

IRAS e-Tax Guide

GST Guide for the Logistics Service Industry



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GST Guide for the Logistics Service Industry

1 Aim

- 1.1 This guide serves to:
- Explain the GST principles relevant to the logistics service industry; and
 - Clarify the GST treatment of some of the more common services provided by businesses in the logistics service industry¹.
- 1.2 You should read this guide if you are GST-registered and are in the business of providing logistics services such as transportation, goods handling (e.g. labeling, re-packing, inventory control, etc) and storage of goods.

2 Background

Services provided by logistics businesses

- 2.1 In the logistics service business, there are three main categories of services:
- Transportation Services (including ancillary handling activities such as stuffing, loading and unloading)
 - Handling Services
 - Storage Services
- 2.2 The transportation, handling and storage services may be provided in any of the three main geographical regions:
- Outside Singapore;
 - Within the Free Trade Zones (FTZs) or designated areas of a port, terminal and airport (hereafter referred as “designated areas”); or
 - Within Singapore (including Zero-GST/Licensed/Bonded warehouses) but outside the FTZs or designated areas.

Annex A shows the list of FTZs and Designated Areas. Annex B lists some examples of the logistics services provided in each of these three geographical regions.

¹ This e-Tax Guide replaces the IRAS' e-Tax Guide “GST Guide for the Logistics Service Industry” published on 28 Aug 2012.

3 At a glance

- 3.1 Generally, all supplies of services made in Singapore in the course or furtherance of your business are subject to GST at the prevailing rate.
- 3.2 You can zero-rate (i.e. charge GST at 0%) your supply of services to your customers only if your supply fulfils specific conditions to qualify as an international service under Section 21(3) of the GST Act. In addition, you must support with documentary evidence or records that the conditions for zero-rating are satisfied.
- 3.3 The relevant zero-rating provisions in the GST Act applicable to the logistics service industry are:

GST Act	Services that can be zero-rated
Section 21(3)(a), (b) and (c)	International transportation (including local transportation and handling services ancillary to international transportation)
Section 21(3)(l)	Handling or storage services provided within FTZs and designated areas on imported goods or goods for export
Section 21(3)(k)	Handling, transportation, or storage services provided within Singapore (but outside FTZs and designated areas) at the first leg of import to an overseas customer in business capacity
Section 21(3)(g)	Services provided to an overseas customer that are supplied directly in connection with goods for exports

The list of zero-rating provisions for international services that are relevant to the logistics service industry can be found in [Annex C](#).

- 3.4 An overview of the applicable zero-rating conditions for Transportation, Handling and Storage Services provided in each of the three main geographical regions are shown in Tables 1, 2 and 3 respectively in the subsequent pages.
- 3.5 The details of GST treatment of the various logistics services are elaborated in later parts of this guide.
- 3.6 Errors commonly made by the logistics service industry are highlighted in [Annex E](#).

Table 1: Zero-Rating of Transportation Services

Geographical regions Services	To / From outside Singapore	Within FTZ or designated area	Within Singapore but outside FTZs or designated areas
Only international transportation services	Always zero-rated ² to both local and overseas customers. <i>[Refer to paragraph 5.]</i>		Not applicable
International and local transportation services (when provided together as one supply)	Zero-rated only if contractually provided by <u>same supplier</u> ^{2 and 3} . Can zero-rate to both local and overseas customers. <i>[Refer to paragraph 6.]</i>		
Only local transportation services	Not applicable	Zero-rated ⁴ only if on imported goods or goods for export. <i>[Regarded as part and parcel of handling services within FTZ or designated area. Refer to paragraph 8.]</i>	Zero-rated only under these scenarios: Scenario 1 Local transportation services are supplied to an <u>overseas customer in business capacity</u> ⁵ for the <u>first leg of import</u> *. * <i>First leg of import means from the entry point in Singapore (i.e. FTZ or designated area) to the first destination⁶ in Singapore.</i> <i>[Refer to paragraphs 7.3 and 7.4.]</i> Scenario 2 Local transportation services are supplied to an <u>overseas customer</u> (in business or personal capacity) on <u>goods for export</u> ⁷ . <i>[Refer to paragraphs 7.5 to 7.8.]</i>

² This is under Section 21(3)(a) and (c) of the GST Act.

³ This is under Section 21(3)(b) of the GST Act.

⁴ This is under Section 21(3)(l) of the GST Act.

⁵ This is under Section 21(3)(k) of the GST Act.

⁶ The first destination in Singapore is usually the place stated on consignment note or any other supporting documents for the import. If the place is unknown, then it would be the first place in Singapore that the goods are transported to from the FTZ or designated area.

⁷ This is under Section 21(3)(g) of the GST Act.

Table 2: Zero-rating of Handling Services

Geographical regions Services	To / From outside Singapore	Within FTZ or designated area	Within Singapore but outside FTZs or designated areas
<p>Handling services</p> <p><i>[Refer to Annex D for the list of handling activities that may be performed by the logistics service industry.]</i></p>	<p>Not applicable</p>	<p>Zero-rated⁴ only if on imported goods or goods for export.</p> <p><i>[Refer to paragraph 8.]</i></p>	<p>Zero-rated only under these scenarios:</p> <p>Scenario 1</p> <p>Handling services are supplied to an <u>overseas customer</u> (in business or personal capacity) on <u>goods for export</u>⁸.</p> <p><i>[Refer to paragraphs 9.4 to 9.8.]</i></p> <p>Scenario 2</p> <p>Handling services are supplied to an <u>overseas customer in business capacity for the first leg of import</u>⁹ (i.e. from FTZ or designated area to first destination in Singapore).</p> <p><i>[Refer to paragraphs 9.9 to 9.11.]</i></p> <p>Scenario 3</p> <p><u>Ancillary</u>¹⁰ handling services provided together with <u>both international and local transportation services</u> are contractually provided by <u>same supplier</u> to a customer (i.e. local or overseas).</p> <p><i>[Refer to paragraphs 9.12 and 9.13.]</i></p>

⁸ This is under section 21(3)(g) of the GST Act.

⁹ This is under section 21(3)(k) of the GST Act.

¹⁰ This is under section 21(3)(a), (b) and (c) of the GST Act.

Table 3: Zero-rating of Storage Services

Geographical regions Services	To / From outside Singapore	Within FTZ or designated area	Within Singapore but outside FTZs or designated areas
Storage services	Not applicable	<p>Zero-rated⁴ only if on imported goods or goods for export.</p> <p>[Refer to paragraphs 8.3, 8.7 to 8.11]</p>	<p>Zero-rated only under these scenarios¹¹:</p> <p>Scenario 1</p> <p>Storage services provided at the <u>first leg of import</u> (i.e. from FTZ or designated area to first destination in Singapore) are supplied to an <u>overseas customer in business capacity</u>, where the supplier must also provide transportation services for the first leg¹².</p> <p>[Refer to paragraphs 10.3 and 10.4.]</p> <p>Scenario 2</p> <p>Storage services are supplied to an <u>overseas customer</u> (in business or personal capacity) on <u>goods for export</u>¹³.</p> <p>[Refer to paragraphs 10.5 to 10.8.]</p>

¹¹ In addition to these scenarios, storage services performed on qualifying goods stored in Approved Specialised Warehouses can be zero-rated to overseas persons under the Specialised Warehouse Scheme. For more information, please refer to our e-Tax Guide “GST: Specialised Warehouse Scheme and Zero-rating of Supplies” which can be downloaded from www.iras.gov.sg.

¹² This is under section 21(3)(k) of the GST Act.

¹³ This is under section 21(3)(g) of the GST Act.

4 Recovery of Costs

4.1 When is it a supply made by you (i.e. reimbursement)?

- 4.1.1 In your billings for the services provided, you usually itemize the various charges. Besides the charges for the main services provided by you (i.e. Transportation, Handling and Storage Services), your invoice may also include recovery of the costs you have incurred as a principal.

You incurred the cost as a principal if:

- a) You have purchased the goods or services from the supplier in your own capacity; and
- b) You are legally liable to pay the supplier for the goods or services billed to you.

- 4.1.2 For GST purpose, the recovery of costs (incurred by you as principal) is termed as reimbursement and will form part of the supply of your services to your customer. Thus, the GST treatment of the reimbursement will follow that of your supply.

- 4.1.3 Therefore, if you are recovering costs that are related to your main services provided to your customer, the GST treatment of the reimbursement will follow that of the main services (e.g. transportation, handling, and storage services) provided by you. To decide whether GST is chargeable at the prevailing rate or 0% for the reimbursement, you have to ascertain which type of services the costs recovered is primarily for. This is because there are different zero-rating rules for Transportation, Handling and Storage Services.

- 4.1.4 Examples of recovery of costs incurred as a principal which are reimbursements include wharf handling charges and container freight station charges.

- 4.1.5 There may be instances where the recovery of cost does not relate to any supply of goods or services by you. Instead, the recovery of cost arises from you helping a third party (e.g. your related company) to purchase the goods or services for reasons of convenience or costs saving, etc.

- 4.1.6 In such instance, the GST treatment of the recovery of costs (incurred by you as principal) with no mark-up will follow that of the goods or services you originally purchased. If you charge a mark-up for the additional service you are providing, the mark-up is treated as a separate supply of administrative / arranging / facilitation service. The GST treatment is then decided separately from the recovery of costs.

4.2 When is the recovery not regarded as a supply made by you (i.e. disbursement)?

4.2.1 Where the costs recovered from your customers are not those incurred by you as a principal, but you have merely made payment on behalf of your customer, such cost recovery is termed as disbursement for GST purpose.

4.2.2 Disbursement is not subject to GST, as it is not a supply made by you. For the costs paid on behalf of your customer, you cannot claim the GST incurred as the supply is made to your customer.

4.1.3 Examples of disbursement are:

- Recovery of import GST paid by you on behalf of your customer who is the importer on record.
- Recovery of freight or insurance charges paid by you when the freight or insurance services are separately contracted by your customer with the supplier.

