

# **IRAS e-Tax Guide**

## **GST: Approved Third Party Logistics Company Scheme**



INLAND REVENUE  
AUTHORITY  
OF SINGAPORE

Published by  
Inland Revenue Authority of Singapore

Published on 11 Aug 2017

First Edition on 19 Aug 2015

Disclaimers: IRAS shall not be responsible or held accountable in any way for any damage, loss or expense whatsoever, arising directly or indirectly from any inaccuracy or incompleteness in the Contents of this e-Tax Guide, or errors or omissions in the transmission of the Contents. IRAS shall not be responsible or held accountable in any way for any decision made or action taken by you or any third party in reliance upon the Contents in this e-Tax Guide. This information aims to provide a better general understanding of taxpayers' tax obligations and is not intended to comprehensively address all possible tax issues that may arise. While every effort has been made to ensure that this information is consistent with existing law and practice, should there be any changes, IRAS reserves the right to vary our position accordingly.

© Inland Revenue Authority of Singapore

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, including photocopying and recording without the written permission of the copyright holder, application for which should be addressed to the publisher. Such written permission must also be obtained before any part of this publication is stored in a retrieval system of any nature.

## Table of Contents

	Page
1 Aim.....	1
2 At a glance .....	1
3 Benefits of the Approved 3PL Company Scheme.....	2
4 Eligibility Conditions for the Approved 3PL Company Scheme.....	2
5 Responsibilities of an Approved 3PL Company .....	4
6 Application Procedures .....	6
7 Conditions of Approval .....	6
8 Operational Procedures on Declaring Import Permits .....	7
9 Validity Period of the Approved 3PL Company Scheme .....	7
10 Non-compliance under the Approved 3PL Company Scheme .....	8
11 Implications of De-registration from GST.....	9
12 Contact Information.....	9
13 Updates and Amendments .....	9
Appendix 1 – GST Treatment With and Without Approved 3PL Company Scheme .....	10
Appendix 2 – Acting as a Section 33(2) agent on behalf of overseas principals .....	14
Appendix 3 – Description of logistics management services to be provided by the Approved 3PL Company .....	15
Appendix 4 – Example on the computation of the 50% qualifying threshold ....	16
Appendix 5 – Letter of Undertaking.....	17
Appendix 6 – Comptroller's requirements on internal controls, accounting and compliance records .....	20
Appendix 7 – Letter of Guarantee.....	22
Appendix 8 – GST reporting requirements of an Approved 3PL Company .....	23
Appendix 9 – Suggested measures to take after appointing declaring agents to clear goods under your Approved 3PL Company Scheme status .....	28

## **GST: Approved Third Party Logistics Company Scheme**

### **1 Aim**

- 1.1 This e-Tax Guide<sup>1</sup> explains how the Approved Third Party Logistics (3PL) Company Scheme works and the qualifying conditions.
- 1.2 You should read this guide if you are GST-registered and are in the business of providing logistics services.

### **2 At a glance**

- 2.1 The Approved 3PL Company Scheme caters to GST-registered logistics companies that provide logistics management services in the capacity of a Section 33(2) agent for their overseas principals who use Singapore as a logistics hub.
- 2.2 As an agent under Section 33(2)<sup>2</sup>, you act on behalf of an overseas person (who is not GST-registered) to import and subsequently supply the goods either locally or for export.
- 2.3 The Approved 3PL Company Scheme allows you to:
  - Import goods belonging to you and/or your overseas principals with GST suspended;
  - Remove imported goods belonging to you and/or your overseas principals from a Zero-GST (ZG) warehouse with GST suspended; and
  - Remove and supply the imported goods locally without having to charge GST to persons (including customers of your overseas principals) who are approved under the following GST schemes<sup>3</sup>:
    - Major Exporter Scheme (MES);
    - Approved Import GST Suspension Scheme (AISS);
    - Approved Contract Manufacturer and Trader (ACMT) Scheme; or
    - Approved Third Party Logistics Company Scheme.

---

<sup>1</sup> This e-Tax Guide replaces the IRAS' e-Tax Guide "GST: Approved Third Party Logistics (3PL) Company Scheme (6th Edition)" published on 10 Jan 2012.

<sup>2</sup> For more information on acting as Section 33(2) agent for overseas principals, please refer to Appendix 2 and the e-Tax Guide "GST: Guide on Imports" on our website at [www.iras.gov.sg](http://www.iras.gov.sg).

<sup>3</sup> For more information on these GST schemes, please visit our website at [www.iras.gov.sg](http://www.iras.gov.sg) and click *GST > GST-registered businesses > GST Schemes*.

### 3 Benefits of the Approved 3PL Company Scheme

- 3.1 As an Approved 3PL Company, you can enjoy import GST suspension on goods imported under the following scenarios:
- (a) When you import your own goods in the course or furtherance of your business;
  - (b) When you import goods belonging to your overseas principals (who are not GST-registered) for supply (either in Singapore or for export) in the capacity of a Section 33(2) agent; and
  - (c) When you import goods belonging to your non GST-registered overseas principals which will later be re-exported without a subsequent supply of the goods (e.g. exported back to the overseas principal) and you satisfy the conditions to act as a Section 33A agent<sup>4</sup> for your overseas principals.
- 3.2 Also, you do not have to pay import GST when you remove these imported goods belonging to you and/or your overseas principals from a ZG warehouse.
- 3.3 Under the Approved 3PL Company Scheme, you do not need to charge GST when the imported goods belonging to you and/or your overseas principals are removed and supplied locally to persons who are approved under the MES, AISS, ACMT Scheme or Approved 3PL Company Scheme (referred to as **specified persons**).
- 3.4 Please see [Appendix 1](#) for diagrammatic illustrations of the GST treatment with and without the Approved 3PL Company Scheme.

### 4 Eligibility Conditions for the Approved 3PL Company Scheme

To be eligible for this scheme, you must satisfy all the following conditions:

- 4.1 You must be a GST-registered company incorporated in Singapore. Your primary business is the provision of logistics services such as freight forwarding<sup>5</sup>, transportation<sup>6</sup> and warehousing<sup>7</sup>.
- 4.2 You are / will be acting on behalf of an overseas person to import and subsequently supply the goods either locally or for export. You must satisfy the conditions listed in [Appendix 2](#) to act as a Section 33(2) agent for your overseas principals.

---

<sup>4</sup> For more information on acting as Section 33A agent for overseas principals, please refer to the e-Tax Guide “GST: Guide on Imports” on our website at [www.iras.gov.sg](http://www.iras.gov.sg).

<sup>5</sup> Refers to arranging of international transportation of goods for importers and exporters.

<sup>6</sup> Refers to the delivery of goods to locations designated by the customer.

<sup>7</sup> Refers to the storage of goods.

4.3 You must be engaged by the overseas principals to perform one or more of the following logistics management services on the imported goods:

- Inventory control and management
- Procurement and sourcing
- Packing/ re-packing
- Consolidation/ de-consolidation
- Kitting or "pick and pack"
- Assembly/ configuration/ software loading
- Order processing
- QC checks and testing
- Labeling

The logistics management services provided by you generally should not alter the nature of the original goods. Please refer to [Appendix 3](#) for a description of each type of the above services.

4.4 Your business activities are substantially with the specified persons (refer to paragraph 3.3). This means that your local supplies of goods to specified persons and your zero-rated supplies (i.e. international services and exports of goods, including those of your overseas principals) must account for more than 50% of your total supplies for a past 12-month period. The 12-month period will be the immediate past financial year or any 12 continuous calendar months within the past 18 calendar months. Please see [Appendix 4](#) for an example on the computation of the qualifying threshold.

