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IRAS e-Tax Guide

GST: Guide on
Hand-Carried Exports Scheme (HCES)
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1 Aim

1.1 The Hand-Carried Exports Scheme (referred to as “HCES” in this guide) was introduced to meet the following objectives:

- (a) To guide GST-registered suppliers (referred to as “supplier/(s)” in this guide) in obtaining the required export documentary evidence for goods sold to overseas customers which are hand-carried out of Singapore via Changi International Airport; and
- (b) To satisfy the Comptroller of GST that the goods are indeed exported out of Singapore via Changi International Airport.

1.2 This guide sets out the types of documentary evidence required for such goods hand-carried out of Singapore via Changi International Airport, to be zero-rated for GST purposes.

1.3 HCES is **compulsory** for all suppliers who export their goods by hand-carrying them out of Singapore via Changi International Airport and wish to zero-rate the supplies of such goods.

HCES, however, does not apply to:

- (a) goods that are hand-carried out of Singapore via Seletar Airport, sea or land¹.
- (b) goods that are purchased by departing passengers from shops located after the immigration check-in area of Changi International Airport².

This guide should be read together with the e-Tax Guide “Guide on Exports”³.

¹ Suppliers are required to maintain the export documents listed in the e-Tax Guide “Guide on Exports” for their hand-carried exports made via Seletar Airport, sea or land.

² Suppliers operating retail shop(s) in the restricted area of the airport can zero-rate their supplies of goods made to departing passengers. Such retailers must sight the passenger's passport and boarding pass at the time of sale to verify that the passenger is indeed departing Singapore, before the sale can be zero-rated.

³ This guide states the export documents that are required to be maintained to support the zero-rating of supplies of goods for GST purposes under different export scenarios.

2 At a glance

- 2.1 Suppliers who wish to zero-rate their supplies of goods which are hand-carried out of Singapore via Changi International Airport must refer to this guide for the documents required to prove the zero-rating.
- 2.2 This guide also covers the GST reporting requirements and the operational procedures a supplier needs to comply with when making a sale under HCES.

It is also essential for a supplier to know the responsibilities of the carrier and what to inform the carrier before the carrier departs Singapore via Changi International Airport with the hand-carried goods.

3. Overview of HCES

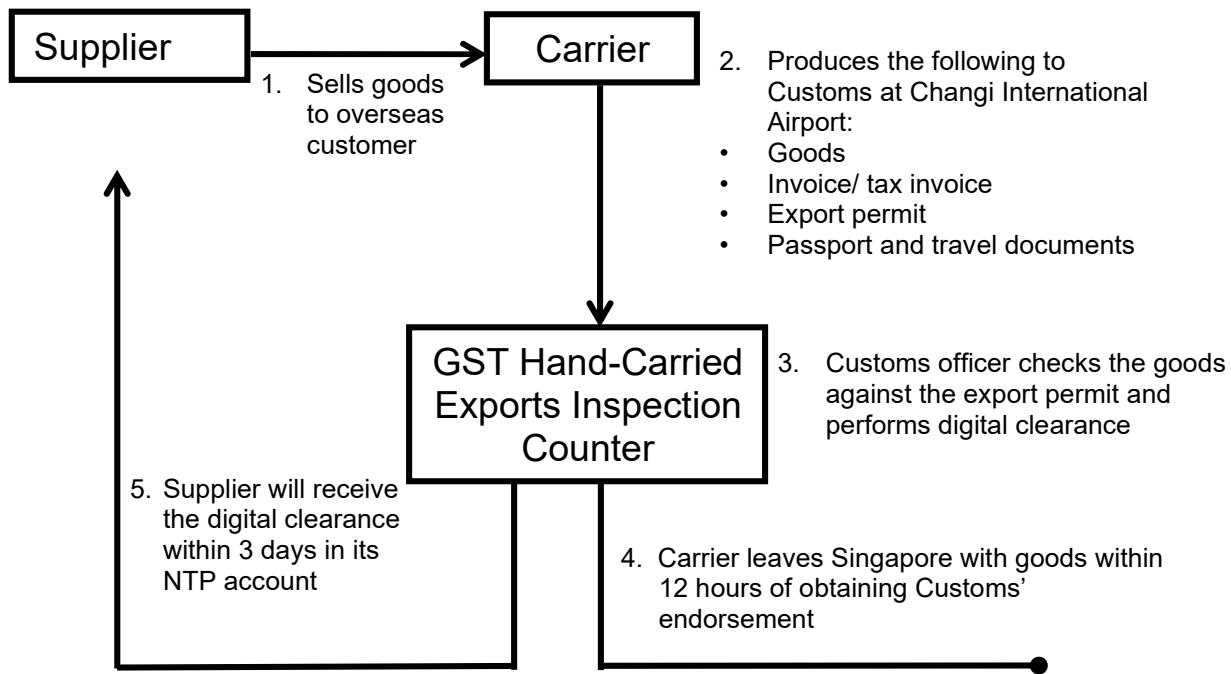
- 3.1 Under HCES, hand-carried goods must be supported by a valid export permit⁴. The same goods must be presented with the export permit to Singapore Customs (referred to as “Customs” in this guide) at the designated counters of Changi International Airport for inspection and endorsement.
- 3.2 With effect from 3 Jan 2023, Customs will cease to physically endorse on the HCES export permits that are presented together with the goods for inspection.
- 3.3 HCES export permits will be digitally endorsed and suppliers will receive an electronic copy of the clearance status of goods inspected (referred to as “digital clearance” in this guide), through the Networked Trade Platform (“NTP”)’s HCES digital service⁵ if Customs is satisfied that the goods to be hand-carried out of Singapore tally with the quantity and description declared in the permit. The digital clearance serves as the endorsement of the export permit⁶.