5 International Transportation of Goods

- 5.1 Generally, the provision of international transportation services involves transport of goods or passengers by air, land or sea either from or to a place outside Singapore, or between two places outside Singapore.
- 5.2 In the logistics service industry, the services provided for transporting or arranging the transport of goods are international services and may be zero-rated¹⁴ where the transport is:
- (i) By air or land:
 - from a place outside Singapore to another place outside Singapore; or
 - from a place in Singapore to a place outside Singapore; or
 - from a place outside Singapore to a place in Singapore.
 - (ii) By sea:
 - from a place outside Singapore to another place outside Singapore; or
 - from a place in Singapore to international waters; or
 - from international waters to a place in Singapore.
- 5.3 You can zero-rate the above international transportation services to both local and overseas customers.
- 5.4 Examples of international transportation services which can be zero-rated are ocean freight, air freight and freight-related charges. Freight-related charges in relation to international transportation include fuel surcharge, terminal handling charges, agency fees, demurrage charges¹⁵, detention charges¹⁶ and documentation fees (such as delivery order fees, air waybill / bill of lading fees, bill of lading surrender fees and fees for other shipping documents).

Example 1

A shipping line provides international transportation of goods from Vietnam to Singapore. As the customer is late in the collection of incoming cargo and the return of the empty freight container, the shipping line bills the customer for the demurrage and detention charges in addition to the freight charge.

The shipping line can zero-rate the international freight charge to the customer. It can also zero-rate the demurrage and detention charges which are ancillary to its international transportation services.

¹⁴ This is under Section 21(3)(a) and (c) of the GST Act.

¹⁵ Demurrage fee is charged by the shipping lines for the late collection of incoming cargo or for the delay in the shipment of outgoing goods.

¹⁶ Detention charge is imposed by the shipping lines for the late return of the empty container to the depot after the imported goods have been unloaded, or for the late delivery of the laden container to the shipping line for export.

- 5.5 Sea freight containers are usually provided by shipping lines to customers as part of the freight services to load the goods for transportation. In the course of providing transportation services, you (as a freight forwarder) may incur the following charges¹⁷ upon the collection or return of the container at the depot:

Container service fees charged by container depot operators¹⁸

- Depot handling charge¹⁹ (DHC)
- Container repair charge²⁰
- Container washing charge²¹
- Removal charge²²
- Cancelled shipment charge and yard lift-on / lift-off charge²³

Fees charged by shipping lines (but collected by depot operators)²⁴

- Detention charge²⁵
- “Dangerous goods” stickers²⁶

- 5.6 If you have contracted and arranged with the shipping line for freight services so as to provide international transportation services to your customers (e.g. in the case of consolidated shipment for various shippers), your recovery of the above charges from the customers will be a reimbursement. It forms part of your supply of international transportation services and can be zero-rated.

¹⁷ These charges are intended to be billed to the party who contracted for the freight services with the shipping lines.

¹⁸ These fees are imposed by the depot operators for their own services and are qualifying container services which are zero-rated under Section 21(3)(w) of the GST Act. For more information, please refer to the e-Tax Guide “GST: Zero-rating of Sale & Lease of Containers and Container Services” on our website at www.iras.gov.sg.

¹⁹ Depot Handling Charge (DHC) is a fee levied by depot operators whenever a container enters/leaves the depot. It is a consideration for the supply of surveying service performed by the depot operators on the container before it can be admitted or discharged into/from the depot area.

²⁰ Container repair charge is a service fee imposed by depot operators if the floor board of the container is uneven, its side panel contains hole, its canvass is torn, etc.

²¹ Container washing charge is a service fee imposed by depot operators for cleaning the container that is returned in a dirty condition.

²² Removal charge is a service fee imposed by depot operators for the removal of nails, dangerous goods sticker, rope, debris and tape from the container.

²³ Cancelled shipment charge is imposed by depot operators if the customer decides not to export the goods after a container has been removed from the depot and subsequently returned to the depot. Yard lift-on / lift-off charge is imposed by depot operators for the lifting of the container.

²⁴ These charges are collected by the depot operators on behalf of the shipping lines. As these charges are ancillary to the shipping lines’ international transportation services, it can be zero-rated under Section 21(3)(a) of the GST Act.

²⁵ Detention charge is a fee collected by depot operators on behalf of the shipping lines for the late return of the empty container to the depot after the imported goods have been unloaded.

²⁶ These stickers are purchased from the shipping lines through the depot operators to label containers containing dangerous goods.

Example 2

A freight forwarder contracts and arranges with a shipping line to provide international transportation of goods for its local customers. The shipping line will bill the freight forwarder for the ocean freight and demurrage charges. The freight forwarder also incurs container repair and detention charges upon the return of the empty container at the depot. The freight forwarder can zero-rate the ocean freight, demurrage charges as well as its recovery of container repair and detention charges from its local customers.

- 5.7 If you did not arrange with the shipping line for freight services and are only providing local transportation of goods which includes returning or collecting the containers to or from the depot, the supplies for the charges in paragraph 5.5 are made by the depot operators and shipping lines to your customers (who have arranged for the freight services). Your payment of these charges is therefore made on behalf of your customers. In this instance, your recovery of these charges from the customers is a disbursement and is not subject to GST.

6 Local Transportation within Singapore, provided together with International Transportation of Goods

- 6.1 Local transportation services may be provided within Singapore as part of the international transportation to move the goods to its requested destination.
- 6.2 You can zero-rate²⁷ the entire transportation services (both international and local segments) to local or overseas customers if you are the same service provider for both the international and local transportation. You need not physically perform both the services but you must contractually supply both the international transport and the local transport to the customer.

Example 3

A freight forwarder ships goods for customer from Singapore to overseas and also transports the goods from the customer's warehouse to the port in Singapore for export. The charges for the entire transportation services (both international and local segments) can be zero-rated.

- 6.3 Your billings for transport activities performed in Singapore (such as trucking and fuel charges, ancillary handling charges – e.g. loading, unloading, labour charges) can also be zero-rated if you are providing it as part of the international transportation of goods.

²⁷ This is provided for under Section 21(3)(a), (b) and (c) of the GST Act.

7 Local Transportation of Goods within Singapore (but outside FTZs or designated areas) only

- 7.1 Where only local transport is provided within Singapore (including to or from Zero-GST/Licensed/Bonded warehouses), you are providing a local supply of service. This supply to your customers (both local and overseas) is standard-rated.
- 7.2 There are, however, two exceptions where you can zero-rate your local transportation services in Singapore (even though you are not providing it as part of the international transportation as explained in paragraph 6).

Zero-rating Scenario 1

When the local transportation services are provided at the first leg of import to an overseas customer in business capacity.

['First leg of import' means from the entry point in Singapore (i.e. FTZ or designated area) to the first destination²⁸ in Singapore.]

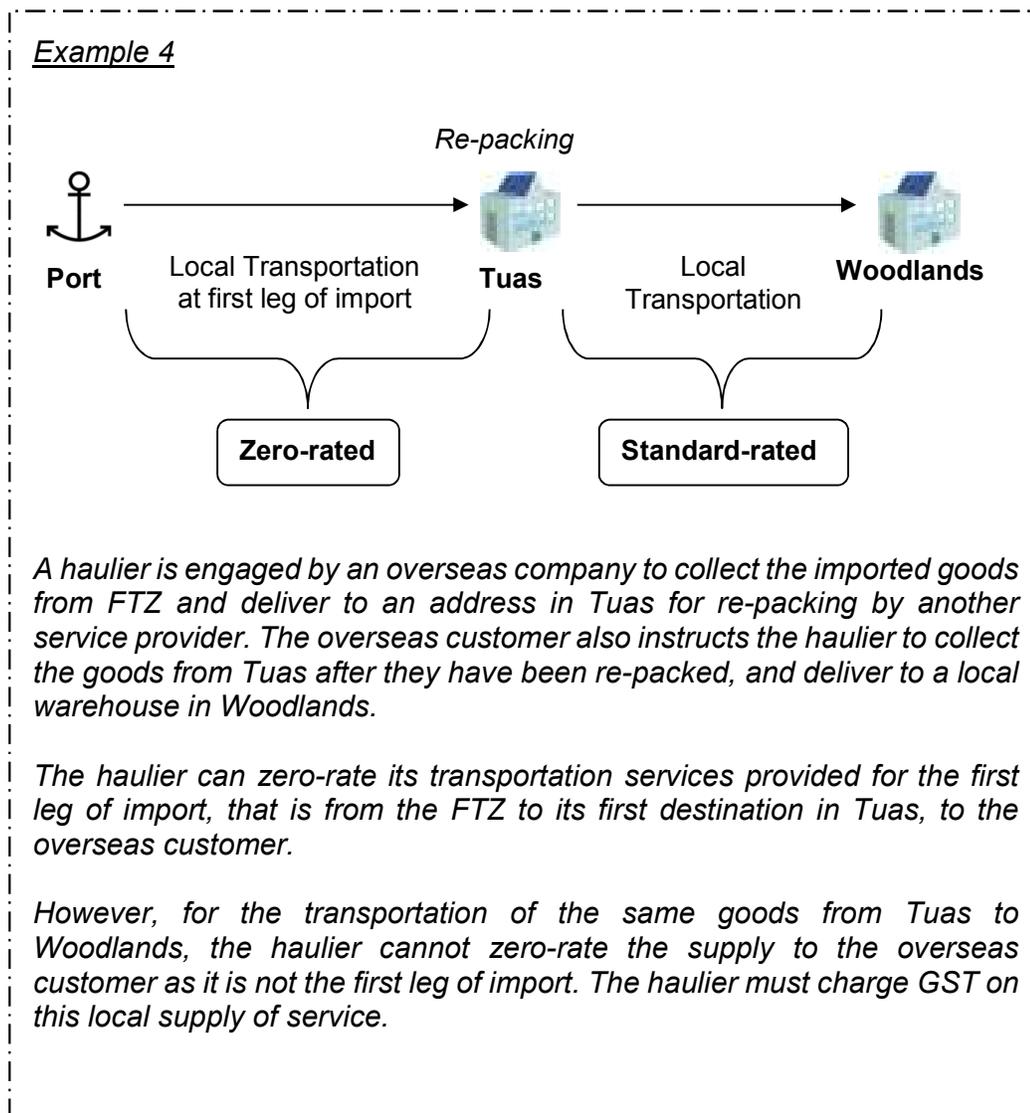
- 7.3 You can zero-rate²⁹ your local transportation services for the first leg of import if:
- (a) You are transporting imported goods from the entry point into Singapore (i.e. FTZs or designated areas) to the first destination in Singapore (e.g. your own warehouse or your customer's warehouse); and
 - (b) The transportation services must be provided to an overseas customer³⁰ wholly in his business capacity (and not in his private or personal capacity), and also directly benefiting the overseas customer or any other overseas person wholly in his business capacity.

