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AUTHORITY  
OF SINGAPORE

# IRAS e-Tax Guide

GST: Approved Refiner and Consolidator  
Scheme (ARCS)  
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# **GST: Approved Refiner and Consolidator Scheme**

## **1 Aim**

- 1.1 This e-Tax Guide provides details of the Approved Refiner and Consolidator Scheme (ARCS). The scheme is a measure to ease cash flow and compliance of qualifying refiners and consolidators of Investment Precious Metals ('IPM') in their payment of GST on import and purchase of raw materials, as well as to relieve input tax incurred in their refining activities. These benefits aim to develop a IPM refining and trading cluster in Singapore.
- 1.2 This guide covers the following:
- (a) Benefits of the ARCS for qualifying refiners and consolidators;
  - (b) Eligibility conditions and application procedure for the ARCS for refiners and consolidators; and
  - (c) Responsibilities and reporting requirements under ARCS for approved refiners and consolidators.

## **2 At A Glance**

- 2.1 As an ARCS person, you will enjoy the following benefits:
- (a) GST suspension on importation of goods;
  - (b) Waiver of GST payment on goods supplied between ARCS persons; and
  - (c) Special input tax recovery for ARCS persons, as compared to the input tax claims allowable under normal GST rules following the GST exemption of IPM<sup>1</sup>.
- 2.2 To give legislative effect to the scheme, amendments have been made to section 37B of the GST Act and regulation 46A of the GST (General) Regulations.

### GST on imported services and low-value goods

- 2.3 From 1 Jan 2020, if you are a GST registered person who procures services from overseas suppliers, you may be subject to reverse charge if you are not entitled to full input tax credit<sup>2</sup> or you belong to a GST group that is not entitled to full input tax credit. This means that you have to account for GST on the value of your imported services as if you were the supplier, except for certain

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<sup>1</sup> The importation and supply of IPM in Singapore are exempt from GST. IPM for GST exemption purposes refers to gold, silver or platinum in the form of a bar, ingot, wafer and coin which meets certain criteria. Please refer to the e-Tax Guide "GST: Guide on Exemption of Investment Precious Metals (IPM)" for the definition of IPM. The supply of IPM for export continues to be zero-rated, provided that the relevant export documents are maintained.

<sup>2</sup> An Approved Refiner under the ARCS is able to recover all its input tax incurred in the course or furtherance of the business pursuant to regulation 46A (16) of the GST (General) Regulations and hence, not required to apply reverse charge. On the other hand, an Approved Consolidator under the ARCS is required to apply reverse charge on its imported services and import of low-value goods, if it is not entitled to full input tax credit.

services which are specifically excluded from the scope of the reverse charge. You will be able to claim the GST accounted for on your imported services as your input tax, subject to the normal input tax recovery rules.

- 2.4 From 1 Jan 2023, reverse charge will also apply to the purchase of imported low-value goods (“LVG”). The requirement to perform reverse charge applies to all purchases of LVG (except those directly attributable to taxable supplies) and includes LVG purchased from local and overseas suppliers, electronic marketplaces or redeliverers, regardless of whether they are GST-registered or not.
- 2.5 For more information, please refer to the e-Tax Guide, “GST: Reverse Charge”.

### **3 Glossary**

#### **3.1 ARCS person**

An Approved ARCS person is identified and accorded status as either an Approved Refiner or Approved Consolidator.

Approved Refiners and Approved Consolidators have to comply with the conditions, requirements and control standards imposed on them under the ARCS.

Any reference to “ARCS person” in this guide would refer to both Approved Refiner and Approved Consolidator.

The names of ARCS persons are published on our GST webpage “Approved Refiner and Consolidator Scheme (ARCS)”.

#### **3.2 Approved Refiner**

An Approved Refiner is one that processes or converts goods into IPM or extracts IPM from goods and is approved by IRAS under the ARCS.

An Approved Refiner can also be one that mints coins that are IPM and is approved by IRAS under the ARCS.

#### **3.3 Approved Consolidator**

An Approved Consolidator is one that consolidates or aggregates materials containing gold, silver or platinum (e.g. scrap materials) belonging to itself or overseas persons for supply or delivery to specified refiners (refer to paragraph 5.2 below) to be refined into IPM and is approved by IRAS under the ARCS.

