

IRAS e-Tax Guide

**GST Guide for Free Trade Zones,
Warehouses and Excise Factories**



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GST Guide for Free Trade Zones, Warehouses and Excise Factories

1 Aim

- 1.1 This e-Tax Guide explains the GST treatment for the movement of goods into, within and out of Free Trade Zones (FTZs), Licensed/Zero-GST/Bonded Warehouses (hereafter referred to as “Warehouses”) and Excise Factories (EFs)¹.
- 1.2 You should read this Guide if you are handling your own goods or handling goods on behalf of overseas principals, where these goods are:
 - a) imported and exported via FTZs;
 - b) stored inside FTZs, Warehouses and EFs; and/or
 - c) traded within FTZs, Warehouses and EFs.

2 At a glance

- 2.1 Under our GST regime, unless special schemes are applicable, GST is payable on the importation of goods into Singapore. Import GST is payable regardless of whether the importer is GST-registered or not. However, if goods are imported and stored in FTZs, Warehouses or EFs, import GST is suspended until these goods are moved into customs territory. Generally, sale of these goods within FTZs, Warehouses and EFs are disregarded for GST purposes.
- 2.2 The GST treatment and reporting requirement for goods in FTZs, Warehouses and EFs are summarised in the table (refer to Annex A).

¹ This e-Tax guide replaces the IRAS’s e-Tax guide on “GST Guide for Free Trade Zones (FTZs), Warehouses and Excise Factories” published on 5 Jan 2011.

3 Glossary

Customs Control

- 3.1 When goods are under customs control, such goods (both dutiable and non-dutiable) may not be removed except with the permission of the proper officer of the Singapore Customs². Upon removal from customs control, import GST is payable on the goods unless they qualify under any import relief or import GST suspension or deferment scheme.

Customs Territory

- 3.2 Custom territory means Singapore and the territorial waters thereof but excludes any Free Trade Zone³. Goods are treated as “imported” once they are brought into customs territory.

Duty Point

- 3.3 Duty point⁴ refers to the time when duty (if any) and import GST is payable. Duty point for:
- (a) dutiable goods (goods subject to customs and/or excise duty) is when customs duty or excise duty is payable, whichever is the earlier; and
 - (b) non-dutiable goods (goods not subject to customs and/or excise duty) is when the goods are removed from customs control.

Excise Factory

- 3.4 A designated area approved and licensed by the Singapore Customs for manufacturing dutiable goods; namely liquor, tobacco, motor vehicles, compressed natural gas (CNG) and petroleum, with the suspension of duty and GST.

² Section 3(2) of the Customs Act

³ Section 3(1) of the Customs Act

⁴ Section 8(4) of the GST Act

Free Trade Zones (FTZs)

- 3.5 FTZs are designated areas in Singapore where goods can be imported and sold or exported without the need to account for customs or excise duties or GST. FTZs are meant to encourage entrepot trading. The primary function of an FTZ is to facilitate the transshipment of overseas goods via Singapore, that is, goods placed temporarily in the FTZ before being loaded onto another ship or aircraft for export without requiring customs clearance.

Import GST

- 3.6 Import GST refers to GST payable when goods are removed from customs control into customs territory. Import GST is levied on the value of imported goods and this includes the cost, insurance and freight (CIF) plus the duty payable (if applicable)⁵ and other related costs.

Licensed Warehouse

- 3.7 A designated area approved and licensed by the Singapore Customs for storing imported dutiable goods, namely liquor, tobacco products, motor vehicles and petroleum, with the duty and GST payable suspended.

Local Goods

- 3.8 Goods that have previously cleared customs control and re-entered an FTZ and/or locally-manufactured goods that are placed into an FTZ.

Overseas Goods

- 3.9 Goods from outside Singapore that have landed into the FTZ or in the Warehouses.

Value of Import

- 3.10 The value of import includes the cost of the goods, plus insurance and freight, (CIF) and if the goods are dutiable, plus duty.