²⁸ The first destination in Singapore is usually the place stated on consignment note or any other supporting documents for the import. If the place is unknown, then it would be the first place in Singapore that the goods are transported to from the FTZ or designated area.

²⁹ This is under Section 21(3)(k) of the GST Act.

³⁰ The overseas customer refers to one who belongs outside Singapore.

7.4 An example of when local transportation services can or cannot be zero-rated under scenario 1 is as follows.



Zero-rating Scenario 2

When the local transportation services are supplied to an overseas person (in business or personal capacity) in respect of goods for export.

- 7.5 You can zero-rate³¹ your local transportation services if:
- (a) You are transporting goods that are meant for export outside Singapore; and
 - (b) The transportation services are provided to a customer who belongs outside Singapore³² at the time when the services are performed.
- 7.6 At the point of zero-rating the supply of your local transportation services for the goods, you must be certain that the goods in respect of which the services are provided are meant for export. If there is no certainty at the time of the supply of services that the goods would be exported, you cannot zero-rate your services even though your customer claims that the goods would be exported.
- 7.7 Examples of when you can be certain that the goods would be exported are:
- (a) When the final destination of your transportation in Singapore is a FTZ or designated area (i.e. the exit point in Singapore). You should maintain documentary evidence such as delivery note to prove that you have delivered the goods to the FTZ or designated area.
 - (b) The customer has produced documentary proof showing that the goods would be exported (e.g. his confirmed booking with the shipping line or freight forwarder on the export, etc) or have been exported (e.g. air waybill or bill of lading, etc). You should keep a copy of these documents to support your zero-rating.

³¹ This is under Section 21(3)(g) of the GST Act.

³² For GST purpose –

A company belongs outside Singapore if:

- (a) it has overseas business or fixed establishment; or
- (b) it has no business or fixed establishment overseas but its place of incorporation is outside Singapore; or
- (c) it has business or fixed establishment both in and outside Singapore but the service it receives is directly concerned with the establishment that is outside Singapore.

An individual belongs outside Singapore if his usual place of residence is outside Singapore.

7.8 Examples of when local transportation services can or cannot be zero-rated under scenario 2 are as follows.

Example 5

A haulier is engaged by an overseas customer to collect the goods from a local warehouse in Woodlands and deliver to the airport for export to Canada.

The haulier can zero-rate its supply of transportation services, from the warehouse to the airport that is the exit point, to the overseas customer.

Example 6

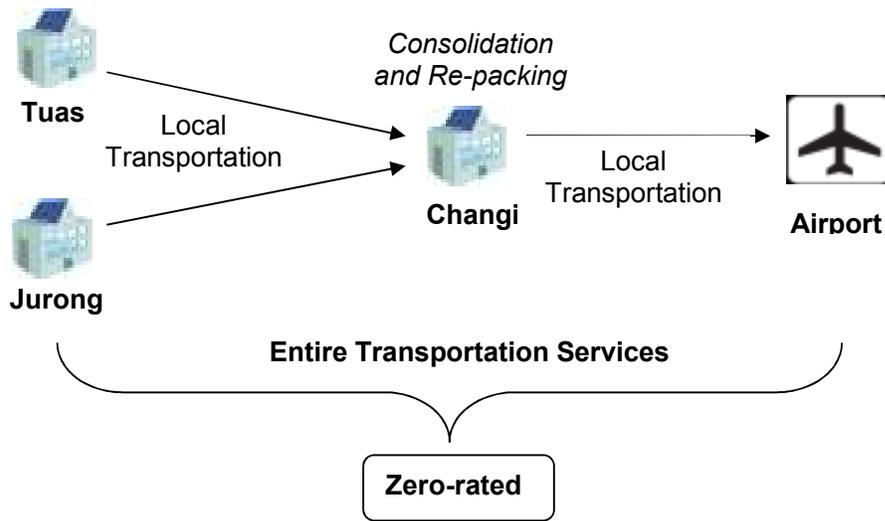
The business arrangement in Example 5 is changed such that the goods are delivered to another freight forwarder's warehouse in Changi before sending to the airport for export.

The haulier can zero-rate the supply to the overseas customer only if it is, at the point of supply, certain that the goods delivered will be exported. If the haulier is not certain, it cannot zero-rate the supply and must charge GST on the transportation services to overseas customer.

Example 7

If the transportation service in Example 5 is provided to a local customer instead of an overseas customer, GST is chargeable on the supply as the provisions for zero-rating are not satisfied.

Example 8



A logistics service company is engaged by an overseas customer to collect goods from his suppliers in Jurong and Tuas. The logistics service company would consolidate and re-pack the goods in its warehouse in Changi before delivering to the airport for export by another freight forwarder engaged by the customer.

If the logistics service company is certain at the point of supply that the goods delivered will be exported, it can zero-rate the entire transportation services to the overseas customer.

Although the goods collected from Jurong and Tuas are first transported to the warehouse in Changi, the transportation service for this leg can be zero-rated as the goods are subsequently delivered by the logistics service company to the airport (i.e. the final destination) for export.

8 Handling Services and Storage Services within FTZ or designated area

8.1 In the logistics businesses, the broad types of services provided within FTZs or designated areas are: i) Handling Services; ii) Storage Services.

8.2 Goods held in FTZs and other designated areas are goods shipped from overseas waiting to be imported for local deliveries, or transshipped goods, or goods (moved in from within Singapore) waiting to be exported to overseas.

8.3 The supply of handling services and storage services within FTZs or designated areas where the goods are imported or to be exported can be zero-rated³³, regardless of whether they are provided to local or overseas persons. The conditions for zero-rating are as follows:

- (a) The services provided by you must occur within the FTZs or designated areas; and
- (b) The services provided are in respect of goods that are imported or for export.

If all the conditions are satisfied, you can zero-rate the supply.

Handling Services within FTZ or designated area

8.4 Examples of handling services that are performed within FTZs or designated areas are:

- (a) Handling of goods: e.g. loading and unloading of goods, packing, sorting, weighing, labeling, fumigation services, etc.
- (b) Transportation: e.g. for moving the goods from vessels/ aircrafts to warehouses (or vice versa) in the same FTZ or designated area, forklift charges.
- (c) Documentation: fee for bills of lading/ air waybills preparation, fees for permit declaration to Customs.

The documentation services may be performed outside FTZs or designated areas. However as they are necessary for the movement or handling of goods into/ from/ within FTZs or designated areas, they will be considered as provided within FTZs or designated areas.

³³ This is provided for under Section 21(3)(l) of the GST Act.

8.5 In the course of providing the above handling services within FTZs or designated areas, you may also bill your customer for the following charges incurred by you in FTZs or designated areas:

- wharf handling charge (WHC)
- FCL/ LCL stuffing charge
- container freight station charge
- cargo retrieval fee
- lift-on/ lift-off (LOLO) charge
- berthing charge
- forklift charge
- demurrage charge

Such charges billed to your customer can also be zero-rated.

8.6 Examples of scenarios where handling services provided within FTZs or designated areas can or cannot be zero-rated are as follows:

Example 9

A logistics service company provides services in unloading the imported goods from the container and move them to the warehouse in FTZ. These handling services performed on imported goods can be zero-rated.

Example 10

A logistics service company provides packing and labeling services on goods brought into the FTZ from within Singapore and the impending movements of the goods are not known.

In this case, the logistics service company should standard-rate the services as it is uncertain whether the goods will be exported.

Storage Services within FTZ or designated area

- 8.7 You may also provide storage services for goods held in FTZs or designated areas which are not removed within a certain grace period (usually 48 hours).
- 8.8 You need to be certain that you are supplying storage services and not renting out your warehouse space to your customer.
- 8.9 Unlike storage service which may be zero-rated if it meets the conditions in paragraph 8.3, the rental of warehouse space located in Singapore (be it in or outside FTZs or designated areas) is a supply of goods which is always standard-rated.
- 8.10 The main differences between storage services and rental of warehouse space are:
- a) Storage services – a supply of service

When you provide storage service, it is up to you to decide where to store the goods in your warehouse when the customer passes the goods to you. Your customer is not allowed to enter your warehouse and cannot have access to his goods without your permission. So, the customer's goods will be under your charge and it is your responsibility to take care of the goods until they are released to the customer.

- b) Rental of warehouse space – a standard-rated supply of goods as it involves a right to occupy the whole property or part of the property

When you rent out a specified area (e.g. 1st floor) of your warehouse, your customer has the right to occupy the specified area for his sole use. The customer is allowed to enter the specified area to store his goods and has access to his goods at all times without having to seek your permission.

You are generally not involved in the handling of his goods, nor do you have custody of his goods.

- 8.11 Here are examples to show whether the supply involves a storage service within FTZ or rental of warehouse space.

Example 11

A local company shipped in some goods from overseas and stored them in the warehouse within FTZ for more than 48 hours. The warehouse provider charged the local company for the storage of these goods in its warehouse. During the period where the goods are stored, the warehouse provider has custody of these goods.

In this case, the storage fee for goods stored in FTZ can be zero-rated.

Example 12

The local company rents a warehouse space in FTZ from the warehouse provider for purpose of storing its goods. The warehouse provider charges monthly rent of \$2,000 where the local company has the exclusive right and freedom to store its goods in the allocated warehouse space. The warehouse provider is not involved in the handling of the goods nor have custody of the goods.

Although the warehouse is located in FTZ, the warehouse provider cannot zero-rate the supply as the amount charged is for the rental of warehouse space which is a supply of goods and not the provision of storage services.

9 Handling Services within Singapore but outside FTZs or designated areas

9.1 The handling of goods performed in Singapore (i.e. outside FTZs or designated areas) can be broadly categorised as:

- a) Those ancillary to the transportation of goods: e.g. stuffing, loading and unloading of goods onto / from the vehicle or container. These handling services are necessary when delivering the goods to the instructed destination.
- b) Those not ancillary to the transportation of goods, but are specific handling services required by the customer: e.g. packing or re-packing, sorting, weighing, labelling and QC inspection according to the customer's specifications.

Such handling services are independent in nature and are not considered as ancillary to the transportation of goods. This is because the goods can still be transported to the instructed destination even if these specific handling services were not performed on the goods.

9.2 For the supply of handling services performed on goods in Singapore (including Zero-GST/Licensed/Bonded warehouses) that are outside FTZs or designated areas, GST is chargeable on these supplies.

9.3 There are, however, three exceptions where you can zero-rate your handling services for goods in Singapore:

Zero-rating Scenario 1

When the handling services are directly in connection with goods for export.