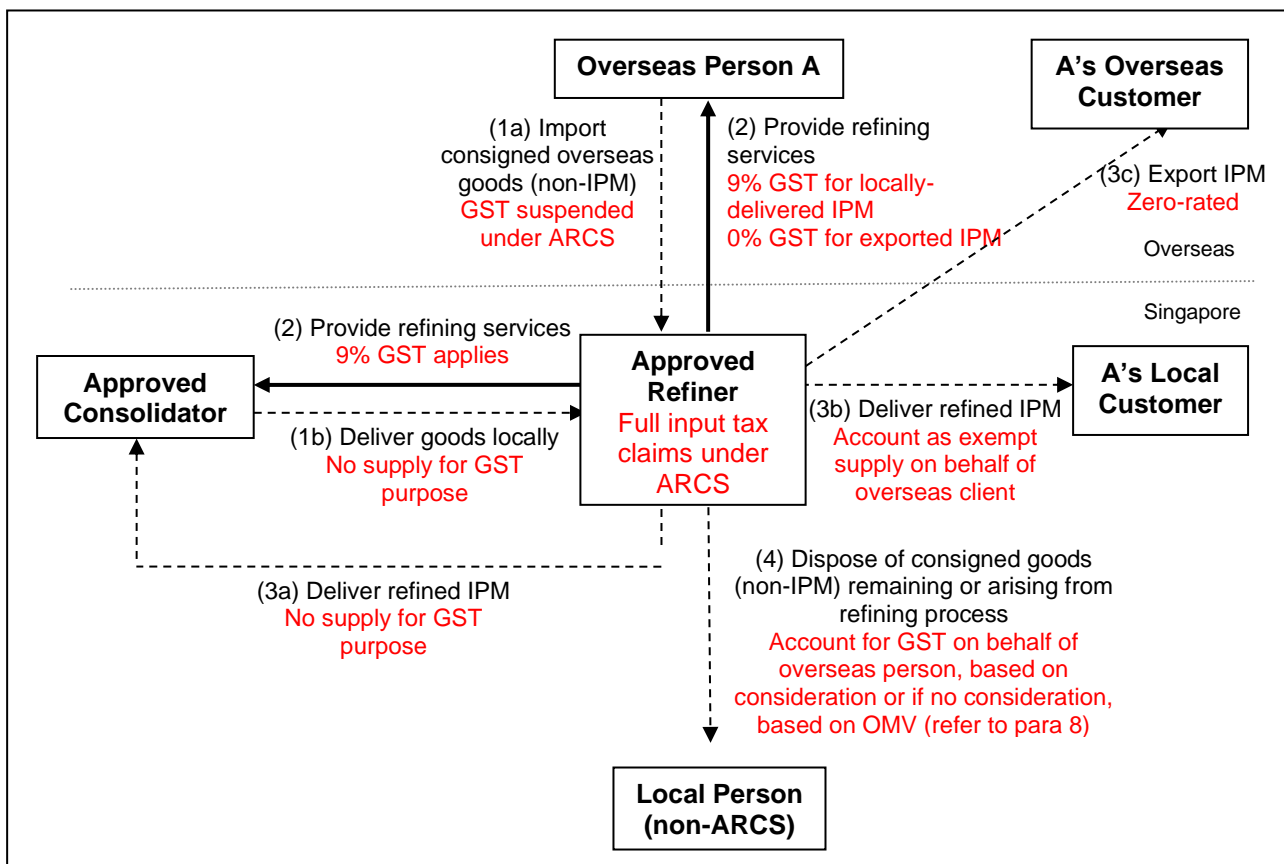
## 4 Benefits of the ARCS

### (A) For Approved Refiner

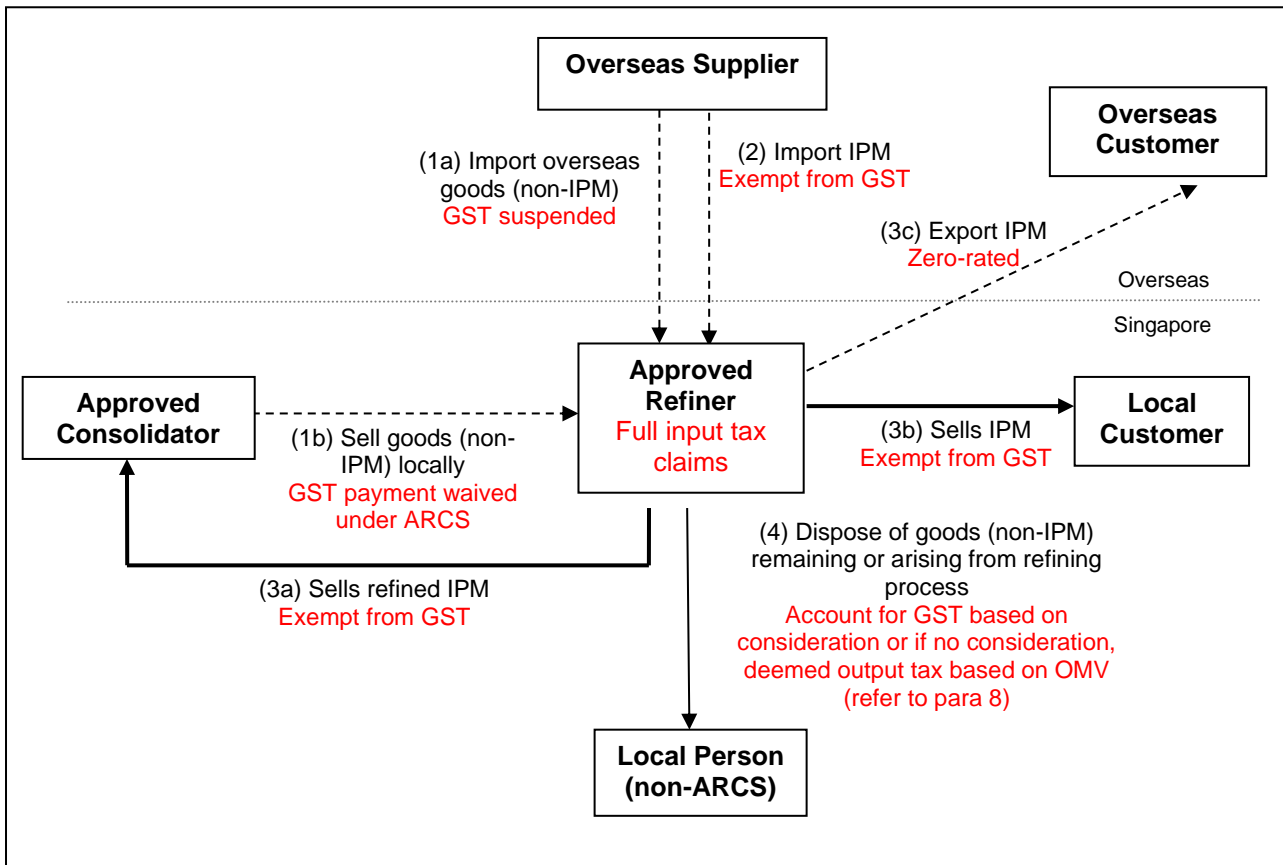
4.1 As an Approved Refiner, you may operate either the toll refining model, buy-sell model or both. Under the toll refining model, you are merely providing refining services to your customers for a consideration and would not take ownership of their raw materials or IPM produced. On the other hand, in the buy-sell model, you would buy over the materials, refine them into IPM and subsequently sell the IPM in your own capacity. The selling price of the IPM would usually factor in your refining costs.

4.2 The following diagrams illustrate the toll refining and buy-sell models and the respective benefits you will enjoy as an Approved Refiner under ARCS. The benefits are further explained in the subsequent paragraphs.

#### (i) Toll refining model



(ii) Buy-sell model



**(a) Import GST suspension**

4.3 You will enjoy import GST suspension<sup>3</sup>, meaning that you do not need to pay GST when you import goods under the following scenarios:

- (i) Importation of your own goods (e.g. your fixed assets, inventory, materials used in your refining activities) in the course or furtherance of your business;
- (ii) Importation of goods belonging to your overseas principal for supply (either in Singapore or for export) as an agent under section 33(2). The overseas principal must not be GST-registered or if it is GST-registered, the registration is as a pay-only person under the Overseas Vendor Registration (OVR) regime<sup>4</sup>;

<sup>3</sup> Regulation 46A(8)(a) and (9).

<sup>4</sup> With the introduction of the overseas vendor registration (OVR) regime with effect from 1 Jan 2020 and extension of the regime from 1 Jan 2023, overseas suppliers supplying remote services and/or low-value goods to non-GST registered customers in Singapore may be required to register for GST. If your overseas principal also supplies remote services and/or low-value goods, it may need to register for GST under the OVR rules. For more information, please refer to the e-Tax Guides: GST: Taxing imported remote services by way of the overseas vendor registration regime” and “GST: Taxing imported low-value goods by way of the overseas vendor registration regime”.

- (iii) Importation of goods belonging to your overseas principal, which will subsequently be re-exported under section 33A. The overseas principal must not be GST-registered or it is GST-registered, the registration is as a pay-only person under the OVR regime;

*[For information and conditions on sections 33(2) and s33A agents, please refer to the e-Tax Guide “GST: Guide on Imports”]*

- (iv) Importation of goods (for example, materials or precious metals) consigned to you by an overseas customer for the purpose of refining the imported goods into IPM or precious metals. The overseas customer must not be registered for GST or if it is GST-registered, the registration is as a pay-only person under the OVR regime; and
- (v) Re-importation of goods which you have previously sent abroad for value-added activities, belonging to your local customer or GST-registered overseas customer (other than a person registered under the OVR regime as a pay-only person), under section 33B. Please refer to the e-Tax Guide “GST: Claiming of GST on re-import of value-added goods” for information on the eligibility conditions and requirements.

You should not, under any circumstances, use your ARCS status to suspend GST on importation of goods on behalf of other persons (be it taxable or non-taxable persons) or goods that are not for the course or furtherance of your business, other than for the purposes explained in paragraph 4.3.

**(b) Waiver of GST payment on supplies of goods to another ARCS person**

- 4.4 You may supply goods in the course or furtherance of your business to your customer who is also an **ARCS person** (i.e. Approved Refiner or Approved Consolidator)<sup>5</sup>. One benefit of the ARCS is that you can do so without having to collect GST on the supply from the customer. Consequently, you also do not need to account for GST on the supply to the Comptroller of GST.
- 4.5 Notwithstanding that your ARCS customer does not have to pay you GST, the supply nevertheless remains a standard-rated supply. It is to be reported in your GST return and your ARCS customer’s GST return as a standard-rated supply and taxable purchase respectively without the corresponding output tax and input tax claim.

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<sup>5</sup> Regulation 46A(8)(b).



Although you are not required to collect GST from your customer, you must still issue a tax invoice and annotate on the tax invoice “Goods supplied under ARCS”.

You must also ensure that your customer is approved under the ARCS by checking against the list of ARCS persons published on the IRAS website.

- 4.6 However, if you opt to collect GST from your customer who is an ARCS person, you must obtain the agreement of your ARCS customer before doing so. To avoid disputes, both parties should enter into a written undertaking for GST to be charged and collected on the supply of goods and maintain the undertaking as part of your GST records.

### **Excluded supplies of goods – Supply of refining activities**

- 4.7 Waiver of GST payment on supplies to another ARCS person does not apply to the supply of refining activities<sup>6</sup>. GST will continue to be charged and accounted for on the supply of refining activities even when provided to another ARCS person, notwithstanding that it is regarded as a supply of goods for GST purposes<sup>7</sup>. You need to account for 9% GST on the supply of refining activities relating to goods delivered locally. Where it relates to goods exported, the refining activities may be zero-rated provided you maintain the relevant export documentation.

#### **Example 1**

Approved Refiner A imports its own raw materials and refines them into IPM as well as other precious metals such as gold granules. The IPM and precious metals produced are then sold to Approved Consolidator B. In this case, A does not need to charge and account for GST on the precious metals supplied to B since both A and B are ARCS persons.

A also operates the toll refining model and provides refining services of IPM to Approved Consolidator C for a fee. The IPM refined for C is then delivered locally to C’s warehouse in Singapore. In this case, A needs to charge and account for 9% GST on the refining services supplied to C in relation to the goods delivered locally, notwithstanding that both A and C are ARCS persons.

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<sup>6</sup> Regulation 46A(10).

<sup>7</sup> Under paragraph 2 of the Second Schedule to the GST Act, treatment or process on another person’s goods is treated as a supply of goods for GST purposes and this would include refining activities. However, the IPM provisions in paragraph 1A of Part I of the Fourth Schedule to the GST Act specifically exclude refining activities from the scope of exemption. Hence it remains a taxable supply of goods. The ARCS regulations then exclude refining activities from the waiver provision.

**(c) Special input tax recovery**

- 4.8 Generally, input tax incurred for the making of exempt supplies is not claimable. A GST-registered business which makes both taxable and exempt supplies is required to apportion its input tax accordingly, as explained in the e-Tax Guide “GST: Partial Exemption and Input Tax Recovery”.
- 4.9 With the GST exemption of IPM, you may as an Approved Refiner, make both taxable supplies (such as provision of refining services) and exempt supplies (such as local sales of IPM). Under normal GST rules, you would only be able to claim a proportion of your input tax attributable to the making of taxable supplies.
- 4.10 In recognition that an Approved Refiner’s principal business is precious metals refining, you will be allowed to claim all the input tax incurred in the course or furtherance of your business<sup>8</sup>, except for expenses specifically disallowed under regulations 26 and 27<sup>9</sup>. This is provided that you satisfy the input tax claims conditions. As an Approved Refiner, you are not required to apply reverse charge on imported services and low-value goods in view that you are entitled to full input tax credit.
- 4.11 The special input tax recovery applies regardless of whether you operate a toll refining or a buy-sell business model or both.
- 4.12 To support your input tax claims, you should maintain the required documents such as tax invoices issued to you by your GST-registered suppliers. The input tax claims are to be made in your GST returns based on the date of the tax invoices<sup>10</sup>.

**(B) For Approved Consolidator**

- 4.13 As an Approved Consolidator, you may consolidate or aggregate materials belonging to you or your overseas customer and depending on your arrangement with the refiner, sell or consign the materials to the refiner to be refined into IPM. Where the refined IPM belongs to you, you may then sell the IPM to your customers in your own capacity. On the other hand, if the refined IPM belongs to your overseas customers, you may return the IPM to your overseas customers<sup>11</sup> or deliver the IPM to other persons on instructions of your overseas customer.

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<sup>8</sup> Regulation 46A(16).

