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IRAS e-Tax Guide

GST: Approved Contract Manufacturer and
Trader (ACMT) Scheme
(Second Edition)



GST: Approved Contract Manufacturer and Trader (ACMT) Scheme

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1 Aim

- 1.1 This e-Tax Guide¹ explains the benefits, qualifying criteria and obligations of the Approved Contract Manufacturer and Trader (ACMT) Scheme.
- 1.2 You should read this e-Tax Guide if you are a GST-registered contract manufacturer (“CM”) in the semi-conductor, printing or biomedical industry who wish to apply for the scheme or if you are already approved as ACMT CM or ACMT LOG² under the scheme.

2 At a glance

- 2.1 Under normal GST rules, a GST-registered CM must charge and account for GST on his supply of value-added activities performed on his client’s goods that remain in Singapore. The client may not be able to recover the GST costs incurred if he is an overseas person who is not GST-registered in Singapore.
- 2.2 Under the ACMT scheme, an ACMT CM can disregard his supply of value-added activities (i.e. not subject to GST) to his overseas client where the supply comprises a process being applied to or carried out on goods under a contract with and directly benefitting the overseas client. An ACMT CM can also enjoy import GST suspension and input tax claim privileges on behalf of his overseas client, subject to certain conditions being met. An overseas client is one who belongs in a country other than Singapore, and is not GST-registered or if he is GST-registered, the registration is as a pay-only person under the Overseas Vendor Registration (OVR) regime³.
- 2.3 The ACMT scheme and its suite of benefits are designed to help Singapore contract manufacturers maintain their international competitiveness.

¹ This e-Tax Guide replaces IRAS’ e-Tax Guide on “GST: Approved Contract Manufacturer and Trader (ACMT) Scheme (Twelve Edition)” published on 11 Aug 2017.

² Refer to paragraph 3 for the definition of ACMT CM and ACMT LOG.

³ With the introduction of the overseas vendor registration (OVR) regime with effect from 1 Jan 2020, overseas suppliers supplying digital services to non-GST registered customers in Singapore may be required to register for GST. If your overseas principal also supplies digital services, he may need to register for GST under the OVR rules from 1 Jan 2020. For more information, please refer to the e-Tax Guide: GST: Taxing imported services by way of an overseas vendor registration regime”.

3 Glossary

3.1 ACMT Contract Manufacturer ("ACMT CM")

An ACMT CM refers to a CM who is contracted to perform value-added activities on goods for his overseas client. The CM then delivers the processed goods in Singapore or export the goods as instructed by the overseas client.

3.2 ACMT Logistics Company ("ACMT LOG")

An ACMT LOG refers to a logistics company who acts as a distributing agent for his overseas client.

Under the ACMT arrangement, an ACMT LOG receives processed goods from the ACMT CM contracted by the overseas client and delivers the goods as instructed by the same overseas client. The goods can be delivered to another ACMT CM or the customers of the overseas client, but not to another ACMT LOG. An ACMT LOG does not enjoy any benefits under the scheme.

3.3 ACMT approved person

An ACMT approved person refers to an ACMT CM or ACMT LOG who is required to comply with the conditions, requirements and control standards imposed on him under the ACMT scheme. The names of ACMT approved persons are published on IRAS' website⁴.

3.4 Overseas client

An overseas client is one who contracts with ACMT approved person(s) for value-added activities and/or distribution services. He belongs in a country other than Singapore, and is not GST-registered or if he is GST-registered, the registration is as a pay-only person under the OVR regime.

3.5 Value-added activities

Value-added activities comprise any process being applied to or carried out on goods by the ACMT CM. These include manufacturing, processing, assembly, Quality Control (QC) and functional testing provided under a consignment, modified turnkey or full turnkey arrangement. Value-added activities exclude distribution and logistics services.

⁴ www.iras.gov.sg under GST > For GST-registered businesses > GST Schemes > Industry-Specific Schemes > Approved Contract Manufacturer and Trader (ACMT) Scheme.

3.6 **Processed goods**

Processed goods refer to goods which have been value-added by the ACMT CM under a contract with and directly benefitting an overseas client.

3.7 **Recipient accounting**

An ACMT approved person who receives processed goods from another ACMT approved person is treated as having supplied those goods in Singapore in the course or furtherance of his business. He must account for GST on the receipt of the processed goods. At the same time, he can claim the GST accounted as his input tax.

For the purpose of recipient accounting, the value of the processed goods to be reported by the recipient shall be taken to be the market value of the goods received. However, if there is no actual market value or the value is not known to the recipient, the Comptroller will accept the use of a nominal value of S\$1 multiplied by the quantity of goods received.

APPROVED ACMT CONTRACT MANUFACTURER (CM)

4 Benefits of ACMT Scheme (for ACMT CM)

(A) Import goods from overseas without having to pay GST

4.1 As an ACMT CM, you can enjoy import GST suspension in the following scenarios:

- (a) Import your own goods in the course or furtherance of your business;
- (b) Import goods belonging to your overseas principal for supply either in Singapore or for export in the capacity of a section 33(2) agent⁵. The overseas principal must not be GST-registered or if he is GST-registered, the registration is as a pay-only person under the OVR regime;
- (c) Import goods belonging to your overseas principal which will later be re-exported in the capacity of a section 33A agent. The overseas principal must not be GST-registered or if he is GST-registered, the registration is as a pay-only person under the OVR regime;

[For information and conditions of a section 33(2) or 33A agent, please refer to the e-Tax Guide “GST: Guide on Imports”.]

- (d) Re-import goods belonging to your local customer or GST-registered overseas customer (excluding a person who is registered under the OVR regime as a pay-only person) which you previously sent abroad for value-added activities under section 33B; and

[For information and conditions of section 33B, please refer to the e-Tax Guide “GST: Claiming of GST on re-import of value-added goods”.]

- (e) Import goods consigned to you by your overseas client on which you will perform value-added activities under a contract with and directly benefitting the same overseas client. Upon completing your value-added activities, the processed goods are:
 - Exported;
 - Delivered to another ACMT CM / LOG or the customers of your overseas client; or
 - In relation to excess and failed goods, the goods are destroyed or disposed of by you or an appointed person (e.g. waste management vendor).

⁵ Where there is a change in nature and form of the goods, you must be able to track the goods and ensure that all goods imported are supplied.

(B) Disregard your supply of value-added activities to your overseas client

4.2 You can disregard your supply of value-added activities to your overseas client where the processed goods are subsequently:

- (a) Exported; or
- (b) Delivered to another ACMT CM / LOG or the customers of your overseas client.

This means that the value-added fees charged by you to your overseas client are not subject to GST.

4.3 For goods exported, you must maintain the necessary export documents set out in the e-Tax Guide “A GST Guide on Exports” to support the zero-rating treatment and export of goods. For goods delivered locally to the customers of your overseas client, you must charge and account for GST based on the actual sales value of your overseas client’s supply to the customers.

4.4 For more information on your responsibilities and reporting requirements, refer to paragraph 6 below.

(C) Disregard your supply of value-added activities relating to failed or excess productions

4.5 You can disregard your supply of value-added activities to your overseas client relating to failed or excess productions which are subsequently:

- (a) Exported, with the necessary export documents maintained as set out in the e-Tax Guide “A GST Guide on Exports”; or
- (b) Disposed of or destroyed locally without consideration. The goods must be delivered directly to, or through an ACMT LOG to, a waste management vendor for the destruction / disposal and you must maintain the relevant documentary proof (e.g. scrap certificate).

4.6 The failed or excess productions must arise out of your overall supply of value-added activities made to your overseas client and are inherent in the manufacturing process. This means that you are providing value-added activities to your overseas client and the processed goods are later found to be of an unsatisfactory standard or quality (“failed productions”) or in excess of the amount that is required by your overseas client (“excess productions”).

4.7 You may also destroy / dispose of the failed and/or excess productions yourself. As the supporting documents maintained may vary across businesses, you should seek the Comptroller’s confirmation on whether you can disregard your supply of value-added activities relating to those goods. In your request, please provide details of the disposal process and the supporting documents that you will maintain for the process.

4.8 In the event that you disposed of the failed or excess productions locally with consideration (e.g. scrap value), you will have to account for GST on the consideration received on behalf of your overseas client.

4.9 Although the supply of value-added activities to your overseas client under scenarios (B) and (C) above is disregarded under the scheme, you can still claim the input tax that is attributable to the making of such supplies, subject to the input tax claim conditions under sections 19 and 20 of the GST Act⁶.