⁴ Export permit is also known as “Out Permit” or “Cargo Clearance Permit”.

⁵ HCES digital service has been the default processing method for endorsing HCES export permits since 1 Aug 2019.

⁶ For more information on the cessation of physical endorsements of HCES permits, please refer to Customs’ Circular 01/2023 at <https://www.customs.gov.sg>.

3.4 The diagram below shows how HCES works for a supplier that has subscribed to HCES digital service:



3.5 As compliance with HCES is mandatory for the zero-rating of all hand-carried exports via Changi International Airport, suppliers are required to apply to the Comptroller for exemption from HCES if they meet the qualifying conditions (see paragraph 7) and wish to be exempted from HCES.

4 Responsibilities of the supplier

For the avoidance of doubt, conditions and/or requirements in sub-paragraphs 4.3 and 4.4 have the force of law.

4.1 The key areas of responsibilities of a supplier are as follows:

- Operational procedures and conditions when selling goods to overseas customer;
- Export permit declaration;
- Documents to maintain; and
- Making and reporting a sale in GST return.

4.2 Operational procedures and conditions to comply with when selling goods to overseas customers

- 4.2.1 Under HCES, a supplier must ensure that the goods are hand-carried out of Singapore via Changi International Airport.
- 4.2.2 The person bringing the goods out of Singapore, referred to as “the carrier” in this guide, must be at least 16 years old at the time of presenting the goods to Customs at the airport.

The carrier who carries the goods out of Singapore can be a local person or a foreign person. The carrier can be:

- (i) The local supplier;
- (ii) The overseas customer; or
- (iii) A person who is appointed and authorised by the supplier or the overseas customer to bring the goods out of Singapore (e.g. employee or representative).

4.2.3 After issuing invoice(s)/ tax invoice(s) to the overseas customers, the supplier must ensure that the following procedures are followed:

Procedures to follow after issuing invoice(s)/ tax invoice(s) to overseas customers	
(a)	Confirm that the carrier is leaving Singapore with the goods via the Changi International Airport;
(b)	Declare the goods in an export permit via TradeNet;
(c)	Give the carrier a copy of the invoice(s)/ tax invoice(s) and the export permit. Local supplier should also keep a copy of these documents as its records;
(d)	Inform the carrier to produce the goods together with the invoice(s)/ tax invoice(s), export permit, the carrier's passport and travel documents to Customs at the airport for inspection and endorsement;
(e)	Inform the carrier to arrive earlier at the airport to allow sufficient time for the inspection of goods and endorsement of the export permit by Customs prior to departure;

Procedures to follow after issuing invoice(s)/ tax invoice(s) to overseas customers	
(f)	Inform the carrier to carry small items especially those of high value as hand luggage and to present the goods to Customs for inspection at the Departure Lounge after clearing the departure immigration;
(g)	Inform the carrier to bring the goods out of Singapore within 12 hours after the inspection, either in the hand luggage or check-in luggage; and
(h)	Keep a copy of the digital clearance found in the HCES folder of the company's NTP account ⁷ . The digital clearance will be made available within 3 working days of clearing the goods with Customs at departure.

4.2.4 It is important for the supplier to take note of and communicate the following to its overseas customers and carriers:

- (a) The carrier is making a declaration that the goods would be brought out of Singapore when the carrier presents the export permit to Customs. It is an offence to make a false declaration;
- (b) The carrier must produce the goods to Customs for inspection and endorsement. The Comptroller of GST **does not** accept endorsement by any other authorities; and
- (c) The carrier must check in the goods or bring along the goods on the departing flight after getting Customs' endorsement. It is a serious offence if the carrier passes the goods to another person or bring the goods back to Singapore after obtaining the endorsement.

4.3 Export permit declaration

4.3.1 It is a requirement under HCES that an export permit⁸ must be obtained for all goods to be hand-carried out of Singapore, regardless of the value and quantity of goods.

4.3.2 A supplier may subscribe to TradeNet and make declaration for the export permit on its own. If the supplier is not a TradeNet user, it can obtain the

⁷ Suppliers are advised to download and save a copy of the digital clearance and maintain the record for at least 5 years in accordance with the record keeping requirements. For more information on the NTP account types, please refer to <https://www.ntp.gov.sg>.