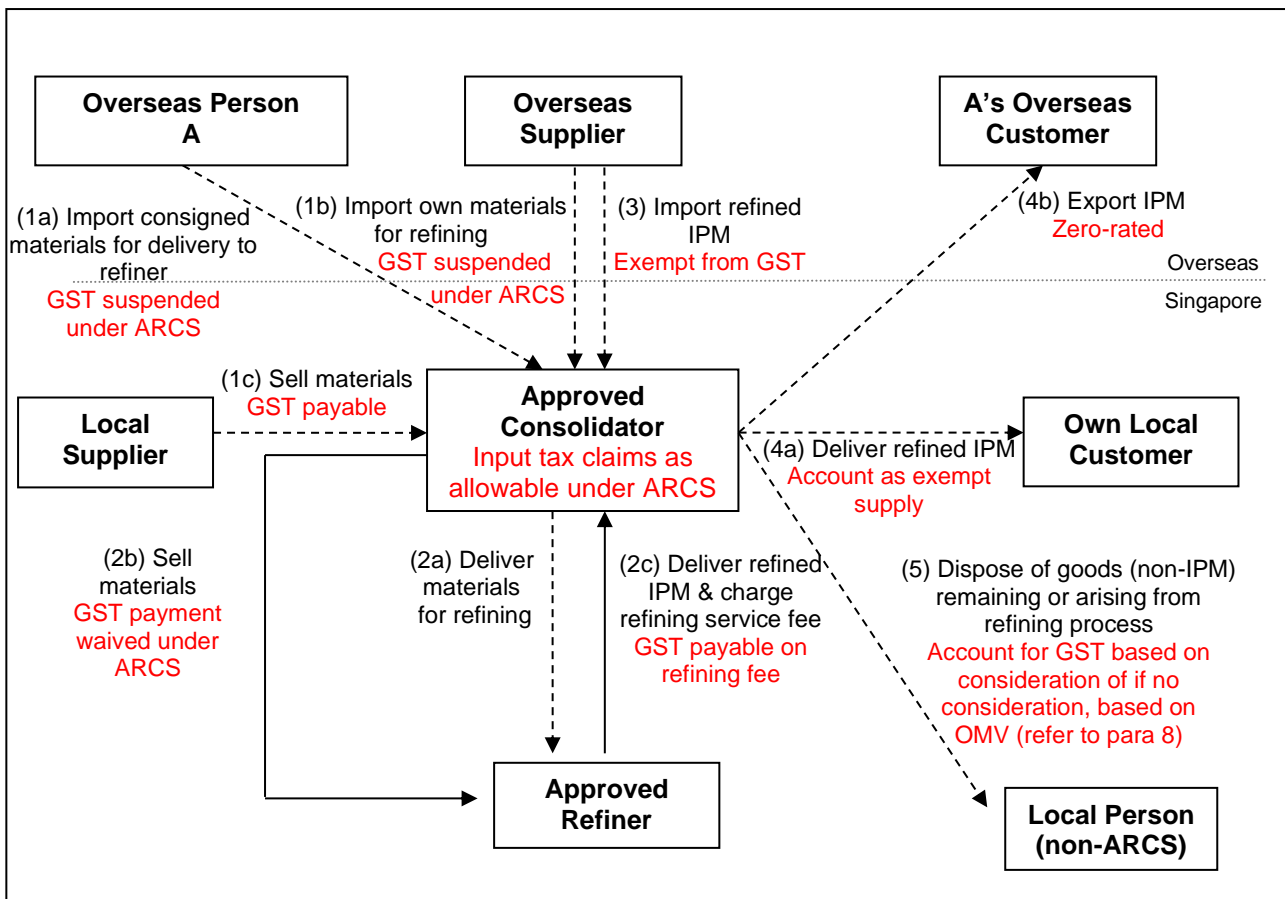
<sup>9</sup> Disallowed expenses include club subscription fees, medical and accident insurance premiums, medical expenses, family benefits and motor car expenses.

<sup>10</sup> Alternatively, you may make the input tax claim based on the date you post/process the suppliers’ tax invoice into your accounting system (which must be **later** than the date of the tax invoice), provided that the following conditions are satisfied:

- (i) Your basis of claiming input tax based on the date of posting/processing of the suppliers’ tax invoices into the accounting system is applied consistently in all your GST returns;
- (ii) You have the original tax invoices at the time of claiming; and
- (iii) There are internal controls in place to ensure that there is no double claiming of input tax.

<sup>11</sup> Any fees that you charge to your overseas customers will be subject to the normal GST rules.

4.14 The following diagram illustrates a sample business model of an Approved Consolidator and the benefits it will enjoy under ARCS.



**(a) Import GST Suspension**

4.14 As an Approved Consolidator under the ARCS, you will enjoy import GST suspension<sup>12</sup>, meaning that you do not need to pay GST when you import goods (for example, materials or precious metals) which:

- (i) Belong to you or are consigned to you by an overseas person who is not registered for GST in Singapore or is registered under the Overseas Vendor Registration regime as a pay-only person; and
- (ii) Are to be directly supplied or delivered to a refiner for the purpose of refining them into IPM or precious metals.

GST is payable on the importation of any other goods into Singapore.

<sup>12</sup> Regulation 46A(11)(a)

### **Example 2**

Approved Consolidator D intends to import precious metals belonging to its non-GST registered overseas customers into Singapore. D will then send the precious metals to Approved Refiner E, which it has a long-term contract with, to be refined into IPM.

In this case, D can use its ARCS status to suspend GST on importation of the precious metals, since they will be directly delivered to a refiner for the purpose of refining into IPM.

### **Example 3**

Approved Consolidator F would be importing materials (such as circuit boards, printer ribbons) belonging to its non-GST registered overseas customers into Singapore, for consolidation in its local warehouse and pending its customers' instructions. Depending on the instructions given, F may deliver the materials to the customers' selected refiner or elsewhere in Singapore. F also intends to import its own fixed assets (such as computers) purchased overseas.

In this case, F cannot use its ARCS status to suspend GST on the importation of the materials. This is because F cannot be certain that it will deliver the materials to a refiner to be refined into IPM or precious metals since it does not have clear instructions from its customers. F also cannot use its ARCS status to suspend GST on importation of the fixed assets since that is not an allowable scenario under the ARCS. Therefore, F needs to pay import GST on the importation of the materials and fixed assets.

- 4.15 As can be seen from Example 3, in order to enjoy import GST suspension, you need to be certain that the goods will be directly supplied or delivered to a refiner after importation. This means that you should already have a standing arrangement with the refiner(s) concerned and would directly arrange for the delivery or supply of the goods to the refiner. For consigned goods, you should also have already obtained the relevant instructions from the overseas person prior to importation of the goods. You are required to maintain the relevant documents (such as customer's written instructions, delivery order, export documents, etc) to support delivery of the goods to the refiner after importation.
- 4.16 In the event that you are unable to ascertain that the imported goods will be directly delivered or supplied to a refiner (e.g. you have been given prior instructions to deliver the goods to another person in Singapore), you cannot use your ARCS status to enjoy GST suspension on the importation of the goods. In such instances where you are unable to suspend import GST under ARCS, you will have to pay the GST to Singapore Customs (SC) upon

importation of the goods. Whether you can claim the import GST paid as your input tax depends on whether you satisfy the input tax claim conditions or you are acting in the capacity of a section 33(2) or section 33A agent<sup>13</sup>.

- 4.17 For the purpose of enjoying import GST suspension explained in paragraph 4.14 above, “refiner” includes both Approved Refiners as well as other local or overseas refiners. Hence, you can use your ARCS status to suspend GST on imported goods intended for delivery to local refiners or for export to overseas refiners.

**(b) Waiver of GST payment on supplies of goods to an Approved Refiner**

- 4.18 You may supply goods (e.g. materials or scrap precious metals) to your customer who is an **Approved Refiner** without charging and accounting for GST on the supply<sup>14</sup>. If you supply goods locally to any other person including another Approved Consolidator, you need to charge and account for GST on the supplies based on the normal GST rules.
- 4.19 Notwithstanding that the Approved Refiner does not need to pay you GST, the supply of goods nevertheless remains as a standard-rated supply. It is to be reported in your GST return and the Approved Refiner’s GST return as a standard-rated supply and taxable purchase respectively without the corresponding output tax and input tax claims.

**(c) Special Input tax recovery**

- 4.20 To relieve input tax on precious metals refining, an Approved Consolidator will be allowed to claim more input tax under the ARCS. The input tax recovery method applicable depends on whether you are a bank or non-bank.

Input tax claims by an Approved Consolidator who is a non-bank

- 4.21 You can claim full input tax on purchases and expenses directly incurred for the making of standard-rated (e.g. sales of non-IPM) and zero-rated supplies (e.g. export sales of IPM). As a benefit of the scheme, you will also be allowed full input tax claims on purchases and expenses directly attributable to the making of exempt supplies comprising the first sale of newly refined IPM. The “first sale” refers to the sale of the IPM immediately following the refining process. Any subsequent re-sale of the IPM along the supply chain will not be regarded as the “first sale”. As an Approved Consolidator, the ‘first sale’ of IPM would generally occur when you procure the IPM from the refiner under the toll refining model (i.e. where the refiner only supplies refining services to you and the IPM produced belongs to you). However, if you purchase the IPM from the refiner, your subsequent supply of the IPM is not considered to be the ‘first sale’.

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<sup>13</sup> For information on section 33(2) and 33A agency, please refer to the e-Tax Guide “GST: Guide on Imports”.