(D) Recover input tax on local goods purchased by your overseas client

4.10 You can claim the GST charged on local goods purchased by your overseas client from GST-registered suppliers where the goods are delivered to you to perform value-added activities. The goods purchased can include raw materials that become inputs to the goods processed or semi-finished goods to be further processed by you. Upon completion of your value-added activities, the processed goods must be:

- (a) Exported;
- (b) Delivered to another ACMT CM / LOG or the customers of the overseas client; or
- (c) In relation to failed or excess goods, the goods are destroyed or disposed of by you or an appointed person (e.g. waste management vendor).

4.11 The input tax claim is allowed on the condition that you bear the GST amount on the local purchase of goods as follows:

- (i) You paid the GST on the local purchase without seeking payment from the overseas client and you maintain evidence of the payment made; or
- (ii) Your overseas client paid the GST on the local purchase and you made a refund of the GST to him either as an outright payment or offset against your value-added fees charged to him. You must maintain evidence of the refund made.

4.12 Your input tax claim should be made based on the tax invoice issued by the GST-registered supplier to your overseas client⁷. You should maintain a copy of this tax invoice and the delivery order that is endorsed by you on your receipt of the goods. The input tax claim should be made in the GST prescribed accounting period corresponding to the tax invoice date.

⁶ For more information on claiming of input tax, please refer to our GST webpage “Can I claim GST (input tax)”.

⁷ The GST-registered supplier should not issue a tax invoice to you as the supply is contractually made to your overseas client and not you.

4.13 Alternatively, you may claim the input tax based on the date the tax invoice is posted into your accounting system, provided that:

- (a) The posting date is always later than the tax invoice date;
- (b) You consistently make the claims in your GST returns based on the posting date; and
- (c) You have internal controls in place to ensure that there is no double claiming of input tax.

(E) Recover input tax on any separate supply of goods made by you to your overseas client

4.14 If you make any local supply of goods (e.g. raw materials) to your overseas client as a supplier, you should issue a tax invoice to the overseas client to charge and account for GST on the supply based on normal time of supply rules.

4.15 However, you can also claim the GST charged on the supply as your input tax as “agent” on behalf of your overseas client, in the same manner that is explained from paragraphs 4.10 to 4.12 above. The local goods purchased must be consigned to you to perform value-added activities for your overseas client.

4.16 Refer to Annex A for the diagram that summarizes the GST benefits accorded to an ACMT CM under the scheme.

5 Conditions of Eligibility (for ACMT CM)

You must satisfy the following conditions to be eligible as ACMT CM:

5.1 GST-registered business

You must be registered with the Comptroller of GST as a GST-registered person. Please refer to the e-Tax Guide: “Do I Need to Register?” for information on registration.

5.2 Qualifying contract manufacturer company

You must be a qualifying contract manufacturer with an annual turnover of at least S\$10 million in an approved industry sector as follows:

- (a) The semi-conductor industry;
- (b) The printing industry; and
- (c) Manufacturers of Active Pharmaceutical Ingredients (APIs) in the biomedical industry.

If you operate in other business segments in the biomedical industry or in another industry sector, you can write to the Comptroller of GST if you wish to apply for the scheme and provide reasons why you should be considered. If the Comptroller agrees, you will be notified to submit the application form, the details of your business arrangements with your overseas clients, a copy of the relevant contracts and other information as the Comptroller may require.

5.3 Provide value-added activities to your overseas client who is not related to you

You must not be related to the overseas client to whom you are supplying the value-added activities in the course or furtherance of your business. For this purpose, the percentage of shareholdings that you and your overseas client have in each other must not exceed 50%, unless the Comptroller has given specific approval based on the merits of the case.

5.4 The contracts or business transactions with your overseas clients involving value-added activities must constitute a large percentage of your turnover or are of a substantial amount

The total value of your contracts or business transactions with your overseas clients in respect of value-added activities must constitute 51% or more of your annual turnover⁸. The Comptroller will also consider applications

⁸ This is calculated using the total value of your value-added activities performed for your overseas clients divided by your total turnover based on past records or a 12-month projection starting from the date of application of the scheme.

involving value-added activities that are of substantial value, i.e. S\$1 million or more⁹.

5.5 Processed goods must be substantially exported

At least 85% of all goods processed by you under a contract with and directly benefitting the overseas client must be exported out of Singapore.

5.6 Good inventory controls and accounting records

You must maintain good inventory systems and controls to track the movement of goods belonging to your overseas client. You must be able to accurately account for the consigned goods received, Work-In-Progress, processed goods delivered locally or exported, failed and excess goods within the tolerance level as agreed with your overseas client and the balance of goods in your warehouse at all times.

The records maintained on the movement of goods, including any necessary export documents, must be current. You must be able to furnish these records and documents readily upon the Comptroller's request.

If you are in the semi-conductor or printing industry:

The control standards are set out in Annex B. Please complete the form "ACMT CM Pre-Application Checklist"¹⁰ to self-assess whether your existing inventory controls meet the standards adequately. We may also request to visit your business premises to assess your inventory controls.

If you are in the biomedical industry:

This condition is met if you have obtained the Good Manufacturing Practice (GMP) certification in accordance with PIC/S standard or other equivalent standards that have incorporated similar inventory control standards.

As part of your application, please attach the copy of the valid GMP certificate issued and/or the notification letter by the Health Sciences Authority (HSA) for auto-renewal of your manufacturer's license. For more information on GMP certification, please visit HSA's website at www.hsa.gov.sg.

If you have not obtained the GMP certification, you will need to apply the control standards set out in Annex B where applicable and complete the form "ACMT CM Pre-Application Checklist". We may also request to visit your business premises to assess your inventory controls.

⁹ If you do not have an existing contract at the time of application but there are clear indications and supporting documents to prove that you will secure one soon, you may apply for the scheme using a 12-month projection starting from the date of application for the scheme.

¹⁰ A copy of the checklist can be obtained from www.iras.gov.sg > Quick Links > Forms > GST > GST Schemes

5.7 Good compliance records

You must maintain good compliance records in the following areas for the last three years:

- (i) Payment of GST, income tax, property tax and customs duties; and
- (ii) Submission and completion of GST and income tax returns.

5.8 Complete a self-review under Assisted Self-Help Kit (ASK) or commit to participate in the Assisted Compliance Assurance Programme (ACAP)

ASK and ACAP are GST initiatives designed to help you self-manage your GST compliance.

ASK is a comprehensive self-assessment compliance package designed to help businesses review correctness of GST submissions 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 under divisional registration, you will need to complete the ASK self-review or commit to participate in ACAP as an entity. If you are under group registration, all members of the GST group will have to complete the ASK self-review or commit to participate in ACAP.

For more information, please refer to www.iras.gov.sg > GST > For GST-registered businesses > Getting it right > Voluntary Compliance Initiatives.

5.9 Comply with other conditions as the Comptroller of GST may impose

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

6 Responsibilities and Reporting Requirements (for ACMT CM)

As ACMT CM, you must comply with the requirements set out below:

Supply of value-added activities that is disregarded

- 6.1 You must ensure that your overseas client is not registered for GST¹¹ or if he is GST-registered, the registration is as a pay-only person under the OVR regime.
- 6.2 In relation to goods on which you performed value-added activities for your overseas client and the value-added fees are disregarded under the scheme, you have to ensure that:
- (a) At least 85% of the processed goods are exported out of Singapore; or
 - (b) All processed goods are delivered to another ACMT CM / LOG contracted by your overseas client; and
 - (c) The failed or excess productions are destroyed or disposed of.

You should conduct an annual self-review to ensure that the above requirements are met.

- 6.3 Before you deliver the processed goods to another contract manufacturer or logistics company appointed by your overseas client, you should ensure that he is an ACMT approved person by checking the “List of Persons Approved under ACMT Scheme” published on IRAS website¹². You should also inform the recipient that the goods are delivered under the ACMT scheme.
- 6.4 If you deliver the processed goods locally to a non-ACMT approved person or a person who is not the customer of your overseas client, your supply of value-added activities to the overseas client cannot be disregarded under the scheme and the normal GST treatment will apply.
- 6.5 When you enter into new business arrangements with an overseas client, you should self-assess whether your supply of value-added activities to him can be disregarded under the scheme. You may use the checklist provided in Annex C to make this determination.

