   |

#### 5.2 Free Trade Zones (FTZs)

5.2.1 FTZs<sup>23</sup> are designated areas in Singapore where the payment of duties and taxes are suspended when the goods arrive in Singapore.

5.2.2 Importers do not need to pay GST on goods that are imported and stored in FTZs. The payment is made only when goods leave the FTZs and enter Customs territory for local consumption. However, GST payment will be suspended if the goods are moved into another FTZ, Zero-GST Warehouse or Licensed Warehouse. Similarly, no GST needs to be paid upon removal from FTZ if you operate under the following schemes :

- Major Exporter Scheme;
- Approved Third Party Logistics Company Scheme;
- Approved Import GST Suspension Scheme;
- Import GST Deferment Scheme.

5.2.3 If the overseas goods<sup>24</sup> are removed from FTZ for export (i.e. transshipment), GST is not payable to Singapore Customs and the supply is regarded as out-of-scope. The same treatment applies if the overseas goods are supplied within the FTZ (i.e. the overseas goods remain within the FTZ although ownership of the goods has been transferred). However, if the overseas goods are used or consumed within FTZ, GST is payable to Singapore Customs.

5.2.4 For local goods<sup>25</sup> that are removed from FTZ and re-enters customs territory, GST is payable to Singapore Customs unless relief has been granted by

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<sup>23</sup> For the location of FTZs in Singapore, please visit Singapore Customs website [www.customs.gov.sg](http://www.customs.gov.sg).

<sup>24</sup> Overseas goods refer to goods from outside Singapore landing in FTZ and pending customs clearance.

<sup>25</sup> Local goods refer to goods that have cleared customs control and locally-manufactured goods.

Singapore Customs. If the goods are supplied within FTZ, GST is chargeable and needs to be accounted for in the GST return as the supplies are standard-rated. However, GST will not be chargeable in the following situations where the goods are :

- intended for export;
- shipped for use as stores on a voyage or flight to or from a destination outside Singapore;
- used as merchandise for sale by retail to persons carried on such a voyage or flight in a ship or aircraft.

5.2.5 Upon removal of the goods, GST-registered businesses are required to report the value of goods released for local consumption and the GST paid in their GST return under Total Value of Taxable Purchases (Box 5) and Input Tax and Refund Claims (Box 7) respectively. Subsequent sale of the goods in Singapore has to be accounted for in their GST return under Total Value of Standard-rated Supplies (Box 1) and Output Tax Due (Box 6).

5.2.6 For more details on the GST treatments, please refer to our GST Guide on Free Trade Zones (FTZ), Warehouses and Excise Factories.

### **5.3 Zero GST (ZG) Warehouses and Licensed Warehouses**

5.3.1 A ZG Warehouse is a designated area approved by Singapore Customs for storing imported non-dutiable goods with GST suspended. The ZG Warehouse may be located anywhere in Singapore. There are three types of licenses, namely Warehouse Type I, Type II and Type III, to cater to the different needs of companies.

5.3.2 A Licensed Warehouse is similar to a ZG Warehouse. It is a designated area approved by Singapore Customs for storing dutiable goods, with duty and GST suspended.

5.3.3 GST and Customs duty are temporarily suspended when dutiable goods such as liquor, tobacco products, motor vehicles and petroleum products are imported and directly stored into a Licensed Warehouse.

5.3.4 For goods imported and stored directly into ZG or Licensed Warehouses, GST-registered business are still required to report the import value of the goods in Total Value of Taxable Purchases (Box 5) of the GST return, even though the GST is suspended.

5.3.5 If the goods are removed from ZG or Licensed Warehouses for local consumption, GST and/or duty have to be paid to Singapore Customs via an import permit. Upon removal of the goods, GST-registered businesses are required to report the value of goods released for local consumption and the GST paid in their GST return, again (first being upon importation), under Total Value of Taxable Purchases (Box 5) and Input Tax and Refund Claims (Box 7) respectively. Subsequent sale of the goods in Singapore has to be accounted for in their GST return under Total Value of Standard-rated Supplies (Box 1) and Output Tax Due (Box 6).