⁸ For more information on the export procedures and requirements, please visit the website of Customs on <https://www.customs.gov.sg>.

export permit by appointing a TradeNet declaring agent such as TradeNet Service Centre, freight forwarder or cargo agent to declare its export.

4.3.3 The export permit declared under HCES must contain the following information:

S/N	Compulsory details to be shown on the export permit:	To be shown in this field of the export permit:
1	Business name of the local supplier	“Exporter”
2	The carrier’s name, passport number, date of birth and the scheduled flight departure time	“Trader’s remarks”
3	Date of the carrier’s departure from Singapore	“Departure date”
4	Flight number that the carrier is departing on	“Voyage/Flight number”
5	Destination country for the hand-carried goods	“Country of final destination”
6	Invoice / Tax invoice number for the hand-carried goods	“Trader’s remarks”
7	Description for each type of the hand-carried goods	“Description”
8	Total units for each type of the hand-carried goods	“HS quantity & unit”
9	Total value for each type of the hand-carried goods	“FOB value”

4.3.4 It is important for the supplier to ensure that:

- All information declared in the export permit is complete and accurate;
- The supplier is declared as the exporter in the export permit; and
- The description of its goods declared in the export permit is adequate for Customs to identify and inspect the goods. The quantity of the hand-carried goods must also be correctly declared in the export permit. Customs may not endorse the export permit if the goods presented for inspection do not tally with the quantity or description of the goods declared in the export permit, or if there is manual alteration made to the quantity or description of the goods in the export permit.

4.4 Documents to maintain

4.4.1 To qualify for zero-rating of hand-carried goods under HCES, it is important to maintain the following documents for at least 5 years:

- (a) Copies of the invoices/ tax invoices issued to the overseas customer for the goods sold;
- (b) Export permit(s) with -
 - (i) digital clearance; or
 - (ii) physical endorsement by Customs (*for export permits manually endorsed by Customs prior to 3 Jan 2023*);
- (c) Evidence of payment received from the overseas customer; and
- (d) Evidence of payment made to the customer for the refund of GST that was previously charged and collected from the customer at the time of sale, where applicable⁹.

4.5 Making and reporting a sale in GST return

4.5.1 A supplier must issue invoice/ tax invoice to its overseas customer for the sale of goods. The supplier has the following options:

- (a) Charge GST at the prevailing tax rate and collect the GST from the overseas customer

[The supplier must issue invoice/ tax invoice to the overseas customer and report the value of supply in Box 1 “Total value of standard-rated supplies” and the corresponding GST collected in Box 6 “Output tax due” of its GST return for the prescribed accounting period in which the supply takes place if it does not have all the required documents stated in paragraph 4.4.1 at the time of filing its GST return.

The supplier should also agree with the customer on whether any administrative fee is involved and how the refund of GST will be made after the supplier maintained the documents stated in paragraph 4.4.1.];

OR

⁹ This is relevant for instances where the supplier has previously standard-rated the supply and subsequently made a refund of GST to the customer upon receiving the export permit that contains the original endorsement of Customs; see paragraph Table B Row (b).

(b) Not to charge and collect GST from the overseas customer at the time of sale. The supplier may report the sale as zero-rated supply provisionally in its GST return for the prescribed accounting period in which the supply takes place.

However, if it does not maintain the documents stated in paragraph 4.4.1 within the 60-day period, it must standard-rate the supply and account for the output tax using the tax fraction either by filing GST F7 for the prescribed accounting period in which the supply took place or in its next GST return (subject to the conditions for filing GST F7).

Tables A and B summarise what the supplier should do when it files its GST return for the prescribed accounting period in which the supply takes place.

Table A

Whether GST charged?	Supplier does not have all the documents stated in paragraph 4.4.1 at the time of filing GST return	
	< 60 days from the date of supply	> 60 days from the date of supply
(a) GST was not charged to the overseas customer.	To report as zero-rated supply <u>provisionally</u> .	To report as standard-rated supply and account for the output tax.
(b) GST was charged to the overseas customer.	To report as standard-rated supply and account for the output tax.	

Table B

Whether GST charged?	Supplier has all the documents stated in paragraph 4.4.1 at the time of filing GST return	
	< 60 days from the date of supply	> 60 days from the date of supply
(a) GST was not charged to the overseas customer.	To report as zero-rated supply.	To report as standard-rated supply and account for the output tax if it receives the export

Whether GST charged?	Supplier has all the documents stated in paragraph 4.4.1 at the time of filing GST return	
	< 60 days from the date of supply	> 60 days from the date of supply
(b) GST was charged to the overseas customer.	The supplier may issue a credit note to refund the GST back to the overseas customer. Supplier should reduce the standard-rated supply and output tax based on the credit note and report the sale as zero-rated supply accordingly.	documents after 60 days from the date of supply ¹⁰ .

4.5.2 Supplier can only zero-rate the value of the quantity of goods verified and endorsed by Customs.

4.5.3 If the supplier has charged and collected GST from the customer at the time of sale, what must it do to claim back the output tax which it has already accounted to the Comptroller for the sale if the supply qualifies for zero-rating?