If you have not commenced your business activities with the specified person(s), you will have to give a projection of the value of your local supplies of goods made to the specified person(s) for the next 12 months and state the basis of your projection in the application form (GST F15).

4.4 You must be using a computerised Warehouse Management System (WMS) to manage your inventory of goods stored in the warehouse accurately for each overseas principal or customer. The system must be able to report the exact quantity, description or identity of the goods, value (if available) and location of the goods at any time. The system must be able to report accurately:

- The quantity of goods received;
- The quantity of goods exported/ re-exported;
- The quantity of goods delivered locally;
- The quantity of work-in-progress (if there is any additional value-added work to be performed by you, which does not alter the nature of the goods); and
- The balance of goods in the warehouse.

- 4.5 You must assume full responsibility and accountability of GST for the overseas principals (i.e. in the capacity of a Section 33(2) or Section 33A agent) and provide a Letter of Undertaking in accordance with the prescribed format (refer to [Appendix 5](#)).
- 4.6 You have good internal controls and proper accounting records. For more details on the Comptroller's requirements on this condition, please refer to [Appendix 6](#).
- 4.7 You have good compliance records with IRAS on GST, Income Tax and Property Tax. You must have a good history of filing the tax returns in a timely manner and prompt payment of taxes.
- 4.8 You have good compliance records with Singapore Customs. You must not have any major violation of Singapore Customs' regulations and requirements.
- 4.9 You must perform Assisted Self-Help Kit (ASK) Annual Review or commit to participate in Assisted Compliance Assurance Programme (ACAP)<sup>8</sup>.
- 4.10 You must be able to comply with other conditions as the Comptroller of GST may impose from time to time. The Comptroller may impose a security (in the form of a letter of guarantee) prior to approval of the scheme. Please refer to [Appendix 7](#).

## **5 Responsibilities of an Approved 3PL Company**

- 5.1 As an Approved 3PL Company, you are allowed to import goods with GST suspended only under the scenarios stated in paragraphs 3.1 and 3.2. You should not, under any circumstances, use the Approved 3PL Company Scheme to:
- import goods or remove goods from the ZG warehouse on behalf of other persons (regardless of whether they are GST-registered or not); and
  - import goods that are not in the course or furtherance of your business.

Please refer to paragraph 10.2 for the consequences of such non-compliance.

- 5.2 You also should not, under any circumstances, remove and supply the imported goods without charging GST to any person other than the specified persons.
- 5.3 You must maintain an up-to-date record of all the goods that are managed under the Approved 3PL Company Scheme.
- 5.4 You must ensure that you meet the eligibility conditions (stated in paragraph 4) while you are under the scheme. In the event of any material change in the

---

<sup>8</sup> For more information on ASK and ACAP, please visit our website at [www.iras.gov.sg](http://www.iras.gov.sg) and click GST > GST-registered businesses > Getting it right > Voluntary Compliance Initiatives.

nature of your business or in the business arrangement with your overseas principals and their customers such that you no longer meet the eligibility conditions, you must inform the Comptroller of GST immediately.

- 5.5 Your Approved 3PL Company Scheme status is not transferable. If you transfer your business as a going concern to another taxable person, the transferee (new owner) is not allowed to use your Approved 3PL Company Scheme status to import his goods. The transferee should apply for the Approved 3PL Company Scheme status in his own name. If you are no longer eligible for the Approved 3PL Company Scheme after the transfer of business, you must inform the Comptroller to terminate your status.

GST Reporting Requirements of an Approved 3PL Company

- 5.6 You are required to declare the following in your GST returns:

What to report:	Report in GST returns in:
Goods imported under your Approved 3PL Company Scheme which belong to you and/or your overseas principals	Box 5 - Total Value of Taxable Purchases; and  Box 9 - Total Value of Goods Imported Under MES or Approved 3PL Company Scheme or Other Approved Schemes Only
Local supplies of the imported goods made to specified persons (including local customers of your overseas principals) under your Approved 3PL Company Scheme  <i>(You need not charge GST on these supplies. Your tax invoice must include the description "Payment of GST is not required under the Approved 3PL Company Scheme".)</i>	Box 1 - Total Value of Standard-rated Supplies
Local supplies of the imported goods to persons who are not specified persons  <i>(You must charge 7% GST on these local supplies.)</i>	Box 1 - Total Value of Standard-rated Supplies; and  Box 6 - Output Tax Due
Imported goods received from another Approved 3PL Company with no GST charged	Box 5 - Total Value of Taxable Purchases; and  Box 9 - Total Value of Goods Imported Under MES or Approved 3PL Company Scheme or Other Approved Schemes Only

Please refer to [Appendix 8](#) for more details on the GST reporting requirements.



## **6 Application Procedures**

- 6.1 A GST-registered person that satisfies all the qualifying conditions for the Approved 3PL Company Scheme in paragraph 4 can apply for the scheme.
- 6.2 To apply for the Approved 3PL Company Scheme, you need to submit the following documents:
- (a) A duly completed GST F15 together with all the required information stated on the form.
  - (b) A detailed write-up, including diagrammatic representations outlining the business arrangement made or to be made with your overseas principals and their customers on the movement of goods. These customers must be approved under the MES, AISS, ACMT Scheme or Approved 3PL Company Scheme.
  - (c) A copy of the contractual agreement with your overseas principals and/or your overseas principals' local customers showing clearly the scope of services and responsibilities in the 3PL arrangement (if available).
  - (d) Your computation to show that you meet the 50% qualifying threshold (see the example in [Appendix 4](#)).
  - (e) Letter of Undertaking (please use the format in [Appendix 5](#)).
  - (f) A copy of your latest audited financial statements.
  - (g) A certified<sup>9</sup> "Assisted Self-Help Kit (ASK): Declaration Form on Completing Annual Review & Voluntary Disclosure of Errors". This is not necessary if you have applied to participate in ACAP.
- 6.3 We will inform you of the outcome of your application within one month from the date of receipt of your application. This is provided that your application form is fully completed with the relevant supporting documents. You may be required to provide a banker's guarantee, upon the direction of the Comptroller. We may also, in the course of processing your application, request for a visit to your business premises to assess your business and review your accounting and business records.

## **7 Conditions of Approval**

- 7.1 In general, the Eligibility Conditions are also the Conditions of Approval. Any additional conditions of approval beyond those stated in paragraph 4 will be spelt out in your individual approval letters.