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5.3.6 If the goods are removed and directly exported from ZG or Licensed Warehouses, they are required to report the export value of the goods in their GST return under Total Value of Zero-rated Supplies (Box 2).

5.3.7 For more details on the GST treatments, please refer to our GST Guide on Free Trade Zones (FTZ), Warehouses and Excise Factories.

### 5.4 Import Relief

5.4.1 GST relief may be granted under the GST (Imports Relief) Order 1994<sup>26</sup>, on the importation of certain types of goods subject to conditions and documentation requirements being met. Where the relief is granted, no GST is payable on the import of goods.

5.4.2 Some common scenarios are as follows:

(a) Goods, excluding intoxicating liquors and tobacco, imported by air or by post to a total value not exceeding S\$400. Where the value exceeds S\$400, the entire sum would be subject to GST.

(b) Goods excluding intoxicating liquors and tobacco, temporarily imported (i.e. to be re-exported within 3 months from the date of importation) for approved purposes such as exhibitions, auctions, fairs, repairs, and stage performances. GST is payable if the goods are sold, disposed of or transferred locally.

(c) Goods temporarily exported (with an appropriate export permit) and re-imported into Singapore within a specific period.

5.4.3 Import relief is administered by Singapore Customs. For import relief such as those mentioned in 5.4.2 (a) to (c), you are required to apply for import relief through Singapore Customs before the arrival of goods into Singapore or the export of the goods from Singapore. For qualifying conditions, application procedures and documentation requirements, please contact Singapore Customs.

If importers did not apply for the relief before the arrival of goods into Singapore, they would have to pay the import GST. In such a situation, they are allowed to claim input tax incurred in their GST return, subject to all input tax claim conditions being satisfied.

5.4.4 For goods imported under import relief, although no GST is paid, GST-registered businesses are still required to report the import value of the goods in their GST F5 return, under Total Value of Taxable Purchases (Box 5).

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<sup>26</sup> You may download the GST (Imports Relief) Order 1994 from [www.iras.gov.sg](http://www.iras.gov.sg) > Quick links > Tax Acts > Goods and Services Tax > Goods and Services Tax (Imports Relief) Order.

### 5.5 Major Exporter Scheme (MES)

- 5.5.1 MES is a scheme that suspends the payment of GST at the point of importation of goods. Businesses under the MES scheme can import non-dutiable goods without paying GST to Singapore Customs.
- 5.5.2 GST-registered businesses who import goods and export a high percentage of the imported goods may face cash flow problem as import GST is payable upfront but is only claimable in the relevant accounting period subject to the input tax claim conditions (Please refer to paragraph 2.6). This scheme helps to alleviate the cash flow problem faced by this group of GST-registered businesses.
- 5.5.3 In order to qualify for the MES, their zero-rated supplies must account for more than 50% of the total supplies or the value of the zero-rated supplies must be more than S\$10 million for the past 12 months<sup>27</sup>.
- 5.5.4 If they are approved under MES, they can use their MES status to:
- (a) import their own goods in the course or furtherance of their business;
  - (b) import goods belonging to an overseas principal for sale in Singapore or re-export in the capacity of a GST agent under Section 33(2) or Section 33(A) of the GST Act.
- 5.5.5 Businesses under MES are required to put in place controls and measures to ensure that the value of goods imported using their MES status are declared accurately. The following are guidelines for rectifying errors made on the declaration of the ME permits.
- 5.5.6 If businesses under MES wrongly declared a GST payment permit instead of a ME permit<sup>28</sup> for an import and the payment permit has been utilized for cargo clearance, they may claim back the GST paid on the import through their GST F5 return under 'Total Value of Taxable Purchases (Box 5) and 'Input Tax and Refund Claimed' (Box 7) respectively. The claim should be made in the relevant accounting period and businesses are required to maintain the import permit as proof of payment for the input tax claims.
- 5.5.7 If businesses under MES have under / over-declared the goods imported in the ME permit, they must report the correct value of the goods imported in their GST F5 return under 'Total Value of Taxable Purchases' (Box 5) and 'Value of Goods Imported under MES' (Box 9). They must maintain relevant documents such as commercial invoice etc, to support the correct value of goods imported and reconciliation between the figures reflected on the invoices/permits and the figures reflected in the GST returns.

