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# IRAS e-Tax Guide

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## 1 Aim

- 1.1 This e-Tax Guide explains the GST treatment for ships and certain ship and marine-related supplies.

## 2 At a glance

- 2.1 The GST treatment for ships and ship-related services recognizes the international character of the marine industry. Consequently, the sale or lease of goods and certain services supplied to ships can be zero-rated if they fulfil certain conditions.

## 3 Meaning of 'ship'

***For the avoidance of doubt, the conditions and/or requirements in paragraphs 3.4 to 3.8 have the force of law.***

- 3.1 Supplies of goods and international services made to a ship can qualify for zero-rating under sections 21(3), (6A) and (6B) of the GST Act, if the ship falls within the definition in section 21(4)(a) and the conditions in the respective provisions are satisfied. Please refer to Appendix 1 for the relevant extracts of the zero-rating provisions.

- 3.2 Under section 21(4)(a), '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 (MPA) Act 1996 as a passenger harbour craft or pleasure craft<sup>1</sup>;
- (ii) in respect of which a vessel permit has been granted by the Public Utilities Board (PUB) under regulations made under the Public Utilities Act 2001; 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).”

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<sup>1</sup> Ship owners are required to display the ship's licence number on both sides of the bow, above the water line. Passenger harbour crafts and pleasure crafts are currently issued licences by the MPA beginning with the following prefixes. Hence, ships with these prefixes do not fall under the definition of 'ship' under section 21(4)(a) of the GST Act:

Licence Prefix	Licence Use	Type of craft
SP	if the vessel is used for the carriage of passengers	Passenger harbour craft
SZ	in the case of a pleasure craft for private use	Pleasure craft
SZH	in the case of a pleasure craft for commercial use	Pleasure craft

Source – MPA ([www.mpa.gov.sg](http://www.mpa.gov.sg)); correct at the time of publishing this e-Tax Guide. You are advised to also refer to MPA's website for any updates or changes.

- 3.3 The meaning of 'ship' therefore includes most commercial ships (other than those licensed as passenger harbour craft by MPA) as well as ships designed or adapted for use for recreation or pleasure which are wholly used for international travel.

Recreation and pleasure ships: Meaning of 'wholly for international travel'

- 3.4 Riding on the requirement that ships which are intended for sail in international waters must be registered under a country's flag, any pleasure and recreation ship that is either Singapore-flagged or foreign-flagged will be treated as a ship that is wholly used for international travel.

- 3.5 This is provided that the ship is not:

- (a) concurrently licensed as a pleasure craft with MPA or, if applicable, granted a vessel permit by PUB;
- (b) used as the permanent or long-term accommodation of persons who reside in Singapore. This excludes visiting foreign owned yachts which are used as accommodation of the crew or passengers whilst the yacht is temporary berthed in Singapore; or
- (c) concurrently used for travelling or other activities within Singapore waters (for instance, your yacht is also used for day trips or entertainment activities within Singapore waters), with the exception of temporary and limited movement of ships within Singapore waters such as for the purposes of moving from one marina to another.

Identifying ships that are 'wholly for international travel'

- 3.6 Administratively, the Comptroller of GST will accept the following as indicators that a recreation and pleasure ship is wholly intended for international travel -

- (a) You, as the supplier, have verified/sighted that there is no MPA pleasure craft licence number (i.e. SZ/SZH) displayed on the ship; and
- (b) You have obtained a written declaration from your customer that the conditions in paragraph 3.5 are satisfied. This written declaration may be incorporated into your customer's purchase order or written instruction to you or your delivery note to your customer provided that the customer endorses the delivery note (name, designation, signature and company stamp where applicable).

- 3.7 If you have applied the indicators above and assessed that the ship falls within the definition in paragraph 3.2, you can zero-rate your supplies (as discussed in paragraphs 4, 6 and 7) if you also satisfy the conditions of the respective provisions, as applicable.

- 3.8 However, if you have any reason to believe that the ship may not fall within the definition of 'ship' despite having applied the indicators above, then you

should standard-rate your supply. For instance, if you observe that the customer's residential address is that of the ship, this may indicate that your customer lives on board the ship and therefore condition 3.5(b) would not be satisfied.

**Example 1**

You have applied the indicators in paragraph 3.6 and assessed that the repair services you have performed are on a yacht that falls within the definition of ship. In this case, you can zero-rate your repair services if you also satisfy the conditions under section 21(3)(p) of the GST Act.