<sup>14</sup> Regulation 46A(11)(b).

#### Example 4a

Approved Consolidator G consigns scrap metals under the toll refining model to an Approved Refiner H for refining into IPM. Upon completion of the refining process, G will take delivery of the IPM and sells the IPM to its local customers. H will only invoice G for the refining services provided.

In this case, G's sale of the IPM is regarded as the "first sale of newly refined IPM" and G can claim full input tax on the expenses directly attributable to its sales of the IPM.

#### Example 4b

In another situation, G sells scrap metal to H. H refines the scrap metal into IPM and sells the IPM to G. who in turn resells the IPM to its local customers. In this case, G is not making the "first sale of newly-refined IPM" (the first sale is made by H) and hence G cannot claim full input tax on its sales of the IPM.

- 4.22 Examples of the allowable input tax claims directly attributable to the first sale of newly refined IPM are:
- (i) GST incurred on the purchase and importation of goods for refining;
  - (ii) GST incurred for the acquisition, storage and transportation of goods for refining (e.g. local transportation costs, insurance charges, local storage fees);
  - (iii) GST incurred for the refining of goods into IPM (e.g. refining fees); and
  - (iv) GST incurred to make the first sale of newly refined IPM (e.g. local transportation fees incurred to deliver the IPM to customers).
- 4.23 Input tax directly incurred for the making of other exempt supplies (e.g. re-sale of IPM i.e. any supply of IPM other than first sale of newly refined IPM) is not claimable. Therefore, you are required to segregate and identify the direct input tax incurred for IPM refining and for the making of taxable supplies from those that are incurred for the re-sale of IPM. If the input tax is incurred for both re-sale of IPM and sale of newly refined IPM, it should be treated as residual input tax and you should apportion it based on the formula provided below.
- 4.24 The input tax claims on costs incurred for the overall running of the business and/or for the making of both taxable and exempt supplies i.e. residual input tax (e.g. rental, utilities) will also be allowed to the extent that it is attributable to the making of taxable supplies and first sale of newly refined IPM calculated based on the following apportionment formula:

$$\left\{ \begin{array}{l} \text{Residual input} \\ \text{tax} \end{array} + \begin{array}{l} \text{Input tax incurred for the} \\ \text{making of regulation 33} \\ \text{exempt supplies} \end{array} \right\} \times \frac{\text{Value of taxable supplies +} \\ \text{value of first sale of} \\ \text{newly} \\ \text{refined IPM}^{15}}{\text{Value of total supplies}^{15}}$$

4.25 The ratio of the total value of taxable supplies and first sale of newly refined IPM over value of total supplies in the above formula should be rounded off to the nearest whole number in accordance with regulation 29(4) of the GST (General) Regulations to compute the allowable residual input tax.

4.26 Please refer to Appendix 2 for an illustration on the attribution and apportionment of input tax for an Approved Consolidator.

#### Input tax claims by an Approved Consolidator who is also a bank

4.27 An administrative concession was granted to banks to allow them full input tax recovery on the purchase and import of precious metals, regardless of purity. Such input tax claims are restricted to the purchase and import of precious metals, but not accompanying services e.g. insurance charges, storage fees, refining fees, etc.

4.28 The above concession will continue to apply to banks that are also Approved Consolidators on the basis that the precious metals purchased or imported by them will either be for refining into IPM or for sale as non-IPM (i.e. in both situations the input tax incurred on the precious metals would be allowable under ARCS)<sup>16</sup>. However, for all other expenses (e.g. refining fee, overheads, and transportation costs) other than the import and purchase of precious metals, an Approved Consolidator who is also a bank is required to claim input tax based on its fixed input tax recovery rate<sup>17</sup>.

<sup>15</sup> If you import goods belonging to your overseas principals/customers for refining into IPM and subsequently re-export the IPM back to your overseas principal, you are required to report this export as your zero-rated supplies for GST reporting purposes. You should however exclude the value of such supplies in the numerator and denominator of the apportionment formula.

You should also exclude –

(a) the value of relevant supplies received from your supplier that were subject to customer accounting; and

(b) imported services and from 1 Jan 2023, imports of low-value goods that are subject to reverse charge

from the value of supplies in the numerator and denominator of the apportionment formula.

The amount of residual input tax allowable to you is to the extent that it is attributable to the making of taxable supplies and first sale of newly refined IPM made by you only.

<sup>16</sup> A bank which is not an Approved Consolidator under ARCS would not be allowed to claim the input tax on the import and purchase of precious metals that are for refining into IPM for subsequent sale by the bank. However, the bank can continue to recover the input tax it incurred on the purchase and import of precious metals in full if the precious metals are to be sold as non-IPM by the bank.

<sup>17</sup> A bank in Singapore will recover its input tax on expenses (except for disallowed expenses under regulations 26 & 27) incurred in the course or furtherance of its business based on fixed input recovery rate.

## 5 Conditions of Eligibility for the ARCS

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

- 5.1 You must be a GST-registered business;
- 5.2 You must be a qualifying refiner or consolidator;

### Qualifying Refiner<sup>18</sup>

(a) A qualifying refiner is one which satisfies the following requirements:

(i) Accredited under the LBMA/LPPM:

- On the current 'Good Delivery' List of the London Bullion Market Association (LBMA)<sup>19</sup> in the case of gold and silver;
- On the current 'Good Delivery' List of the London Platinum & Palladium Market (LPPM)<sup>20</sup> in the case of platinum; or
- In the case of new refiners in Singapore which have yet to attain the accreditation, endorsed by Enterprise Singapore and intends to be on the 'Good Delivery' List of LBMA or LPPM.

The refiner must attain the accreditation on the 'Good Delivery' List of LBMA/LPPM within the time period specified in Enterprise Singapore's endorsement.

(ii) Makes or intends to make substantial supplies of newly refined IPM or refining services of IPM.

For this purpose, the refiner's supplies of newly refined IPM and/or refining services for IPM must constitute more than 50% of its total supplies<sup>21</sup>.

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<sup>18</sup> Regulation 46A(1).

<sup>19</sup> Gold and Silver List – refer to [www.lbma.org.uk](http://www.lbma.org.uk)

<sup>20</sup> Platinum List – refer to [www.lppm.com](http://www.lppm.com)

<sup>21</sup> The value of total supplies should exclude

- any re-export of IPM which belongs to overseas customers under the toll-refining model and relevant supplies received from your supplier that are subject to customer accounting;
- value of relevant supplies received from your supplier that were subject to customer accounting; and
- imported services and with effect from 1 Jan 2023, imports of low-value goods that are subject to reverse charge.



### Example

	As percentage of total supplies			Qualify for ARCS?
	Supplies of newly-refined IPM (a)	Supplies of refining services for IPM (b)	(a) + (b)	
Refiner A	70%	10%	80%	Yes
Refiner B	25%	65%	90%	Yes
Refiner C	35%	30%	65%	Yes
Refiner D	10%	20%	30%	No

### Or

- (b) A qualifying refiner can also be one that:
- (i) is in the business of minting coins that are IPM, and
  - (ii) makes or intends to make primarily taxable supplies and newly refined IPM.

For the purpose of (b), the refiner's taxable supplies and newly refined IPM must constitute more than 95% of its total supplies<sup>21</sup>. If you are unable to satisfy the 95% requirement, the Comptroller will consider your application on a case-by-case basis.

### **Qualifying Consolidator<sup>22</sup>**

A qualifying consolidator is one which consolidates or aggregates materials (e.g., raw materials or scrap gold) to be directly:

- (a) supplied to a refiner that meets the requirements set out below, for the purpose of the refiner refining the goods into IPM; and/or
- (b) delivered to a refiner that meets the requirements set out below, under an arrangement with the refiner to refine the goods into IPM.

The refiner in (a) and (b) above must be one who is (at the time the supply takes place):

- On the current 'Good Delivery' List of the LBMA in the case of gold and silver;
- On the current 'Good Delivery' List of the LPPM in the case of platinum; or

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<sup>22</sup> Regulation 46A(2).

- A refiner in Singapore endorsed by Enterprise Singapore. The names of refiners endorsed by Enterprise Singapore will be published on the IRAS' website<sup>23</sup>.

For this purpose, you need to provide documentary evidence of your standing relationship with the qualifying refiner (e.g. letter of undertaking/ acknowledgement of you as a supplier, contractual agreement).

5.3 You must maintain good inventory controls and accounting records;

You must maintain good inventory systems and controls as well as accounting records to track the movement of goods from the time they are imported into Singapore, delivered to another ARCS person, refined into IPM and supplied to the customer.

You must be able to make such records and documentation readily available to the Comptroller of GST upon request.

5.4 You must have good compliance records with IRAS;

You fulfil all tax obligations such as filing your GST and income tax returns on time and paying your GST, income tax, property tax and withholding tax on a timely basis.

5.5 You must have good compliance records with the Singapore Customs (SC);

5.6 You must complete a self-review under Assisted Self-Help Kit (ASK) or commit to participate in Assisted Compliance Assurance Programme (ACAP);

ASK and ACAP are GST initiatives designed to help businesses self-manage their GST compliance.

ASK is a comprehensive self-assessment compliance package designed to help businesses review correctness of GST submission and discover past GST errors early to qualify for IRAS' Voluntary Disclosure Programme. ASK is available to all GST-registered businesses.

ACAP is available to businesses who adopt a robust GST Control Framework to self-manage GST risks. These businesses can avail themselves of ACAP to validate their GST compliance capabilities and obtain ACAP status with a suite of benefits and incentives.