---

<sup>9</sup> The ASK Annual Review declaration form has to be certified by either your own in-house or an external tax professional who is accredited with the Singapore Institute of Accredited Tax Professionals as an Accredited Tax Practitioner (GST) or Accredited Tax Advisor (GST). For more information on accreditation, please visit [www.siatp.org.sg](http://www.siatp.org.sg)

## 8 Operational Procedures on Declaring Import Permits

- 8.1 As an Approved 3PL Company, you are able to clear non-dutiable goods from Singapore Customs (SC) at importation or from ZG warehouse with the relevant ME permits if you activate your Customs Account with SC and subscribe for TradeNet. For more information, please refer to SC website at [www.customs.gov.sg](http://www.customs.gov.sg) and [www.tradexchange.gov.sg](http://www.tradexchange.gov.sg).
- 8.2 However, if you do not subscribe for TradeNet and/or if you choose to engage freight forwarding companies to assist you, you are required to appoint the relevant authorised declaring agent (e.g. freight forwarder) to clear the goods from SC on your behalf. You can appoint the declaring agent and make subsequent changes through the online service “Apply for Declaring Agents” at *myTax Portal*<sup>10</sup>.
- 8.3 At any one time, you can have a maximum of 20 authorised declaring agents. It is your responsibility to keep and maintain the list of your authorised declaring agents. As you are accountable for all permits declared by your authorised declaring agents, you are advised to exercise due care and impose relevant controls after appointing the declaring agents for this purpose. Please refer to [Appendix 9](#) for the suggested measures.
- 8.4 If your imports are handled by the 4 Air Express Companies (i.e. TNT Express Worldwide (S) Pte Ltd, Federal Express (S) Pte Ltd, United Parcel Service Singapore Pte Ltd and DHL Express (Singapore) Pte Ltd), you should request these companies to provide you with an **Inward Summary report** stating the details of imports belonging to you on a periodic basis. Alternatively, these companies may issue subsidiary import certificates to you. You may use the Inward Summary report / subsidiary import certificate to declare your imports in your GST returns.

## 9 Validity Period of the Approved 3PL Company Scheme

- 9.1 Approved applications will remain valid, subject to you meeting the eligibility conditions in paragraph 4 and the responsibilities in paragraph 5. If the Comptroller deems fit, it may impose a validity period with a renewal process for certain applications.
- 9.2 You should inform the Comptroller immediately whenever you cease to qualify for the Approved 3PL Company Scheme (e.g. when you no longer supply goods on behalf of your overseas principals to specified persons). Your Approved 3PL Company status will be terminated once you cease to qualify for the scheme.
- 9.3 Approved 3PL Companies will be subject to periodic audits by the Comptroller. However, if you have been accorded the ACAP status, the

---

<sup>10</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 EASY administrator to log in to *e-Services Authorisation System (EASY)* to authorise you. For more information on how this can be done, please refer to <https://mytax.iras.gov.sg/easy>.

Comptroller will step down on GST compliance activities during the tenure of your ACAP status unless significant anomalies are noted in your GST declarations.

## **10 Non-compliance under the Approved 3PL Company Scheme**

- 10.1 The Comptroller of GST may, by notice in writing, revoke your Approved 3PL Company Scheme status if it is found that you have:
- (a) At any time ceased to satisfy any of the qualifying conditions of the scheme; or
  - (b) Provided false, misleading or inaccurate information on your eligibility for the scheme; or
  - (c) Failed to comply with any condition or requirement of the scheme or as imposed by the Comptroller.
- 10.2 If you have wrongly used your Approved 3PL Company Scheme to import goods with GST suspended, you are required to repay to the Comptroller the import GST otherwise payable on these goods and report it as output tax in Box 6 of your GST return. This applies when you import goods or remove the imported goods from the ZG warehouse on behalf of other persons under a scenario that is not prescribed in paragraphs 3.1 and 3.2.
- 10.3 If you have supplied the imported goods locally to your overseas principal's customers who are not under MES, AISS, ACMT Scheme or Approved 3PL Company Scheme and did not charge GST on these supplies, you have to repay the GST chargeable on these supplies.
- 10.4 Penalties could be imposed for filing incorrect GST returns as a result of failing to repay the GST on the imports in paragraph 10.2 or the supplies in paragraph 10.3.

## 11 Implications of De-registration from GST

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

Type of goods	Requirements of an Approved 3PL Company
Your own goods imported with GST suspended	Fulfil all the requirements pertaining to de-registration like all other GST-registered businesses.  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 your taxable assets and stocks on hand as at the effective date of de-registration is more than S\$10,000.
Goods belonging to your overseas principal which you have imported in the capacity of a Section 33(2) agent and with GST suspended	Refer to e-Tax Guide “GST: Guide on Imports” on the de-registration implications for a Section 33(2) agent.
Goods belonging to your overseas principal which you have imported in the capacity of a Section 33A agent and with GST suspended	Refer to e-Tax Guide “GST: Guide on Imports” on the de-registration implications for a Section 33A agent.

## 12 Contact Information

For enquiries on this e-Tax Guide, please contact:

Goods & Services Tax Division  
Inland Revenue Authority of Singapore  
55 Newton Road  
Singapore 307987

Tel: 1800 356 8633  
Fax: (+65) 6351 3553  
Email: [gst@iras.gov.sg](mailto:gst@iras.gov.sg)

## 13 Updates and Amendments

Date of amendment	Amendments made
11 Aug 2017	Amended paragraph 8.2

## Appendix 1 – GST Treatment With and Without Approved 3PL Company Scheme

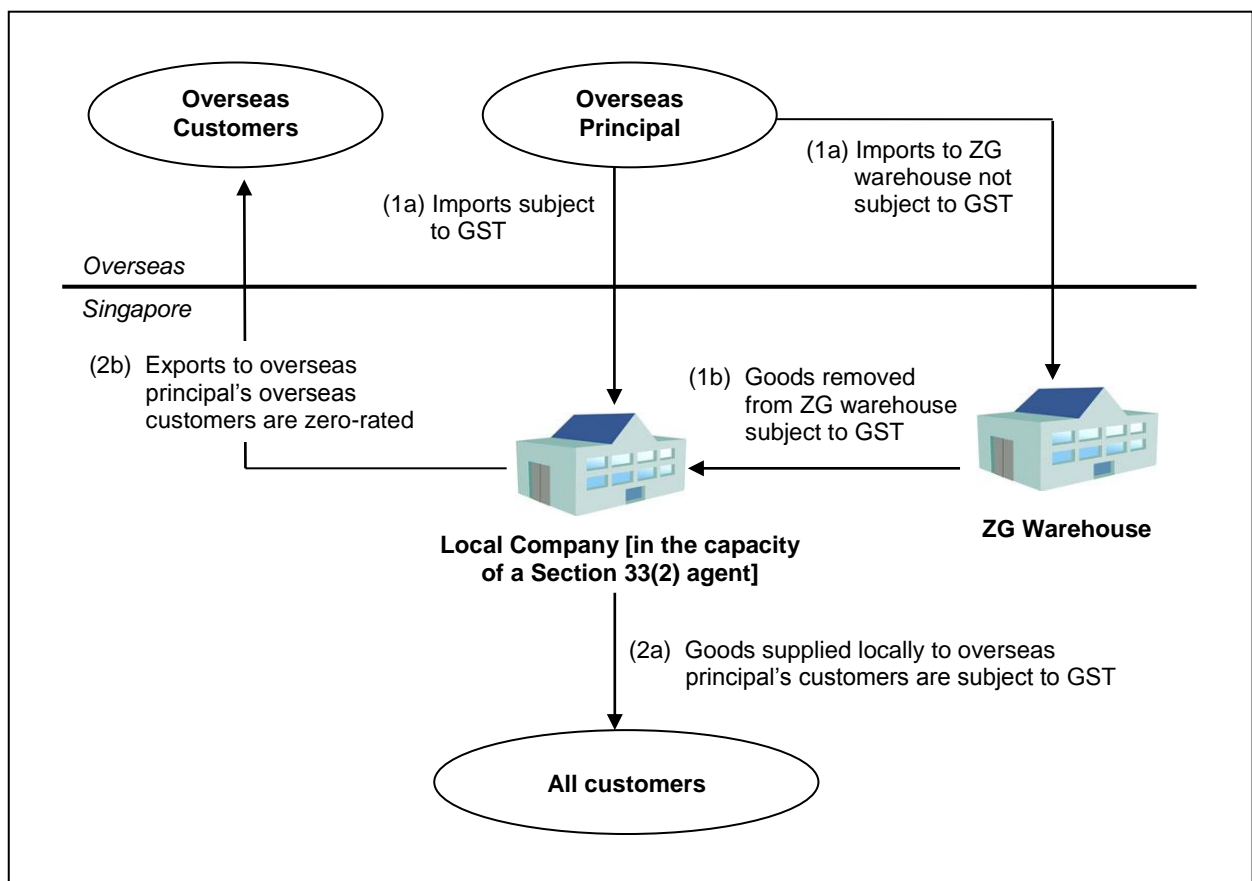
### Scenario A: Goods imported and supplied locally or exported by a Section 33(2) agent to the customers of overseas principal