Receiving processed goods from another ACMT approved person

- 6.6 When you receive processed goods from another ACMT CM / LOG, you are required to perform “recipient accounting” on the goods. Under recipient accounting, you are treated as having supplied those goods in Singapore in the course or furtherance of your business.

¹¹ Your overseas client is considered to be registered for GST in Singapore if he operates a GST-registered branch or similar establishment in Singapore.

¹² www.iras.gov.sg > GST > GST-registered businesses > GST schemes > Industry-specific schemes > ACMT scheme

- 6.7 You must account for output tax when you receive the processed goods based on the market value or if the market value is not known, using a nominal value of S\$1 multiplied by the quantity of the goods received. At the same time, you can claim the GST accounted by you as your input tax.

Acting as distributing agent for your overseas client

- 6.8 As a distributing agent, you must charge and account for GST on the local delivery of processed goods based on your overseas client's actual sales value to his customer and report the sales as your standard-rated supplies and output tax due in your GST returns.
- 6.9 You must account for GST on the supply at the earliest of the following events:
- (i) Whenever the goods are delivered to the customer of your overseas client;
 - (ii) Whenever an invoice¹³ relating to the supply is issued; or
 - (iii) Whenever payment in respect of the supply is received.
- 6.10 For goods exported, you must maintain the necessary export documents to support the zero-rating treatment and report the sales as your zero-rated supplies.
- 6.11 For failed or excess productions sold or disposed of locally with consideration, you will have to account for GST on the consideration received on behalf of your overseas client.
- 6.12 Please note that your supply of logistics services (if any) to your overseas client will follow the normal GST treatment, as such services cannot be disregarded under the ACMT scheme.

GST registration liability of overseas person

- 6.13 The supply of processed goods under the ACMT scheme are disregarded in determining the overseas client's liability for GST registration. This means that the overseas client is not required to register for GST if his total taxable supplies, excluding his taxable supplies of processed goods under the ACMT scheme, do not exceed S\$1 million annually. This is provided that the ACMT CM / LOG whom he appoints as distributing agent accounts for GST on the taxable supply of goods on his behalf.

Recovering input tax on purchases made by your overseas client

- 6.14 When you claim input tax on behalf of your overseas client on his local purchase of goods, you must ensure that the goods are used in your contract manufacturing process where you will perform value-added activities on the goods for the same overseas client. Otherwise, the GST incurred is not claimable. The Comptroller may examine your process flow to determine if

¹³ Please refer to e-Tax Guide "GST: Time of Supply Rules" for details on what constitutes an invoice.

the local goods will become inputs to the processed goods in your contract manufacturing process.

- 6.15 For more information on your GST reporting requirements as ACMT CM, please refer to Annex D.

Inventory control

- 6.16 If you note any discrepancy in the stock of consigned or processed goods through your annual stock take, audit, etc. which is beyond the tolerance levels as agreed with your overseas client, you must inform the Comptroller immediately. Please refer to Annex B for the control standards set out for an ACMT CM.

7 Operational Procedures on Import GST Suspension (for ACMT CM)

- 7.1 As ACMT CM, you can clear goods upon importation using the permit type “ME/MC” under TradeNet. The import declaration procedures are as follows:
- (a) You should authorise your TradeNet declaring agent through the online e-Service “Apply for Declaring Agents” at mytax.iras.gov.sg¹⁴.
 - (b) You should declare a TradeNet permit under the Message Type “IN-Non-Payment” with Declaration Type “APS – Approved Premise/Scheme” for each direct import into Singapore. The **Place of Receipt** code should be declared as “**ME**” or “**MC**”, where relevant.
- 7.2 For more details on the registration of a Unique Entity number and/or TradeNet user, please refer to Singapore Customs’ (SC) website at www.customs.gov.sg.
- 7.3 If you are not a TradeNet user or you choose to engage a freight forwarding company 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 through the online e-Service “Apply for Declaring Agents” at mytax.iras.gov.sg. Any subsequent addition or deletion to your list of authorised declaring agents can also be made using this e-Service.
- 7.4 You can have a maximum of 20 authorised declaring agents at any time. Nonetheless, you are accountable for all permits declared by your authorised declaring agents and you are advised to exercise due care and impose relevant controls in appointing the declaring agents for this purpose.

¹⁴ Please ensure that you have been authorized by your organization as the preparer or the approver under GST Tax Matters. If not, you will need to get your EASY administrator to log in to e-Services Authorisation System (EASY) to authorize you. For more information on how this can be done, please refer to mytax.iras.gov.sg/easy.

APPROVED ACMT LOGISTICS COMPANY (LOG)

8 Conditions of Eligibility (for ACMT LOG)

As an ACMT LOG, you do not enjoy any privileges under the ACMT scheme. Generally, you are appointed as a distributing agent for your overseas client to receive processed goods from his ACMT CM for delivery to another ACMT CM (contracted by your overseas client) or the customers of your overseas client. Refer to Annex E for the diagram that illustrates the role of ACMT LOG in an ACMT arrangement.

You must satisfy the following conditions to be eligible as ACMT LOG:

8.1 GST-registered business

You must be registered with the Comptroller of GST as a GST-registered person. Please refer to the e-Tax Guide: “Do I Need to Register?” for information on registration.

8.2 Appointed as distributing agent for the processed goods

You must be engaged as distributing agent of the overseas client to receive processed goods from his ACMT CM for purposes of delivering the goods to another ACMT CM or the customers of the overseas client.

8.3 Your overseas client must not be related to you

The percentage of shareholdings that you and your overseas client have in each other must not exceed 50%, unless the Comptroller has given specific approval based on the merits of the case.

8.4 Processed goods must be substantially exported

At least 85% of all processed goods received by you from the ACMT CM must be exported out of Singapore.

8.5 Good inventory controls and accounting records

You must maintain good inventory systems and controls to track the movement of processed goods belonging to your overseas client. You must be able to accurately account for the processed goods received, subsequent movement of the goods, failed or excess goods sent for destruction / disposal and the balance of goods in your warehouse at all times. The control standards for ACMT LOG are set out in Annex F.

The records maintained on the movement of the processed goods, including any necessary export documents, must be current. You must be able to furnish these records and documents readily upon the Comptroller’s request.

We may also request to visit your business premises to assess your inventory controls.

8.6 Good compliance records

You must maintain good compliance records in the following areas for the last three years:

- (iii) Payment of GST, income tax, property tax and customs duties; and
- (iv) Submission and completion of GST and income tax returns.

8.7 Complete a self-review under Assisted Self-Help Kit (ASK) or commit to participate in the Assisted Compliance Assurance Programme (ACAP)

ASK and ACAP are GST initiatives designed to help you self-manage your GST compliance.

ASK is a comprehensive self-assessment compliance package designed to help businesses review correctness of GST submissions 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 under divisional registration, you will need to complete the ASK self-review or commit to participate in ACAP as an entity. If you are under group registration, all members of the GST group will have to complete the ASK self-review or commit to participate in ACAP.

For more information, please refer to www.iras.gov.sg > GST > For GST-registered businesses > Getting it right > Voluntary Compliance Initiatives.

8.8 Comply with other conditions as the Comptroller of GST may impose

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

9 Responsibilities and Reporting Requirements (for ACMT LOG)

As ACMT LOG, you must comply with the requirements set out below:

Receiving processed goods from an ACMT CM

- 9.1 When you receive processed goods from an ACMT CM, you are required to perform “recipient accounting” on the goods. Under recipient accounting, you are treated as having supplied those goods in Singapore in the course or furtherance of your business.
- 9.2 You must account for output tax when you receive the processed goods based on the market value or if the market value is not known, using a nominal value of S\$1 multiplied by the quantity of the goods received. At the same time, you can claim the GST accounted for by you as your input tax.
- 9.3 Please note that you cannot receive processed goods from or deliver processed goods to another ACMT LOG.