If you are registered under divisional GST registration, you will need to complete the ASK self-review or commit to participate in ACAP as an entity.

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<sup>23</sup> The names of refiners endorsed by Enterprise Singapore are published on our GST webpage "Supplies Exempt from GST".

More information can be obtained from our GST webpage “Voluntary Compliance Initiatives”.

5.7 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 guarantee) for the purpose of safeguarding tax revenue.

## 6 Application Procedure

6.1 A GST-registered person that satisfies the above Conditions of Eligibility can apply for the ARCS either as an Approved Refiner or an Approved Consolidator.

6.2 To apply for the ARCS, you need to complete and submit the following documents:

- (a) relevant ARCS application form i.e. GST F27B applicable to a refiner, or GST F27A for a consolidator. The forms can be downloaded from IRAS’ website<sup>24</sup>;
- (b) a detailed description of your business activities, business arrangement(s), parties involved and a diagrammatic representation of the supply chain and goods movement;

The request for the above information and documents is to facilitate the Comptroller’s understanding of your business and your eligibility for ARCS.

- (c) for a qualifying refiner that has yet to attain the LBMA/LPPM accreditation, a copy of Enterprise Singapore’s endorsement letter to support your intention to attain the accreditation within a specified time period;

If you are a refiner which intends to or has set up your refining business in Singapore, please approach Enterprise Singapore for more information on the endorsement.

- (d) for a qualifying consolidator, documentary evidence of your standing relationship with the qualifying refiner (e.g. letter of undertaking/ acknowledgement of you as a supplier, contractual agreement etc);
- (e) A duly completed and certified<sup>25</sup> "ASK: Declaration Form on Completing Annual Review & Voluntary Disclosure of Errors" (i.e. Section 3 of ASK (“ASK Declaration Form”));

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<sup>24</sup> [www.iras.gov.sg](http://www.iras.gov.sg) > Quick links > Forms > GST > GST Schemes

<sup>25</sup> The ASK Declaration Form has to be certified by either your own in-house or an external tax professional who is accredited as an Accredited Tax Practitioner (GST) or Accredited Tax Advisor (GST) with the Singapore Chartered Tax Professionals Limited (SCTP). For more information on accreditation, please visit <https://sctp.org.sg>.

You are to maintain the working templates in Section 3 of the ASK to support that the “ASK: Declaration Form on Completing Annual Review & Voluntary Disclosure of Errors” is accurately completed. We may request for the working templates when reviewing the application.

- (f) Instead of submitting ASK Declaration Form, you may also apply for the scheme if you have committed to participate in the Assisted Compliance Assurance Programme (ACAP); and

In the event that you decide to withdraw from participating in ACAP, you must immediately undertake to perform ASK and submit a duly completed and certified ASK Declaration Form within 6 months from the date you withdraw your ACAP participation; and

- (g) any other required document as stipulated in the application form.

- 6.3 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 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.

## **7 Conditions of Approval**

- 7.1 In general, the Conditions of Eligibility are also Conditions of Approval (“COA”). Any additional COA beyond those published in paragraph 5 of this e-Tax Guide will be spelt out in your individual approval letters. You need to comply with the COA at all times in order to remain under ARCS.

## **8 Responsibilities and Reporting Requirements under the ARCS**

- 8.1 In addition to the Conditions of Approval and various obligations set out under paragraph 4, you also need to comply with the following:

### Accounting for supply or disposal of goods belonging to you

- 8.2 The normal GST rules apply to any supply of goods made by you. Your local sale of IPM (whether resale of IPM or sale of newly refined IPM) is exempt from GST<sup>26</sup> and you should account for it as an exempt supply in your GST return based on the selling price to your customer.
- 8.3 When an IPM forming part of your business assets is given away free, you are deemed to be making a supply of the IPM if you have been allowed input tax on the purchase of the IPM or any goods used to produce the IPM (e.g. materials). However, since the local supply of IPM is exempt from GST, you only need to account the IPM given away free in Singapore as an exempt supply in Box 3 of your GST return based on its open market value (OMV).

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<sup>26</sup> You need to check that the IPM qualifies for GST exemption. Please refer to the e-Tax Guide “GST: Guide on Exemption of Investment Precious Metals (IPM)”.

- 8.4 You may also sell or dispose of non-IPM goods/materials such as precious metals, remaining scrap (e.g. circuit boards) or residue and by-products (e.g. copper sludge) from the refining process. You need to account for GST accordingly on the local sale or disposal of such goods<sup>27</sup>.
- 8.5 Where the IPM or non-IPM goods are exported, you may apply zero-rating provided that you maintain the supporting export documentation.

Accounting for supply or disposal of goods belonging to overseas persons

- 8.6 You may also import materials belonging to your overseas customer to be refined into IPM. The refined IPM and other non-IPM goods from the refining process would also belong to your overseas customer. Based on your overseas customer's instructions, you may then deliver the IPM or non-IPM goods to another person locally, dispose of them at no consideration or export them from Singapore.

(a) For IPM

- 8.7 Under the ARCS, you need to account for the sale of any IPM on behalf of your overseas customer as if it is your own supply<sup>28</sup>. For the local sale of the IPM, you need to account for it as an exempt supply in your own GST return based on your overseas person's selling price to its customer. If the IPM belonging to your overseas customer is given away free, you do not need to account for it.

(b) For non-IPM goods

- 8.8 Under the ARCS, you also need to account for GST on the sale or disposal of non-IPM goods from the refining process that belongs to your overseas customer, as if it is your own supply<sup>29</sup>.
- 8.9 Where such goods are sold locally at a consideration, you need to account for GST in your GST return based on the consideration received. Where such goods are disposed of or given away locally at no consideration, you need to account for GST based on the Open Market Value (OMV) of the goods. As a concession, the Comptroller will waive the need for you to account for GST on the disposal or gift of such goods at no consideration if the OMV is not more than \$200.
- 8.10 In the above instances, you must account for GST on the non-IPM goods, based on the time of supply rule at the earliest of the following:
- (a) whenever the goods are delivered to the other person;
  - (b) whenever payment in respect of the supply is received; or
  - (c) when an invoice relating to the supply is issued.

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<sup>27</sup> For disposal of goods at no consideration, GST needs to be accounted for at OMV of the disposed goods unless:

- (i) The goods are given away as gifts and the gifts do not cost more than \$200 each; or
- (ii) No input tax was allowed on purchase of the goods.

<sup>28</sup> Regulation 46A(12).

<sup>29</sup> Regulation 46A(13).

- 8.11 Where the IPM or non-IPM goods belonging to your overseas customer are exported, you can apply zero-rating provided you maintain the supporting export documentation.
- 8.12 The respective GST reporting requirements for an Approved Refiner and Approved Consolidator are set out in Appendix 1.

#### Eligibility to remain under ARCS

- 8.13 The onus is on you to regularly self-assess your eligibility to remain under the scheme. For instance, for an Approved Consolidator, you need to check that the refiner(s) whom you are supplying or consigning materials to for refining, remain on the current 'Good Delivery list' of the LBMA/LPPM or remain approved by IRAS under ARCS.
- 8.14 At any time, if you cease to qualify for ARCS (such as being no longer accredited by the LBMA/LPPM for Approved Refiners or no longer supplying/delivering materials for refining to specified refiners for Approved Consolidators), you need to inform the Comptroller **within 30 days** from the date you become ineligible to remain under the scheme.

#### Cessation of ARCS

- 8.15 Once you cease to be eligible under ARCS (whether by your own application or the Comptroller's revocation of your status), you will no longer enjoy the benefits set out in paragraph 4 above. This means that from the day after the 30-day period in which you become aware that you are no longer eligible for ARCS:
- (a) You can no longer enjoy GST suspension privileges for importation of goods. Hence, you would have to take up payment permits and pay import GST to SC for importation of goods into Singapore;
  - (b) You need to charge and account for GST on supplies of goods to another ARCS person, as the waiver of GST under the ARCS would no longer apply. If you are an ARCS customer, you also need to immediately notify your ARCS supplier of your ineligibility to remain under the ARCS so that it does not incorrectly waive GST on its local supplies of goods to you; and
  - (c) You need to apportion your input tax claims accordingly based on normal GST rules and claim only the proportion attributable to your taxable supplies. You can refer to the e-Tax Guide "GST: Guide on Exemption of Investment Previous Metals (IPM)" for details on the input tax apportionment.
- 8.16 However, you still need to continue complying with the requirements of the scheme set out above, up to the effective date of the cessation of your ARCS status. For instance, if you have goods (IPM or non-IPM) on hand belonging to overseas persons, you should fulfill your contractual obligations to deliver or supply the goods based on their instructions, before cessation of your ARCS status.

- 8.17 In the event that you fail to come forward and inform the Comptroller of your ineligibility to remain under ARCS within the 30-day period, you may also be required to repay the GST that would otherwise not have been suspended/waived/allowed based on normal GST rules from any retrospective date the Comptroller imposes, as set out in the following paragraphs.

Consequences of incorrectly using ARCS privileges

- 8.18 As the ARCS confers additional benefits, you need to ensure that you use the ARCS privileges granted to you only for the purposes and scenarios set out in paragraph 4. In the event that you incorrectly use your privileges while you are approved under the ARCS or when you have ceased to be eligible for the ARCS, the following GST repayment provisions will apply.

