

IRAS e-Tax Guide

**GST: Major Exporter Scheme
(Seventh Edition)**



INLAND REVENUE
AUTHORITY
OF SINGAPORE

Major Exporter Scheme

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1 Introduction

- 1.1 This e-Tax Guide explains the mechanism and qualifying criteria for the Major Exporter Scheme (MES).
- 1.2 Goods and Services Tax (GST) is charged on all supplies of goods and services in Singapore and on the importation of goods into Singapore. Singapore Customs (SC) collects GST at the point of importation.
- 1.3 Regulation 45 of the Goods and Services Tax (General) Regulations provides for the suspension in payment of GST on importation of non-dutiable goods for GST-registered persons who qualify for the MES.
- 1.4 MES has been revised to allow businesses to perform a self-review using the Assisted Self-Help Kit (ASK) for MES applications.
- 1.5 GST-registered businesses applying for MES and whose MES status are due for renewal invitation on or after 1 Jan 2013 will have to submit the ASK declaration form “ASK: Declaration Form on Completing Annual Review & Voluntary Disclosure of Errors” (Section 3 of ASK) certified by either their own in-house or external tax professionals.
- 1.6 Alternatively, you can choose to participate in the GST Assisted Compliance Assurance Programme (ACAP¹). For successful ACAP applicants, you do not need to submit the ASK declaration form pending the result of ACAP review and submission of ACAP Report. If you subsequently withdraw from participating in ACAP, you are required to perform and submit the ASK declaration form within three months. If you fail to obtain ACAP status, you may also be required to submit the ASK declaration form on a case-by-case basis.

2 Scope of Major Exporter Scheme (MES)

- 2.1 MES is a scheme whereby the payment of GST is suspended at the point of importation of goods. MES businesses will be allowed to import non-dutiable goods without paying GST to Singapore Customs (SC).
- 2.2 MES businesses will charge and account GST when they supply the goods locally. MES businesses who export their goods subsequently will thus not face cash flow problems on their imports.
- 2.3 Privileges of an MES business

¹GST ACAP is a compliance initiative suitable for businesses that have a robust GST Control Framework to manage their GST risks. More information can be obtained from www.iras.gov.sg>GST>For GST registered businesses>GST initiatives to facilitate voluntary compliance.

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- 2.3.1 Once you have been granted MES status, you can use your MES status to:
- (a) import your own goods in the course or furtherance of your business
 - (b) import goods belonging to an overseas principal for supply (either in Singapore or for export) in the capacity of a section 33(2) agent² (refer to paragraph 4 for further information on acting as a section 33(2) agent)
 - (c) import goods belonging to an overseas principal which will later be re-exported (e.g. back to the overseas principal), if the requirements for section 33A agent in the [GST Guide on Imports](#) are satisfied (the importer is hereafter referred to as the “section 33A agent”)³

with GST suspended.

- 2.3.2 With effect from 1 Jul 2006, as an approved MES business, you can also remove your own goods and goods belonging to an overseas principal for sale in Singapore or re-export from the ZG warehouse without having to pay GST. This means that you can enjoy further suspension of GST until the goods are sold locally.

2.4 GST Reporting requirements of an MES business

- 2.4.1 Please note that as an MES business, you will need to accurately declare the value of goods imported using your MES status for goods which belong to you or your overseas principals (i.e. in your capacity as a section 33(2) or 33A agent). The additional GST reporting requirements are highlighted in [Appendix A](#).

2.5 Responsibilities of an MES business

- 2.5.1 As an approved MES business, you should not, under any circumstances, import goods or remove goods from the ZG warehouse 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 in paragraph 2.3.1 above.

² Prior to 1 Jan 2012, the goods imported must be the same goods with no change in their 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.

³ 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 MES business, Regulation 45 of the GST (General) Regulations allows it to suspend the import GST if the same requirements are satisfied.

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- 2.5.2 Otherwise, you may be considered to have abused your MES status and the relevant penalties may be imposed on you and/or your MES status may be revoked.
- 2.5.3 In addition, you are required to repay to the Comptroller the import GST otherwise payable on goods. However, there are exceptions for goods imported in the capacity of a section 33A agent. Please refer to the [GST Guide on Imports](#) for details.
- 2.5.4 Examples of abuse of MES status include: -
- (a) Importing personal items belonging to company staff (including directors).
 - (b) Importing goods or removing goods from the ZG warehouse that are owned by a local supplier. This is notwithstanding that the goods would subsequently be supplied to you.
 - Please refer to [Appendix E](#) for the suggested measures to prevent the misuse of your MES status.
- 2.5.5 Your MES status is not transferable. If you transfer your business as a going concern to another taxable person, the transferee (new owner) is not allowed to use your MES status to import his goods. The transferee should apply for MES in his own name.