9.4 You can zero-rate³⁴ your handling services if:

- (a) Your handling services are performed on goods that are meant for export outside Singapore; and
- (b) You provide these handling services to a customer who belongs outside Singapore³⁵ at the time when the services are performed.

9.5 If all the above conditions for scenario 1 are met, you can zero-rate your supply of handling services that are:

³⁴ This is under Section 21(3)(g) of the GST Act.

³⁵ For GST purpose –

A company or business (e.g. partnership or sole proprietorship) belongs outside Singapore if:

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

An individual belongs outside Singapore if his usual place of residence is outside Singapore.

- (a) ancillary to the transportation of goods if you also provide transportation services for these goods;
 - (b) specifically required by the customer which are not ancillary to your services of transporting these goods; or
 - (c) provided independently and you are not handling the transportation of these goods.
- 9.6 At the point of zero-rating the supply of your handling services for the goods, you must be certain that the goods in respect of which the services are provided are meant for export. If there is no certainty at the time of the supply of services that the goods would be exported, you cannot zero-rate the services even though your customer claims that the goods would be exported.
- 9.7 Examples of when you can be certain that the goods would be exported are as follows:
- (a) When you also provide transportation services for the goods (in addition to the handling services) and the final destination of your transportation in Singapore is a FTZ or designated area (i.e. the exit point in Singapore). You should maintain documentary evidence such as delivery note to prove that you have delivered the goods to the FTZ or designated area.
 - (b) If you only provide specific handling services for the goods and do not handle the transportation of the goods, you must maintain documentary proof showing that the goods have been exported (e.g. delivery note or service chit showing that the goods have been handed over to an appointed freight forwarder for export, shipping documents such as copy of airway bill or bill of lading from your customer etc). You should keep a copy of these documents to support your zero-rating.

9.8 Here are 2 examples of when handling services can or cannot be zero-rated under scenario 1.

Example 13

A local logistics service company is engaged by an overseas company to provide re-packing services for its goods located in a warehouse in Tuas. The local company is certain that the goods are to be exported after re-packing is done.

The local company can zero-rate the supply of these handling services to the overseas company and must be able to furnish the required export documents to substantiate the export.

Example 14

A local company is engaged by an overseas company to provide handling services for its goods located in Singapore. The goods are meant for re-distribution within the Asia Pacific region including Singapore.

In this situation, if the local company is uncertain at the time of supply whether the goods are meant for export or local delivery, the local company should standard-rate its supply of handling services to the overseas company.

Zero-rating Scenario 2

When the handling services are provided together with local transportation services at the first leg of import

['First leg of import' means from the entry point in Singapore (i.e. FTZ or designated area) to the first destination³⁶ in Singapore.]

9.9 You can zero-rate³⁷ your handling services performed at the first leg of import if:

- (a) You are also providing the transportation of imported goods from FTZ or designated area to the first destination in Singapore (e.g. your own warehouse or your customer's warehouse). Hence, you are the same supplier for both the local transportation and handling services at the first leg of import; and

³⁶ The first destination in Singapore is usually the place stated on consignment note or any other supporting documents for the import. If the place is unknown, then it would be the first place in Singapore that the goods are transported to from the FTZ or designated area.

³⁷ This is under Section 21(3)(k) of the GST Act.

- (b) The handling services (and the local transportation services) must be provided to your overseas customer wholly in his business capacity³⁸ (and not in his private or personal capacity), and must not directly benefit any local person.
- 9.10 If all the above conditions for scenario 2 are met, you can zero-rate your supply of handling services that are:
- (a) ancillary to the local transportation of goods at the first leg of import; and
 - (b) other specific handling services performed by you at the first leg of import which are not ancillary to your local transportation services provided for the same goods.
- 9.11 Here are 2 examples of when handling services can or cannot be zero-rated under scenario 2.

Example 15

A local freight forwarder is engaged by a company from Indonesia for the goods shipped into Singapore. Goods are moved by the freight forwarder from the FTZ (i.e. place of release of the goods) to the freight forwarder's warehouse where it provides re-packing and inventory updating for the Indonesian customer.

In this case, the freight forwarder is providing local transportation services and handling services at the first leg of import, and it can zero-rate the supplies of these services to the overseas company.

If the freight forwarder engages someone else to perform these services, the freight forwarder can also zero-rate these supplies of services to the overseas company as he is contractually supplying these services to the overseas company.

Example 16

If the business arrangement in Example 15 is changed such that the overseas company engages another haulier to transport the goods from FTZ to the freight forwarder's warehouse.

As the freight forwarder is not providing the local transportation of goods at the first leg of import to the overseas company, its supplies of specific handling services (i.e. re-packing and inventory updating) provided to the overseas company cannot be zero-rated.

³⁸ Overseas customer has a business (i.e. company, sole-proprietorship business or partnership business) which is established outside Singapore.

Zero-rating Scenario 3

When the handling services are provided together with both the international and local transportation services

Handling services ancillary to transportation

- 9.12 When you are providing both the international and local transportation services to your customer, your handling services which are ancillary to the transportation of goods (e.g. loading and unloading) can also be zero-rated³⁹.
- 9.13 In this instance, you can zero-rate these ancillary handling services together with the entire transportation services (both international and local segments) if you are the same service provider for both the international and local transportation⁴⁰. This applies to both local and overseas customers.

Specific handling services not ancillary to transportation

- 9.14 You may also provide other specific handling services which are not ancillary to the transportation of goods (e.g. packing or re-packing, sorting, weighing, labelling, QC inspection according to the customer's specifications). The GST treatment of the specific handling services will depend on whether these services are provided to overseas customers or local customers.

(i) To overseas customers

- 9.15 You can zero-rate these specific handling services to your overseas customers only if the conditions in the above zero-rating scenario 1 or 2 are all met.

That is, specific handling services are performed on goods meant for export or at the first leg of import where you are also providing local transportation.

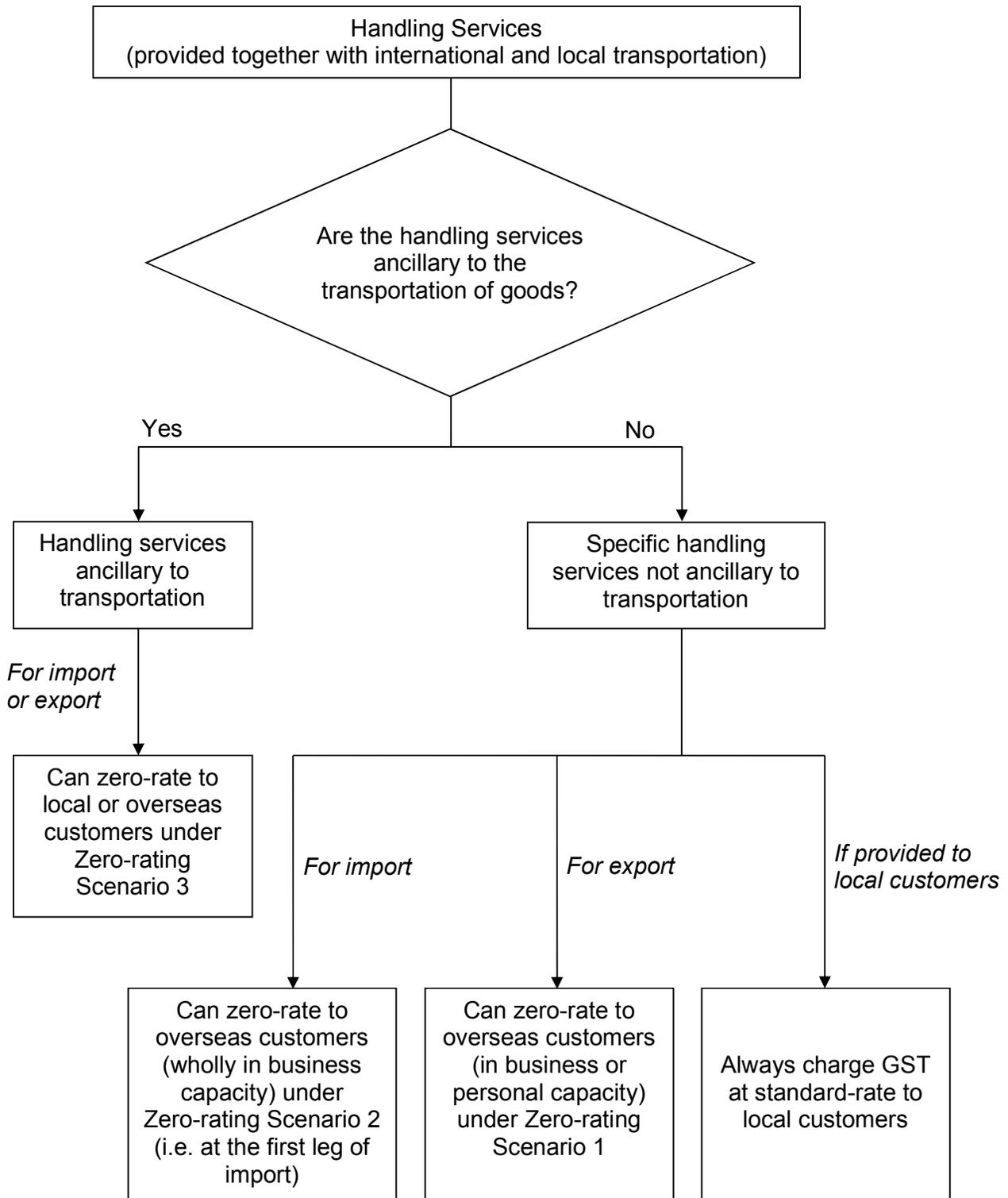
(ii) To local customers

- 9.16 The specific handling services provided to local customers are always standard-rated.
- 9.17 Flowchart 1 summarises the GST treatment of handling services which are provided together with international and local transportation services.

³⁹ This is under Section 21(3)(b) of the GST Act.

⁴⁰ Please refer to paragraph 6 for the GST treatment of local transportation within Singapore (when provided together with international transportation).

Flowchart 1: GST Treatment of Handling Services (when provided together with international and local transportation services)



- 9.18 Here are examples of scenarios where such handling services can or cannot be zero-rated.

Example 17

A local freight forwarder provides door-to-door services to an overseas company. The freight forwarder would arrange for the importation of goods belonging to the customer, and transports the goods from the FTZ (i.e. place of release of the goods) to its warehouse where it provides QC inspection and labelling of goods for the overseas customer.