⁵ All goods (except for investment precious metals) imported into Singapore are subject to GST.

- 3.11 Where a supply took place before the goods are removed from customs control, the value of import shall be the last selling price and include the following:
- duty if payable; and
 - other costs, charges and expenses incidental to the sale and delivery of the goods up to the place of importation

if not included in the selling price⁶.

Zero-GST Warehouse/ Bonded Warehouse

- 3.12 A Zero-GST Warehouse or Bonded Warehouse, also known as a ZG Warehouse, is a designated area approved by the Singapore Customs for storing imported non-dutiable goods with GST suspended. Depending on circumstances, a ZG warehouse may be the entire premises, a designated part of the premises, a storage tank or any other places approved by the Singapore Customs. A ZG warehouse cannot be used to store dutiable goods, locally-acquired or locally-manufactured goods and GST-paid goods.

⁶ Section 18(1) of the GST Act

4 Background

- 4.1 Generally, all goods (except for investment precious metals⁷) imported into Singapore are subject to GST, regardless of whether they are imported by a GST or a non-GST registered person. The importer is required to pay GST upon importation of the goods into Singapore unless the goods qualify under any import relief⁸ or an import GST suspension or deferment scheme⁹.
- 4.2 GST on imports is collected and administered by the Singapore Customs as if it were customs/excise duty and as if all goods imported into Singapore were dutiable¹⁰. That is, the administration of import GST follows the customs regime. Following the customs regime means that:
- (a) the importer will be subject to documentary controls and requirements similar to that for dutiable goods, including taking up the necessary customs permit for the import and removal of goods subject to GST; and
 - (b) import GST is suspended since duty (if any) is suspended while goods remain in customs control although they are physically in Singapore.
- 4.3 Goods imported and stored in FTZs and Warehouses are considered as goods under customs control. In support of Singapore's role as a centre for entrepot trade, import GST is imposed on such goods only when they are removed for domestic consumption. In other words, no import GST is imposed if the goods are re-exported.
- 4.4 In addition, goods in FTZs and Warehouses may be supplied (bought and sold) many times before they are removed. To free businesses from the burden of having to account for GST on these multiple supplies of goods, such supplies (except for supplies of local goods in FTZs which remain taxable¹¹) are disregarded for GST purposes.

⁷ With effect from 1 Oct 2012, the import and supply of investment precious metals are exempt from GST.

⁸ For more information on import reliefs, please refer to the webpage, GST > GST-registered businesses > Working out your taxes > Importing of Goods > Relief of GST on Imports on IRAS' website at <http://www.iras.gov.sg>

⁹ For more information on the schemes please refer to the webpage, GST > GST-registered businesses > Working out your taxes > Importing of Goods > GST Suspension Schemes / Import GST Deferment Scheme (IGDS) on IRAS' website at <http://www.iras.gov.sg>

¹⁰ Section 8(4) of the GST Act provides for import GST to be levied as if it were customs or excise duty and as if all goods imported into Singapore are dutiable.

¹¹ Supplies of local goods in FTZs remain taxable as the primary function of FTZs is to facilitate the transshipment of goods via Singapore and not so much for the storage or trading of goods.