(a) Incorrect use of import GST suspension privileges

If you use your import GST suspension privileges under ARCS for purposes other than for the allowable scenarios in paragraphs 4.3 and 4.14 for Approved Refiners and Approved Consolidators respectively, you are required to repay the import GST incorrectly suspended to the Comptroller of GST without demand. The tax to be repaid is the import GST amount that would not have been allowed to you as input tax<sup>30</sup> under normal GST rules. In such a case, you need to include the GST amount to be repaid as output tax in your GST return for the prescribed accounting period in which the importation took place. You would not be entitled to claim the GST amount repaid as input tax. If the GST return for the affected accounting period has already been filed, you need to file a GST F7 for the same prescribed accounting period to correct the error<sup>31</sup>.

(b) GST payment on local supplies of goods incorrectly waived

*For an ARCS supplier*

If you supply goods locally to another person without collecting and accounting for GST under the ARCS (other than for the allowable scenarios in paragraphs 4.4 and 4.18 for Approved Refiners and Approved Consolidators respectively), you are required to immediately file a GST F7 for the affected prescribed accounting period in which the supply took place, to correct the error and account for the full output tax on the locally supplied goods. For example, if you had incorrectly waived GST on your local supplies of goods to a person who is no longer approved under the ARCS or your supplies of refining activities (which are subject to normal GST rules), you are required to correct the error by filing a GST F7 for the affected period to account for the output tax omitted.

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<sup>30</sup> Regulation 46A(23)

<sup>31</sup> Please refer to our GST webpage 'Correcting Errors Made in GST Return (Filing GST F7)' for more information on filing F7, including the administration concession for correcting errors in your current return instead.

*For an ARCS customer*

In the situation where you, as the ARCS customer, fail to notify your ARCS supplier that you are no longer eligible to remain in the scheme at the time the supply was made, the Comptroller will require you to repay the GST on the goods you purchased from the ARCS supplier. The tax to be repaid is the GST amount that would not have been allowed to you as input tax<sup>32</sup> under normal GST rules<sup>33</sup>. You need to include the GST amount as output tax in your GST return for the prescribed accounting period corresponding to the time of supply. For administrative ease, you may take the date of the supplier's tax invoice as the time the supply was made. If the GST return for the affected period has already been filed, you should file a GST F7 for that period to correct the error.

For example, you are no longer eligible for the ARCS because of the cessation of your LBMA/LPPM status. Notwithstanding that you are still approved under the ARCS but as you fail to notify your ARCS supplier of your ineligibility, you will be required to repay the GST amount incorrectly waived on its local supplies of goods to you which you would not have been allowed to claim as input tax.

(c) Over-claiming of input tax under the ARCS

If you claim more input tax than the amount you are entitled to under the ARCS, you are required to immediately file a GST F7 for the affected prescribed accounting period to correct the error and adjust your input tax claims. For example, if you are an Approved Consolidator and you claim input tax in full instead of apportioning your claims as required under the ARCS, you need to file the GST F7 for the affected period to correct the error.

- 8.19 Besides having to repay the GST incorrectly suspended, waived or claimed, you may also incur penalties. The penalties that may be imposed would depend on the specific offence committed. Generally, in the above situations, you would be considered as having made incorrect GST return(s) resulting in omission of output tax or over-claiming of input tax, which is an offence under section 59 of the GST Act. Additional penalties may also be imposed for any misuse of ARCS privileges.

## **9 Operational Procedures on Import GST Suspension**

- 9.1 As an approved person under the ARCS, you can clear goods upon importation by declaring the relevant MES permits via TradeNet®.
- 9.2 The registered approved ARCS persons who are submitting their own TradeNet® permit applications or through their appointed declaring agents are advised to take note of the following permit requirements:

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<sup>32</sup> Regulation 46A(23)

<sup>33</sup> Regulation 46A(24)



- (a) Message Type = IN-NON-PAYMENT (INP);
  - (b) Declaration Type = Approved Premises/Schemes (APS); and
  - (c) Place of Receipt Code = ARCS
- 9.3 For more details on the registration of a Unique Entity Number and/or TradeNet® user, please refer to Singapore Customs' website ([www.customs.gov.sg](http://www.customs.gov.sg)).
- 9.4 In the event that the approved person under ARCS imports IPM into Singapore, it is required to declare the Exemption permit instead of the MES permit.
- 9.5 You can appoint the declaring agent and make subsequent changes through the online e-Service “Apply for Declaring Agents” at [myTax Portal](#)<sup>34</sup>.
- 9.6 At any time, you can have a maximum of 20 authorised declaring agents. As an ARCS person is accountable for all permits declared by its authorised declaring agents, you are advised to exercise due care and impose relevant controls in appointing the declaring agents for this purpose.

## **10 Validity Period of ARCS Status**

- 10.1 Once approved under the ARCS, your ARCS status will remain valid for as long as you continue to satisfy the Conditions of Approval for ARCS.
- 10.2 You may be subject to periodic audits by the Comptroller of GST. This is unless you have also been accorded the ACAP status, in which 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.
- 10.3 At any time if you cease to be eligible for ARCS, you need to inform the Comptroller of GST in writing within 30 days from the date you become ineligible to remain under the scheme. The Comptroller will notify you on the effective date of the cessation of your ARCS status.

## **11 Implications of De-registration from GST**

- 11.1 Before you de-register from GST and thus automatically cease to be under the ARCS, you will have to ensure the following pertaining to the goods you have on hand:

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<sup>34</sup> Please ensure that you have been authorised by your organisation as the preparer or the approver under GST Tax Matters to access this e-Service in myTax Portal. If not, you will need to get your Corppass administrator to log in to Corppass to authorise you. For more information on how this can be done, please refer to [www.iras.gov.sg](http://www.iras.gov.sg) > Taxes > Goods & Services Tax (GST) > Filing GST > Overview of GST e-Filing Process.

Type of goods	Requirements of ARCS person
(a) 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 <u>taxable</u> assets (excluding IPM) and stocks on hand as at the last day of your GST registration is more than S\$10,000.
(b) Goods belonging to your overseas principal imported in the capacity of a section 33(2) agent with GST suspended	Refer to e-Tax Guide: GST Guide on Imports on the de-registration requirements of a section 33(2) agent.
(c) Goods belonging to your overseas principal imported in the capacity of a section 33A agent	Refer to e-Tax Guide: GST Guide on Imports on the de-registration implications of a section 33A agent.
(d) Value-added goods belonging to its local customer or GST-registered overseas customer, which were re-imported under section 33B with GST suspended	Refer to the e-Tax Guide: “GST: Claiming of GST on re-import of value-added goods” on the de-registration implications under section 33B.
(e) Goods consigned to you by your customers under the ARCS for refining (for Approved Refiner) or consolidation (for Approved Consolidator)	Fulfill all your contractual obligations to your customers and does not have any ARCS goods on hand, before the Comptroller will consider your application to de-register.

## 12 Contact Information

12.1 For enquiries on this e-Tax Guide, please contact the Goods and Services Tax Division at [www.iras.gov.sg](http://www.iras.gov.sg) (select “Contact Us”).

12.2 If you wish to enquire about permits declaration matters for importation of IPM, please contact:

### **Singapore Customs**

55 Newton Road

Singapore 307987

Website: [www.customs.gov.sg](http://www.customs.gov.sg)

Tel: (+65) 6355 2000

## 13 Updates and Amendments

	<b>Date of amendment</b>	<b>Amendments made</b>
1	29 Apr 2013	(i) Amendments made to paragraphs 2.3, 4.21, 4.22, 4.24 5.2, 6.2 and 11.3 to align with the GST legislations for the ARCS.
2	17 Feb 2014	(i) Paragraph 8 is re-organized. Previous paragraphs 11.1 to 11.3 are moved into Paragraph 8.  (ii) New paragraph 8.18 to explain the legislative changes on repayment of tax under ARCS, effective from 1 Jan 2014
3	10 Dec 2014	(i) Inserted paragraph 4.3(v) in line with the new section 33B effective from 1 Jan 2015  (ii) Amended paragraph 4.21 to explain meaning of “first sale of newly-refined IPM”.  (iii) Amendment to paragraph 11.1
4	23 Jun 2015	(i) Amendment made to paragraph 9.5
5	11 Aug 2017	(i) Amendment made to paragraph 9.5
6	21 Oct 2019	(i) Inserted paragraph 2.4 to explain reverse charge  (ii) Inserted footnote 3 to explain if reverse charge is applicable to Approved Refiner and Approved Consolidator  (iii) Inserted footnote 5 to explain the overseas vendor registration regime  (iv) Amended paragraph 4.3(ii), (iii) and (iv) to include overseas principal or customer who is GST-registered under overseas vendor registration regime as a pay-only person, and (v) to exclude such a person.  (v) Amended paragraph 4.10 to clarify that reverse charge is not applicable to Approved Refiner  (vi) Amended paragraph 4.14(i) to include overseas person who is GST-registered under overseas vendor registration regime as a pay-only person  (vii) Amended footnotes 17 and 37  (viii) Inserted footnote 23  (ix) Editorial amendment made to paragraph 8.3

		(x) Amended Appendix 2 to take into account imported services subject to reverse charge
7	1 Mar 2021	(i) Updated change in name of Singapore Institute of Accredited Tax Professionals (SIATP) to Singapore Chartered Tax Professionals Limited (SCTP) (ii) Updated website links to gold, silver and platinum lists
8	29 Aug 2022	(i) Updated footnote 4 on extended scope of the Overseas Vendor Registration (OVR) regime (ii) Added paragraph 2.4 on applying reverse charge to imports of low-value goods (iii) Editorial changes
9	1 Jan 2023	(i) Updated example in Appendix 2 to reflect new GST rate of 8% (ii) Editorial changes
10	1 Jan 2024	(i) Updates made to reflect new GST rate of 9% (ii) Editorial changes