2.6 De-registration implications for MES business

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

Type of goods	Requirements of MES business
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) GST agent with GST suspended	Refer to e-Tax Guide: GST Guide on Imports on the de-registration implications of a section 33(2) GST agent.
Goods belonging to your overseas principal imported in the capacity of a section 33A GST agent with GST suspended	Refer to e-Tax Guide: GST Guide on Imports on the de-registration implications of a section 33A GST agent.

3 Qualifying conditions for MES

- 3.1 In order to qualify for MES, you must satisfy the following conditions:
- 3.2 Your zero-rated supplies must account for more than 50% of the total supplies or the value of your zero-rated supplies is more than S\$10 million for the past 12 months*.

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

- 3.2.1 Supplies considered zero-rated include the export of goods and international services. International services are those defined in Section 21 of the GST Act.
- 3.2.2 For the purposes of determining zero-rated supplies and total supplies, the following must be excluded:
- (a) Third Country Sales
This refers to sales of goods between countries outside Singapore and the goods do not pass through Singapore.
 - (b) Goods In Transit
This refers to sales of goods between countries outside Singapore and the goods merely pass through Singapore in transit.
- 3.2.3 Although the value of “third country sales” and “goods in transit” are excluded from zero-rated supplies, international services made in connection with these goods, which are zero-rated in nature, should be included.
- 3.2.4 For example, an agent arranges for the shipment of goods from Country X to Country Y through Singapore. The value of the international services will be the amount of commission or fee received for arranging the transport of the goods and this amount can be included in your computation of zero-rated supplies and total supplies.
- 3.2.5 Total supplies refer to the summation of standard-rated supplies, zero-rated supplies and exempt supplies.
- 3.2.6 If you make largely exempt supplies, you will not be granted MES. You may be granted MES if your exempt supplies do not exceed the De Minimis limit. To be within the De Minimis limit, the total value of all your exempt supplies must not exceed on the average of S\$40,000⁴ per month and an amount

⁴ The threshold has been increased from S\$20,000 to S\$40,000 for prescribed accounting periods or longer periods beginning on or after 1 Apr 2008. For more information on the De Minimis limit, please

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equal to 5% of the value of your total supplies in that period.

3.3 You are also required to maintain the following:

- (a) good internal controls and proper accounting records.
- (b) good compliance records with IRAS and SC.

3.3.1 For more details on the Comptroller's requirements on the above conditions, please refer to [Appendix B](#).

3.4 You must be able to comply with such other conditions as the Comptroller of GST may impose from time to time.

3.4.1 Apart from the above conditions, the Comptroller of GST may impose a security (in the form of a letter of guarantee). Please refer to [Appendix C](#) for more details.

3.5 Notwithstanding that you are able to comply with the conditions above, the Comptroller of GST may reject an application in order to protect revenue.

3.6 Please note that as an approved MES business, you must fulfill the qualifying conditions at all times. In the event of any material change in the nature of your business such that you no longer satisfy the qualifying conditions, you must inform the Comptroller of GST immediately.

4 **Acting as a GST agent (i.e. Section 33(2) or Section 33A agent) on behalf of overseas principals**

4.1 If you import goods in the capacity of a section 33(2) or section 33A agent for overseas principals, the goods are deemed to be your imports. Consequently, you may use your MES status to import such goods on behalf of your overseas principals, provided 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) You have to standard-rate and account for GST if the goods are subsequently sold locally; or zero-rate if they are exported. You are

refer to the GST e-Tax Guide "Partially Exempt Traders and Input Tax Recovery" which is downloadable from www.iras.gov.sg > Quick Links > e-Tax Guides.

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required to maintain documentary evidence of the goods exported. You must issue tax invoices for local sales and the transactions must be accounted for in your GST return.

4.2 The Comptroller may also require a Letter of Undertaking when an applicant acting as a section 33(2) or 33A agent makes an application for MES.