5 GST Treatment for Goods in FTZs

GST Treatment for Movement of Overseas Goods in and out of FTZs

- 5.1 You do not need to pay import GST when you land your overseas goods into an FTZ. However, when you remove the overseas goods from the FTZ into customs territory, import GST is payable and you must take up an import permit for the GST payment. Import GST is not payable if you are removing the goods under the following circumstances:
- (i) you are an approved business under an import GST suspension or deferment scheme such as the Major Exporter Scheme (MES), Approved 3rd Party Logistics Company Scheme (A3PL), Approved Import Suspension Scheme (AISS) and Import GST Deferment Scheme (IGDS);
 - (ii) you have been granted relief from import GST by the Singapore Customs under the GST (Import Reliefs) Order; or
 - (iii) you are moving the goods directly from an FTZ into another FTZ, a Warehouse or an EF.
- 5.2 As a GST-registered business, you are to report the imports as your taxable purchases and claim the corresponding input tax in your GST return. This is provided that you satisfy all the conditions for claiming input tax¹².
- 5.3 However, if you move your overseas goods from an FTZ out of Singapore (i.e. transshipment) without entering customs territory, it is outside the scope of GST. Thus, you are not required to report such movement of overseas goods in your GST return.

Supply of Overseas Goods within FTZs

- 5.4 Supply of overseas goods taking place in an FTZ involving either of the following situations are disregarded for GST purposes:
- (i) the goods are removed from the FTZ; or
 - (ii) the goods are made available to the customer while they are in the FTZ.

Hence, you do not need to collect output GST on such supplies.

¹² Sections 19 and 20 of the GST Act

- 5.5 While you do not have to report such supplies in your GST returns or issue tax invoices to your customers, you should maintain documentary evidence to support that the GST treatment has been correctly applied for such transactions.

GST Treatment for Movement of Local Goods in and out of FTZs

- 5.6 Local goods may be moved from customs territory into an FTZ, usually for exports out of Singapore. You are required to report the movement of local goods out of Singapore in your GST return as zero-rated supplies¹³.
- 5.7 No import GST is payable on the movement of local goods into an FTZ unless you subsequently remove the goods from the FTZ back into customs territory. You are then required to take up an import permit and pay import GST if your local goods re-enters customs territory. The only exceptions are under the following circumstances:
- (i) you have been granted relief for the import GST by the Singapore Customs, for example in the case of cargo re-entering customs territory due to valid business reasons such as overseas order cancellation or vessel/aircraft delays; or
 - (ii) you are re-importing GST-paid goods under the Company Declaration Scheme (CDS) from the Airport Logistics Park of Singapore (ALPS) administered by the Singapore Customs.

GST Treatment for Supply of Local Goods within FTZs

- 5.8 Supplies of local goods in an FTZ are subject to the same GST rules applicable to any other supplies of goods in Singapore. Hence, you are to standard-rate your supplies of local goods in an FTZ and account for output GST. You may however, zero-rate your supplies if the goods are intended for:
- (i) export; or
 - (ii) use or installation on a qualifying ship (by way of sale or lease).
- 5.9 To zero-rate your supplies, you must satisfy the conditions and documentary requirements stated in our e-Tax Guides - "A Guide on Export" and/or "GST Guide for the Marine Industry" accordingly.

¹³ You are required to comply with the documentary evidence and conditions to support the zero-rating of your exports. For more details, please refer to our etax guide "A Guide on Exports" available in IRAS' website at <http://www.iras.gov.sg>.

6 GST Treatment for Goods in Warehouses

Movement of Overseas Goods in and out of Warehouses

- 6.1 Import GST is deferred if your overseas goods are moved into and stored in any Warehouses licensed under either the Customs Act or GST Act for the storage of overseas goods. However, when you remove the overseas goods from the Warehouses, import GST is payable and you need to take up an import permit for the GST payment. However, import GST is not payable if you are removing the goods under the following circumstances:
- (i) you are an approved business under an import GST suspension or deferment scheme such as MES, A3PL, AISS and IGDS;
 - (ii) you have been granted relief for the import GST by the Singapore Customs under the GST (Import Reliefs) Order;
 - (iii) you are moving the goods directly from a Warehouse to another Warehouse, an FTZ or EF;
 - (iv) you are removing petroleum products from the Warehouses under regulation 43 of the GST (General) Regulations (see paragraph 8); or
 - (v) you are exporting the goods directly from the Warehouses.
- 6.2 You are required to report the movement of goods into the Warehouses as your taxable purchases and the subsequent export if any, as zero-rated supplies in your GST return. This is to facilitate tracking of the goods. Where the goods are removed from the Warehouses for local consumption, you should report them as your taxable purchases again and claim the corresponding input tax based on the relevant import permits, subject to the conditions for the claiming of input tax.