## 14 Appendix 1: GST Reporting Requirements for ARCS Persons

### (A) For Approved Refiners

Toll Refining model		Buy-sell model	
Activity	GST Reporting	Activity	GST Reporting
Import goods consigned by an overseas customer (e.g. materials, precious metals) for refining activities	<p>Import GST on the consigned goods is suspended under the ARCS.</p> <p>The Approved Refiner is required to report the value of imported goods as its:-</p> <ul style="list-style-type: none"> <li>taxable purchases (i.e. Box 5 of the GST return); and</li> <li>value of goods imported under GST schemes (i.e. Box 9 of the GST return)</li> </ul>	Import own goods (e.g. materials, precious metals) for refining activities	<p>Import GST on the goods is suspended under ARCS.</p> <p>The Approved Refiner is required to report the value of imported goods as its:</p> <ul style="list-style-type: none"> <li>taxable purchases (i.e. Box 5 of the GST return); and</li> <li>value of goods imported under GST schemes (i.e. Box 9 of the GST return)</li> </ul>
		Import or locally purchase IPM for resale	The import and purchase of IPM is exempt from GST. There is no reporting requirement for the Approved Refiner.
Receive delivery of goods (non-IPM) from local customer for refining activities	There is no reporting requirement since the Approved Refiner is merely taking delivery of goods belonging to its customer.	Purchase goods (non-IPM) locally from Approved Consolidator for refining activities e.g. raw materials	<p>No GST would have been paid to the Approved Consolidator on the supply of goods under ARCS.</p> <p>The Approved Refiner is required to report the value of the locally purchased goods as its taxable purchases (i.e. Box 5 of the GST return).</p>
Purchase goods (e.g. fixed assets, raw materials etc.) or services locally, from other GST-registered suppliers	<p>GST would have been paid to the GST-registered suppliers (non-Approved Consolidators) for the locally purchased goods or services.</p> <p>The Approved Refiner is required to report:</p> <ul style="list-style-type: none"> <li>the value of the locally purchased goods or services as its taxable purchases (i.e. Box 5 of the GST return)</li> <li>the GST on the locally purchased goods as its input tax and refund claimed (i.e. Box 7 of the GST return)</li> </ul>		
Provide refining services for a fee (or any other form of consideration)	<p>The provision of refining services is a taxable supply. It is subject to GST if the IPM produced is delivered locally and zero-rated if the IPM is exported.</p> <p>For IPM delivered locally, the Approved Refiner is required to report:</p> <ul style="list-style-type: none"> <li>the value of the supply of refining services as its standard-rated supplies (i.e. Box 1 of GST return)</li> </ul>		

	<ul style="list-style-type: none"> <li>the GST on the value of the refining services as its output tax (i.e. Box 6 of GST return)</li> </ul> <p>For IPM exported, the Approved Refiner is required to report:</p> <ul style="list-style-type: none"> <li>the value of the supply of refining services as its zero-rated supplies (i.e. Box 2 of the GST return)</li> </ul>		
Delivery of consigned IPM based on customer's instructions (e.g. back to customer or to customer's client)	<p><u>For local delivery of IPM to client's customer (i.e. pursuant to the supply of IPM by the client to the customer)</u></p> <p>The Approved Refiner needs to account for the exempt supply of IPM on behalf of its client and is required to report:</p> <ul style="list-style-type: none"> <li>the sales value of the IPM as its exempt supplies (i.e. Box 3 of the GST return)</li> </ul> <p><u>For local delivery of IPM back to client or to client's customer as a gift (i.e. not pursuant to any supply)</u></p> <p>There is no reporting requirement since the Approved Refiner is merely delivering the IPM back to its client.</p> <p><u>For export of IPM (either to client's overseas customer or back to client)</u></p> <p>The Approved Refiner needs to account for the export of IPM as its zero-rated supplies for tracking purpose and maintain the relevant export documents as set out in "GST: Guide on Exports". To report:</p> <ul style="list-style-type: none"> <li>the value of the IPM exported as its zero-rated supplies (i.e. Box 2 of the GST return).</li> </ul>	Supply of IPM to local or overseas client	<p><u>For local supply of IPM</u></p> <p>The local supply of IPM (i.e. IPM is delivered locally, whether for local or overseas client) is exempt from GST. The Approved Refiner is required to report:-</p> <ul style="list-style-type: none"> <li>the sales value of the IPM as its exempt supplies (i.e. Box 3 of the GST return)</li> </ul> <p><u>For export supply of IPM</u></p> <p>The supply of IPM for export is a zero-rated supply, if the supplier is able to maintain the relevant export documentation as set out in "GST: Guide on Exports". The Approved Refiner is required to report:</p> <ul style="list-style-type: none"> <li>the value of the exported IPM as its zero-rated supplies (i.e. Box 2 of the GST return)</li> </ul>
Delivery of consigned goods (including non-IPM) remaining or arising from the refining process, for supply or disposal	<p><u>For local delivery of the consigned goods</u></p> <p>The Approved Refiner is required to account for GST on behalf of its overseas client, on local supply/disposal of consigned goods remaining or arising from the refining process. This is regardless of whether consideration is received.</p> <p>Where there is consideration received, the Approved Refiner is required to report:</p>	Supply or disposal of goods (including non-IPM) remaining or arising from the refining process	<p><u>For local supply of the goods to another ARCS person</u></p> <p>Under ARCS, an Approved Refiner may supply goods locally (except for refining services) to another ARCS person without charging and accounting for GST. The Approved Refiner is required to report:</p> <ul style="list-style-type: none"> <li>the sales value of the goods as its standard-rated supplies (i.e. Box 1 of the GST return) with no corresponding output tax</li> </ul>

<p>e.g. copper sludge, scrap circuit boards etc.</p>	<ul style="list-style-type: none"> <li>• value of the consideration received on the local supply/disposal as its standard-rated supplies (i.e. Box 1 of the GST return)</li> <li>• GST on the consideration as its output tax (i.e. Box 6 of the GST return)</li> </ul> <p>Where there is no consideration received (unless the OMV of the goods does not exceed \$200), the Approved Refiner is required to report:</p> <ul style="list-style-type: none"> <li>• the Open Market Value (OMV) of the consigned goods as its standard-rated supplies (i.e. Box 1 of the GST return)</li> <li>• GST on the OMV as its output tax (i.e. Box 6 of the GST return)</li> </ul> <p><u>For export of the consigned goods</u></p> <p>The Approved Refiner needs to account for the export of the consigned goods as its zero-rated supplies and maintain the relevant documents as set out in the “GST: Guide on Exports”. To report:</p> <ul style="list-style-type: none"> <li>• the value of the consigned goods exported (based on consideration received if any/ OMV) as its zero-rated supplies (i.e. Box 2 of the GST return)</li> </ul>		<p><u>For local supply/disposal of the goods to non-ARCS persons</u></p> <p>Where there is consideration received for the local supply/disposal of the goods, the Approved Refiner is required to report:</p> <ul style="list-style-type: none"> <li>• value of the consideration received on the local supply/disposal as its standard-rated supplies (i.e. Box 1 of the GST return)</li> <li>• GST on the consideration as its output tax (i.e. Box 6 of the GST return)</li> </ul> <p>Where there is no consideration received, the Approved Refiner needs to account for deemed output tax on disposal of the goods based on normal GST rules. In such case, the Approved Refiner is required to report (where applicable):</p> <ul style="list-style-type: none"> <li>• the OMV of the goods as its standard-rated supplies (i.e. Box 1 of the GST return)</li> <li>• GST on the OMV as its output tax (i.e. Box 6 of the GST return)</li> </ul>
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(B) For Approved Consolidators

Activity	GST Reporting
Import own goods (non-IPM) or goods belonging to overseas customer, to be directly supplied/ delivered to a refiner for refining purpose	<p>Import GST on the goods is suspended under ARCS.</p> <p>The Approved Consolidator is required to report the value of imported goods as its:-</p> <ul style="list-style-type: none"> <li>• taxable purchases (i.e. Box 5 of the GST return); and</li> <li>• value of goods imported under GST schemes (i.e. Box 9 of the GST return)</li> </ul>
Import or locally purchase IPM for resale	The import and purchase of IPM is exempt from GST. There is no reporting requirement for the Approved Consolidator.
Purchase goods (non-IPM) or services locally from other GST-registered suppliers e.g. raw materials	<p>GST would have been paid to the GST-registered suppliers (non-Approved Consolidators) for the locally purchased goods or services.</p> <p>The Approved Consolidator is required to report:</p> <ul style="list-style-type: none"> <li>• the value of the locally purchased goods or services as its taxable purchases (i.e Box 5 of the GST return)</li> <li>• the GST on the locally purchased goods as its input tax and refund claimed (i.e Box 7 of the GST return)</li> </ul>
Under toll refining arrangement with refiner, 1) Receive goods (non-IPM) from local customer 2) Deliver goods to refiner for refining purpose 3) Receive delivery of newly refined IPM back from refiner (under toll refining arrangement with refiner)	There is no reporting requirement since the Approved Consolidator is merely taking delivery of the goods belonging to its customer and delivering them to the refiner
Supply of goods (imported and local) to Approved Refiner for refining purpose	<p>Under ARCS, the Approved Consolidator may supply goods locally to an Approved Refiner without charging and accounting for GST. The Approved Consolidator is required to report:</p> <ul style="list-style-type: none"> <li>• the sales value of the goods as its standard-rated supplies (i.e. Box 1 of the GST return) with no corresponding output tax</li> </ul>
Purchase of newly refined IPM from Approved Refiner	No GST would have been payable on the purchase of the IPM. There is no reporting requirement for the Approved Consolidator.
Sale of IPM or delivery of consigned IPM based on overseas customer's instructions	<p><u>For local sale of IPM or local delivery of IPM to overseas customer's client</u></p> <p>The Approved Consolidator needs to account for the supply of IPM (both its own supply and supply by the overseas customer) and report:</p> <ul style="list-style-type: none"> <li>• the sales value of the IPM as its exempt supplies (i.e. Box 3 of the GST return)</li> </ul> <p><u>For IPM given away free or disposed at no consideration</u> There is no reporting requirement for the Approved Consolidator.</p>