**Example 2**

You are engaged to perform repair services for a yacht belonging to a local expatriate. You note that your customer's billing address is that of the ship you have repaired and that it has provided no other Singapore residential address. In this case, you cannot zero-rate your repair services despite the fact that your customer claims that the ship is only wholly used for international travel.

**4 Zero-rating the sale or letting on hire of goods for use on a ship under sections 21(6A) and (6B) of the GST Act**

***For the avoidance of doubt, the conditions and/or requirements in paragraphs 4.6 to 4.11 and Appendix 4 have the force of law.***

- 4.1 The sale or letting on hire (i.e. rental) of goods qualifies for zero-rating if the Comptroller is satisfied that the goods are for:
- (i) use as stores or fuel on a ship;
  - (ii) installation on a ship or a ship under construction;
  - (iii) use in the maintenance or operation of a ship; or
  - (iv) use as merchandise for sale by retail to persons carried on a ship.
- 4.2 The goods must be delivered to a ship in Singapore at the time of supply. If you supply goods that are exported to a ship located outside Singapore, the rules for export of goods will determine if your supply qualifies for zero-rating. Please refer to the e-Tax Guide "GST: A Guide on Exports" for more information.

**Meaning of 'goods which are for use or installation on the ship'**

- 4.3 Examples of goods considered as being for use or installation on a ship are machinery, equipment or other goods which are:
- installed and become part of the ship; or
  - for use on the ship for its operations and maintenance.

4.4 The following types and uses of goods are excluded and hence zero-rating will not apply even if the goods are used or installed on a ship:

- Cargo carried on board a ship for the purposes of being transported to another destination. Although cargo carried on board a ship is not regarded as 'goods which are for use or installation on the ship', the supplier can zero-rate this supply of goods if it can satisfy the conditions for zero-rating the export of goods. For more information, please refer to the e-Tax Guide "GST: A Guide on Exports" which explains the scenarios and documentary requirements under which a supply of goods can be zero-rated.
- Goods that are purchased by a ship's crew for their own use, such as televisions, audio visual or electronic equipment or devices. Such goods will continue to be excluded from zero-rating as they are considered as being supplied to the crew and not the qualifying ship. This is so even if the crew purchases these personal items through a ship agent/chandler for convenience and uses them on the ship.

4.5 The flowchart in Appendix 2 illustrates the factors you would have to consider to decide if your supply qualifies for zero-rating.

Example 3

Some crew members would like to purchase personal items e.g. cigarettes. They place their orders through the ship agent. The ship agent delivers the general ship stores, together with the crews' personal purchases on board the ship. In this instance, zero-rating will only apply to the general ship stores but not to the crews' personal purchases. This is notwithstanding that the Master/Chief Engineer of the Vessel acknowledges delivery of the cigarettes on behalf of the crew.

Specific scenarios qualifying for zero-rating relief

4.6 The specific sale and rental of goods scenarios which qualify for zero-rating relief are listed below. Please note however that zero-rating is also dependent on you maintaining the documents listed in Appendix 4. The belonging status of your customer is not relevant for the purposes of determining if zero-rating applies.

Scenario 1

Goods are delivered directly on board the ship in Singapore, except goods supplied to pleasure and recreation ship which are wholly consumed in Singapore (refer to paragraph 4.8 for more information).

Scenario 2

Goods are delivered to a named place as instructed by your customer to facilitate the subsequent delivery of the goods directly to the ship in Singapore, except goods supplied to a pleasure and recreation ship which are wholly consumed in Singapore (refer to paragraph 4.8 for more information).

Scenario 3

Goods are delivered to a shipyard for use or installation on a ship under construction in Singapore.

Scenario 4

Goods are sold and delivered directly to a shipyard in Singapore.

Scenario 5

Goods are sold to a 3rd party contractor (your customer) but delivered directly to a shipyard in Singapore

- 4.7 If your arrangement falls outside the above 5 scenarios, please write in to seek the Comptroller's prior approval to zero-rate the supply.

Exception to this relief

- 4.8 There are certain supplies of goods which cannot be zero-rated. This applies to supplies of goods to Singapore-flagged or foreign-flagged **pleasure and recreation ships** falling within the definition of a ship where the goods purchased are wholly consumed whilst the ship is in Singapore. These supplies are considered as private end consumption in Singapore and hence subject to GST. Examples of such supplies of goods include:

- electricity or fuel supplied to berthed ships.
- water and food provisions consumed entirely in Singapore by the crew or passengers of the ship.