The supplier must have done all the following before it can claim back the output tax previously accounted to the Comptroller:

- (a) Has accounted for output tax on the sale at the prevailing tax rate in its GST return (see paragraph 4.5.1(a));
- (b) Has maintained all the required documents stated in paragraph 4.4.1 within 60 days from the date of its supply of goods; and
- (c) Has refunded the tax to its overseas customer. If the supplier refunds the tax via cheque to its customer, it can recover the tax from the Comptroller only after the cheque has been encashed by the customer.

If the supplier satisfies all the above conditions, it may issue a credit note to the customer for the amount of GST that it has refunded and proceed to make

¹⁰Before 3 Jan 2023, in the event a supplier who has not subscribed to HCES digital service receives the endorsed export permit after 60 days from the time of supply due to unforeseen circumstances that are beyond its control, IRAS may make an exception and allow the supply of goods to be zero-rated. The exception shall be granted on a case-by-case basis and the supplier should write in to IRAS for approval.

the following adjustments in its GST return for the prescribed accounting period in which it refunded the tax to the customer:

- (i) Include the value of the supply of goods in Box 2 “Total value of zero-rated supplies”;
- (ii) Reduce the same value of the supply from Box 1 “Total value of standard-rated supplies”; and
- (iii) Reduce the corresponding amount of GST that it has refunded to its customer from Box 6 “Output tax due”.

5 Responsibilities of carrier

Three main responsibilities of the carrier are as follows:

1. Products and documents	For the purposes of Customs’ inspection of goods, the carrier needs to bring the following: <ol style="list-style-type: none">a) Physical goods;b) Invoice(s)/ tax invoice(s);c) Export permit; andd) Passport and travel documents such as boarding pass or confirmed air-ticket.
2. Inspection and endorsement	The carrier must present the goods and documents for endorsement by Customs at: GST Hand-Carried Exports Inspection Counter ¹¹ at Changi International Airport.
3. Type of items	For bulky items or goods packed in luggage that are to be checked in, the goods and documents must be presented to Customs for inspection and endorsement <u>before the immigration check-in area</u> . For small high value items to be hand-carried, Customs reserves the right to request that these be produced for verification after the immigration check-in area, located in the Departure Lounge.

¹¹ These counters are located before and after the immigration check-in area in all airport terminals except Changi Jewel. They can be found next to the GST Refund Inspection Counters for tourists.

	After getting the endorsement from Customs, the carrier must check in the goods or hand-carry the goods on a departing flight.
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6 Offences

6.1 All suppliers who zero-rate their supplies of hand-carried goods under HCES must comply with the conditions laid out in Regulation 105A of the GST (General) Regulations and this e-Tax Guide. Please note that failure to comply with the regulations will lead to the zero-rating of supplies being denied and the supplier will have to account for the GST on the supplies. Penalties will also be imposed on the supplier.

6.2 Any person (including the supplier and the carrier) who is guilty of an offence made under HCES shall be liable, on conviction, to a fine not exceeding \$5,000 and an imprisonment term not exceeding 6 months in default of payment.

7 Exemption from HCES

For the avoidance of doubt, conditions and/or requirements in sub-paragraphs 7.2 and 7.6 have the force of law.

7.1 A supplier may apply to be exempted from HCES by completing an application form¹² and submit its application to the Comptroller of GST.

7.2 To qualify for the exemption, the supplier must satisfy all the following criteria:

- (a) It must satisfy the Comptroller of GST that there are valid commercial reasons for not being able to present the goods for inspection at the airport. These commercial reasons must also be consistent with international practices and norms related to the particular trade.
- (b) It must have good compliance records for GST and Income Tax (e.g. good filing and payment records) and must continue to have good compliance records for GST and Income Tax.

¹² The application form "GST F17: Application for Exemption from Hand-Carried Exports Scheme" is published at <https://www.iras.gov.sg> > Quick Links > Forms > GST

(c) It must maintain a comprehensive list of documents as required by the Comptroller in Appendix 1 of this guide.

7.3 For the protection of revenue, the Comptroller of GST may exercise its discretion to vary the requirements or impose additional requirements for the approval of this exemption.

7.4 Prior to receiving a written approval on the exemption from the Comptroller of GST, the supplier must adhere to the requirements of HCES for all its hand-carried exports.

7.5 Upon obtaining a written approval from the Comptroller of GST on its application for exemption from HCES, the carrier will not be required to present the hand-carried goods and export permits to Customs for inspection and endorsement at the airport. However, the carrier may still be required to present the goods for inspection due to other security checks imposed by the airport.

7.6 If a supplier is exempted from HCES, to support the zero-rating of its supplies of hand-carried items, the supplier must obtain the documents as listed in Appendix 1 within 60 days from the date of its supply of goods.

7.7 With effect from 1 Jul 2022, the HCES exemption status is valid for a period of 3 years from the date of approval. The supplier will be notified to apply for renewal of the HCES exemption status within 6 months before the end date of the exemption status.