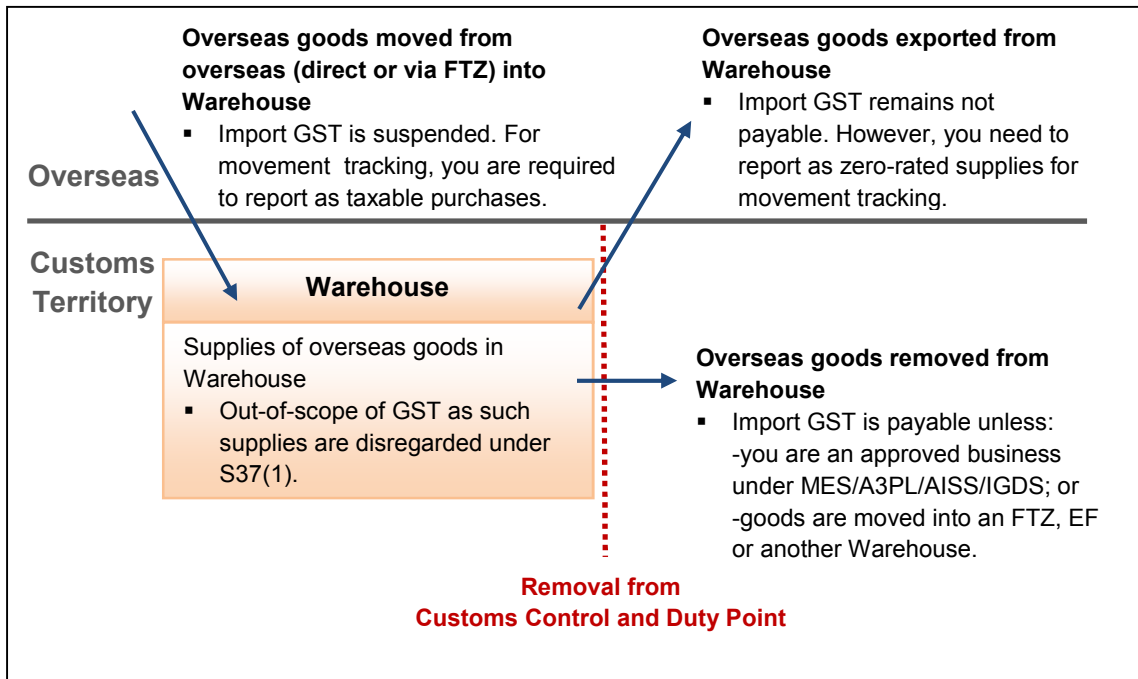
Supply of Overseas Goods within Warehouses

- 6.3 Supply of overseas goods taking place in the Warehouses involving either of the following situations are disregarded for GST purposes:
- a. the goods are removed from the Warehouse; or
 - b. the goods are made available to the customer while they are in the Warehouse.

Hence, you do not need to collect output GST on such supplies.

6.4 While you do not have to report such supplies in your GST returns or issue tax invoices to your customers, you should maintain documentary evidence to support that the GST treatment has been correctly applied for such transactions.