Acting as distributing agent for your overseas client

- 9.4 As distributing agent, you must charge and account for GST on the local delivery of processed goods based on your overseas client’s actual sales value to his customer and report the sales as your standard-rated supplies and output tax due in your GST returns.
- 9.5 You must account for GST on the supply at the earliest of the following events:
- (i) Whenever the goods are delivered to the customer of your overseas client;
 - (ii) Whenever an invoice¹⁵ relating to the supply is issued; or
 - (iii) Whenever payment in respect of the supply is received.
- 9.6 For goods exported, you must maintain the necessary export documents to support the zero-rating treatment and report the sales as your zero-rated supplies. In addition, you should conduct an annual self-review to ensure that at least 85% of all processed goods received by you from the ACMT CM are exported out of Singapore.
- 9.7 For failed or excess productions sold or disposed of locally with consideration, you will have to account for GST on the consideration received on behalf of your overseas client.
- 9.8 Your supply of logistics services to your overseas client will follow the normal GST treatment, as such services cannot be disregarded under the scheme.
- 9.9 For more information on your GST reporting requirements as ACMT LOG, please refer to Annex G.

¹⁵ Please refer to e-Tax Guide “GST: Time of Supply Rules” for details on what constitutes an invoice.

Inventory control

- 9.10 If you note any discrepancy on the stock (i.e. processed goods) belonging to your overseas client through your annual stock take, audit, etc., you are required to inform the Comptroller immediately of this discrepancy and account for output tax on the shortfall based on the market value of those goods. You should account for the tax in the GST return for the prescribed accounting period in which the discrepancy is found. Please refer to Annex F for the control standards set out for an ACMT LOG.

ACMT APPROVED PERSONS (ACMT CM & ACMT LOG)

10 Application Procedure

10.1 You can apply for the ACMT scheme if you satisfy the Conditions of Eligibility for ACMT CM or ACMT LOG. You will need to complete and submit the following documents to the Comptroller of GST:

- (a) Relevant ACMT scheme application form which is downloadable from IRAS' website¹⁶:

ACMT CM	<ul style="list-style-type: none">• GST F14A "Application for ACMT scheme as an ACMT CM"• Appendix 1 to GST F14A: "ACMT CM Pre-Application Checklist"
ACMT LOG	<ul style="list-style-type: none">• GST F14B "Application for ACMT scheme as an ACMT LOG"

- (b) Your latest annual audited financial statements and external auditor's opinion of the financial statements, which must be unqualified;
- (c) A brief description and illustration of the supply chain and the proportion of goods exported for each contract you have with your overseas clients. This information is to facilitate the Comptroller's understanding of your business arrangements. You can refer to Annex H for a sample;
- (d) If you are in the biomedical industry, a copy of the valid GMP certificate and/or HSA's notification letter for auto-renewal of manufacturer's license;
- (e) Perform a self-review using the ASK and submit the certified¹⁷ ASK declaration form "ASK: Declaration Form on Completing Annual Review & Voluntary Disclosure of Errors" (Section 3 of ASK). Please maintain the working templates in Section 3 of ASK as the Comptroller may request for it to verify that the ASK declaration form has been accurately completed;
- (f) If you have successfully applied to participate in ACAP, the certified ASK declaration form will not be required unless you subsequently withdraw your ACAP participation or fail to obtain ACAP status. In this respect, you must immediately undertake to perform ASK and submit the duly completed and certified ASK declaration form within 6 months from the date of withdrawal or notification of your unsuccessful ACAP status.

¹⁶ www.iras.gov.sg > Quick links > Forms > GST schemes

¹⁷ The ASK declaration form has to be certified by either your own in-house tax professional or externally engaged 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.

If you already have a valid ACAP status, the ASK declaration form is not required if you perform a Post ACAP Review (PAR) and submit the "PAR Declaration" form (GST F28/F28A) or apply for ACAP renewal (GST F29); and

- (g) Any other documents as stipulated in the application form or requested by the Comptroller of GST.

10.2 We will inform you of the outcome of your application within one month from the date of receipt of your application, provided that the documents and information furnished are complete. If we require more information or a visit to your business premises, the processing of your application may take a longer time. You may also be required to furnish a banker's guarantee upon the direction of the Comptroller.

11 Conditions of Approval

11.1 The Conditions of Eligibility are the Conditions of Approval (COA) of the ACMT scheme. The Comptroller may also impose any additional COA in the individual approval letters.

12 Validity Period and Renewal Application

Validity Period of ACMT Status

12.1 If your application is successful, your ACMT status will be valid for three years from the date of approval. However, if you fail to satisfy any of the qualifying conditions or requirements of the scheme at any time, the Comptroller may revoke your ACMT status.

12.2 For ACMT CM applicants who are under the Major Exporter Scheme (MES), the MES status will be superseded when your ACMT CM status is approved. If you opt to withdraw from the ACMT scheme and re-apply for the MES, the application for MES will be treated as a new application.

Renewal Application

12.3 If you continue to meet the qualifying conditions for the scheme, you will be invited to renew your ACMT status. You will be informed to submit the following documents to renew your scheme status within the due date given in our renewal invitation letter:

- (a) ACMT Checklist for Self-Review for Renewal of ACMT Scheme;
- (b) The certified "ASK: Declaration Form on Completing Annual Review & Voluntary Disclosure of Errors" (Section 3 of ASK); and
- (c) The certified ACMT Appendices for review of ACMT transactions.

12.4 We will inform you of the outcome of our review when completed. If your application for renewal is approved, your ACMT status will continue to be valid for up to five years if no serious non-compliance errors were noted in the review. If you have been granted ACAP status, your ACMT status will remain valid through the tenure of your ACAP status. Upon renewal, if you fail to satisfy any of the qualifying conditions or requirements of the scheme at any time, the Comptroller may revoke your ACMT status.

13 Implications of Withdrawal, Non-renewal or Revocation of ACMT Scheme

13.1 You should withdraw from the ACMT scheme voluntarily if you cease to be eligible for the scheme. You must inform the Comptroller of GST in writing within 30 days from the date you become ineligible for the scheme. If you fail to notify the Comptroller within the 30-day period, you may be required to repay the GST that would otherwise not have been suspended, disregarded or allowed based on the normal GST rules from any retrospective date the Comptroller may impose. The Comptroller may also revoke your ACMT status with effect from the retrospective date.

13.2 Prior to the cessation of the scheme, whether through withdrawal, non-renewal or revocation, you will have to ensure that you have fulfilled all your contractual obligations to your overseas clients. This includes the delivery of all processed goods and not having any ACMT goods on hand.

13.3 When your ACMT CM status is terminated, you can no longer enjoy GST suspension privileges on the importation of goods. This means that you will have to take up payment permits and pay import GST to Singapore Customs (SC) for importation of goods into Singapore. In addition, the normal GST treatment will apply to your supply of value-added activities, and you cannot recover any GST that is paid or incurred by your overseas clients on the local purchase of goods.

14 Implications of De-registration from GST

14.1 Before you de-register from GST and cease to be under the ACMT scheme, you will have to satisfy the following requirements pertaining to the goods you have on hand:

Type of goods	Requirements of ACMT person
Own goods imported with GST suspended	<p>You must fulfill the requirements pertaining to de-registration like all other GST-registered businesses.</p> <p>You will need to account for deemed output tax in your Final GST Return on imported goods that form part of your assets and stocks if the total value of your taxable assets and stocks on hand as at the last day of your GST registration is more than S\$10,000.</p>
Goods belonging to your overseas principal and imported by you as section 33(2) or 33A agent	<p>You are required to repay the Comptroller the import GST on goods imported under section 33(2) or 33A that are still in your custody.</p> <p>Refer to the e-Tax Guide “GST Guide on Imports” on the de-registration requirements of a section 33(2) or 33A agent.</p>
Value-added goods belonging to your local customer or GST-registered overseas principal (other than a person who is registered under the OVR regime as a pay-only person), which you re-imported under section 33B	<p>You must ensure that you have made your taxable supply of value-added activities to your customer on the goods before de-registration. Otherwise, you are required to repay the import GST on the re-importation of the goods.</p> <p>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.</p>
<p>ACMT goods including:</p> <ul style="list-style-type: none"> • Goods consigned or locally delivered to you for value-added activities under a contract with your overseas clients; and • Goods processed for overseas clients 	<p>You must fulfill all your contractual obligations to your overseas clients and not have any ACMT goods on hand before your application to de-register from GST can be considered.</p> <p>This means that you must have:</p> <ul style="list-style-type: none"> • Utilized the goods consigned or locally delivered to you for value-added activities supplied to your overseas clients; and • Exported or delivered the processed goods and accounted for GST accordingly where applicable.

15 Consequences of Incorrectly Applying ACMT Privileges

15.1 If you incorrectly use your privileges while you are approved under the ACMT scheme or when you have ceased to be eligible for the scheme, the following GST repayment provisions will apply.