4.3 Clarifications on section 33(1) agent

4.3.1 The treatment is different for a person appointed as an agent under section 33(1) of the GST Act. Under section 33(1) of the GST Act, an overseas person, who is registered for GST, is required to appoint an agent as the substituted person and be accountable for any tax or duties accountable. The appointed agent steps into the shoes and assumes responsibilities as if he is the overseas person.

4.3.2 You cannot use your MES status to import goods or remove goods from the ZG warehouse on behalf of your overseas principal who is GST registered even though you are acting as his section 33(1) agent. Your overseas principal has to apply for MES in its own name.

5 Operational procedures

5.1 As an approved MES business, you are able to clear the goods from Singapore Customs (SC) at importation or from goods stored in ZG warehouse with the relevant MES permits if you are registered with SC for a Unique Entity Number (UEN)⁵ and as a TradeNet user. For more details on TradeNet, please refer to SC website at www.customs.gov.sg.

5.2 However, if you are not a TradeNet user and/ or if you choose to engage freight forwarding companies to assist you, you are required to appoint the relevant authorised declaring agent (e.g. freight forwarder) to clear the goods from SC on your behalf. You can appoint the declaring agent using the Form GST F10 - Application for Major Exporter Scheme. Any subsequent addition/ deletion to your list of authorised declaring agents after you have been granted MES status, can be made using either the online "Apply for Declaring Agents" via *myTax Portal*⁶ or download paper Form A1 from www.iras.gov.sg. > Quick Links > Tax forms > GST.

5.3 At any time, a MES 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**

⁵ Unique Entity Number (UEN) will replace the Central Registration (CR) number used to interact with SC from 1 Jan 2009. For more information on UEN, please refer to www.uen.gov.sg.

⁶ Please ensure that you have been authorised by your organisation as the preparer or the approver under **GST Tax Matters** to access this e-services in *myTax Portal*. If not, you will need to get your EASY administrator to log in to e-Services Authorisation System (EASY) to authorise you. For more information on how this can be done, please refer to <http://mytax.iras.gov.sg/easy>.

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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. Please refer to [Appendix E](#) for the suggested measures.

6 Application for MES

6.1 Any business who wishes to obtain the MES status must apply to the Comptroller of GST for approval. This section clarifies the application for the MES status.

6.2 Eligibility for MES application

6.2.1 You may apply for the MES status only after you have registered for GST and have commenced your trading activities. Please ensure that you satisfy all the qualifying conditions for the scheme.

6.2.2 You can apply for MES online via **myTax Portal** or download the GST F10 from www.iras.gov.sg > Quick Links > Tax forms > GST

6.3 Application process for MES

6.3.1 To apply for the MES, please submit the following documents:

- (a) A duly completed GST F10 (either online form or paper form) with the trading figures for a 12-month period. The figures declared in the form must be in Singapore Dollars.
- (b) A statement (positive assurance report) from the auditor stating that the imports, exports and total supplies figures declared in the GST F10 are fair.

6.3.2 The relevant period for calculating the value of imports, exports and total supplies will be a 12-month period that can be the immediate past financial year or any 12 continuous calendar months within the past 18 calendar months from the date of application.

For example, if you have applied for MES on 10 Dec 2011, the relevant period will be the financial year ending 31 Dec 2010 or any 12 continuous calendar months within the period from 1 Jun 2010 to 30 Nov 2011.

6.3.3 For newly incorporated companies, you will have to give a projection of your trading figures and state the basis of your projection in the GST F10. The relevant period for calculating the value of supplies will be a 12-month projection starting from the date of commencement of the business. A letter of guarantee may be required in this case (i.e. for more details on the letter of guarantee, please refer to [Appendix C](#)). You will also be required to submit the actual trading figures and other documents subsequently within the stated due date given by the Comptroller of GST.

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For example, Company XYZ commences business on 1 Jan 2011. He applies for MES status on 15 Feb 2011. The relevant period for Company XYZ will be 1 Jan 2011 to 31 Dec 2011.

- 6.3.4 You will be informed of the outcome of your application within one month from the date of submission of your application.
- 6.3.5 If your application is successful, your MES status will be valid until the Comptroller of GST notifies you in writing that your eligibility of MES status is due for review, which is usually three years after the date of approval.

At any time, if you fail to satisfy any of the qualifying conditions, you are required to inform the Comptroller and your MES status may be revoked.