6.5 The following diagram illustrates the GST treatment for goods in a Warehouse.



7 GST Treatment for Locally-Manufactured Goods in EFs

GST Treatment if there is a Supply of Goods in EFs

- 7.1 All supplies, except for the last supply, of goods in an EF are disregarded¹⁴. That is, where there is more than one supply of locally-manufactured goods taking place in an EF, GST is payable only on the last supply when the goods are removed from the EF. If you are the person removing the goods from the EF, you are required to take up an import permit and pay to the Singapore Customs the GST based on the value of the last supply (also known as the last selling price)¹⁵ together with the relevant duty at the duty point.
- 7.2 You should include the value of the last supply and corresponding GST paid to the Singapore Customs as your taxable purchases and input tax respectively in your GST returns, subject to the conditions for the claiming of input tax.
- 7.3 However, no GST is payable on the last supply under the following circumstances:
- (i) you are moving the goods directly from the EF to a Licensed Warehouse or an FTZ; or
 - (ii) you are removing petroleum products from the EF under regulation 43 of the GST (General) Regulations (see paragraph 8).

GST Treatment if there is No Supply of Goods in the EFs

- 7.4 No GST is payable on locally-manufactured goods removed from an EF if there is no supply or sale before payment of the excise duty.
- 7.5 However, you may need to pay import GST on the raw materials used to manufacture these goods, depending on whether import GST has been paid on these materials previously.

¹⁴ Section 37(2) of the GST Act

¹⁵ Section 37(2)(BB) of the GST Act

Import GST-Unpaid Raw Materials¹⁶

- 7.6 Import GST is suspended on raw materials imported directly from overseas and/or remained under customs control (for example, stored in a Licensed Warehouse) up to the time they are moved into the EFs for manufacturing. When these raw materials are used to produce or manufacture goods in the EFs, they shall be treated as being removed from customs control when the goods are produced or manufactured¹⁷ (“locally-manufactured goods”).
- 7.7 If you are the person removing the locally-manufactured goods from the EFs for local consumption, you are required to take up an import permit and pay to the Singapore Customs the GST based on the value of the raw materials, at the duty point .
- 7.8 You should include the value of the raw materials and corresponding GST paid to the Singapore Customs as your taxable purchases and input tax respectively in your GST return, subject to the conditions for claiming input tax.
- 7.9 However, no GST is payable on the raw materials used to produce goods under the following circumstances:
- (i) you are moving the goods directly from the EF to a Licensed Warehouse or an FTZ;
 - (ii) you are removing the petroleum products from the EF under regulation 43 of GST (General) Regulations (see paragraph 8).

Import GST-Paid Raw Materials

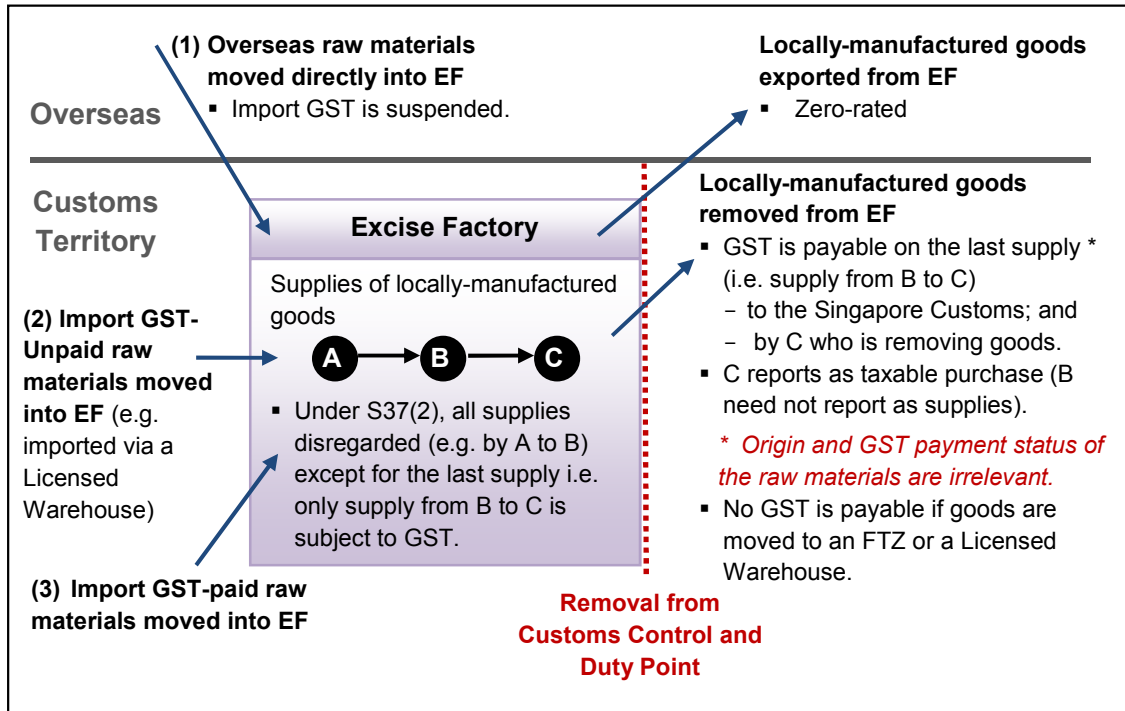
- 7.10 No further import GST is applicable if import GST has been paid earlier on the raw materials used for the locally-manufactured goods. This will be the case if the raw materials are imported directly into customs territory.