#### (A1) Without Approved 3PL Company Scheme

In this scenario:

- (1) The local company imports goods belonging to its overseas principal (who is not GST-registered) in the capacity of a Section 33(2) agent.
- (2) The local company acts on behalf of its overseas principal and supplies the imported goods either locally or exports to the customers of the overseas principal.

The GST treatment of the imports in (1) and the supplies in (2) is as follows:



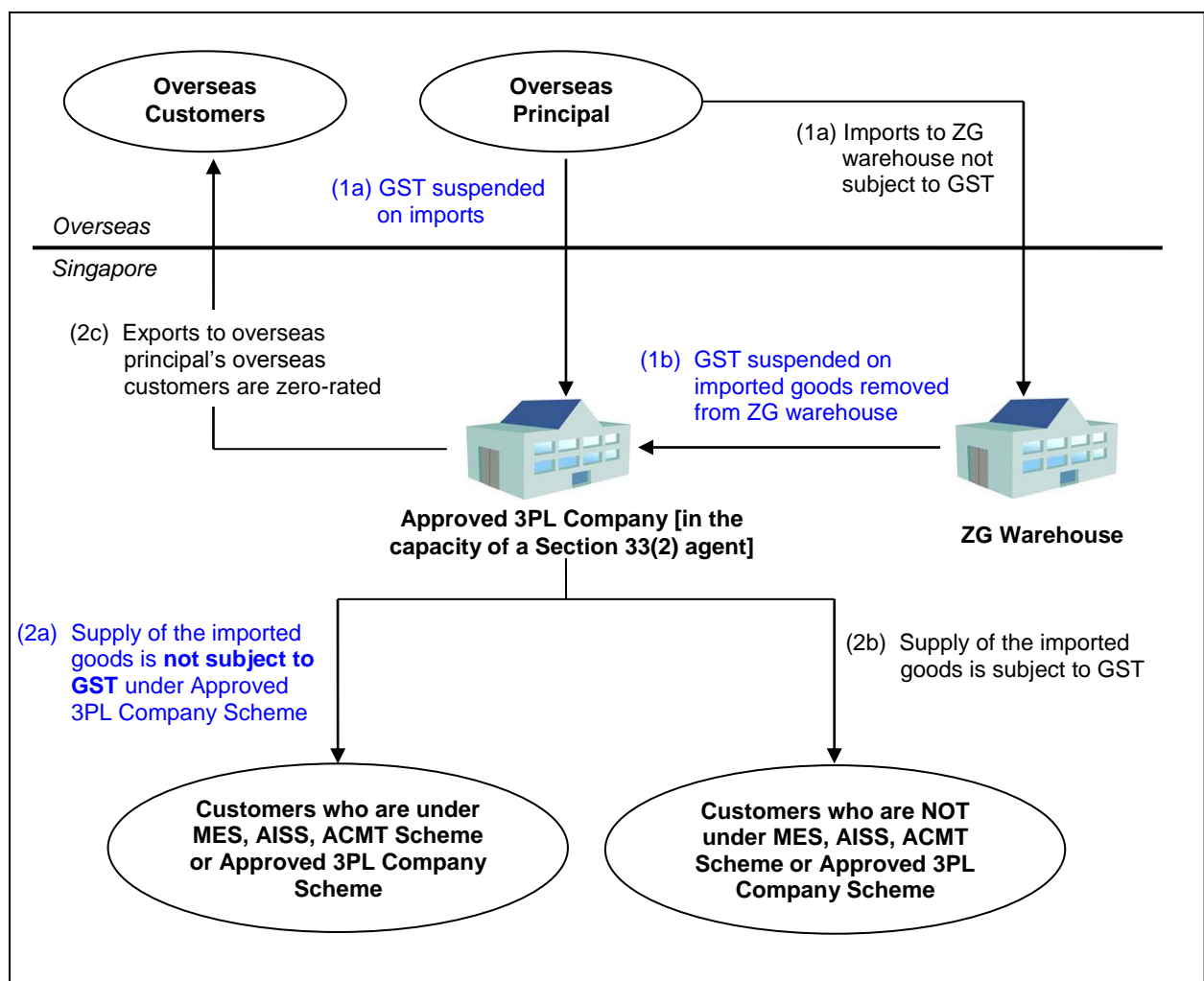
Scenario A: Goods imported and supplied locally or exported by a Section 33(2) agent to the customers of overseas principal

(A2) With Approved 3PL Company Scheme

In this scenario:

- (1) The Approved 3PL Company imports goods belonging to its overseas principal (who is not GST-registered) in the capacity of a Section 33(2) agent. It uses the Approved 3PL Company Scheme to import the goods on behalf of its overseas principal and/or to remove the imported goods from a ZG warehouse with GST suspended.
- (2) The Approved 3PL Company acts on behalf of its overseas principal and supplies the imported goods either locally or exports to the customers of the overseas principal.

The GST treatment of the imports in (1) and the supplies in (2) is as follows:



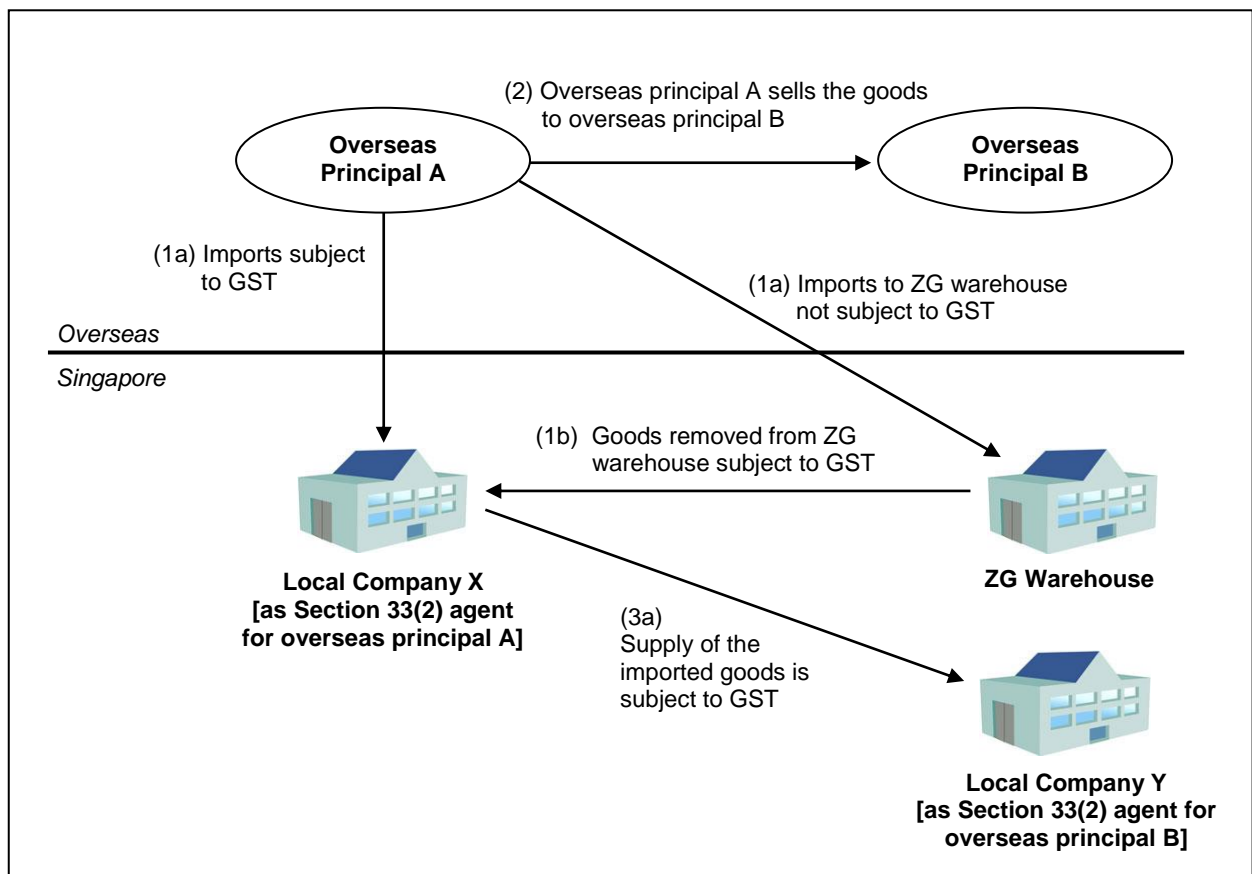
Scenario B: Goods imported and supplied locally by a Section 33(2) agent to its overseas principal's customer where the goods are delivered to the customer's local agent

(B1) Without Approved 3PL Company Scheme

In this scenario:

- (1) Local company X imports goods belonging to its overseas principal A (who is not GST-registered) in the capacity of a Section 33(2) agent.
- (2) Overseas principal A sells the goods to an overseas company B after the goods are imported into Singapore by local company X. Overseas company B gives instructions to deliver the goods to its Section 33(2) agent, company Y in Singapore.
- (3) Local company X acts on behalf of overseas principal A to deliver the imported goods to company Y (who is the Section 33(2) agent for overseas company B). Local company X is therefore regarded as having supplied the goods (on behalf of overseas principal A) to company Y.

The GST treatment of local company X's imports in (1) and supplies in (3) is as follows:



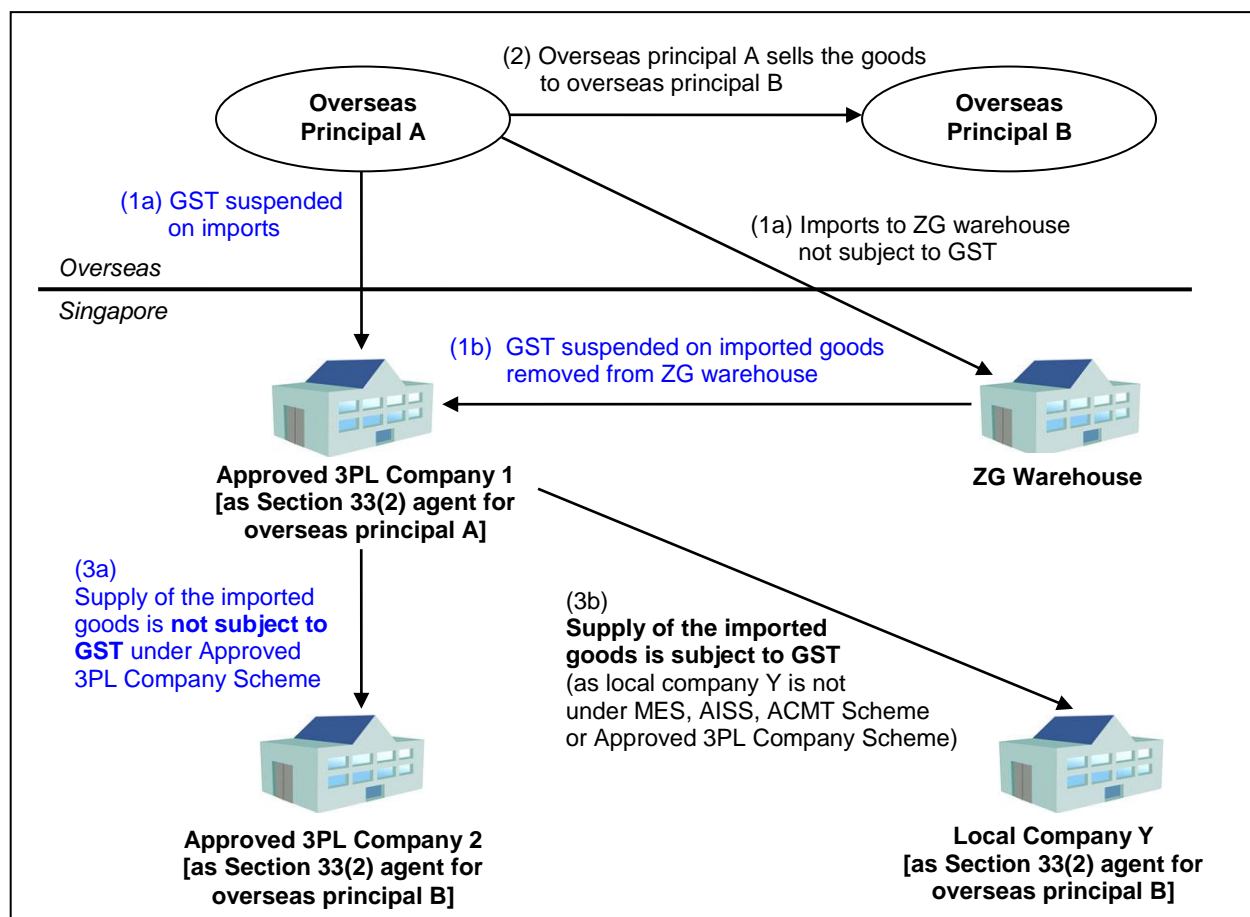
Scenario B: Goods imported and supplied locally by a Section 33(2) agent to its overseas principal's customer where the goods are delivered to the customer's local agent

(B2) With Approved 3PL Company Scheme

In this scenario:

- (1) Approved 3PL Company 1 imports goods belonging to its overseas principal A (who is not GST-registered) in the capacity of a Section 33(2) agent. It uses the Approved 3PL Company Scheme to import the goods on behalf of overseas principal A and/or to remove the imported goods from a ZG warehouse with GST suspended.
- (2) Overseas principal A sells the goods to an overseas company B after the goods are imported into Singapore by Approved 3PL Company 1. Overseas company B gives instructions to deliver the goods to its respective Section 33(2) agents, Approved 3PL Company 2 and company Y in Singapore.
- (3) Approved 3PL Company 1 acts on behalf of overseas principal A to deliver the imported goods to Approved 3PL Company 2 or company Y (who are Section 33(2) agents for overseas company B). Approved 3PL Company 1 is therefore regarded as having supplied the goods (on behalf of overseas principal A) to Approved 3PL Company 2 or company Y respectively.