(a) Incorrect use of import GST suspension privileges

As ACMT CM, if you had imported goods which do not fall under the allowable scenarios in paragraph 4.1, you must repay the import GST that is incorrectly suspended on the imported goods to the Comptroller of GST without demand.

You will need to include the GST amount repayable as output tax in the GST return for the prescribed accounting period in which the importation took place. You are not entitled to claim the GST repayable as your input tax.

(b) Incorrectly disregard the supply of value-added activities

As ACMT CM, if you had incorrectly disregarded your supply of value-added activities to your overseas client where you:

- (i) Deliver the processed goods locally to a non-ACMT approved person;
- (ii) Contract with an overseas person who is GST-registered in Singapore or he subsequently registers for GST (excluding a person who is registered for GST under the OVR regime as a pay-only person); or
- (iii) Contract with an overseas person who is a related company;

you will need to account for GST on your supply of value-added activities as output tax in your GST returns where applicable based on the normal GST rules.

(c) Fail to account for GST on local delivery of processed goods

As ACMT CM or ACMT LOG, if you deliver the processed goods locally without GST to:

- (i) A customer of your overseas client; or
- (ii) A non-ACMT approved person;

you will need to account for the GST chargeable on the local delivery of goods based on your overseas client's sales value as output tax in the GST return for the prescribed accounting period in which the sale or delivery takes place.

For (ii), the GST payable shall be equivalent to the GST amount based on the market value of those goods. In addition, the ACMT CM will need to repay:

- The GST that is incorrectly disregarded on the supply of value-added activities to the overseas client under paragraph 15.1(b); and
- Any import GST that is wrongly suspended on the goods under paragraph 15.1(a), if applicable.

(d) Incorrectly claimed input tax under the ACMT scheme

As ACMT CM, if you had incorrectly claimed input tax on local purchase of goods by your overseas client where you did not bear the GST, you will need to repay the input tax over-claimed in the GST return for the prescribed accounting period in which the claim was made.

- 15.2 For the above errors, if the GST return for the affected prescribed accounting period has been filed, you will need to e-file a GST F7¹⁸ for the relevant period to correct the errors.
- 15.3 Please note that the Comptroller may impose further penalties on your failure to comply with the qualifying conditions and requirements of the scheme and/or for making incorrect GST returns. The Comptroller may also revoke your ACMT status.

16 Contact Information

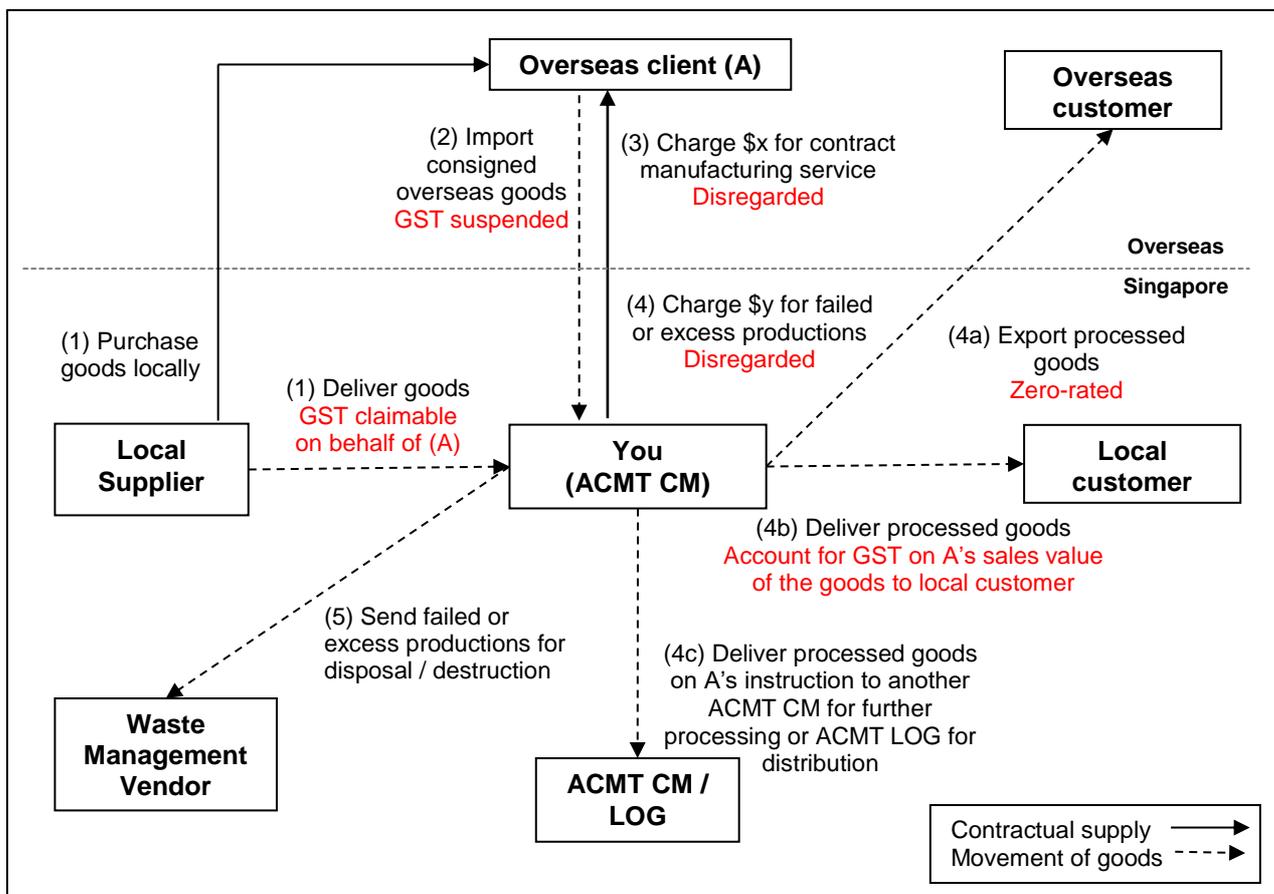
- 16.1 For enquiries on this e-Tax Guide, please contact the Goods and Services Tax Division at www.iras.gov.sg (select "Contact Us").

¹⁸ As a concession, if the net GST amount in error for all the affected prescribed accounting periods is not more than \$1,500, you can correct the error in your next GST F5 return instead.

17 Updates and Amendments

	Date of amendment	Amendments made
1	30 Oct 2019	<ul style="list-style-type: none">• Amended paragraph 3.4 on meaning of overseas client to include one who is registered under the OVR regime as a pay-only person.• Amended paragraph 4.1, 6.1 and 15.1(b)(ii) and Annex C to take into account a person who is registered for GST under the OVR regime as a pay-only person

Annex A – GST benefits accorded to ACMT CM



Transaction	GST treatment under ACMT scheme
(1) Local goods purchased by overseas client are delivered and consigned to you (ACMT CM) for value-added activities	As ACMT CM, you can claim input tax on the local purchase of goods by your overseas client if you bear the GST amount on the local purchase.
(2) Import consigned goods belonging to your overseas client into Singapore for value-added activities	Import GST suspended under the ACMT scheme.
(3) Supply of value-added activities to your overseas client in relation to processed goods	The supply of value-added activities is disregarded where: <ul style="list-style-type: none"> the processed goods are subsequently exported, delivered to customers of overseas client or delivered to another ACMT CM / LOG; or in relation to excess or failed productions, delivered for destruction / disposal. For goods exported, you should report the sales as your zero-rated supplies with the necessary export documents maintained. For goods delivered locally, you should charge and account for GST on the sales made by your overseas client to his customer.
(4) Supply of value-added activities to your overseas client in relation to excess or failed productions	
(5) Delivery of failed or excess productions for destruction / disposal	There is no implication if you do not receive any consideration. Otherwise, you should account for GST on the consideration (e.g. scrap value) received.

Annex B – Control standards for ACMT CM

As ACMT CM, you must maintain good inventory systems and controls to track the movement of the goods belonging to your overseas clients. This includes the following:

(1) You must maintain an inventory system to track the movement of the goods consigned by your overseas client, including raw materials imported or received from another ACMT approved person.

1.1 You must be able to account accurately for the following goods at all times:

- the quantity of the raw materials received;
- the quantity in Work-In-Progress;
- the spoilage and the balance in your material warehouse;
- the quantity exported to the overseas client;
- the quantity delivered to other ACMT approved persons;
- the quantity delivered locally to the customers of your overseas client;
- the quantity delivered locally to non-ACMT approved persons; and
- the quantity of failed or excess productions delivered for destruction or disposal.