¹⁶ Exclude goods where GST has previously been suspended under MES.

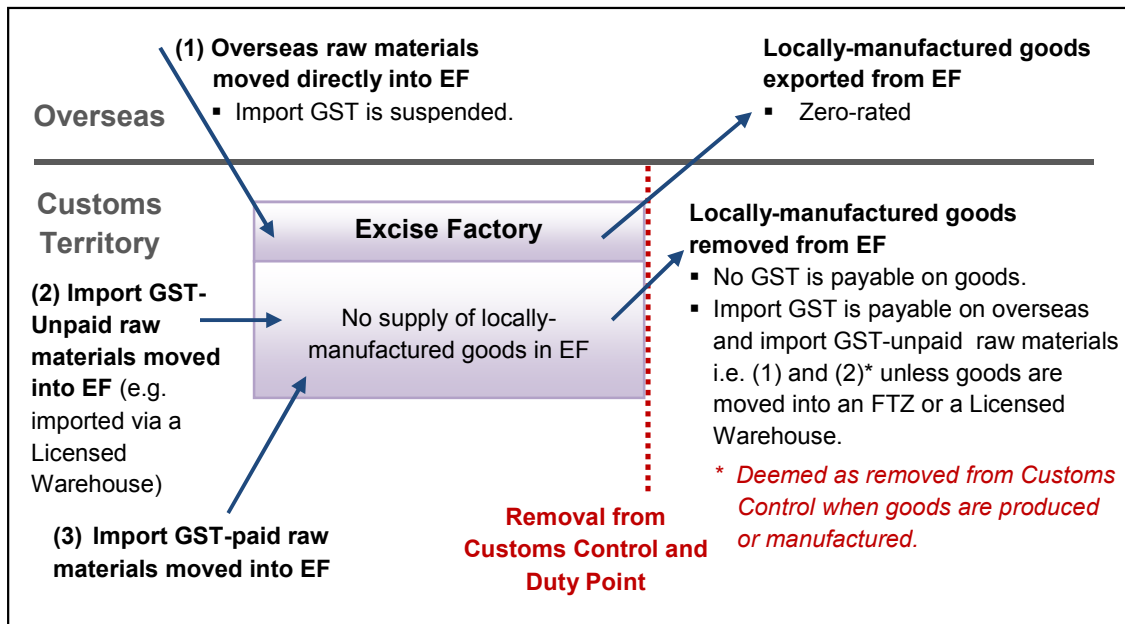
¹⁷ Section 37(3) of the GST Act

7.11 The following diagrams illustrate the GST treatment for goods in an EF where there is a supply and where there is no supply.