The GST treatment of Approved 3PL Company 1's imports in (1) and supplies in (3) is as follows:





## **Appendix 2 – Acting as a Section 33(2) agent on behalf of overseas principals**

For goods that you import in the capacity of a Section 33(2) agent for your overseas principals, the goods are deemed to be your imports. Consequently, you may use your Approved 3PL Company Scheme to import such goods on behalf of your overseas principals and need not charge GST when you remove and supply these goods to their customers who are approved under the MES, AISS, ACMT Scheme or Approved 3PL Company Scheme.

To qualify as a Section 33(2) agent for overseas persons, the following conditions must be met:

- (a) Your overseas principals do not belong<sup>11</sup> in Singapore and are not registered for GST;
- (b) You are authorised to handle the imports and supply for the overseas principals;
- (c) You retain control over the goods during the period when they are in Singapore.
- (d) The goods imported must be subsequently sold locally or exported to the customers of the overseas principals. The subsequent supply of goods is regarded as made by you as if you are the principal;
- (e) The overseas principals' transactions of imports and supply have to be reported in your GST return, and you must maintain separate records for the overseas principals' transactions;
- (f) For local sales of your overseas principals, you have to charge GST. For export sales of your overseas principals, you have to maintain export documents.
- (g) You must maintain proper stock reports and stock reconciliation reports for each of the overseas principals such that the stock balance in the warehouse can be reconciled to the goods imported and the goods supplied.

---

<sup>11</sup> The overseas person must not have a business or fixed establishment in Singapore.

**Appendix 3 – Description of logistics management services to be provided by the Approved 3PL Company**

<b>Types of logistics management services</b>		<b>Description</b>
i	Consolidation/ De-consolidation	This involves stuffing and unstuffing of containers.
ii	Order processing	Processing of purchase orders received directly from the principal's customer.
iii	Inventory management/ Procurement and sourcing	Monitoring and managing the inventory for its principals. If the inventory level is low, the Approved 3PL Company would automatically source for the goods or components from the relevant suppliers to replenish the inventory.
iv	Assembly/ Configuration/ Software loading	The assembly of various component parts, based on the customer's order, according to their requirements.  Picking the correct component parts or accessories according to the customer's instructions/orders. Simple blending may also take place for soft commodities and liquid chemicals.  Loading of computer software.
v	QC checks and testing	Performing of prescribed test procedures on the goods before they are shipped out/delivered.
vi	Packing and labeling	Packing of customers' orders and labeling the boxes.
vii	Kitting or "Pick and pack"	The meaning of this term is wide depending on its usage. Generally, kitting refers to "pick and pack" of parts or components for delivery to the factory.  In the case of finished products, it involves the packing of items according to the specific requirements of the buyer.
viii	Return and repairs	Receipt of faulty parts directly from the customer's buyer for repairs. Depending on its contract with the customer, the 3PL company may issue a temporary replacement and/or undertake simple repairs. If necessary, the faulty parts may be sent back to the factory.
ix	Invoicing	Generating an invoice (usually based on the EDI transmission from its principal) on behalf of its principal.

## Appendix 4 – Example on the computation of the 50% qualifying threshold

Name of Applicant: ABC Pte Ltd

Period covered in this computation: 1 Jan 2014 to 31 Dec 2014  
(for a past period of 12 months)

		(\$)	Remarks/Explanation
a	Value of standard-rated supplies of goods/services to non-MES customers and/or other non-Approved 3PL Companies	680,680	Includes supplies made in the capacity of: <ul style="list-style-type: none"> <li>▪ Section 33(2) agent of overseas principals; and</li> <li>▪ your own company</li> </ul>
b	Value of standard-rated supplies of goods to MES customers and/or other Approved 3PL Companies	2,000,000	
c	Total value of standard-rated supplies	2,680,680	<i>For Box 1 of GST F5 return</i>
d	Total value of zero-rated supplies	8,000,000	Zero-rated supplies refers to both exports of goods and international services under section 21(3) of the GST Act, and includes supplies made in the capacity of: <ul style="list-style-type: none"> <li>▪ Section 33(2) agent of overseas principals; and</li> <li>▪ your own company</li> </ul> <i>For Box 2 of GST F5 return</i>
e	Total value of exempt supplies	119,320	<i>For Box 3 of GST F5 return</i>
f	Total supplies	10,800,000	c + d + e
	<b>Computation of qualifying threshold (exceeding 50%)</b>	<b>92.59%</b>	(b + d) / f

Since the computed ratio of zero-rated supplies plus supplies to MES customers and/or other Approved 3PL Companies as a percentage of total supplies exceeds 50%, ABC Pte Ltd meets the 50% qualifying threshold for the Approved 3PL Company Scheme.

## Appendix 5 – Letter of Undertaking

To: The Comptroller of Goods and Services Tax  
55 Newton Road  
Revenue House  
Singapore 307987

I/We\*, \_\_\_\_\_ of \_\_\_\_\_,  
(Name of Applicant) (GST Registration No.)

hereby undertake to take on full responsibility and accountability of GST for our overseas principal(s) and to provide sufficient audit trail for goods imported and supplied on behalf of our overseas principal(s), by complying with the following requirements on record-keeping and accounting of GST:

### A. Record-keeping

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

We will also maintain copies of Goods Received Notes (GRN), delivery orders (DO), customs permits, shipping documents, commercial invoices, insurance documents, correspondences with overseas principals/ suppliers and any other relevant documents.

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

We will also maintain the relevant documents such as purchase orders (PO), delivery orders (DO), customs permits, shipping documents, commercial invoices, insurance documents, written instructions from and correspondences with our overseas principals or their customers, our tax invoice (if invoicing is done by us), evidence of payment received from the purchaser (if payment is made to us) as well as any other relevant documents.

(iii) Storage/ Custody of goods

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

(iv) Stock-taking/ Inventory audit of goods

Records of full and comprehensive internal and/ or external stock-take/ inventory audit

(v) Discrepancy reporting

Reconciliation reports pertaining to discrepancies of the goods (if any) at the point of their:

- Receipt into the warehouse
- Removal from the warehouse
- After a stock-take/ inventory audit is conducted

We will maintain proper stock reports and stock reconciliation reports for each of the overseas principals such that the stock balance in the warehouse can be reconciled to the goods imported and the goods supplied.

- (c) Records of our overseas principal(s) for whom we are acting, as if we are the taxable person and comply with section 46 of the GST Act – Duty to keep records.

*B. GST Accounting*

*Imports and receipt of goods under the Approved 3PL Company Scheme:*

- (a) We will declare the value of imports and value of goods removed from a ZG warehouse, including that of our overseas principal(s), in Box 5 “Total Value of Taxable Purchases” and Box 9 “Total Value of Goods Imported Under MES or Approved 3PL Company Scheme or Other Approved Schemes only” of our GST returns for the relevant accounting periods. As there is no import GST payable under the Approved 3PL Company Scheme, there is also no input tax credit to be claimed by us in our GST returns for imports; and
- (b) We will declare the value of goods received from another Approved 3PL Company in Box 5 “Total Value of Taxable Purchases” and Box 9 “Total Value of Goods Imported Under MES or Approved 3PL Company Scheme or Other Approved Scheme Only” of our GST returns for the relevant accounting periods. As there is no GST payable under the Approved 3PL Company Scheme, there is also no input tax credit to be claimed by us in our GST returns for such goods received by us.