	<p><u>For export of IPM</u> The Approved Consolidator needs to account for the export of IPM as its zero-rated supplies and maintain the relevant export documents as set out in “GST: Guide on Exports”. To report:</p> <ul style="list-style-type: none"> <li>the value of the IPM exported as its zero-rated supplies (i.e. Box 2 of the GST return)</li> </ul> <p>In regard to input tax claims, the Approved Consolidator can claim input tax for expenses incurred in relation to the first supply of newly refined IPM e.g. GST on refining fees. Refer to paragraphs 4.20 to 4.25. In such case, the Approved Consolidator can report:</p> <ul style="list-style-type: none"> <li>the relevant expenses incurred as its taxable purchases (i.e. Box 5 of the GST return)</li> <li>input tax claims allowable in Box 7 of the GST return</li> <li>For the purpose of computing the amount of recoverable residual input tax, the Approved Consolidator has to exclude from the residual input tax formula the value of goods re-exported to the overseas customers, the values of supplies subject to Customer Accounting and the values of imported services and low-value goods subject to reverse charge. (see footnote 15)</li> </ul>
<p>Sale or disposal of non-IPM goods remaining or arising from the refining process e.g. copper sludge, scrap circuit boards etc [for both own goods and goods belonging to overseas persons]</p>	<p><u>For local sale of the non-IPM goods</u> The Approved Consolidator needs to account for GST on the local sale of the non-IPM goods (for both its own sale and the overseas customer’s sale) and report:</p> <ul style="list-style-type: none"> <li>value of the consideration received on the local sale as its standard-rated supplies (i.e. Box 1 of the GST return)</li> <li>GST on the consideration as its output tax (i.e. Box 6 of the GST return)</li> </ul> <p><u>For local disposal of the non-IPM goods at no consideration</u> The Approved Consolidator needs to account for GST on the local disposal of the non-IPM goods at no consideration,:</p> <p>(a) where the goods belong to itself, based on normal deeming rules; and (b) where the goods belong to the overseas customer, if their OMV exceeds \$200</p> <p>Where GST is applicable, the Approved Consolidator is required to report:</p> <ul style="list-style-type: none"> <li>the OMV of the goods as its standard-rated supplies (i.e. Box 1 of the GST return)</li> <li>GST on the OMV as its output tax (i.e. Box 6 of the GST return)</li> </ul> <p><u>For export of the non-IPM goods</u> The Approved Consolidator needs to account for the export of the goods as its zero-rated supplies and maintain the relevant documents as set out in the “GST: Guide on Exports”. To report:</p> <ul style="list-style-type: none"> <li>the value of the consigned goods exported (based on consideration received if any/ OMV) as its zero-rated supplies (i.e. Box 2 of the GST return)</li> </ul>

## 15 Appendix 2 - Illustration on the attribution and apportionment of input tax claim for Approved Consolidator

Bullion trading company (Bullion) is in the business of buying, selling and consolidating precious metals for refinement into IPM<sup>35</sup> and is an approved consolidator under the Approved Refiner and Consolidator Scheme (ARCS). Some of the precious metals which Bullion trades in would be exempt from GST (hereinafter referred to as IPM) and the others would not qualify for GST exemption (hereinafter referred to as non-IPM). The following taxable supplies, exempt supplies and expenses were made/ incurred by Bullion for the quarter ended 31 Mar 2024. Below is an illustration on the attribution and apportionment of the input tax incurred by Bullion, and computation on the amount of input tax claimable by Bullion.

For the quarter ended 31 Mar 2024

Supplies made for GST reporting purposes	Value
Standard-rated supply	
(i) Sale of non-IPM in Singapore	\$ 1,000,000
(ii) Imported services (e.g. IT services) subject to reverse charge <sup>36</sup>	\$ 500,000
Zero-rated supply	
(i) Sale of IPM and non-IPM which are exported	\$ 2,000,000
(ii) Re-export of IPM which belongs to overseas customers (S33A – no supply)	\$ 1,000,000
Exempt supply	
(i) First sale of newly refined IPM in Singapore	\$ 500,000
(ii) Re-sale of IPM in Singapore	\$ 500,000
(iii) Delivery of newly refined IPM which belongs to overseas customer in Singapore (S33(2) supply)	\$ 500,000
<b>Total Supplies</b>	<b>\$ 6,000,000</b>

No.	Purchases*	Input tax incurred	Attribution of input tax
(A)	Purchase non-IPM worth of \$800,000 for sale or for refining into IPM for sale	\$72,000	Directly attributable to taxable supplies (i.e. standard-rated and zero-rated supplies) or first sale of newly refined IPM – fully claimable
(B)	Purchase/Importation of IPM	No GST	NA
(C)	Goods imported to be sent directly to refiner for refining into IPM	Import GST suspended under ARCS	NA
(D)	Refining fees of \$50,000 incurred to refine non-IPM into IPM for subsequent sale	\$4,500	Directly attributable to first sale of newly refined IPM – fully claimable
(E)	Local transportation costs of \$10,000 incurred for transporting IPM for re-sale locally	\$900	Directly attributable to exempt supply – not claimable
(F)	Local storage costs of \$20,000 incurred for storing of IPM for export	\$1,800	Directly attributable to taxable supplies – fully claimable
(G)	Local transportation costs of \$10,000 incurred for sale of IPM and non-IPM	\$900	Residual input tax – subject to apportionment

<sup>35</sup> Bullion sends precious metals to accredited refineries in the 'Good Delivery' list of LBMA. The precious metals produced by the refineries meet the minimum required purity content.

<sup>36</sup> With effect from 1 Jan 2020, GST would be applied on certain imported services by way of reverse charge. For more information, please refer to the e-Tax Guide "GST: Reverse Charge".

(H)	Rental for office space of \$500,000	\$45,000	Residual input tax – subject to apportionment
(I)	Legal fees of \$50,000 incurred for the issuance of shares	\$4,500	Input tax directly attributable to the making of regulation 33 exempt supplies
(J)	Imported services (e.g., IT services) subject to reverse charge <sup>37</sup>	\$40,000	Residual input tax <sup>38</sup> – subject to apportionment

\*Value of purchases is exclusive of GST.

**Amount of input tax claimable:**

Input tax attributable to taxable supplies and first sale of newly refined IPM

$$= (A) + (D) + (F)$$

$$= \$72,000 + \$4,500 + \$1,800$$

$$= \$78,300$$

**Residual input tax attributable to taxable supplies:**

$$\left\{ \begin{array}{l} \text{Residual input tax} \\ + \\ \text{Input tax incurred for the} \\ \text{making of regulation 33} \\ \text{exempt supplies} \end{array} \right\} \times \frac{\text{Value of taxable supplies + value} \\ \text{of first sale of newly} \\ \text{refined IPM}}{\text{Value of total supplies}}$$

$$= \{(G) + (H) + (I) + (J)\} \times \frac{(\$3,000,000 + \$500,000)^{39}}{\$4,500,000^{40}}$$

$$= (\$900 + \$45,000 + \$4,500 + \$40,000) \times 78\%^{41}$$

$$= \$70,512$$

<sup>37</sup> The claiming of input tax on imported services subject to reverse charge would follow the normal input tax recovery rules. Imported services that are directly attributable to taxable supplies do not fall within the scope of reverse charge and therefore, businesses would not incur any input tax on such imported services. However, this exclusion of imported services that are directly attributable to taxable supplies is only applicable to businesses that are not prescribed a fixed input tax recovery rate or on special input tax recovery formula to be applied on all input tax claims. For more information, please refer to the e-Tax Guide, “GST: Reverse Charge”.

<sup>38</sup> Input tax incurred on the imported services (e.g. IT services) in this instance is treated as residual in nature, as it is incurred for the overall running of the business and cannot be directly attributable to either taxable supplies or exempt supplies.

<sup>39</sup> Exclude the value of export of IPM of \$1,000,000 which belongs to overseas customers and value of imported services subject to reverse charge of \$500,000.

<sup>40</sup> Exclude the value of IPM of \$1,000,000 re-exported which belongs to overseas customers from the apportionment formula and value of imported services subject to reverse charge of \$500,000.

<sup>41</sup> The ratio (\$3,500,000/\$4,500,000) should be rounded off to the nearest whole number, i.e. 78%.

**Total amount of input tax claimable:**

Direct input tax attributable to taxable supplies and first sale of newly refined IPM +  
Residual input tax attributable to taxable supplies and first sale of newly refined IPM

= \$78,300 + \$70,512

= \$148,812