(A) If there is a supply of locally-manufactured goods within the EF



(B) If there is no supply of locally manufactured goods within the EF



8 Additional GST Relief for Petroleum Products

- 8.1 Under regulation 43 of the GST (General) Regulations, GST-registered businesses removing petroleum products from a Warehouse or an EF into customs territory are relieved from paying:
- (i) import GST on removal of overseas petroleum products from a Warehouse (see paragraph 6.1);
 - (ii) GST on the last supply of locally-manufactured petroleum products in an EF (see paragraph 7.3); or
 - (iii) import GST on GST-unpaid raw petroleum materials used for locally-manufactured goods in an EF (see paragraph 7.9).
- 8.2 To be eligible for the above relief, you must satisfy the following conditions:
- (i) you are GST-registered;
 - (ii) you are removing the petroleum products for the purpose of your business;
 - (iii) the petroleum products are for your principal trade, profession or vocation; and
 - (iv) you satisfy all other conditions (if any) that the Comptroller has imposed.
- 8.3 No prior approval is required from the Comptroller to avail yourself to the above relief, as long as you satisfy all the above stated conditions.

9 Temporary Removal of Goods from Warehouses for Auctions and Exhibitions

- 9.1 A temporary removal scheme was introduced to promote auctions and exhibitions as well as specialized storage facilities in Singapore (hereafter referred to as “Scheme”)
- 9.2 Under the Scheme, you can temporarily remove non-dutiable goods and selected dutiable wines from a Warehouse for qualifying auctions and exhibitions including related activities¹⁸, without the payment of import GST. GST is also suspended on your sales of these goods at the auction and

¹⁸ With effect from 2012, we have also allowed the temporary removal of goods for repair and maintenance services. For more information, please refer to the e-Tax Guide, “GST: Specialised Warehouse Scheme and Zero-rating of Supplies” available in IRAS’ website at <http://www.iras.gov.sg>.

exhibition venues. This is provided that you return these goods to a Warehouse after the auction or exhibition event.

- 9.3 In the event that you fail to return the goods to a Warehouse after the event, you are required to take up a payment permit to pay to the Singapore Customs the import GST suspended earlier. You must also account for GST on the sale of the goods at the auction or exhibition venue if you are GST-registered and the goods are delivered locally. If the goods are directly exported from the venue, you can zero-rate the sales provided that the relevant export documentation is maintained.
- 9.4 Prior approval has to be sought from the Singapore Customs if you wish to avail yourself to this Scheme.

10 Other Scenarios of Goods and Services Consumed or Supplied in FTZs, Warehouses or EFs

Unaccounted or Consumed Goods

- 10.1 You are required to take up an import permit with the Singapore Customs and pay import GST on overseas goods used or consumed within an FTZ. You are also required to pay import GST to the Singapore Customs for goods that are unaccounted for in a Warehouse.

Business Assets Put to Private Use

- 10.2 If you put your business assets to private use in the FTZs, Warehouses or EFs, you are deemed to be supplying a service for GST purposes¹⁹. Unless the supply qualifies as an international supply, you are required to account for GST on such supplies in your GST return.

Renting out Warehousing Space

- 10.3 If you rent out warehousing space in the FTZs, Warehouses or EFs, you are required to account for GST on the rental income in your GST return. This is because such a supply is considered as a supply of goods²⁰ made in Singapore.

¹⁹ Paragraph 5(3) of Second Schedule to the GST Act

²⁰ The grant of a licence to occupy land is considered as a supply of goods under paragraph 4 of Second Schedule to the GST Act

Supplies of Services

- 10.4 Supplies of services in the FTZs, Warehouses or EFs are standard-rated, unless they qualify for zero-rating as international services under Section 21(3) of the GST Act.

11 Contact information

- 11.1 For enquires on this e-Tax Guide, please contact:

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

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

- 11.2 For more information or enquiries on import procedures, FTZs, Warehouses and EFs, please refer to the Singapore Customs' website at <http://www.customs.gov.sg> or contact the Singapore Customs on 6355 2000.