7 Renewal of MES

- 7.1 You must continue to satisfy the qualifying conditions for MES in order for your MES status to be renewed. If you do not meet the qualifying conditions, you will not be invited to renew your MES status and you will be informed accordingly.
- 7.2 For businesses with MES status expiring before 1 Jan 2013 and meeting the qualifying conditions, a renewal invitation letter and the Checklist for Self-Review of Eligibility of MES ([Appendix F](#)) will be issued to you when your eligibility of MES status is due for review. You are required to complete and submit the checklist within the due date stated in the renewal letter. We will inform you in writing of the outcome of the review. Your MES scheme will continue to be valid pending the outcome of our review.
- 7.3 Once your application for renewal of MES is approved, your MES status will continue to be valid for usually, another three years from the date of approval or until the Comptroller revokes it.
- 7.4 The requirement of a letter of guarantee will be reviewed during the renewal of MES. You will be informed when a letter of guarantee is required.
- 7.5 A security (in the form of a letter of guarantee) may be imposed where appropriate. You will be informed in writing when a letter of guarantee is required. Please refer to [Appendix C](#) for more details.

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8 Revised MES from 1 Jan 2013

- 8.1 With effect from 1 Jan 2013, you would need to perform a self-review using the Assisted Self-Help Kit (ASK) and submit the **certified ASK declaration form** "ASK: Declaration Form on Completing Annual Review & Voluntary Disclosure of Errors" (Section 3 of ASK) to **apply for** or **renew** your MES.
- 8.2 This certified ASK declaration form will replace the positive assurance report (PA report) required in MES new application and the "Checklist for Self-Review of Eligibility for MES" in MES renewal application.
- 8.3 The ASK declaration form has to be certified by either your own in-house or external tax professional who is accredited as an Accredited Tax Practitioner (GST) or Accredited Tax Advisor (GST) with the Singapore Institute of Accredited Tax Professionals ("SIATP"). For more information on accreditation, please visit www.siatp.org.sg
- 8.4 For MES **new application (GST F10)**,
- a) A positive assurance report has to be submitted for application made before 1 Jan 2013.
 - b) A certified ASK declaration form has to be submitted for application made on or after 1 Jan 2013.
- 8.5 For a **newly setup business** that has been granted **provisional MES status**,
- a) A positive assurance report has to be submitted for MES confirmation where the projected period of the trading figures declared in Section 2 of the new application (GST F10) ends before 1 Jan 2013.

For example:

Period declared in Section 2 of GST F10 *1 Oct 2011 to 30 Sep 2012*
(FOR A PERIOD OF 12 MONTHS)

As the projected period ends on 30 Sep 2012 (before 1 Jan 2013), a positive assurance report is required for confirmation of MES.

- b) A certified ASK declaration form has to be submitted for MES confirmation where projected period of the trading figures declared in Section 2 of the new application (GST F10) ends on or after 1 Jan 2013.

For example:

Period declared in Section 2 of GST F10 *1 Apr 2012 to 31 Mar 2013*
(FOR A PERIOD OF 12 MONTHS)

As the projected period ends on 31 Mar 2013 (after 1 Jan 2013), a certified ASK declaration form is required for confirmation of MES.

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8.6 For MES **renewal application**,

- a) A Checklist for Self-review of Eligibility for MES has to be submitted for renewal invitation package issued before 1 Jan 2013.
- b) A certified ASK declaration form has to be submitted for renewal invitation package issued after 1 Jan 2013.

8.7 This table summarises paragraphs 8.4 to 8.6.

	Established Business		Newly Setup Business	
	Before 1 Jan 2013	On/ From 1 Jan 2013	Projected period ending	
			Before 1 Jan 2013	On/ From 1 Jan 2013
New Application (GST F10)	Positive Assurance report	Certified ASK declaration form	Positive Assurance report	Certified ASK declaration form
Renewal Application	Checklist for Self-review of Eligibility for MES			

8.8 Businesses that are already under MES will receive notifications on this by Apr 2012.

8.9 However, if you have successfully applied to participate in ACAP to be performed by an independent ACAP Reviewer, the positive assurance report/ certified ASK declaration form will not be required, unless you subsequently withdraw your ACAP participation or you fail to obtain ACAP status.