*Supplies of the imported goods under the Approved 3PL Company Scheme:*

- (a) For goods supplied to persons (including local customers of our overseas principals) who are **specified persons approved under the MES/ AISS/ ACMT Scheme/ Approved 3PL Company Scheme**, we will:
- declare the value of goods supplied locally in Box 1 “Total Value of Standard-rated Supplies” of our GST returns for the relevant prescribed accounting periods; and
  - inform the recipients to declare the value of goods removed from our warehouse and delivered to them in Box 5 “Total Value of Taxable Purchases” and Box 9 “Total Value of Goods Imported Under MES or Approved 3PL Company Scheme or Other Approved Schemes” of their GST returns for the relevant prescribed accounting periods.
- (b) For goods supplied to persons (including local customers of our overseas principals) who are **not approved** under the MES/ AISS/ ACMT Scheme/ Approved 3PL Company Scheme, we will:
- charge GST at 7% and report in Box 1 “Total Value of Standard-rated Supplies” and Box 6 “Output tax due” respectively; and
  - charge GST at 0% if the relevant supporting proof of exports are maintained and report in Box 2 “Total Value of Zero-rated Supplies” of our GST returns for the relevant prescribed accounting periods.

In the event that the quantity of goods imported/ removed from a ZG warehouse/ received cannot reconcile with the quantity removed and the balance at hand, we will inform IRAS within 30 days of the discovery, and we will be responsible for accounting for GST on any discrepancy. In such an instance, we are responsible for quantifying the value of the discrepancy and satisfy the Comptroller with our basis for the quantification.

Name of Authorised Personnel:

Designation:

Signatory:

Date:

Company's Stamp:

---

---

---

---

---

*\* Delete where appropriate*

## **Appendix 6 – Comptroller's requirements on internal controls, accounting and compliance records**

### **Good internal controls and proper accounting records:**

There must be proper and documented procedures on the identification and capturing of accounting information from your inventory and financial records into your GST accounting/ reporting system.

There must be sufficient original documents and proper records of the value of imports (including goods removed from ZG warehouse), exports and total supplies as follows:

#### **Inward handling / Receipt of goods**

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

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

#### **Storage / Custody of goods**

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

#### **Outward handling / Removal of goods**

- (a) Purchase Orders (POs) issued by the customer(s)
- (b) Delivery Orders (DOs) issued by you
- (c) Copies of export permits, transshipment permits etc.
- (d) Copies of shipping documents such as air waybill or bill of lading
- (e) Copies of commercial invoices accompanying the goods, if available
- (f) Copies of insurance documents accompanying the goods, if available
- (g) Written instructions from your overseas principal to deliver the goods locally or to export the goods

- (h) Any other similar documents to document the date, movement, quantity and description of the goods removed from your warehouse

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

#### Stock-taking / Inventory audit of goods

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

#### Discrepancy reporting of goods

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

- (a) Receipt into the warehouse (if any);
- (b) Removal from the warehouse (if any); and
- (c) After a stock-take/ inventory audit is conducted.

#### Additional records for your overseas principals

If you are an agent acting on behalf of overseas principals under Section 33(2) or 33A of the GST Act, you must keep separate records of the goods owned by the overseas principals.

You must also maintain:

- (a) Any correspondence or letter from your respective overseas principal(s), authorising you to be his local GST agent
- (b) Stock reports or documentary evidence listed above for each of your overseas principal(s)

#### Invoicing for the goods supplied

If you invoice your customer or the customer of your overseas principal for the goods, you must maintain the following documents as evidence of the supply of the goods:

- (a) Tax invoices issued for all local supplies of goods
  - For supplies of imported goods to persons (including local customers of your overseas principals) who are specified persons approved under the MES/ AISS/ ACMT Scheme/ Approved 3PL Company Scheme, your tax invoice need not reflect the GST amount and must include the description "Payment of GST is not required under the Approved Third Party Logistics Company Scheme".
- (b) Invoices issued for all sales which are exported (i.e. the supporting export documents must also be maintained as proof of exports of goods)
- (c) Evidence of payment received from the customer (if any)

You must produce all such records upon request by IRAS.



## **Appendix 7 – Letter of Guarantee**

A letter of guarantee may be required for the granting or renewing of Approved 3PL Company Scheme status where the Comptroller of GST thinks fit. We will notify you in writing when a letter of guarantee is required.

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

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

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

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

## Appendix 8 – GST reporting requirements of an Approved 3PL Company

	Scenario	Report in GST returns in:	What to report:
1	Goods imported directly from Free Trade Zone (FTZ) to customs territory <sup>12</sup> under the Approved 3PL Company Scheme	<ul style="list-style-type: none"> <li>• Box 5 - Total Value of Taxable Purchases; and</li> <li>• Box 9 - Total Value of Goods Imported Under MES or Approved 3PL Company Scheme or Other Approved Schemes Only</li> </ul>	<ul style="list-style-type: none"> <li>• Report the value of imports including:               <ul style="list-style-type: none"> <li>▪ your own goods imported for business purposes; and</li> <li>▪ goods imported on behalf of your overseas principals which you are acting as the agent under Section 33(2) or 33A of the GST Act.</li> </ul> </li> <li>• You should declare based on the value of import shown on the import permits.</li> <li>• As the goods are imported under the Approved 3PL Company Scheme, no import GST is payable. Hence, there is no input tax credit to be declared for these imports in Box 7 “Input Tax and Refunds Claimed” of your GST returns.</li> <li>• You must maintain valid ME permits and the relevant supporting documents (e.g. commercial invoices and shipping documents) for these imports.</li> </ul>
2	Goods imported into Zero-GST (ZG) warehouse and subsequently removed to customs territory under Approved 3PL Company Scheme	<p><u>When the goods are imported into ZG warehouse</u></p> <ul style="list-style-type: none"> <li>• Box 5 - Total Value of Taxable Purchases</li> </ul>	<p><u>When the goods are imported into ZG warehouse</u></p> <ul style="list-style-type: none"> <li>• Report the value of imports based on the import permits.</li> <li>• As the goods are imported into ZG warehouse, no import GST is payable. Hence, there is no input tax credit to be declared for these imports in Box 7 “Input Tax and Refunds Claimed” of your GST returns.</li> <li>• You must maintain valid import permits and the relevant supporting documents (e.g. commercial invoices and shipping documents) for these imports.</li> </ul>

<sup>12</sup> Section 3 of the Customs Act defines “customs territory” to mean Singapore and the territorial waters thereof but excluding any Free Trade Zone.