In this case, the freight forwarder is providing both the international and local transportation of goods, and can zero-rate its supplies of handling services (e.g. loading and unloading) that are ancillary to the transportation of goods.

The specific handling services (i.e. QC inspection and labelling) are independently provided and are not ancillary to transport activities.

As the specific handling services are performed on imported goods (at the first leg of import) for overseas customer, the freight forwarder can zero-rate such specific handling services, as all the conditions in zero-rating scenario 2 are met.

Example 18

The transportation and handling services in Example 17 are provided to a local customer instead.

The freight forwarder has to charge GST on the specific handling services provided to the local customer, as one of the conditions in zero-rating scenario 2 is not satisfied.

However, the freight forwarder can zero-rate its supplies of international and local transportation of goods, including the ancillary handling services (e.g. loading and unloading) to the local customer.

10 Storage Services within Singapore but outside FTZs or designated areas

- 10.1 A supply of storage service for goods in Singapore (including Zero-GST/Licensed/Bonded warehouses) that are outside FTZs or designated areas is a local supply of service which has to be standard-rated. This applies to both local and overseas customers.

[Please refer to paragraph 8.10 for the difference between storage service which is a supply of service and rental of warehouse space which is a supply of goods – being a right to occupy the whole property or part of the property.]

- 10.2 There are, however, two exceptions where you can zero-rate your storage services for goods in Singapore:

Zero-rating Scenario 1

When the storage services are provided together with local transportation services at the first leg of import

['First leg of import' means from the entry point in Singapore (i.e. FTZ or designated area) to the first destination⁴¹ in Singapore.]

- 10.3 When you provide storage services for imported goods during the first leg of import or at the destination of the first leg of import, you can zero-rate⁴² your storage services if:

- (a) You are also providing the transportation of the imported goods from FTZs or designated areas to the first destination in Singapore (e.g. your own warehouse or your customer's warehouse). Hence, you are the same supplier for both the local transportation and storage services at the first leg of import; and
- (b) The storage services (and the local transportation services) must be provided to your overseas customer wholly in his business capacity⁴³ (and not in his private or personal capacity), and must not directly benefit any other local person.

⁴¹ The first destination in Singapore is usually the place stated on consignment note or any other supporting documents for the import. If the place is unknown, then it would be the first place in Singapore that the goods are transported to from the FTZ or designated area.

⁴² This is under Section 21(3)(k) of the GST Act.

⁴³ Overseas customer has a business (i.e. company, sole proprietorship business or partnership business) which is established outside Singapore.

10.4 Examples of when storage services can or cannot be zero-rated under scenario 1 are as follows.

Example 19

A local logistics service company provides storage services to an overseas company for goods that are imported into Singapore. The logistics service company would clear the imported goods from FTZ (i.e. place of release of the goods) and transport the goods to its own warehouse in Tuas for storage.

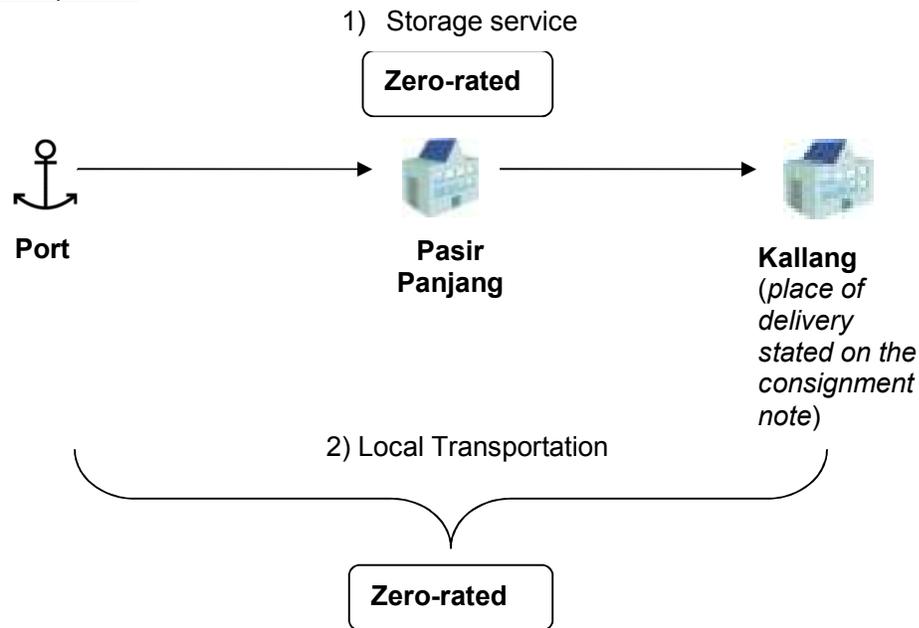
The logistics service company can zero-rate both its storage services and local transportation services provided at the first leg of import to the overseas company.

Example 20

If the business arrangement in Example 19 is changed such that the overseas company now engages another haulier to transport the goods from FTZ to the logistics service company's warehouse for storage.

As the logistics service company is not providing the transportation services in bringing the goods from FTZ to its warehouse (i.e. the first leg of import), it cannot zero-rate its storage services to the overseas company.

Example 21



An overseas company has engaged a local freight forwarder to collect a container of imported goods from the port and deliver them to a showroom in Kallang (which is the place of delivery as stated on the consignment note).

As the shipment has arrived late, the freight forwarder has transported the goods from the port to its own warehouse in Pasir Panjang and stores the goods for a night before delivering them to the showroom in Kallang on the next day.

In this case, the freight forwarder has provided 2 separate supplies:

- storage services in its own warehouse; and*
- transportation services during the first leg of import (i.e. from the port to the first destination in Singapore, which is the showroom in Kallang as stated on the consignment note).*

Hence, it can zero-rate both its storage services and local transportation services provided at the first leg of import to the overseas company.

Zero-rating Scenario 2

When the storage services are directly in connection with goods for export.

- 10.5 You can zero-rate⁴⁴ your storage services if:
- (a) Your storage services are performed for goods that are meant for export outside Singapore; and
 - (b) You provide these storage services to a customer who belongs outside Singapore⁴⁵ at the time when the services are performed.
- 10.6 At the point of zero-rating the supply of your storage services for the goods, you must be certain that the goods in respect of which the services are provided are meant for export. If there is no certainty at the time of the supply of services that the goods would be exported, you cannot zero-rate the services even though your customer claims that the goods would be exported.
- 10.7 Examples of when you can be certain that the goods would be exported are as follows:
- (a) When you also provide transportation services for the goods (in addition to the storage services) and the final destination of your transportation in Singapore is a FTZ or designated area (i.e. the exit point in Singapore). You should maintain documentary evidence such as delivery note to prove that you have delivered the goods to the FTZ or designated area.
 - (b) If you only provide storage services for the goods and do not handle the transportation of the goods, you must maintain documentary proof showing that the goods have been exported (e.g. delivery note or service chit showing that the goods have been handed over to an appointed freight forwarder for export, copy of the shipping documents (such as air waybill or bill of lading) obtained from your customer's freight forwarder, etc). You should keep a copy of these documents to support your zero-rating.

⁴⁴ This is provided for under Section 21(3)(g) of the GST Act.

⁴⁵ For GST purpose –

A company or business (e.g. partnership or sole proprietorship) belongs outside Singapore if:

- (a) it has overseas business or fixed establishment; or
- (b) it has no overseas business or fixed establishment but the place where company is incorporated or business is legally constituted is outside Singapore; or
- (c) it has business or fixed establishment both in and outside Singapore but the service it receives is directly concerned with its overseas establishment.

An individual belongs outside Singapore if his usual place of residence is outside Singapore.

10.8 Examples of when storage services can or cannot be zero-rated under scenario 2 are as follows:

Example 22

A logistics service company has contracted with an overseas company to provide storage services for the overseas customer's goods in Singapore. The goods are meant for re-distribution within Asia Pacific region including Singapore. The importation of goods is arranged by another freight forwarder (as engaged by the overseas customer) who would deliver the goods to the logistics service company's warehouse in Changi for storage. This freight forwarder would also handle the subsequent export or local delivery of the goods. While the goods are stored in the warehouse, the goods are under the custody of the logistics service company.

In this situation, the logistics service company has to standard-rate its supply of storage services to the overseas customer. It is not involved in the delivery of the goods and is unable to ascertain whether the storage services are for goods meant for export or local delivery.

Example 23

The scenario in Example 22 is changed such that the logistics service company would either deliver the goods locally or export the goods out of Singapore upon receiving instructions from the overseas customer.

In such instance, the logistics service company can only zero-rate the supply of storage services to the overseas company for goods that are exported and must be able to provide the required export documents to substantiate the export. For those goods that are delivered locally, the logistics service company cannot zero-rate its storage services to the overseas customer and must standard-rate these supplies.

If the logistics service company charges a flat monthly rate for the storage service, it can apportion the storage service if it is able to determine a reasonable proxy of the percentage of goods meant for export and local sale (e.g. based on recent movements or indicative projection from the overseas customers).

11 Illustration on the GST Treatment of the Logistics Services

11.1 The following are the examples of different logistics services billed to the customer and their GST treatment.

Example 24

A local wholesaler engages a freight forwarder to clear a batch of goods from the port and stores them in the freight forwarder's warehouse in Woodlands. The freight forwarder issues a tax invoice to the local wholesaler for the following charges:

Forklift charges and handling charges incurred in FTZ	\$ 80	}	Handling services within FTZ (Zero-rated)
PSA wharfage charged by PSA	\$ 35		
Container freight station charges	\$ 30		
Permit and Stamp fee	\$ 50	}	Disbursement (Not subject to GST)
Depot Handling Charge (DHC)	\$ 5		
Trucking charges for transporting the container from port to Woodlands	\$150	}	Local transportation (Standard-rated)
Fuel surcharge	\$ 50		
Labour charges	\$ 50		
Storage fees for Woodlands warehouse	\$200	}	Storage service (Standard-rated)
Total	\$650		

**The prices indicated above are for illustration purposes and are not reflective of the actual fees charged in the industry.*

In this case, the freight forwarder has provided 3 types of services to the customer:

- i) handling of goods within the port (i.e. FTZ);
- ii) local transportation of goods; and
- iii) storage services at his warehouse.

The local transportation services and storage services are provided to a local customer; hence GST is chargeable on these services. The freight forwarder can, however, zero-rate the handling services performed within the FTZ.