7.8 The supplier will be required to submit the application for renewal at least 3 months before the end date of the exemption status. If the application for renewal is approved, the HCES exemption status will continue to be valid for another 3 years from the date of approval, or until it is revoked by the Comptroller. However, the Comptroller may, at its discretion, grant approval for a shorter specified period if it thinks fit.

7.9 If a HCES exempted person is found to have breached or ceases to qualify for any of the criteria specified in paragraph 7.2, or provided false, misleading or inaccurate declaration or information in its application, the Comptroller may revoke the approval without prior notice. Once the exemption status is revoked, the supplier is required to adhere to all the requirements of HCES for all its hand-carried exports before it could zero-rate them. For transactions that do not fulfil the HCES conditions, the Comptroller may also deny the zero-rated supplies reported and output tax will have to be accounted on the supplies made.

8 Contact information

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

9 Updates and amendments

	Date of amendments	Amendments made
1	1 Nov 2018	<p>Updated paragraph 4.4.1 to include the evidence of payment received from the overseas customer as one of the compulsory documents to be maintained by supplier to qualify for zero-rating of hand-carried goods under the HCES with effect from 1 Jan 2019.</p> <p>Updated Appendix 2 to specify the supporting documents required to be maintained with effect from 1 Jan 2019 by suppliers who are exempted from the HCES.</p> <p>Amended the “GST F17 Application for Exemption from Hand-carried Exports Scheme” in Appendix 1.</p> <p>Updated the format of “Declaration of Carrier for Goods Hand-carried out of Singapore by Individual Carrier” and removed NRIC/ FIN number of carrier from the Declaration in Appendix 3.</p>
2	27 Nov 2019	<p>Inserted paragraph 3.2 and 3.3 on the implementation of the HCES digital service.</p> <p>Amended paragraphs 3.4, 4.2.3, 4.4.1, 4.5.2 and 5 to highlight the changes to the HCES process, operational procedures and documents to maintain, following the implementation of the HCES digital service.</p> <p>Updated paragraph 7.5 to highlight that notwithstanding the exemption, the carrier may still be required to present the goods for inspection due to other security checks imposed by the airport.</p> <p>Deleted GST F17 “Application form for Exemption from Hand-Carried Exports Scheme” form in original Appendix 1. Applicants may download the e-form on IRAS website.</p>

	Date of amendments	Amendments made
		<p>Updated item (c) of Appendix 1 (i.e. Appendix 2 in previous edition) to remove the documentation requirement of exit immigration endorsement.</p> <p>Other editorial changes.</p>
3	18 Feb 2021	<p>Updated Appendix 1 to clarify that IRAS may verify details of carriers' transport documents against ICA's departing records and inserted reference to declaration form published on GST forms webpage.</p> <p>Updated Appendix 2 to include the Checklist of documents to be maintained by supplier.</p>
4	1 Jul 2022	<p>Inserted paragraph 7.7, 7.8 and 7.9 to include the validity period of the exemption and renewal of exemption status.</p> <p>Updated Appendix 1 to specify the details to be shown on the invoices/tax invoices issued to overseas customers.</p> <p>Other editorial changes.</p>
5	1 Jan 2023	<ul style="list-style-type: none"> i) Updated paragraphs 4.5.1(b) to remove reference to GST rate. ii) Updated the following sections to highlight changes to the HCES process and operational procedures following the cessation of physical endorsement of HCES permits: <ul style="list-style-type: none"> - paragraphs 3.1 to 3.4, 4.2.3, 4.4.1, 4.5.2, 5, - footnote 11 and - FAQs 4, 8 to 12, 14, 15, 19, 20 and 21 iii) Added Q17 on how to set up NTP account to the list of Frequently Asked Questions. iv) Inserted footnote 6 to refer to Customs Circular on Cessation of physical endorsement. v) Updated Appendix 1 to be specific that the list of documents to be maintained by HCES exempted suppliers are for hand-carried exports via Singapore Changi Airport. vi) Other editorial changes.

	Date of amendments	Amendments made
6	1 Jul 2023	<ul style="list-style-type: none"> i) Updated footnote 7 for changes relating to NTP account. ii) Deleted a decommissioned link from footnote 8 and A4 of Appendix 3. iii) Other editorial changes.
7	27 Mar 2024	Updated the wordings of the declaration section of Appendix 2 – Declaration of Carrier for Goods Hand-carried out of Singapore by Individual Carrier.

For the avoidance of doubt, conditions and/or requirements in Appendix 1 have the force of law.