	Scenario	Report in GST returns in:	What to report:
		<p><u>When the goods are subsequently removed from ZG warehouse into customs territory under Approved 3PL Company Scheme</u></p> <ul style="list-style-type: none"> <li>• Box 5 - Total Value of Taxable Purchases; and</li> <li>• Box 9 - Total Value of Goods Imported Under MES or Approved 3PL Company Scheme or Other Approved Schemes Only</li> </ul>	<p><u>When the goods are subsequently removed from ZG warehouse into customs territory under Approved 3PL Company Scheme</u></p> <ul style="list-style-type: none"> <li>• Report the value of goods removed including: <ul style="list-style-type: none"> <li>▪ goods belonging to yourself; and</li> <li>▪ goods belonging to your overseas principals which you are acting as the agent under Section 33(2) or 33A of the GST Act.</li> </ul> </li> <li>• You should declare based on the value of goods shown on the import permits.</li> <li>• As the goods are imported under the Approved 3PL Company Scheme, no import GST is payable. Hence, there is no input tax credit to be declared for these imports in Box 7 “Input Tax and Refunds Claimed” of your GST returns.</li> <li>• You must maintain valid ME/ MC/ Customs permits and the relevant supporting documents (e.g. commercial invoices and shipping documents) for these goods.</li> </ul>
3	<p>Local supplies of <b>imported goods</b> to specified persons who are approved under the MES/ AISS/ ACMT Scheme/ Approved 3PL Company Scheme</p> <p>➔ which GST need not be charged on these supplies</p>	<p><u>For the Approved 3PL Company making the local supplies to specified persons who are approved under the MES/ AISS/ ACMT Scheme/ Approved 3PL Company Scheme</u></p> <ul style="list-style-type: none"> <li>• Box 1 - Total Value of Standard-rated Supplies</li> </ul>	<p><u>For the Approved 3PL Company making the local supplies to specified persons who are approved under the MES/ AISS/ ACMT Scheme/ Approved 3PL Company Scheme</u></p> <ul style="list-style-type: none"> <li>• Report the sales value of goods, including goods imported on behalf of your overseas principals which you are acting as the agent under Section 33(2) of the GST Act.</li> <li>• For goods that are sold on behalf of your overseas principals, you should declare the sales value based on the sales invoices issued by your overseas principals to their customers.</li> <li>• As the imported goods are supplied to specified persons under the Approved 3PL Company Scheme, you do not have to</li> </ul>

Scenario	Report in GST returns in:	What to report:
	<p><u>For the recipients of your goods (i.e. specified persons who are approved under the MES/ AISS/ ACMT Scheme/ Approved 3PL Company Scheme)</u></p> <ul style="list-style-type: none"> <li>• Box 5 - Total Value of Taxable Purchases; and</li> <li>• Box 9 - Total Value of Goods Imported Under MES or Approved 3PL Company Scheme or Other Approved Schemes Only</li> </ul>	<p>charge GST on these supplies. Hence, payment of GST is not required and there is no output tax to be declared for these supplies in Box 6 “Output Tax Due” of your GST returns.</p> <ul style="list-style-type: none"> <li>• You must maintain valid delivery orders and other relevant documents to prove that the goods are delivered and received by the specified persons. You must also maintain the relevant invoices to support the value of goods supplied to the specified persons and reported in your GST returns.</li> </ul> <p><u>For the recipients of your goods (i.e. specified persons who are approved under the MES/ AISS/ ACMT Scheme/ Approved 3PL Company Scheme)</u></p> <ul style="list-style-type: none"> <li>• The recipients may be the customers of your overseas principals or other Approved 3PL Companies.</li> <li>• The recipients (who receive the imported goods from you) should report their purchases of the imported goods based on the sales invoices issued by you (i.e. in your capacity as Section 33(2) agent) and/or your overseas principals.</li> <li>• As the imported goods are supplied to specified persons under the Approved 3PL Company Scheme, no GST is payable on these supplies. Hence, there is no input tax credit to be declared by the recipients for these purchases in Box 7 “Input Tax and Refunds Claimed” of their GST returns.</li> </ul>

	Scenario	Report in GST returns in:	What to report:
4	<p>Supplies of imported goods to persons who are <b>not</b> approved under the MES/ AISS/ ACMT Scheme/ Approved 3PL Company Scheme</p> <p>➔ which 7% GST has to be charged on local supplies</p>	<p><u>For local sales</u></p> <ul style="list-style-type: none"> <li>Box 1 - Total Value of Standard-rated Supplies; and</li> <li>Box 6 - Output Tax Due</li> </ul> <p><u>For sales that involve exports of goods</u></p> <ul style="list-style-type: none"> <li>Box 2 - Total Value of Zero-rated Supplies</li> </ul> <p><u>For exports of goods without any subsequent supply (i.e. in your capacity as Section 33A agent for your overseas principals)</u></p> <ul style="list-style-type: none"> <li>Box 2 - Total Value of Zero-rated Supplies</li> </ul>	<ul style="list-style-type: none"> <li>Report the sales value of goods, including goods imported on behalf of your overseas principals which you are acting as the agent under Section 33(2) of the GST Act.</li> <li>For goods that are sold on behalf of your overseas principals, you should declare the sales value based on the sales invoices issued by your overseas principals to their customers.</li> </ul> <p><u>For local sales</u></p> <ul style="list-style-type: none"> <li>Charge 7% GST on the sale and account for the output tax in your GST return for the relevant accounting period.</li> </ul> <p><u>For sales that involve the exports of goods</u></p> <ul style="list-style-type: none"> <li>Charge 0% GST only when you maintain the supporting documentary proof of exports. For more information on the export documents to be maintained, please refer to the e-Tax Guide “GST: Guide on Exports” on our website at <a href="http://www.iras.gov.sg">www.iras.gov.sg</a>.</li> </ul> <p><u>For exports of goods without any subsequent supply (i.e. in your capacity as Section 33A agent for your overseas principals)</u></p> <ul style="list-style-type: none"> <li>Report as zero-rated supplies in your GST returns and maintain the supporting documentary proof of exports.</li> </ul>

	Scenario	Report in GST returns in:	What to report:
5	Over-declared or under-declared the value of goods on the import permit (i.e. where the goods are imported under your Approved 3PL Company Scheme, including those of your overseas principals which you are acting as the agent under Section 33(2) or 33A of the GST Act)	<ul style="list-style-type: none"> <li>• Box 5 - Total Value of Taxable Purchases; and</li> <li>• Box 9 - Total Value of Goods Imported Under MES or Approved 3PL Company Scheme or Other Approved Schemes Only</li> </ul>	<ul style="list-style-type: none"> <li>• Declare the correct value of the imported goods (and not the over-declared or under-declared value) in your GST returns.</li> <li>• You need not take up an additional permit to declare the shortfall of the imported goods.</li> <li>• The correct value of imports reported and the reconciliation between the figures reflected on the invoices/ permits and the figures reported in your GST return must be duly supported by valid ME permits and relevant supporting documents (e.g. commercial invoices and appropriate shipping documents).</li> </ul>
6	Wrongly declared GST payment permit for the import (instead of ME/ MC permit under the Approved 3PL Company Scheme)	<ul style="list-style-type: none"> <li>• Box 5 - Total Value of Taxable Purchases; and</li> <li>• Box 7 - Input tax and Refunds Claimed</li> </ul>	<ul style="list-style-type: none"> <li>• You may claim back the import GST paid through your GST returns, subject to the normal input tax claiming conditions.</li> <li>• You must maintain the import permit to support your input tax claim.</li> </ul>

## **Appendix 9 – Suggested measures to take after appointing declaring agents to clear goods under your Approved 3PL Company Scheme status**

Review all ME and MC import permits taken up under your Approved 3PL Company Scheme status to ensure that you are the rightful importer. Internal procedures should be put in place to ensure that this review process is implemented by the employees.

This can be done by:

- (a) Obtaining from your authorised declaring agents a complete listing of import permits and verify against your overseas principals / suppliers' invoices to ensure that the imports declared by the agents are yours; or
- (b) Generating a permit listing from TradeExchange (TX) on a regular basis, if you are a registered user, to ensure that there is no unauthorised usage of your Approved 3PL Company Scheme status by matching the imports listed against your overseas principals / suppliers' invoices and your authorised declaring agents' listing.