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

10 UPDATES AND AMENDMENTS

	Date of amendment	Amendments made
1	15 May 2008	(i) Editorial revisions
2	30 May 2008	(i) Editorial revisions made to paragraphs 1.4 and 7
3	1 Feb 2009	(i) Editorial revisions made to paragraphs 2.3, 3.2, 5.1, 6.3, 13 and Appendix F
4	1 May 2010	(i) Editorial revisions made to Appendix E and Appendix F
5	10 Jan 2012	(i) Revised paragraph 2.3.1 (ii) Inserted paragraphs 2.5.3 and 2.6
6	1 Mar 2012	(i) Revised paragraphs 1.4, 1.5, 1.6, 6.3.2, 6.3.3 and 7.2 (ii) Inserted paragraph 8

11 Appendix A

GST Reporting Requirements- MES

(a) Importation of goods

You will declare the value of imports, including that of your overseas principals (i.e. where you are acting as the section 33(2) or 33A agent), in Box 5 “Total Value of Taxable Purchases” and Box 9 “Total Value of Goods Imported under MES or A3PL or Other Approved Schemes Only” of your GST returns for the relevant accounting periods. As there is no import GST payable, there is no input tax credit to be made in Box 7 “Input tax and refunds claimed” in the GST returns in respect of such imports.

Please note that the value of imports reported in your GST return must be duly supported by valid MES permits and relevant supporting documents (for e.g. commercial invoices and appropriate shipping documents).

(b) Goods imported into/ removed from ZG warehouse

You will declare the value of goods imported into the ZG warehouse, including that of your overseas principals (i.e. where you are acting as the section 33(2) or 33A agent). When you remove goods, including that of your overseas principals (i.e. where you are acting as the section 33(2) or 33A agent) from the ZG warehouse, you will also need to declare the value of goods removed in Box 5 “Total Value of Taxable Purchases” and Box 9 “Total Value of Goods Imported under MES or A3PL or Other Approved Schemes Only” of your GST returns for the relevant accounting periods. As there is no import GST payable, there is no input tax credit to be made in Box 7 “Input tax and refunds claimed” in the GST returns in respect of such imports.

Please note that the value of goods imported into/ removed from the ZG warehouse reported in your GST return must be duly supported by valid ME/ MC/ Customs permits and relevant supporting documents (for e.g. commercial invoices and appropriate shipping documents).

(c) Supplies of goods

You have to charge and account GST on all subsequent supply of goods made, including that of your overseas principals (i.e. where you are acting as the section 33(2) agent). For local sales, GST will have to be standard-rated (7% GST) and reported in Box 1 “Total value of standard-rated supplies” and Box 6 “Output tax due” respectively. For sales that involve the exports of goods, GST can be zero-rated (0% GST) if the relevant supporting proof of exports are maintained and reported in Box 2 “Total value of zero-rated supplies.

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Please note that the value of standard-rated supplies or zero-rated supplies reported in your GST return must be duly supported by valid tax invoices (for standard-rated supplies) and relevant export documents (for zero-rated supplies). For further information on the relevant supporting documents to be maintained for proof of exports, please refer to the e-Tax Guide “A Guide on Exports” which is downloadable from www.iras.gov.sg > Quick Links > e-Tax Guides.

12 Appendix B

Comptroller's requirements on internal controls, accounting and compliance records

Good internal controls and proper accounting records

Good internal controls and proper accounting records:

- (a) There must be proper and documented procedures on the identification and capturing of accounting information from your inventory and financial records into your GST accounting/ reporting system;
- (b) There must be sufficient original documents and proper records of the value of imports (including goods removed from ZG warehouse), exports and total supplies as follows:

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 principals
- Any other similar documents to document the date/ movement/ quantity/ description of the goods received into its warehouse

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

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

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

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- 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.

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.

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

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.

If you are an agent acting on behalf of overseas principals under section 33(2) of the GST Act, you must keep separate records of the goods owned by the overseas principal as detailed in [Appendix D](#).

Good compliance records with IRAS and Singapore Customs

You must maintain good compliance records in the submission of GST returns/ Income Tax Forms/ Property Tax Forms and payment of GST/ Income Tax/ Property Tax.

You must also have good compliance records with Singapore Customs.

13 Appendix C

Letter of guarantee

A letter of guarantee may be required for the granting or renewing of Major Exporter Scheme status where the Comptroller of GST thinks fit. We will notify you in writing when a letter of guarantee is required.

The Comptroller of GST only accepts letters of guarantee issued by banks or insurance companies in Singapore. This includes the Singapore branch of a foreign bank or insurance company.