Appendix 1: List of compulsory documents to be maintained by suppliers who are exempted from HCES for hand-carried exports via Singapore Changi Airport

- a) Copies of the invoices/ tax invoices issued to the overseas customer to show the itemised description, serial and/or inventory number of the goods sold;
- b) Written declaration by the carrier who hand-carries the goods that the goods are for export. This declaration should be signed by the carrier and contain the full name, address and passport number. A specimen format of the carrier's declaration can be found in Appendix 2. It is also available for download at <https://www.iras.gov.sg> > Quick Links > Forms > GST > Others;
- c) Extract of the carrier's passport with the personal details and photograph. For carrier entering a foreign country, additional extract of the relevant immigration endorsement of the entry to a foreign country (where applicable);
IRAS may verify the details shown on the above documents against Immigration and Checkpoints Authority's (ICA) departing records of the carrier;
- d) Copy of transport documents [e.g. confirmed air-ticket or boarding pass bearing the carrier's name as the passenger. For goods exported as accompanied baggage, a copy of airline excess baggage receipt (where applicable)];
- e) Confirmation of receipt of goods from the overseas customer;
- f) Export permit showing the supplier as the exporter, including temporary export of goods (subject to Customs' requirements); and
- g) Evidence of payment received from the overseas customer.

Appendix 2: Declaration of Carrier for Goods Hand-carried out of Singapore by Individual Carrier

Section A (To be completed by each carrier)

To : _____
(Name of Supplier), (Address of Supplier)

Date of declaration : _____ (DD/MM/YYYY)

I, _____ (Name of carrier as shown on passport), declare that I will hand-carry the following goods out of Singapore. I am aware that penalties may be imposed for the submission of an incorrect form and/or provision of false information to the Comptroller of GST.

Details of Goods

Name of Customer (as per invoice): _____
Invoice Date (DD/MM/YYYY) : _____
Invoice Number : _____
Invoice Amount : _____

Description of goods per invoice	Quantity of goods per invoice	Quantity of goods carried out by me
(1)		
(2)		
(3)		

Particulars of Carrier

Relationship to customer / seller (if applicable) : _____
Nationality : _____
Passport Number : _____
Address : _____
Signature of Carrier : _____

Details of Departure

Date of Departure : _____
Name of Airlines/Vessel : _____
Flight/Vessel/Vehicle No: _____
Time of Flight/Vessel : _____
Destination : _____

Section B (To be completed by supplier)

Checklist of documents to be maintained by supplier (to be obtained not later than 60 days) **(Please tick)**

- (1) Copy of transport evidence:
 - (a) Confirmed air / ferry ticket bearing the name of carrier
 - (b) Boarding pass bearing the name of carrier (if applicable)
 - (c) Airline excess baggage receipt (if applicable)
- (2) Extract of passport:
 - (a) A copy of front page containing name, passport number, nationality and photograph of carrier
 - (b) A copy of relevant immigration endorsement of entry to foreign country (if applicable)
- (3) Invoice to overseas customer
- (4) Confirmation of receipt of goods by overseas customer
- (5) Export permit (subject to the requirement of Singapore Customs for export permits)
- (6) Evidence of payment received from overseas customer

Name & Signature of Authorised Person : _____

Designation : _____

If the declaration form or supporting documents are incomplete or not in order, the supply cannot be zero-rated.

Appendix 3: Frequently Asked Questions (FAQ)

FAQs for the suppliers

Q1 Is there any qualifying threshold on the value or quantity of goods for HCES?

A1 No. All goods that are hand-carried out of Singapore via Changi International Airport must come under HCES if the suppliers wish to zero-rate the supplies of such goods. HCES is compulsory for all such hand-carried goods regardless of their value and quantity.

Q2 If I'm selling my goods to a local customer who will be hand-carrying the goods out of Singapore via the airport, can I zero-rate my supply to the local customer under HCES?

A2 No. HCES only applies to goods that are sold to overseas customers. As you are selling your goods to a local customer, you must standard-rate the supply and charge GST on this local sale. This is the case even though your local customer or their appointed carrier claims that they will be bringing your goods out of Singapore.

Q3 I am selling my goods to an overseas customer and my goods will be hand-carried out of Singapore via Changi International Airport. Can I choose to standard-rate my supply and account for the output tax instead of zero-rating the supply under HCES?

A3 If you wish to treat this as a local sale (notwithstanding that the goods are sold to your overseas customer) and not a zero-rated supply under HCES, then you must standard-rate your supply and account for the output tax in your GST return. In this instance, you do not need to fulfill the conditions of HCES. However, to avoid any misunderstanding by the customer, you should inform your customer that this is a standard-rated local sale and it is not entitled to claim any GST refund from the Comptroller.

Q4 What if my hand-carried goods are not exported for sale but are brought to an overseas country for other purposes (e.g. for testing or repair services, as trade samples, for participation in an exhibition etc.)? As there is no supply of goods, do I need to report the value of goods exported as zero-rated supply in my GST return? Should I make declaration for an export permit for these goods and get it endorsed by Customs at the airport under HCES?

A4 Yes, for GST reporting, you must declare the value of the goods exported as zero-rated supply in your GST return even though you did not make a sale of

these goods and may not issue any invoice/ tax invoice. You are also required to take up an export permit and get it endorsed by Customs so that you can prove to the Comptroller that the goods are indeed taken out of Singapore. If you subsequently sell these goods when they are outside Singapore, the digital clearance for your HCES export permit will prove that your supply of goods has taken place outside Singapore.