As the freight forwarder is not providing international transportation services, the DHC is a disbursement and is not subject to GST.

Example 25

A local company engages a freight forwarder to ship the goods from China to Singapore. The freight forwarder would also clear the goods from the port and store them in the freight forwarder's warehouse in Changi. The freight forwarder issues a tax invoice to the local company for the following charges:

Ocean Freight	\$2,000	} International transportation (Zero-rated)
Bill of lading fees	\$ 100	
Depot Handling Charge (DHC)	\$ 5	
Forklift charges and handling charges incurred in FTZ	\$ 80	} Handling services within FTZ (Zero-rated)
PSA wharfage charged by PSA	\$ 35	
Container freight station charges	\$ 30	
Permit and Stamp fee	\$ 50	} Local transportation provided together with international transportation (Zero-rated)
Trucking, fuel and labour charges for transporting the container from port to Changi	\$ 150	
Fuel surcharge	\$ 50	
Labour charges	\$ 50	} Storage service (Standard-rated)
Storage fees for Changi warehouse	\$ 200	
Total	\$2,750	

*The prices indicated above are for illustration purposes and are not reflective of the actual fees charged in the industry.

In this case, the services provided by freight forwarder are:

- i) international and local transportation of goods;
- ii) handling of goods within the port (i.e. FTZ); and
- iii) storage service at the warehouse.

The freight forwarder is providing both international and local transportation services to the customer. Hence, he can zero-rate the entire transportation services. As DHC is a charge incurred in the course of providing international transportation service, the GST treatment for DHC will follow that of the supply of international transportation and can be zero-rated.

The freight forwarder can also zero-rate all the handling services since services are performed within the FTZ. However, storage services provided to local person has to be standard-rated.

12 Importing Goods on behalf of your Customers

- 12.1 In the course of your business, you may be required to import goods on behalf of your customers who may either be local importers or overseas importers.

When you are importing the goods as a declaring agent for local customers

- 12.2 Where you act for an importer and pay the import GST as a forwarding agent for your local customer, you cannot claim the GST paid as your input tax as the goods do not belong to you. The payment of import GST is merely a commercial arrangement between you and the importer⁴⁶.

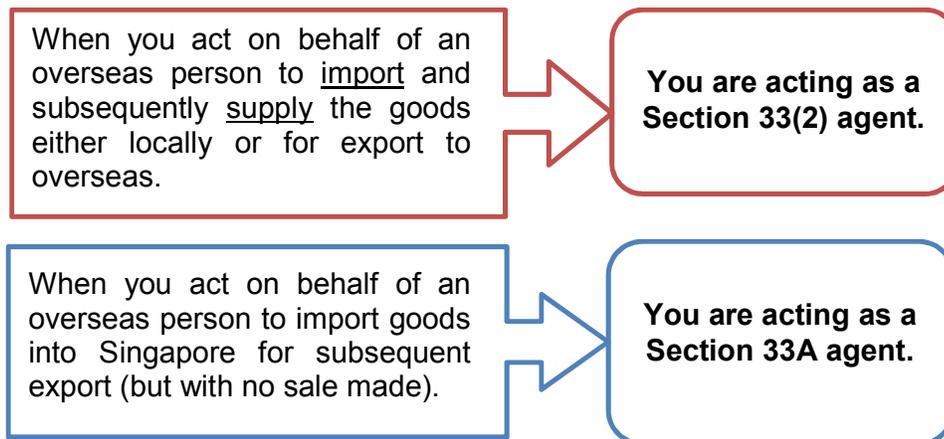
- 12.3 The importer, if GST-registered, may claim the import GST according to the normal input tax claiming rules.

When you are importing the goods as a declaring agent for overseas customers

- 12.4 When you are merely providing freight forwarding services and import goods as a declaring agent for overseas persons, you are similarly not allowed to make any claim on the import GST paid on your customer's behalf. The import GST may be claimed by the overseas customer, if it is GST-registered.

When you are importing the goods as a GST Agent [under Section 33(2) or Section 33A] of overseas persons who are not GST-registered

- 12.5 There are two situations where you can act as a GST agent of an overseas person and import goods belonging to the overseas person.



- 12.6 When you import goods on behalf of the overseas person as a Section 33(2) or Section 33(A) agent, such goods imported would be deemed as your imports. You may:

- (a) claim the GST paid on the importation of these goods; or

⁴⁶ If you are unable to recover the import GST paid on behalf of your customer (i.e. the local importer), you may make an application to the Comptroller of GST for remission of tax. You must meet all the conditions listed in the application form which can be downloaded from www.iras.gov.sg > Quick links > Forms > GST > Others > 6: Application for Remission under S89 of the GST Act for Refund of Import GST Paid on Behalf of an Importer (GST F18).

- (b) use your Major Exporter Scheme (MES) or Approved Third Party Logistics Company Scheme (3PL) or Import GST Deferment Scheme (IGDS) to import such goods.

However, you must meet the conditions stated below.

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

- (a) The overseas person must not belong in Singapore⁴⁷ and must not be GST-registered;
- (b) You are authorized to handle the imports and supply for the overseas person;
- (c) Such goods imported must be subsequently sold locally or exported to the customers of the overseas person;
- (d) The subsequent supply of goods is regarded as made by you as if you are the principal;
- (e) The overseas person's transactions of imports and supply have to be reported in your GST return, and you must maintain separate records for the overseas person's transactions;
- (f) For local sales of the overseas person, you have to charge GST. For export sales of the overseas person, you have to maintain export documents.

12.8 To qualify as a *Section 33A agent* for the overseas person, certain conditions must be met:

- (a) The overseas person must not be GST-registered and is carrying on a business outside Singapore;
- (b) You are authorized by the overseas person to handle the imports and export of goods belonging to the overseas person;
- (c) The goods of the overseas person are imported to be stored in or transit through Singapore and are subsequently re-exported;
- (d) You must have control over the imported goods while they are in Singapore;
- (e) You should not seek recovery from the overseas person for the GST paid on the imports, as you are allowed to claim as input tax on behalf of the overseas person;
- (f) The imports and exports of overseas person's goods must be reported in your GST return, and you must maintain separate records on the movement of the overseas person's goods.

12.9 For more information on the requirements for a *Section 33(2)* and *Section 33A agent*, please refer to the e-Tax Guide "GST: Guide on Imports".

⁴⁷ The overseas person must not have a business or fixed establishment in Singapore.

13 Providing Export Documents to your Customers

- 13.1 As a freight forwarder, you play an important role in providing export documents to the GST-registered exporters after you have exported their goods. This is because exporters who want to zero-rate their supply have up to 60 days from the time of their supply to export the goods and collate the required export evidence⁴⁸. They will not be able to zero-rate their export of goods and have to account for the GST to IRAS if they do not have sufficient export documents to prove their export.
- 13.2 Hence, you must provide the export documents to the exporters in a timely manner and comply with the Comptroller's requirements on export documents. Please refer to the subsequent paragraphs on your responsibilities as a freight forwarder for GST purpose.

Your Responsibilities as a Freight Forwarder

- 13.3 At the point of collecting the goods for export, you should endorse on the delivery note of your customer (i.e. the exporter) or his supplier⁴⁹ with the following details:
- (a) Statement stating "Goods delivered are for export";
 - (b) Your name, address and GST registration number (if applicable); and
 - (c) Date of collection of goods.
- 13.4 After the goods are exported, you should provide either one of the following transport documents to the exporter (and his supplier, if applicable⁵⁰):

Mode of Export	Transport document to be provided to the exporter (and his supplier, if applicable)
Air or Sea	<ul style="list-style-type: none">• Master or House Air Waybill• Master or House Bill of Lading• Subsidiary Export Certificate• Note of Shipment• Cargo manifest/ mate's receipt (for shipment via boats or small vessels, e.g. to Batam)
Land	<ul style="list-style-type: none">• Export permit showing the vehicle number• Subsidiary Export Certificate• Note of Shipment

⁴⁸ 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 www.iras.gov.sg.

⁴⁹ This applies to instances where your customer instructs you to collect the goods from his local supplier and export the goods.

⁵⁰ For example, your customer instructs you to collect the goods from his local supplier and export the goods via sea. You may therefore provide the Master Bill of Lading to your customer, showing him as the exporter or shipper of the goods. If the GST-registered supplier has zero-rated his supply of goods to your customer, you should also issue and provide a Subsidiary Export Certificate or Note of Shipment to the supplier.

13.5 In the following situations where the Master or House Air Waybill or Bill of Lading or export permit (for exports via land) does not show your customer (or his supplier) as the exporter or shipper of the goods, you should issue Subsidiary Export Certificate or Note of Shipment to your customer (and his supplier whom you receive the goods from, if applicable) for the exported goods:

- When you consolidate goods from a few exporters/ suppliers before export;
- When the goods (which you receive from the exporter/ supplier) are delivered to another freight forwarder for co-loading before export; and
- When you collect or receive the goods from your customer's supplier and the Bill of Lading or Air Waybill shows your customer as the exporter or shipper. The supplier will need to maintain your Subsidiary Export Certificate or Note of Shipment to substantiate his zero-rated supply to your customer.

13.6 At all times, you should not issue Subsidiary Export Certificate, Note of Shipment or any document listed in paragraph 13.4 to persons or businesses from whom you did not receive the goods and arrange for the export.

13.7 Your Subsidiary Export Certificate and/or Note of Shipment issued to the exporter/ supplier must contain all the following details:

(i) Details required in a Subsidiary Export Certificate

- The words "Subsidiary Export Certificate";
- Serial number of the certificate;
- Export permit number, including the date of departure;
- Exporter's/ supplier's name and address;
- Air waybill/ bill of lading number/ vehicle number (for export by land);
- Description and quantity of goods;
- Mode of export (e.g. air/ sea/ land); and
- Name and signature of authorised person (not necessary if the certificate is computer generated).

(ii) Details required in a Note of Shipment

A tax invoice/ invoice/ delivery note/ packing list from the exporter/ supplier may act as a Note of Shipment, provided it states the following information:

- Your (i.e. freight forwarder's) name, address and GST registration number (if applicable), with the signature and designation of the person who issues it;
- Details of goods received from exporter. A copy of tax invoice/ invoice or delivery note can be attached instead of repeating these details. In such instance, the Note of Shipment must make clear reference to the document attached (e.g. to document the reference number and date);
- The words, "For Export Only"; and
- Details of shipment as follows:

- Name of exporter/ supplier;
- Flight number/ vessel number/ vehicle number (for export by land); and
- Air Waybill/ Bill of Lading number.