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<sup>27</sup> The relevant period for calculating the value of supply will be the immediate past financial year or any 12 continuous months within the past 18 calendar months.

<sup>28</sup> ME permit is taken up by a company who use its MES status to import its own goods or goods belonging to its overseas principal. The import GST is suspended for goods declared under ME permit.

5.5.8 For full details of the scheme, please refer to our e-Tax Guide “Major Exporter Scheme” published on our website.

### **5.6 Approved Third Party Logistics (3PL) Company Scheme**

5.6.1 The Approved 3PL Company Scheme caters to GST-registered logistics companies providing value-added activities for their overseas principals in the capacity of a Section 33(2) agent. This scheme enhances the competitiveness of the Approved 3PL company by allowing it to:

- (a) Import goods belonging to itself or its overseas principals without GST payment upon importation; and
- (b) Move the goods to its customers or the customers of its overseas principals who are approved MES traders or to other approved 3PL companies without having to charge GST.
- (c) Remove goods belonging to itself and their overseas principals from a Zero GST warehouse without paying GST.

5.6.2 For more information on the scheme, please refer to our e-Tax Guide “Approved Third Party Logistics Company Scheme” published on our website.

### **5.7 Import GST Deferment Scheme (IGDS)**

5.7.1 To ease the import GST cash flow for GST-registered businesses arising from the time lapse between the payment and claiming of import GST, a new Import GST Deferment Scheme (IGDS) was announced by the Minister for Finance in Budget 2010. IGDS will be implemented with effect from 1 October 2010.

5.7.2 IGDS allows an approved business to defer the payment of import GST until the submission of the GST return for the prescribed accounting period. This scheme is not applicable to Customs or Excise Duties, which remain payable upfront at the point of importation.

5.7.3 As an approved IGDS business, the deferred import GST must be accounted for in the period the import GST is payable. If the IGDS business can satisfy the input tax claim conditions (Please refer to paragraph 2.6), the IGDS business can claim the import GST as input tax in the same period.

5.7.4 IGDS will apply to both dutiable and non-dutiable goods under the following circumstances:

- (i) Direct imports into Singapore
- (ii) Imported goods released from Zero-GST/Licensed warehouses for local consumption
- (iii) Local goods released from Excise Factory where a supply has taken place prior to the release

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5.7.5 In order to qualify for IGDS, you must satisfy the following conditions:

- (a) Your business must be GST-registered for at least 3 years.
- (b) Your business must be active and financially solvent.
- (c) You have been importing or will be importing goods for your business purposes.
- (d) Your GST return is filed on a monthly basis.
- (e) You maintain an Interbank GIRO account with IRAS for GST payments.
- (f) You have good internal controls and proper accounting records.
- (g) You have good compliance records with Singapore Customs.
- (h) You have good compliance records with IRAS.
- (i) You complete a self-review under Assisted Self-Help Kit (ASK).
- (j) You must be able to comply with other conditions that the Comptroller of GST may impose from time to time.

5.7.6 For more information on the scheme, please refer to our e-Tax Guide “Import GST Deferment Scheme” published on our website.

### **6 Contact Information**

6.1 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)

### 7 Updates and Amendments

	<b>Date of amendment</b>	<b>Amendments made</b>
1	27 Dec 2010	(i) Revised paragraph 2.2
2	10 Jan 2012	(ii) Revised paragraph 4.1 on Section 33(2) Agents (iii) Inserted paragraph 4.2