The bank or insurance company must issue the letter of guarantee in accordance with the required format. A specimen format will be sent to you if you are required to furnish a letter of guarantee.

The Comptroller of GST will specify the validity period of the letter of guarantee. The Comptroller of GST may lodge a claim during the validity period.

When the letter of guarantee expires at the end of the guarantee period, the letter of guarantee is effectively null and void. Thus, the Comptroller does not return the letter nor issue a letter of release.

14 Appendix D

Conditions and record-keeping requirements of a GST agent acting on behalf of overseas principals

A. Record-keeping

- (a) Any correspondence or letter from each overseas principal, authorising the business as its local agent.
- (b) Stock records for each overseas principal containing the following details:
- (i) Inward handling/ Receipt of goods
 - Date of import/ goods removed from ZG warehouse/ receipt
 - Total import value/ value of goods removed from ZG warehouse/ value of goods received
 - Description of goods
 - Quantity of goods

The stock records must be supported by copies of Goods Received Notes (GRN), Delivery Orders (DOs), Customs permits, shipping documents, commercial invoices, insurance documents, correspondences with overseas principals/ suppliers and any other relevant documents.

- (ii) Outward handling/ Removal of goods
 - Date of export/ re-export/ sale
 - Purpose of removals (local sale, export, re-export etc.)
 - Description of goods
 - Total value of goods exported/ re-exported/ sold
 - Quantity of goods exported/ re-exported/ sold

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.

- (iii) Storage/ Custody of goods
 - Names of persons handing over and/ or taking over the goods at each stage of their storage into the warehouse
 - Storage locations of the goods in the warehouse

- (iv) Stock-taking/ Inventory audit of goods

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- Records of full and comprehensive internal and/ or external stock-take/ inventory audit
- (v) Discrepancy reporting
Reconciliation reports pertaining to discrepancies of the goods (if any) at the point of their:
 - Receipt into the warehouse
 - Removal from the warehouse
 - After a stock-take/ inventory audit is conducted

The GST agent must maintain proper stock reports and stock reconciliation reports for each of the overseas customers such that stock balance in the warehouse can be reconciled to the goods imported and the goods supplied.

- (c) Records of the overseas principal(s) for whom the GST agent is acting, as if the GST agent is the taxable person and complies with section 46 of the GST Act.

B. Accounting

- (a) **Importation**
The GST agent needs to declare the value of the imports, including that of the overseas customer(s) or the value of goods imported into/removed from the ZG warehouse, as “Total Value of Taxable Purchases” and “Total Value of Goods Imported under MES or A3PL or Other Approved Schemes Only” in Box 5 and Box 9 of the GST returns respectively, for the relevant accounting periods.
- (b) **Supplies**
The GST-registered business has to charge and account GST on all local sales and zero-rate (0% GST) the supply if the goods are exported and/ or re-exported back to the overseas customer(s). The local agent 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.

15 Appendix E

Suggested Measures in Authorising Declaring Agents to Clear Goods Under Your MES Status

Review all such import permits taken up to ensure that you are the rightful importer. Internal procedures should be put in place to ensure that this review process is implemented by the employees.

This can be done by:

- (a) Obtaining from your authorised declaring agents a complete listing of import permits and verify against your suppliers' invoices to ensure that the imports declared by the agents are yours; or
- (b) Generating a permit listing from TradeExchange (TX), on a regular basis, if you are a registered user, to ensure that there is no unauthorised usage of your MES status by matching the imports listed against your suppliers' invoices and your authorised declaring agents' listing.

Major Exporter Scheme

16 Appendix F

This is the information required in "Checklist for Self-Review of Eligibility for MES". You will receive the renewal invitation letter and the official checklist from Comptroller of GST when your MES status is due for renewal.