1.2 You must perform a complete internal stock-take / inventory audit at least once a year. You must inform IRAS and explain any discrepancy in the stock of the consigned goods beyond the tolerance level as agreed on with your overseas clients (when any discrepancy is discovered).

(2) You must maintain proper documentation of all goods received, including raw materials.

2.1 All receipts/replacements and returns of the goods, including raw materials, from and to the overseas client and/or other ACMT approved persons must be properly documented. You should maintain the following documents:

- Goods Received Notes (GRN) – to document the quantity / description received;
- Acknowledged Delivery Orders – to support the GRN; and
- Material Quality Rejects (MQR) – to document the quantity of goods received, including raw materials, that has failed QC and will be returned; or
- Their equivalents to document the movement and quantity of goods transferred into your warehouse.

2.2 You must be able to produce all such records upon request from IRAS.

(3) For the purpose of making input tax claims on behalf of your overseas clients for local purchase of goods (e.g. raw materials), you must maintain the following documents:

- A copy of the invoice issued by the GST-registered supplier to the overseas client for the goods purchased, showing the GST charged
- Delivery Order (DO) endorsed by you on goods delivered by the supplier to you on instructions of the overseas client
- Evidence of payment made by you to the supplier for the GST amount, such as a copy of the cheque issued and bank statement. If the GST is paid directly by the overseas client to the supplier, you should maintain evidence of your refund of the GST to the overseas client such as a copy of the cheque issued and bank statement. If you refund the GST amount by offsetting from your service fees charged to the overseas client, this must be clearly reflected in your invoice or statement of account to the overseas client.

(4) You must maintain proper documentation on the consigned goods, including raw materials, from the material warehouse to factory, where applicable.

4.1 All drawings of the consigned goods, including raw materials, for assembly and manufacturing must be properly documented and controlled. All drawings should only be allowed with:

- Authorized Material Requisition Form (MRF) – a request based on Manufacturing Order (MO) from the production line for the necessary raw materials needed; or
- Its equivalent such that proper documentation and control can be effected.

(5) You must track consigned goods, including raw materials, in Work-In-Progress (WIP) and spoilage, where applicable.

5.1 You must track the quantity of the consigned goods in WIP through Manufacturing Orders (MO). The MO is basically a work order that initiates a production or assembly and should contain the following details:

- description and quantity of the consigned goods used; and
- the stages of completion and the consigned goods being used and to be used.

(6) You must track processed goods (which subsumes the consigned raw materials, if applicable) delivered according to instructions of the overseas client.

Export of processed goods

6.1 You should maintain the invoices, export documents, packing list and delivery orders (DO) which should be traceable to the Purchase Orders (PO) from overseas client and duly supported by Bill of Materials (BOM). The BOM refers to the blue print of a processed good, indicating the types of raw materials and their corresponding quantity that are used in its making.

6.2 The above documents should clearly indicate the quantity of processed goods exported and billed. Likewise, it should also show the quantity of the consigned raw materials exported to the overseas client (subsumed in the processed goods), if applicable.

Local delivery of processed goods

6.3 You must ensure that the local delivery is duly supported with documentary proof including the acknowledged Delivery Order. You must maintain the tax invoice issued by you to the customer showing that you have charged GST on the local delivery based on the overseas client's sales value. You must be able to accurately identify each local recipient and the quantities delivered to them, supported by documentary proof.

(7) You must track failed or excess productions (which subsumes the consigned raw materials, if applicable) delivered for destruction or disposal according to the instructions of the overseas client, where applicable.

7.1 You must maintain the certificate of destruction or disposal issued by the waste management vendor, as well as the invoice issued by the waste management vendor to you for the destruction / disposal services supplied.

(8) You must maintain reconciliation reports of the consigned goods, including raw materials.

8.1 You will have to periodically report and account to overseas client on the status of the consigned goods (including raw materials) and processed goods:

- the quantity delivered as per the instruction of the overseas client;
- the quantity remaining in your custody; and
- the parties to whom the goods are delivered and the corresponding quantities etc.

- 8.2 The reconciliation reports might be verified and endorsed by the overseas client's external auditors through physical checks performed on the goods and inventory. You must produce such reports upon request from IRAS.
- 8.3 You may be required to request an independent auditor to examine your inventory system and controls of the consigned raw materials and processed goods and express an opinion on your system and controls. You must inform IRAS within one month, if the auditor's opinion of any such audits is qualified.

Annex C – Checklist for new ACMT arrangement

As ACMT CM, when you enter into a new business arrangement with an overseas client, you should self-assess whether your supply of value-added activities to him can be disregarded under the ACMT scheme. You may use the following checklist to make this determination.

You may disregard your supply of value-added activities made to an overseas client if **all** the following conditions are satisfied:

Conditions		Tick (✓)
1.	Your overseas client is not GST-registered, or if he is GST-registered, the registration is as a pay-only person under the OVR regime.	
2.	Your overseas client is not related to you. This means that the percentage of shareholdings that you and your overseas client have in each other must not exceed 50%.	
3.	You are contracted by the overseas client to provide value-added activities on goods under a contract with and directly benefitting the overseas client.	
4.	<ul style="list-style-type: none"> ▪ At least 85% of all processed goods must be exported out of Singapore by you with proper export documents maintained; or ▪ 100% of all processed goods are delivered by you to another ACMT approved person who is appointed by the overseas client for further value-added activities or distribution services. 	
5.	In relation to processed goods delivered locally to the customers of your overseas client, you will account for GST on the local sales made.	
6.	In relation to failed or excess productions that are destroyed or disposed of locally, you will maintain proper documents to prove the destruction / disposal of goods.	
7.	You have put in place accounting and inventory control systems to track and account for the movement of consigned goods and processed goods belonging to your overseas client, as specified in Annex B.	