12 Updates and amendments

	Date of amendment	Amendments made
1	11 Feb 2016	Replace “GST Guide on the Marine Industry-2010 Budget Changes” in paragraph 5.9 with new “GST Guide for the Marine Industry”.

Annex A – GST Treatment and Reporting Requirement for Goods in FTZs, Warehouses and EFs

FTZs			
Scenario(s)		GST treatment and reporting requirement	
		Overseas goods	Local goods
1	Movement of goods from overseas into FTZs	Outside the scope of GST <ul style="list-style-type: none"> • No reporting required 	Not applicable
2	Supply of goods in FTZs	Supply disregarded and no GST is applicable <ul style="list-style-type: none"> • No reporting required 	Taxable supply and GST chargeable <ul style="list-style-type: none"> • Report as: <ol style="list-style-type: none"> standard-rated supply and account for output tax for goods to be delivered locally; or zero-rated supply for goods which are to be exported
3	Movement of goods from FTZs to an overseas country	Outside the scope of GST <ul style="list-style-type: none"> • No reporting required 	<ul style="list-style-type: none"> • Report as zero-rated supply
4	Movement of goods from FTZs into Customs Territory	Import GST payable unless: <ol style="list-style-type: none"> you have been granted a temporary import relief; you are under an import deferment or suspension scheme; or you are moving the goods into another FTZ, a Warehouse or an EF <ul style="list-style-type: none"> • Report as taxable purchases and claim input tax 	Import GST payable unless: <ol style="list-style-type: none"> you have been granted a temporary import relief <ul style="list-style-type: none"> • Report as taxable purchases and claim input tax

Warehouses			
Scenario(s)		GST treatment and reporting requirement	
		Overseas goods	Local goods ²¹
1	Movement of goods from overseas (direct or via FTZs) into Warehouses	Import GST is suspended <ul style="list-style-type: none"> • Report as taxable purchases 	Not applicable
2	Supply of goods in Warehouses	Supply disregarded and no GST is applicable <ul style="list-style-type: none"> • No reporting required 	Not applicable
3	Movement of goods from Warehouses and exported to an overseas country	No import GST payable <ul style="list-style-type: none"> • Report as zero-rated supply 	Not applicable
4	Movement of goods from Warehouse into Customs Territory	Import GST payable unless: <ol style="list-style-type: none"> you have been granted a temporary import relief; you are under an import deferment or suspension scheme; you are moving the goods into an FTZ, another Warehouse or an EF; or you are removing petroleum products (subject to certain conditions being fulfilled – see paragraph 8) <ul style="list-style-type: none"> • Report as taxable purchases and claim input tax 	Not applicable

²¹ Local goods are not permitted to enter into the Warehouses.

EFs		
Scenario(s)		GST treatment and reporting requirement
1	Supply of goods take place in EFs	<p>Except for the last supply, all supplies are disregarded.</p> <p>GST is payable on the value of the last supply to the Singapore Customs when goods are removed from EFs unless:</p> <ul style="list-style-type: none"> (i) you are moving the goods into an FTZ or a Licensed Warehouse; or (ii) you are removing petroleum products (subject to certain conditions being fulfilled – see paragraph 8). <ul style="list-style-type: none"> • If you are the last purchaser, you have to report the goods removed from the EF as your taxable purchases and claim input tax (subject to input tax rules).
2	No supply of goods take place in EFs	<p>Import GST is payable on GST unpaid raw materials at the time when the goods are produced or manufactured in the EFs unless:</p> <ul style="list-style-type: none"> (i) you are moving the goods into an FTZ or a Licensed Warehouse; or (ii) you are removing petroleum products (subject to certain conditions being fulfilled, see paragraph 8) <ul style="list-style-type: none"> • If you are the owner of the goods being removed from the EFs, you have to report the raw materials as your taxable purchases and claim input tax (subject to input tax rules).