(Note: The revised checklist is applicable only to businesses who receive their renewal invitation letters dated **Apr 2010 or later.**)

QUALIFYING CONDITIONS FOR MES			
	Yes	No	NA
(a) Please tick whichever situation is applicable to your business from (i) to (v) below. You may tick more than once.			
I use my MES status to import			
(i) goods owned by me.	<input type="checkbox"/>	<input type="checkbox"/>	
(ii) goods on behalf of my overseas principal(s), who are <u>not</u> registered for GST.	<input type="checkbox"/>	<input type="checkbox"/>	
(iii) goods on behalf of my overseas principal(s), who are registered for GST. If Yes , please state the name and GST registration no. of the overseas principal(s).	<input type="checkbox"/>	<input type="checkbox"/>	
_____			(Please provide details)

(iv) goods on behalf of my local principal(s). If Yes , please state the name and UEN/ business registration number of the local principal(s).	<input type="checkbox"/>	<input type="checkbox"/>	
_____			(Please provide details)

(v) goods purchased from a local supplier and the goods are consigned and imported under my name.	<input type="checkbox"/>	<input type="checkbox"/>	
If "Yes" , please complete (1) and (2):			
(1) Is the title of the goods transferred to you <u>before</u> the goods are imported into Singapore?	<input type="checkbox"/>	<input type="checkbox"/>	
If "Yes" , please list the types of documents to support the title of goods transferred to you.			
_____			(Please provide details)

(2) Does your local supplier invoice you after the goods have been imported and cleared under your name?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If "Yes" , please state the name and the UEN/ business registration number of your supplier.			
_____			(Please provide details)

(b) I confirm that the goods imported are not used for the making of exempt supplies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) I remove the goods from Zero GST (ZG) warehouse in the course of business carried on by me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) I confirm that the goods removed from the ZG warehouse are not used for the making of exempt supplies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(e) I am responsible and liable for GST suspended on the goods imported using my UEN by the declaring agent(s) authorised by me.	<input type="checkbox"/>	<input type="checkbox"/>	
(f) I am responsible and liable for GST suspended on the goods removed from the ZG warehouse by the declaring agent(s) authorised by me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Major Exporter Scheme

QUALIFYING CONDITIONS FOR MES

(g) The value of my zero-rated supplies is more than 50% of the total supplies
 - in the immediate past 2 financial years; or in the period of 24 continuous calendar months within the past 30 calendar months.

Yes **No**
 (Please indicate period covered)

Period Covered

DD	MM	YEAR

TO

DD	MM	YEAR

(h) The value of my zero-rated supplies is more than S\$10 million
 - in the immediate past 1 financial year; or in the period of 12 continuous calendar months within the past 18 calendar months.

(Please indicate period covered)

Period Covered

DD	MM	YEAR

TO

DD	MM	YEAR

Notes to (g) & (h):

If you are under Group/ Divisional Registration, only the Representative Member/ Parent Entity is required to answer (g) & (h) based on consolidated trading figures of group members/ all divisions.

GST ACCOUNTING & RECORD KEEPING PROCEDURES

(a) Do you maintain the following document(s) to support your imports?

- (i) invoices
- (ii) import permits (ME / IG permits)
- (iii) shipping documents (air waybill / bill of lading)
- (iv) others (please specify) _____

Yes **No** **NA**

Please give reason(s) if any of the above documents is not maintained.

(b) Do you maintain the following document(s) to support your zero-rated supplies?

- (i) invoice;
- (ii) export permit
- (iii) shipping documents (air waybill / bill of lading / subsidiary export certificate & packing list)
- (iv) others (please specify) _____

Please give reason(s) if any of the above documents is not maintained.

(c) For GST reporting purposes (i.e. completing your GST Returns), which of the documents would you rely on to compute the value of goods imported under MES (Box 9)? You may tick more than one.

- supplier's invoice MES import permit (ME / MC Permit)
- statement from freight forwarder others (please specify) _____

(d) Do you prepare and maintain listings of import permits taken up in your name?

(e) Do you perform periodic checks to ensure that your imports are supported by import permits/ shipping documents and suppliers' invoices?

If **Yes**, what are the actions taken by you if any of the documents is missing?

(Please provide details)

(f) Do you have your own TradeNet system to apply for permits?

(g) If you engage the services of a freight forwarder to apply for import permits, do you receive periodic statements from them showing information relating to permits taken up in your name?

If **No**, what are the controls in place to prevent your MES status from being used by others to clear goods not belonging to you?

(Please provide details)

(h) Are there situations where you have imported goods using MES status of other company?

If **Yes**, please state the name and UEN/ business registration number of the company.

(Please provide details)

(i) Have you used your MES status to import goods belonging to other company(s) in Singapore?

If **Yes**, please provide the name(s) and UEN/ business registration number of the company(s), its business relationship (eg: holding company, subsidiary, etc.) with you and whether MES status is granted to that company.