13.8 You must provide sufficient and accurate details in the Air Waybill, Bill of Lading, Subsidiary Export Certificate, Note of Shipment and export permit. You may wish to note that:

- (a) Invoice number and exporter's name should be stated on these export documents. The description of goods stated on these export documents should match with the exporter's invoice.

This will help the exporter in proving that the goods sold as per his invoice are those that are being exported. It is also easier for you to match the export documents to the corresponding exporter's invoice.

- (b) For exports via land, the export permit should state the vehicle number. If the vehicle number is not known at the point of export permit declaration, the vehicle number could be stated on the supporting documents (e.g. invoice, delivery order, packing list etc) subsequently after the permit declaration.

13.9 With effect from 1 Jan 2017, you should maintain a register of the Subsidiary Export Certificate and Note of Shipment issued. This can be either as part of your existing database or a separate register with the following details:

- (a) House Bill of Lading/ Air Waybill number;
- (b) Export permit number;
- (c) Date of shipment;
- (d) Master Bill of Lading/ Air Waybill number;
- (e) Serial number of the Subsidiary Export Certificate number and the name of the exporter/ shipper that it was issued to; and
- (f) The reference number of the delivery order or invoice on which you endorse with the details of a Note of Shipment, and the name of the exporter/ supplier who issued the delivery order or invoice.

A suggested template of the register of Subsidiary Export Certificate and Note of Shipment can be found in Annex F.

13.10 You must maintain all your records and documents for a period of at least five years. Failure to do so may result in penalties.

14 Frequently Asked Questions (FAQ)

- 14.1 What if my charge to the customer for international freight is \$0 or lower than my other charges? Can I still zero-rate my services for the local transportation and ancillary handling services which are provided together with the international transportation?

Yes. In such instance, you can still zero-rate your supplies of both the international and local transportation services (see paragraph 6) as well as your handling services which are ancillary to the transportation (see paragraph 9).

- 14.2 A customer has engaged me to transport goods from one FTZ (e.g. Keppel Distripark) to another FTZ (e.g. Pasir Panjang Terminal). Do I have to charge my customer GST?

If it is a local customer, you should charge GST at the prevailing rate as you are providing local transportation between the FTZs and it is considered as a local supply of service.

If it is an overseas customer, you can zero-rate your supplies (i.e. charge GST at 0%) only if it falls into one of the 2 scenarios in paragraph 7 and satisfies the conditions for zero-rating.

- 14.3 In my tax invoice to the customer, I may have to bill him for standard-rated supplies, zero-rated supplies and disbursements (i.e. recovery of expenses which is not subject to GST). Can I issue a single tax invoice to my customer for these charges?

Yes. You can bill your customer for these charges in the same tax invoice. However, for each charge, you should indicate on the tax invoice whether it is a standard-rated supply, zero-rated supply or non-taxable supply. This is to facilitate your customer to know the GST treatment of your supply.

15 Contact Information

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

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Annex A – List of Free Trade Zones (FTZs) and Designated Areas of a Port, Terminal and Airport

Free Trade Zones (FTZs)

(Reference: Free Trade Zones Act)

Free Trade Zones (FTZs) are essentially designated areas in Singapore where the payment of duties and taxes are suspended when the goods arrive in Singapore.

No duty or taxes are payable on goods that are stored in FTZs. You only need to pay duty and taxes when the goods leave the FTZ and enter into customs territory for local consumption.

There are 3 FTZ authorities and the locations of the FTZs under each control are:

- (i) PSA Corporation Limited
 - Tanjong Pagar Terminal, Keppel Terminal and Marina Terminal
 - Sembawang Terminal
 - Pasir Panjang Wharves / Multi-Purpose Terminal
 - Brani Terminal
 - Keppel Distripark
 - Keppel Distripark Linkbridge
 - Pasir Panjang Terminal
- (ii) Jurong Port Pte Ltd
 - Jurong Port
- (iii) The Civil Aviation Authority of Singapore
 - Airport Logistics Park of Singapore (ALPS)
 - Changi Airport Cargo Terminal Complex

Designated Areas of a Port, Terminal and Airport

(reference: Third Schedule to the Goods and Services Tax (International Services) Order)

The designated areas in relation to a port include:

- Jurong Marine Base;
- Loyang Offshore Supply Base;
- Singapore Cruise Centre;
- Jurong Fishery Port;
- Senoko Fishery Port;
- Changi Ferry Terminal;
- Tuas Jetty For Explosives And Dangerous Goods;
- Barter Trade Control Area;
- Harbour Branch Headquarters;
- Marina Bay Cruise Centre Singapore; and
- any area declared to be a Port within the meaning of the Maritime and Port Authority of Singapore Act.

The designated areas in relation to an airport are:

- Changi Airport;
- Paya Lebar Airport;
- Seletar Airport; and
- Tengah Air Base.

The designated areas in relation to a terminal are:

- Pulau Bukom;
- Pulau Bukom Kecil;
- Pulau Ular;
- Pulau Sebarok;
- Pulau Busing;
- Jurong Island;
- all that area comprised in lot 280 Pt, A1057 and A1057 (a), Mukim No. 7 at 35 Shipyard Road occupied by "EXXONMOBIL ASIA PACIFIC PRIVATE LIMITED";
- all that area comprised in lots A2278, A10627, A166, A166 (a), A166 (b), A166 (c), A166 (d), A166 (e), A166 (x), A166 (y), A651, A651 (a) and A651 (b), Mukim No. 7 at 18 Pioneer Road occupied by "EXXONMOBIL ASIA PACIFIC PRIVATE LIMITED";
- all that area comprised in lots 191-1, 191-2, 191-3, 193, A12, A12A, A12B, A12C, A12D and A12E, 2096, 4091, 4124, 4209, 4211L, 4213 Mukim No. 5 at 210 Jalan Buroh occupied by "CHEVRON SINGAPORE PTE LTD";
- all that area comprised in lots 2887X, 2885K and 4170M, Mukim No. 7 at 60 Tuas South Avenue 9 occupied by "TUAS POWER GENERATION PTE LTD";
- all that area comprised in lot 1832 Pt, A1259 (b), Mukim No. 6 at 41 Jalan Buroh occupied by "SINGAPORE PETROLEUM COMPANY LIMITED"; and
- all that area comprised in lot 3210 Pt, A1241 and A1241 (a), Mukim No. 5 at 59 Penjuru Road occupied by "VOPAK TERMINALS SINGAPORE PTE LTD".

Annex B – Categories of Logistics Services

The table shows the broad categories of services that may be provided by the local service providers in the respective geographical regions. The services mentioned below are some examples of the logistics services. Please refer to the relevant paragraphs for the GST treatment.

Geographical regions Services	Outside Singapore	Within Free Trade Zone or designated area	Within Singapore but outside Free Trade Zones or designated areas
Transportation	<ul style="list-style-type: none"> • Ocean freight • Air freight • Air waybill fee / bill of lading fee • Agency fee • Bunker adjustment factor charge • Delivery order fee • Terminal handling charge • Demurrage charge <p><i>[Refer to paragraph 5.]</i></p>	<ul style="list-style-type: none"> • Trucking and fuel • Despatch • Dangerous goods surcharge on trucking • Labour charge <p><i>[Refer to paragraphs 6 to 9.]</i></p>	
Handling		<ul style="list-style-type: none"> • Forklift • Documentation fees • Container freight station charge • Stuffing or unstuffing • Cargo clearance • Lift-on / lift-off (LOLO) charge • Survey of cargo • Weighing of cargo • Custom examine fee • Full container load / loose 	<ul style="list-style-type: none"> • Documentation fees • Stuffing or unstuffing • Repacking <p><i>[Refer to paragraph 9.]</i></p>

Geographical regions Services	Outside Singapore	Within Free Trade Zone or designated area	Within Singapore but outside Free Trade Zones or designated areas
Handling		container load charge <ul style="list-style-type: none"> • Berthing charge • Cargo retrieval charge • Wharf handling charge <i>[Refer to paragraph 8.]</i>	
Storage		<ul style="list-style-type: none"> • Storage fees / rental of warehouse space <i>[Refer to paragraph 8.]</i>	<ul style="list-style-type: none"> • Storage fees / rental of warehouse space <i>[Refer to paragraph 10.]</i>

Annex C – List of International Services for the Logistics Service Industry

Section 21 of the GST Act provides for zero-rating of exports and international services.

The following is an extract from the GST Act and its Subsidiary Legislation, Goods and Services Tax (International Services Order) which define the scope of international services relevant to the Logistics Service Industry that qualify for zero-rating. Specifically, it lists the zero-rating provisions under Section 21(3)(a), 21(3)(b), 21(3)(c), 21(2)(f), 21(2)(g), 21(2)(j), 21(3)(k) and 21(3)(l) of the GST Act.

International Services

Section 21(3):

(a) services (not being ancillary transport activities such as loading, unloading and handling) comprising the transport of passengers or goods —

(i) in the case of transport by air or land, where the transportation is —

(A) from a place outside Singapore to a place outside Singapore;

(B) from a place in Singapore to a place outside Singapore; or

(C) from a place outside Singapore to a place in Singapore; and

(ii) in the case of transport by sea, where the transportation is —

(A) from a place outside Singapore to a place outside Singapore; or

(B) from a place in Singapore or to a place in Singapore, and substantially outside Singapore;

(b) services (including any ancillary transport activities such as loading, unloading and handling) comprising the transport of goods from a place in Singapore to another place in Singapore to the extent that those services are supplied by the same supplier as part of the supply of services to which paragraph (a)(i) and (ii) (other than in relation to any transportation that is from a place outside Singapore to another place outside Singapore) applies;

(c) services (other than the letting on hire of any means of transport) comprising the insuring or the arranging of the insurance or the arranging of the transport of passengers or goods to which any provision of paragraphs (a) and (b) applies;

(f) services supplied directly in connection with goods situated outside Singapore when the services are performed;

The services referred shall not include any services comprising either of or both —

(a) the supply of a right to promulgate an advertisement by means of any medium of communication; and

(b) the promulgation of an advertisement by means of any medium of communication.

(g) services supplied directly in connection with goods for export outside Singapore and supplied to a person who belongs in a country other than Singapore, at the time the services are performed;

The services referred shall not include any services comprising either of or both —

- (a) the supply of a right to promulgate an advertisement by means of any medium of communication; and
- (b) the promulgation of an advertisement by means of any medium of communication.