Annex D – GST reporting requirements for ACMT CM

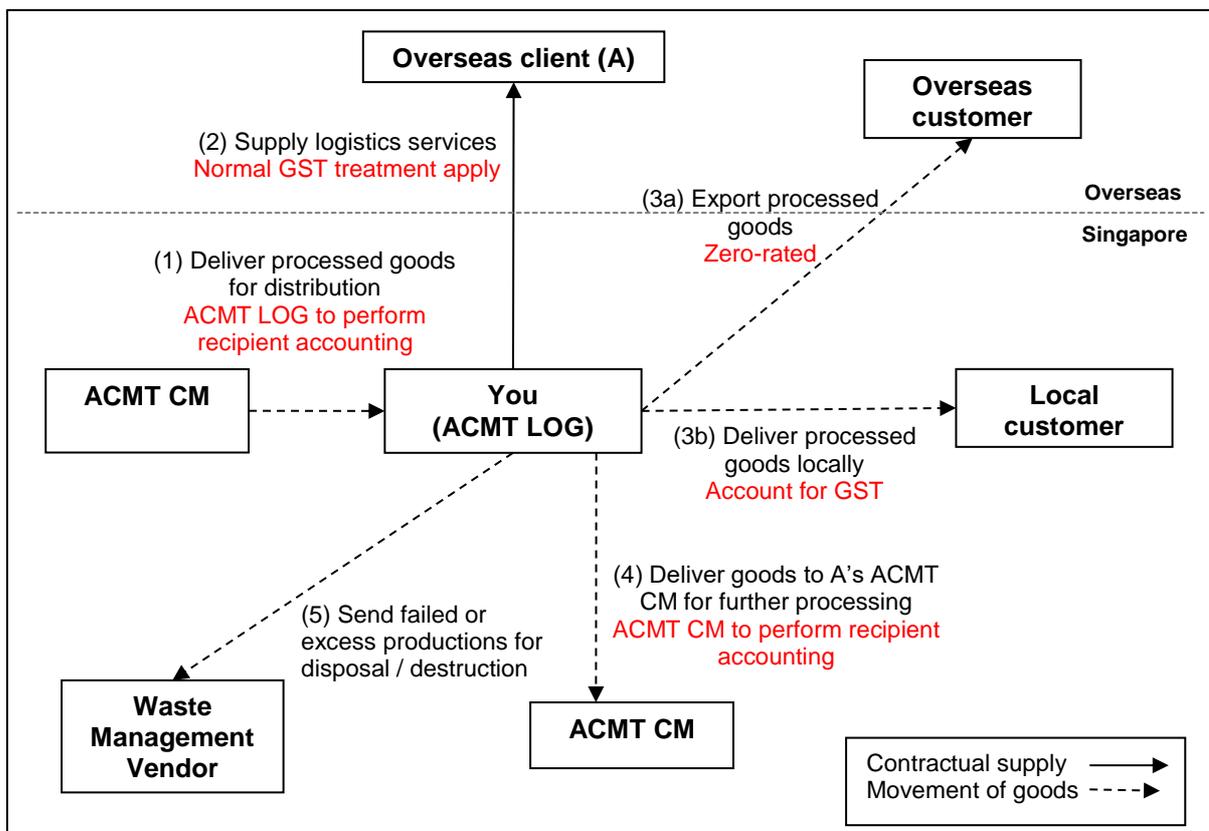
Activity done by ACMT CM	GST Reporting Requirement
<p>Import consigned goods from overseas client to perform value-added activities</p>	<p>Import GST on the consigned goods is suspended under the scheme. You are required to report the value of the consigned goods as your:</p> <ul style="list-style-type: none"> • Taxable purchases (Box 5); and • Value of goods imported under GST schemes (Box 9)
<p>Receive local goods purchased by overseas client as inputs to your value-added activities</p>	<p>You can claim the GST incurred on local goods purchased by your overseas client from GST-registered supplier as your input tax where the goods are delivered to you for value-added activities. This is provided that you had either paid for the GST or you had refunded / reimbursed the GST to your overseas client if he had paid the GST.</p> <p>Please report the value of the goods and its corresponding GST as your:</p> <ul style="list-style-type: none"> • Taxable purchases (Box 5); and • Input tax and refund claimed (Box 7)
<p>Receive processed goods from another ACMT CM or ACMT LOG for value-added activities</p>	<p>You are required to perform recipient accounting when you receive processed goods from another ACMT person to perform value-added activities for your overseas client.</p> <p>Please report the value of the goods and the corresponding GST as your:</p> <ul style="list-style-type: none"> • Standard-rated supplies (Box 1); • Taxable purchases (Box 5); • Output tax due (Box 6); and • Input tax and refund claimed (Box 7) <p>Where the value of the goods is not known, recipient accounting can be performed based on a nominal value of S\$1 multiplied by the quantity of goods received.</p>
<p>Export processed goods out of Singapore</p>	<p>You are required to maintain the relevant export documents to support the movement of processed goods out of Singapore¹⁹.</p> <p><u>Supply of value-added activities:</u> Your supply of value-added activities to the overseas client is disregarded under the ACMT scheme if the processed goods are exported. Hence, you need not report the supply in your GST returns.</p>

¹⁹ Refer to e-Tax guide “A Guide on Exports” for more information on the documentary requirements.

	<p><u>Export of processed goods:</u> You are required to report the value of the processed goods exported as your zero-rated supplies (Box 2).</p>
<p>Deliver processed goods locally to the customers of the overseas client</p>	<p><u>Supply of value-added activities:</u> Your supply of value-added activities to the overseas client is disregarded under the ACMT scheme if the processed goods are delivered to the final customers of your overseas client. Hence, you need not report the supply in your GST returns.</p> <p><u>Local delivery of processed goods:</u> You are required to charge and account for GST on the local delivery of processed goods based on your overseas client's sales value to his customer. Please report the value of the local sales and its corresponding GST as your:</p> <ul style="list-style-type: none"> • Standard-rated supplies (Box 1); and • Output tax due (Box 6)
<p>Deliver processed goods to an ACMT CM or ACMT LOG upon instruction from your overseas client</p>	<p><u>Supply of value-added activities:</u> Your supply of value-added activities to the overseas client is disregarded under the ACMT scheme if the processed goods are delivered to another ACMT approved person. Hence, you need not report the supply in your GST returns.</p> <p><u>Delivery of processed goods:</u> You need not report the value of processed goods delivered to another ACMT approved person. The recipient (i.e. ACMT approved person) will have to perform recipient accounting on the receipt of the goods.</p>
<p>Deliver processed goods to a non-ACMT approved person (e.g. local related entity of your overseas client)</p>	<p><u>Supply of value-added activities:</u> Your supply of value-added activities to the overseas client cannot be disregarded under the ACMT scheme. You must charge GST on the value-added activities provided to your overseas client as the processed goods are delivered locally to a non-ACMT approved person. Please report the value of the value-added activities and the corresponding GST as your:</p> <ul style="list-style-type: none"> • Standard-rated supplies (Box 1); and • Output tax due (Box 6) <p><u>Delivery of processed goods:</u> If you deliver the processed goods to a non-ACMT approved person, you will be treated as having supplied those goods. You are required to report the market value of those goods and its corresponding GST as your:</p> <ul style="list-style-type: none"> • Standard-rated supplies (Box 1); and • Output tax due (Box 6)

<p>Deliver failed or excess productions to waste management vendor directly or through an ACMT LOG for destruction or disposal</p>	<p><u>For the supply of value-added activities:</u> Your supply of value-added activities to the overseas client is disregarded under the ACMT scheme if the failed or excess productions are delivered to a waste management vendor for destruction or disposal. Hence, you need not report the supply in your GST returns. You will have to maintain documents (e.g. scrap certificate) to prove the local destruction / disposal.</p> <p><u>Delivery of processed goods:</u> If you receive consideration (e.g. scrap value) on the failed or excess productions sent for local destruction or disposal, you are required to report the value of the consideration and its corresponding GST on behalf of your overseas client as your:</p> <ul style="list-style-type: none">• Standard-rated supplies (Box 1); and• Output tax due (Box 6)
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Annex E – Role of ACMT LOG



Transaction	GST treatment under ACMT scheme
(1) Receives processed goods from ACMT CM of overseas client	As ACMT LOG, you have to perform recipient accounting on the receipt of goods.
(2) Supply of logistics services to your overseas client	The normal GST treatment applies to your supply of logistics services.
(3) Deliver processed goods to customers of your overseas client	For goods exported, you should report the sales as your zero-rated supplies if the export qualifies for zero-rating relief. For goods delivered locally, you should charge and account for GST on the sales made by your overseas client to his customer.
(4) Deliver goods to another ACMT CM appointed by the overseas client for further processing	The ACMT CM will have to perform recipient accounting on the receipt of goods.
(5) Send failed or excess productions for destruction / disposal	There is no implication if you do not receive any consideration. Otherwise, you should account for GST on the consideration (e.g. scrap value) received.

Annex F – Control standards for ACMT LOG

As ACMT LOG, you must maintain good inventory systems and controls to track the movement of the processed goods received from the ACMT CM upon instructions of your overseas clients. This includes the following:

(1) You must maintain an inventory system to track the movement of the processed goods received from the ACMT CM who is contracted by your overseas client to perform value-added activities on the goods.

1.1 You must at all times, be able to accurately account for:

- the quantity of the goods received;
- the quantity exported to the overseas client;
- the quantity delivered locally to customers of overseas client;
- the quantity sent for local destruction / disposal;
- the quantity sent back to the ACMT CM for re-work; and
- the balance of consigned goods in your warehouse.

1.2 You must perform a full and comprehensive internal stock-take / inventory audit at least once a year. If there is any discrepancy in the stock of the processed goods, you must inform IRAS immediately when the discrepancy is discovered and explain the discrepancy. Please also refer to Annex G for the GST reporting requirement in such a scenario.

(2) You must maintain proper documentation of all goods received from the ACMT CM.

2.1 All receipts of goods from the ACMT CM must be properly documented. You should maintain documents including the following:

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

2.2 You must be able produce all such records upon request from IRAS.

(3) You must maintain proper documentation of both the export and local delivery of goods previously received from the ACMT CM.

3.1 You must be able to account for the subsequent movement of all processed goods received from the ACMT CM as follows:

- For goods received from the ACMT CM, you must, at all times, be able to accurately account for the balance stored in your warehouse, the quantity exported and the quantity delivered locally. The inbound

shipment, outbound shipment and balance of goods must be reconciled in terms of the quantity.

- For goods delivered from your warehouse, the delivery must be properly documented and controlled by authorised and endorsed shipping / delivery documents;
- For goods exported, the delivery must be supported by proper export documents in accordance with the e-Tax Guide “A Guide on Exports”. The delivery orders must be acknowledged to support the delivery of the goods.