The above requirements would not apply if you are merely bringing the goods (e.g. tools and equipment) for use when you perform services in an overseas location and you intend to bring these goods back to Singapore after your services have been performed.

If you wish to export the goods under the Temporary Export Scheme or export goods which are previously imported under the Temporary Import Scheme, please visit the website of Customs on <https://www.customs.gov.sg> to find out more about the permit requirements.

Q5 What happens if:

- (a) the particulars of the carrier (e.g. the name, passport number, date of departure from Singapore, the departure flight number etc.) as required in paragraph 4.3.3 are not available when I make declaration for an export permit; or
- (b) there is a change in the carrier or in the carrier's flight details after I have declared all the required information in the export permit?

A5 Please refer to paragraph 4.3.3. You will have to declare certain information such as the carrier's departure flight number and date of departure from Singapore for the export permit to be approved. If there is a change in such information, you should amend the information in the export permit via TradeNet before the permit is presented to Customs for endorsement. Alternatively, you can re-apply for a new export permit via TradeNet and present this new permit to Customs for endorsement.

You may, however, manually correct the information declared in the "Trader's remarks" field.

Q6 My goods are distributed among several carriers to hand-carry out of Singapore via the airport. How should I declare for the export permit?

A6 If all the carriers are departing on the same flight, you only need to make declaration for a single export permit for your hand-carried goods. Preferably, the personal particulars (i.e. names, passport numbers and dates of birth) of all the carriers should be indicated on your export permit. You

should also inform the carriers that they must present themselves and the goods together to Customs at the airport.

On the other hand, if all the carriers are departing on different flights, you should take up different export permits for the goods to be hand-carried out by each individual carrier. Each export permit should show the particulars of the individual carrier as well as the quantity and description of the goods to be hand-carried by that carrier (i.e. the information as required in paragraph 4.3.3).

Please note that Customs may not endorse the export permit if the goods presented for inspection do not tally with the quantity or description declared in the export permit. Hence, you are reminded to declare the correct quantity and description of the hand-carried goods in your export permit.

Q7 What if there is a change in the quantity of my goods to be hand-carried out after I have declared for an export permit, say from 10 units to 30 units of my goods?

A7 You should amend the quantity of your goods in the export permit via TradeNet, before the goods and export permit are presented to Customs for endorsement. When it is not possible to amend the export permit through TradeNet and:

- (a) if the quantity of your goods to be hand-carried out via the airport (e.g. 30 units) is more than what you have declared in the export permit, you should take up another export permit for the additional goods (i.e. the additional units) to be hand-carried out. All export permits declared for the quantity of your hand-carried goods must be presented to Customs at the airport for endorsement.
- (b) if you are exporting a lower quantity of goods (e.g. 8 units), you would have to re-apply a new export permit via TradeNet. You should also cancel the previous export permit via TradeNet if it is within the validity period of the permit.

Please be reminded that the quantity of goods presented to Customs for inspection must tally with the quantity declared in the export permit(s). The Comptroller of GST and Customs do not accept any manual alteration made to the quantity of goods in the export permits.

Q8 Must I present the original export permit for Customs endorsement?

A8 Whenever possible, you should obtain the original export permit for Customs' endorsement under HCES. If you are unable to get the original permit, Customs will perform the endorsement/ digital clearance based on the copy of export permit (e.g. photocopy, faxed copy or copy of the scanned image) that is presented together with the goods, provided that all information on the copy of export permit is legible.

Q9 Before 3 Jan 2023, my carrier presented the physical export permit to Customs for endorsement as I have not subscribed to HCES digital service. What happens if:

- (a) the export permit endorsed by Customs is misplaced or lost in mail?
- (b) I only received a photocopy instead of the original endorsed export permit?

A9 To zero-rate your supply under HCES, you must maintain the export permit which bears the original endorsement made by Customs. Otherwise, you must standard-rate your supply and account for the output tax in your GST return.

Q10 For export permits physically endorsed before 3 Jan 2023, can I zero-rate my supply if I receive the endorsed export permit from my overseas customer or the carrier after 60 days from the time of supply?

A10 If you receive the endorsed export permit after 60 days due to unforeseen circumstances that are beyond your control, you may write in to the Comptroller of GST and request for approval to zero-rate your supply. The Comptroller will review your request on a case-by-case basis.

Q11 Under what circumstances would Customs not endorse an export permit?

A11 Examples of the circumstances under which Customs may not endorse on the export permit under HCES are:

- (a) The person who presents the goods and export permit to Customs is below 16 years old;
- (b) The passport or travel document (e.g. boarding pass or confirmed air-ticket) does not belong to the person who presents the goods and export permit to Customs;
- (c) The travel document shows that the carrier's departing flight is not scheduled to leave Singapore within 12 hours. In this instance,

Customs may request the carrier to come back at a later time for the inspection of goods and endorsement of export permit;

- (d) The quantity of goods presented for inspection does not tally with the quantity declared in export permit;
- (e) The nature of goods presented for inspection is different from the description of goods declared in export permit;
- (f) Manual alterations were made to the quantity or description of goods in the export permit; and
- (g) The carrier arrives late at the airport and Customs does not have sufficient time to carry out the inspection.