- (j) services supplied —
 - (i) under a contract with a person who belongs in a country outside Singapore; and
 - (ii) which directly benefit a person who belongs in a country other than Singapore and who is outside Singapore at the time the services are performed;

Not being services which are supplied directly in connection with —

- (a) land or any improvement thereto situated inside Singapore; or
- (b) goods situated inside Singapore at the time the services are performed, other than goods referred to in subsection (3)(g).

And the services referred shall not include any services comprising either of or both —

- (a) the supply of a right to promulgate an advertisement by means of any medium of communication; and
- (b) the promulgation of an advertisement by means of any medium of communication.

- (k) prescribed services supplied —
 - (i) under a contract with a person wholly in his business capacity (and not in his private or personal capacity) and who in that capacity belongs in a country outside Singapore; and
 - (ii) which directly benefit a person wholly in his business capacity (and not in his private or personal capacity) and who in that capacity belongs in a country other than Singapore;

The prescribed services include the handling or storage of goods at or their transport to or from the place at which they are to be exported or have been imported or of the handling or storage of such goods in connection with such transport.

- (l) prescribed services in connection with —
 - (i) the handling of ships or aircraft; or
 - (ii) the handling or storage of goods carried in any ship or aircraft;

The prescribed services are the services supplied within any free trade zone or designated area⁵¹ of a port, terminal or airport for —

- (a) the handling of ships or aircraft; or
- (b) the handling or storage of goods carried in any ship or aircraft.

Section 21(4)(a) defines that:

"aircraft" means —

- (i) any aircraft which is not used or intended to be used for recreation or pleasure; or

⁵¹ Please refer to [Annex A](#) for the list of free trade zones and designated areas of a port, terminal or airport.

- (ii) any aircraft used or intended to be used for recreation or pleasure if it is wholly used or intended to be wholly used for travel —
 - (A) from a place outside Singapore to another place outside Singapore;
 - (B) from a place in Singapore to a place outside Singapore; or
 - (C) from a place outside Singapore to a place in Singapore;

"ship" means any ship (including an oil rig) but does not include any ship —

- (i) that is licensed under the Maritime and Port Authority of Singapore Act (Cap. 170A) as a passenger harbour craft or pleasure craft;
- (ii) in respect of which a vessel permit has been granted by the Public Utilities Board under regulations made under the Public Utilities Act (Cap.261); or
- (iii) that is designed or adapted for use for recreation or pleasure and is so used within Singapore (unless the use within Singapore is for such purpose that is incidental to its use outside Singapore as the Comptroller may allow).

Annex D – List of Handling Activities that may be performed by the Logistics Service Industry

Goods handling services that may be provided by logistics service industry include the following:

- transport ancillary to the handling of ship or aircraft cargo (including the movement of goods to or from a ship/aircraft)
- stevedoring and portage
- loading, unloading, reloading, stowing, securing and shifting cargo for the use of cranes and weighing machines together with an operator. (If you provide a crane without an operator, your supply is to be standard-rated.)
- soiling, opening for inspection, repairing and making good weighing and taring, taping and sealing, erasing and re-marking, labeling and re-numbering, tallying, checking, sampling, measuring or gauging of goods
- packing and unpacking of cargo
- survey of cargo (including damaged cargo)
- cargo security services
- presenting goods for Customs examination
- preparing or amending Customs entries
- preparing or amending bills of lading, air waybills, and certificates of shipment
- container handling for which a box charge is made
- transit rate, basic rate, consolidated rate and stevedoring rate, if they relate solely to goods handling at FTZ or designated areas

These activities must satisfy the provisions under Section 21(3) of the GST Act in order to be zero-rated.

Annex E – Common Errors made by the Logistics Service Industry

1. Wrongly zero-rate local transportation services to local customers

If the freight forwarder did not provide international transportation services for his local customer's goods and has only provided local transportation services (including to or from Zero-GST/Licensed/Bonded warehouses) that are outside FTZs or designated areas, the freight forwarder has to charge GST on his supply of local transportation services. This is regardless of whether the transportation services are provided for imported goods or goods for export.

2. Wrongly zero-rate storage services to local customers

A supply of storage service for goods in Singapore (including Zero-GST/Licensed/Bonded warehouses and Excise Factories) that are outside FTZs or designated areas is a local supply of service and must be standard-rated, unless it qualifies for zero-rating as international service. Hence, the freight forwarder who provides storage services to local customers has to charge GST on the services.

3. Wrongly zero-rate storage services to overseas customers with no certainty of whether or when the goods will be exported

A freight forwarder can zero-rate the supply of storage services to the overseas customer if the storage services are performed for goods that are meant for export. If the freight forwarder is not certain that the goods stored will be exported, he should not zero-rate the supply of storage services and must charge GST.

There are instances where the goods stored are partially exported and the freight forwarder is not certain whether the remaining goods will be exported or delivered locally. In this case, the freight forwarder cannot zero-rate the entire storage services to the overseas customer. He has to apportion and can zero-rate only the amount of storage services applicable to goods for export. The remaining storage services will be subject to GST.

4. Incorrectly claimed input tax on imported goods or use the Major Exporter Scheme⁵² (MES) to import goods that belong to another local person/ company

A freight forwarder can claim input tax on imported goods or use his MES to import the goods only if:

- (a) He is the owner of the goods and the goods are for his business purpose.
- (b) He acts as a Section 33(2) or Section 33A agent of an overseas person and imports goods belonging to the overseas person.

He cannot claim input tax or use his MES to import goods that belong to another local person/ company. This is regardless of whether the local owner of these goods is GST-registered or not.

⁵² Generally, GST is payable on every importation of goods into Singapore. The MES allows GST-registered businesses to import non-dutiable goods without paying GST at the point of importation. This scheme is designed to ease the cash flow of businesses that substantially export the goods they import.

5. Did not maintain documents to substantiate the imports and subsequent exports of goods on behalf of overseas principals

A freight forwarder may act as a Section 33(2) or Section 33A agent to import goods on behalf of an overseas non-GST registered principal. The goods will subsequently be exported or delivered locally. The freight forwarder can claim input tax on the imported goods or use his MES to import the goods without paying GST.

However, he has to maintain the relevant import documents to show that the imported goods belong to his overseas principal. As the freight forwarder is also accountable for the subsequent movements of these goods, he must maintain sufficient documents for the exports and charge GST on the local sales of these goods.

If he does not maintain sufficient import or export documents for these goods, he is not allowed to claim the import GST on these goods. If the goods were imported under his MES, he will have to repay the import GST previously suspended.

Below are some of the essential documents which a freight forwarder should maintain to prove that he is acting as a Section 33(2) or Section 33A agent for his overseas principal:

- (a) Letter of appointment or correspondences from the overseas principal that the freight forwarder is engaged to act on their behalf.
- (b) Inventory records to track the goods imported and subsequently exported or delivered locally.
- (c) Purchase order from the overseas principal to their supplier with instructions to deliver or ship the goods to the freight forwarder.
- (d) Import documents (i.e. invoice from the supplier to the overseas principal, shipping documents such as bill of lading and air waybill showing the freight forwarder as the consignee).
- (e) Export documents⁵³ which include the freight forwarder's packing list or delivery order, bill of lading/ air waybill/ subsidiary export certificate/ note of shipment/ export permit showing the freight forwarder as the exporter.
- (f) Tax invoices and delivery orders issued by the freight forwarder for the goods sold and delivered locally (on behalf of his overseas principal).
- (g) Invoices issued by the freight forwarder to the overseas principal for his services performed.
- (h) Invoices from other logistics service provider(s) for the freight services performed.

⁵³ 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 www.iras.gov.sg.

6. Omission of output tax on local sale of used trailers

Like any other local sale of business asset, a GST-registered business should charge GST at the prevailing rate on the full selling price when it makes a local supply of used trailer. It should not use the Discounted Sale Price Scheme to charge GST on 50% of the selling price.

Under the Discounted Sale Price Scheme, GST is to be charged on 50% of the selling price of a second-hand/used motor vehicle. This is to eliminate the elements of Certificate of Entitlement (COE) and Additional Registration Fee (ARF) as GST should not be charged on these two regulatory fees.

A trailer is not classified as a motor vehicle under the definition in the Road Traffic Act. Trailers are also exempted from the requirement of COE and payment of ARF. Consequently, the Discounted Sales Price Scheme cannot be used on the sale of used trailers.

7. Omission of output tax on goods given free as gift

When a GST-registered business gives away goods for free, it is treated as making a supply to the recipient. It need not charge GST to the recipient since the goods are given for free.

However, it is required to account for output tax based on the Open Market Value of the good when:

- (a) the cost of the good is more than \$200; and
- (b) it has claimed input tax on the purchase or import of the good.

8. Wrongly claimed input tax on disallowed expenses

GST-registered businesses are not allowed to claim input tax incurred on the following expenses stipulated in Regulations 26 and 27 of the GST (General) Regulations:

- (a) Benefits provided to the family members or relatives of the staff;
- (b) Costs and running expenses incurred on private registered motor cars;
- (c) Club subscription fees (including transfer fees) charged by sports and recreation clubs;
- (d) Expenses incurred on company cars of which the COE has been renewed or extended on or after 1 Apr 1998;
- (e) Expenses incurred on rental cars hired for use on or after 1 Jul 1999;
- (f) Medical expenses incurred for staff unless they are obligatory under the Work Injury Compensation Act or under any collective agreement within the meaning of the Industrial Relations Act;
- (g) Medical and accident insurance premiums incurred for staff unless the insurance or payment of compensation is obligatory under the Work Injury Compensation Act or under any collective agreement within the meaning of the Industrial Relations Act; and

- (h) Any transaction involving betting, sweepstakes, lotteries, fruit machines or games of chance.
9. Disallowed input tax claims on local purchases not paid within 12 months of payment due date

As the claiming of input tax is according to the date of tax invoice, a GST-registered business may have claimed input tax before paying its supplier. However, if the GST-registered business did not pay its supplier within 12 months of the payment due date, it is required to repay the input tax previously claimed.

Annex F – Suggested Template of a Register of Subsidiary Export Certificate and Note of Shipment

House Bill of Lading / Air Waybill number	Export permit number	Date of shipment	Master Bill of Lading / Air Waybill number	Subsidiary Export Certificate		Note of Shipment	
				Serial Number	Issued to	Reference number of the delivery order or invoice	Name of the exporter/ supplier who issued this delivery order or invoice