(Please provide details)

Major Exporter Scheme

GST AGENT ACTING ON BEHALF OF OVERSEAS PRINCIPAL(S)
 [Please complete this section ONLY if you import goods on behalf of overseas principal(s).
 i.e. you have answered "yes" to Section 2a(ii) and/or 2a(iii)].

	Yes	No	NA
(a) If you import goods owned by overseas principal(s) who are <u>not</u> registered for GST, please complete the following:			
(i) I have control over the custody and possession of the goods owned by my own overseas principal(s).	<input type="checkbox"/>	<input type="checkbox"/>	
(ii) I maintain separate records for goods belonging to my overseas principal(s).	<input type="checkbox"/>	<input type="checkbox"/>	
(iii) I have maintained the necessary records containing the following details for the imports and exports belonging to my overseas principal(s):			
(1) date of goods imported/removed from ZG warehouse	<input type="checkbox"/>	<input type="checkbox"/>	
(2) generic descriptions of goods imported/removed from ZG warehouse	<input type="checkbox"/>	<input type="checkbox"/>	
(3) quantity of goods imported/removed from ZG warehouse	<input type="checkbox"/>	<input type="checkbox"/>	
(4) location of goods in Singapore	<input type="checkbox"/>	<input type="checkbox"/>	
(5) date of removal (i.e. for subsequent supplies)	<input type="checkbox"/>	<input type="checkbox"/>	
(6) purpose of removal (e.g. local sales, exports, disposal)	<input type="checkbox"/>	<input type="checkbox"/>	
(7) for local sales : invoice number, invoice date, value of sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(8) for export : invoice number (of overseas principal), invoice date, value of export sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(9) for export back to the same overseas principals : Name of overseas principals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Please give reason(s) if any of the above details is not maintained.			
<hr/>			
(iv) I have declared in my GST Returns:			
(1) the import value of goods that were imported on behalf of my overseas principal(s) who are not registered for GST.	<input type="checkbox"/>	<input type="checkbox"/>	
(2) the export value of those goods referred to in (1) when they were subsequently exported.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(3) the sales value of those goods referred to in (1) when they were subsequently sold in Singapore.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) If you have used your UEN to import goods belonging to overseas principal(s) who are registered for GST, please confirm whether you are appointed as its GST agent under s33(1) of the GST Act?	<input type="checkbox"/>	<input type="checkbox"/>	
If "Yes", please complete the following:			
I am able to differentiate import permits taken up for my goods from those belonging to my overseas principal(s).			
<input type="checkbox"/>	<input type="checkbox"/>		
If Yes, please describe how do you ensure that the correct type of permit (e.g. IG/ME/MC) is taken up for goods belonging to your overseas principal(s).			
<hr/>			
(Please provide details)			

UNDERSTANDING YOUR BUSINESS OPERATIONS

(a) Nature of your business and types of goods imported and exported by you.

(b) For body corporate, what is the paid up capital of the company?

\$1 - \$10,000 \$50,001 - \$100,000

\$10,001 - \$50,000 More than \$100,000

(c) What is the staff strength of the business?

0 - 5 10 - 50

6 - 9 More than 50

(d) Are the people involved in running the business (i.e. managers, directors, partners) related to one another (i.e. family members including siblings, spouse, in-laws, fiancé/fiancée, grandparents/children)?

Yes [please specify relationship:.....]

No

Major Exporter Scheme

UNDERSTANDING YOUR BUSINESS OPERATIONS

- (e) How are the accounting records maintained?
- Manual bookkeeping Off-the-shelf accounting system [Name & Version of software:.....]
- Microsoft Excel or Microsoft Office Customised accounting system [Name of Vendor:.....]
- (f) Are the GST returns and/or accounts prepared in Singapore?
- Yes
- No
- (g) Who prepares the GST returns and/or accounts?
- Tax agent/External accounting firm [Name:]]
- Permanent staff [Name:, NRIC:.....(If available)]
- Part time or temporary staff [Name:, NRIC:.....(If available)]
- Freelance accountant [Name:, NRIC:.....(If available)]
- Others [Name:, NRIC:..... (If available)]
- (h) Has the preparer in Question 5(g) of the GST returns and/or accounts received any GST training (e.g. IRAS GST class)?
- Yes
- No
- (i) How many years of experience does the preparer have in the preparation of the GST returns and/or accounts?
- Less than 1 year 6 – 10 years
- 1 – 5 years More than 10 years

Please do not submit this copy to the Comptroller of GST