3.2 You must be able to identify, from your accounting system, the local customers (of your overseas client) to whom the goods are delivered and the corresponding quantity of goods. The information should be easily extracted and consolidated upon request from IRAS.

(4) You must maintain reconciliation reports of the processed goods.

4.1 As the processed goods belong to your overseas client, you will have to periodically report and account to the overseas client on the status of the processed goods received from his appointed ACMT CM, including the following:

- the quantity delivered per the instructions of the overseas client;
- the quantity remaining in your custody; and
- the parties to whom the goods are delivered and the corresponding quantities etc.

4.2 The reconciliation reports might be verified and endorsed by the overseas client’s external auditors through physical checks performed on the goods and inventory. You must produce such reports upon request from IRAS.

4.3 You may be required to request an independent auditor to examine your inventory system and controls of the consigned processed goods and express an opinion on your system and controls. You must inform IRAS within one month, if the auditor’s opinion of any such audits is qualified.

Annex G – GST reporting requirements for ACMT LOG

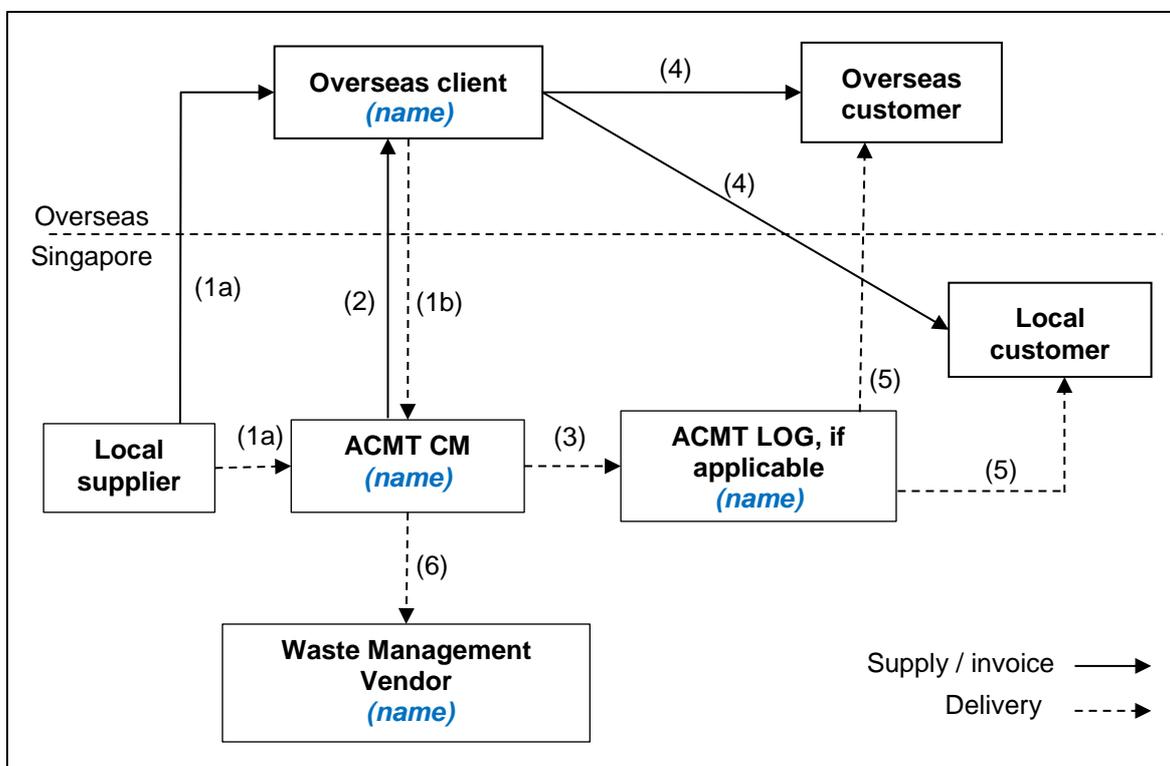
Activity done by ACMT LOG	GST Reporting
<p>Receive processed goods from an ACMT CM</p>	<p>You are required to perform recipient accounting when you receive processed goods from an <u>ACMT CM</u> for subsequent distribution based on your overseas client’s instructions.</p> <p>Please report the value of the goods and the corresponding GST as your:</p> <ul style="list-style-type: none"> • Standard-rated supplies (Box 1); • Taxable purchases (Box 5); • Output tax due (Box 6); and • Input tax and refund claimed (Box 7) <p>Where the value of the goods is not known, recipient accounting can also be performed based on a nominal value of S\$1 multiplied by the quantity of goods received.</p>
<p>Deliver processed goods received from the ACMT CM upon the instruction of your overseas client to his local or overseas customer</p>	<p><u>Local delivery of processed goods</u> You are required to charge and account for GST on the local delivery of processed goods based on your overseas client’s sales value to his customer. Please report the value of the local sales and its corresponding GST as your:</p> <ul style="list-style-type: none"> • Standard-rated supplies (Box 1); and • Output tax due (Box 6) <p><u>Export of processed goods</u> You are required to maintain the relevant export documents to support the movement of processed goods out of Singapore²⁰, and report the value of the processed goods exported as your zero-rated supplies (Box 2).</p>
<p>Deliver processed goods to another ACMT CM contracted by your overseas client for further value-added activities</p>	<p>You need not report the value of processed goods delivered to an ACMT CM who is engaged by your overseas client to perform value-added activities on the goods. The recipient (i.e. ACMT CM) will have to perform recipient accounting on the receipt of the goods.</p>
<p>Deliver processed goods to a non-ACMT approved person (e.g. local related entity of your overseas client)</p>	<p>If you deliver the processed goods to a non-ACMT approved person, you will be treated as having supplied those goods. You are required to report the market value of those goods and its corresponding GST as your:</p> <ul style="list-style-type: none"> • Standard-rated supplies (Box 1); and • Output tax due (Box 6)

²⁰ Refer to e-Tax Guide “A Guide on Exports” for more information on the documentary requirements.

Activity done by ACMT LOG	GST Reporting
<p>Deliver failed or excess productions to waste management vendor for destruction or disposal</p>	<p>If you receive consideration (e.g. scrap value) on the failed or excess productions sent for local destruction or disposal, you are required to report the value of the consideration and its corresponding GST on behalf of your overseas client as your:</p> <ul style="list-style-type: none"> • Standard-rated supplies (Box 1); and • Output tax due (Box 6) <p>You are required to maintain documents (e.g. scrap certificate) to prove that the goods are destroyed / disposed, and furnish a copy of the documents to the overseas client's appointed ACMT CM where needed.</p>
<p>When shortfall is noted on the stock of processed goods under your custody subsequent to the receipt of goods from the ACMT CM</p>	<p>You must account for GST on any shortfall in the stock of processed goods under your custody based on the market value of the processed goods. You need to report the shortfall as your:</p> <ul style="list-style-type: none"> • Standard-rated supplies (Box 1); and • Output tax due (Box 6) <p>You should account for the output tax in the GST return for the prescribed accounting period in which the discrepancy is noted.</p>

Annex H – Representation of ACMT arrangement for scheme application

You may vary the following diagram accordingly. You can provide one consolidated set of representation to the Comptroller of GST if the supply chains for different clients are similar.



Process Flow:

1a.	Overseas client purchases goods locally from GST-registered suppliers <i>(to specify the types of local goods)</i> to be consigned and delivered to the ACMT CM for value-added activities <i>(to specify nature of services performed)</i> .
1b.	Overseas client consigned overseas goods <i>(to specify the types of overseas goods)</i> to the ACMT CM for importation into Singapore for value-added activities <i>(to specify nature of services performed)</i> .
2.	The ACMT CM bills the overseas client for value-added activities <i>(to specify how the billing is derived and made)</i> .
3.	When value-added activities are completed, the ACMT CM delivers the processed goods <i>(to specify the types of finished goods)</i> to the ACMT LOG appointed by the overseas client.
4.	The overseas client makes a sale of the processed goods to his customers <i>(to specify the names of major local and overseas customers)</i> .
5.	The ACMT LOG delivers the goods to the customers of the overseas client <i>(to specify the proportion of goods that will be exported and delivered locally)</i>
6.	In relation to failed or excess productions, the ACMT CM delivers the goods to a waste management vendor for local destruction or disposal <i>(to specify the type of documents maintained for this process)</i> .