Please note that the above list is not exhaustive. If Customs deems that certain condition(s) of HCES is not satisfied, Customs will not endorse the export permit.

Once Customs has refused to endorse the export permit, no further request or appeal for re-endorsement shall be considered regardless of the reasons cited.

Q12 What if the export permit is not endorsed by Customs physically (before 3 Jan 2023) or via digital clearance and I cannot find any reason for rejection indicated by Customs on the permit/ HCES digital service?

A12 Please refer to A9. It is likely that the export permit is not presented to Customs for endorsement at the airport.

Q13 I have been granted approval by IRAS to be exempted from HCES and I am required to maintain all the compulsory documents listed in Appendix 1 for my hand-carried exports. What if I'm unable to obtain any of the compulsory documents for my hand-carried exports?

A13 The compulsory documents listed in Appendix 1 are the basic documents for you to prove that the hand-carried goods are taken out of Singapore. If you fail to maintain any of the compulsory documents, you will not be allowed to zero-rate your supply of goods and you must charge GST at the prevailing tax rate on these supplies.

Q14 I understand that HCES does not apply to goods that are hand-carried out of Singapore via:

- Seletar Airport;

- Sea; or
- Land.

What export documents should I maintain to support the zero-rating of my supplies of such hand-carried exports?

A14 For the above hand-carried exports that do not fall under HCES, you are required to maintain the export documents as specified in our e-Tax Guide “GST: Guide on Exports”. You can download a copy of this e-Tax Guide from our website at www.iras.gov.sg.

In addition, you should comply with the requirements of Customs and take up an export permit if necessary. Unlike HCES, such hand-carried exports need not be presented to Customs for inspection and endorsement (unless you are required by Customs or other government agencies to do so).

Q15 I have been operating the Tourist Refund Scheme to allow my foreign customers to claim back the GST paid on the goods which they have purchased from me and brought out of Singapore. How would HCES affect me? When should I use HCES instead of the Tourist Refund Scheme?

A15 As the purpose of the Tourist Refund Scheme is to enable tourists to obtain GST refund on goods which they have purchased in Singapore and brought out of Singapore, you should use the Tourist Refund Scheme only when your customer is a bona fide tourist and satisfies all eligibility criteria under that scheme.

On the other hand, if you are selling goods to an overseas customer whom you know is not a bona fide tourist and your goods are hand-carried out of Singapore via Changi International Airport, you may zero-rate the supplies of such goods under HCES.

For more information on the Tourist Refund Scheme, please refer to our e-Tax Guide “GST Guide For Retailers Participating in Tourist Refund Scheme (Refund claims made on or after 4 Apr 2019)” which can be downloaded from our website at www.iras.gov.sg.

Q16 I have been granted approval by IRAS to be exempted from HCES and wish to renew the exemption. What should I do?

A16 With effect from 1 Jul 2022, the exemption from HCES is valid for 3 years from the date of approval. IRAS would send renewal notice to you within 6 months prior to the end date of your exemption status.

Q17 How do I set up my NTP account to subscribe to the HCES digital service?

A17 You can get information on how to set up your NTP account at www.ntp.gov.sg > Get Started > Accessing NTP > Sign in with Singpass

FAQs for carriers

Q18 Where are the inspection counters for HCES located in Changi International Airport?

A18 The GST Hand-Carried Exports Inspection Counters are located next to the GST Refund Inspection Counters in all terminals of Changi International Airport.

If your goods are bulky or need to be checked in, you need to present the goods and export permit to Customs for inspection and endorsement at the inspection counter located in the Departure Check-In Hall before you check in for your flight and clear the departure immigration.

For goods which you hand-carry into the aircraft, please clear the departure immigration and produce your goods and export permit to Customs at the inspection counter located in the Departure Lounge.

Q19 What should I produce to Customs at the inspection counters in Changi International Airport?

A19 You should produce all the following to Customs at the inspection counters:

- (a) Your passport;
- (b) Your travel document (e.g. boarding pass, confirmed air-ticket, etc.) as proof of your intention to depart from Singapore;
- (c) The export permit(s) for the goods which you are bringing out of Singapore;
- (d) The goods; and

(e) The supporting invoice(s) or tax invoice(s) for the goods which you are bringing out of Singapore.

Q20 What if I turn up at the inspection counter not within 12 hours of the scheduled departure time of my flight?

A20 One of the conditions of HCES is that the carrier must depart from Singapore within 12 hours after getting the endorsement/ digital clearance by Customs on the export permit. Hence, if you turn up at the inspection counter more than 12 hours before your flight departure time, Customs will not inspect your goods but will request you to return at a later time for inspection and endorsement.

Q21 What should I do after getting the goods inspected and endorsed by Customs?

A21 You should either check in your goods or hand-carry the goods with you on your departing flight and leave Singapore within 12 hours.