- 4.9 However, where it can be clearly identified that such goods (e.g. food and water provisions) are purchased for use on an international voyage or for the upkeep or use within the ship itself (e.g. lubricants, paint and spare parts etc), the supply would still qualify for zero-rating provided that you maintain the supporting evidence. The flowchart in Appendix 3 illustrates how you, as the supplier, can determine whether your supplies fall within this exception.



### 60-day Rule

- 4.10 You are required to collate the relevant documents listed in Appendix 4 within 60 days from the time of supply. In the event that you fail to obtain all the required evidence within the 60-day period, you should standard-rate the supply.
- 4.11 There may be instances when you may not be able to comply with this 60-day rule, for example, when the ship is delayed. In such circumstances, you may write in to obtain the Comptroller's approval to zero-rate the supply. You may wish to note that the Comptroller has published in the e-Tax Guide "GST: A Guide on Exports" the scenarios where the Comptroller is prepared to extend the 60-day period. If your supply satisfies any of the scenarios in the e-Tax Guide, you do not have to write in for approval.

## **5 Supplies of stores, bunker fuel and merchandise for sale by retail to persons carried on ships which fall outside the definition of 'ship' in paragraph 3**

***For the avoidance of doubt, the conditions and/or requirements in paragraph 5.1 have the force of law.***

- 5.1 If you supply stores or bunker fuel to ships or merchandise for sale by retail to persons carried on ships which fall outside the definition of 'ship' in paragraph 3.2, you can still zero-rate these supplies under the scenarios below provided that the ship is bound for a destination outside Singapore. The following documents will need to be maintained:

<b>For goods delivered directly on board the ship</b>	<b>For stores delivered to a named destination as instructed by your customer</b>
(i) Purchase order (PO) from your customer that goods purchased are to be used as stores, bunker fuel or merchandise for sale by retail on board the departing ship. The PO should indicate the name of the ship, date of departure and next destination from Singapore;	(i) Purchase order (PO) from your customer that goods purchased are to be used as stores, bunker fuel or merchandise for sale by retail on board the departing ship. The PO should indicate the name of the ship, date of departure and next destination from Singapore;
(ii) Written instructions from your customer to deliver the goods to the ship (this may be included in the PO);	(ii) Written instructions from your customer to deliver the goods to the named destination (this may be included in the PO);
(iii) Sales invoice to your customer;	(iii) Sales invoice to your customer;
(iv) For the supply of stores and merchandise for sale by retail to persons carried on a ship, the delivery note (DN) endorsed by the	(iv) Delivery note (DN) endorsed by your customer that the goods delivered to the named destination are used as stores on a voyage to or from a

<p>Master/Chief Engineer<sup>2</sup> of the ship that the goods delivered are used as stores on a voyage to or from a destination outside Singapore. In addition, the date of receipt of goods and the place of next destination of the ship must also be indicated on the DN;</p> <p>(v) For the supply of bunker fuel, the bunker DN endorsed by the Master/Chief Engineer of the ship; and</p> <p>(vi) Evidence of payment received from your customer.</p>	<p>destination outside Singapore. In addition, the date of receipt of goods and the place of next destination of the ship must also be indicated on the DN; and</p> <p>In cases where you passed the goods to an independent party (e.g. ship manager, launch agents or shipping companies) for consolidation purposes for delivery to the ship, we understand that you may have difficulty in obtaining the DN that is endorsed by the Master/Chief Engineer of the ship. In such instance, we are prepared to accept the DN that is endorsed by the independent party and confirmation of receipt of goods by the Master/Chief Engineer of the ship to the independent party (where available) as an alternative to the DN that must be endorsed by the Master/Chief Engineer.</p> <p>(v) Evidence of payment received from your customer.</p>
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## 6 Zero-rating of international services to ship

6.1 Sections 21(3)(k), (l), (m), (n), (o) and (p) of the GST Act provide for zero-rating of prescribed services to ships.

6.2 To substantiate that these ship-related services can qualify for zero-rating, you should maintain the following documents<sup>3</sup>:

- Contract, work order or purchase order from your customer, indicating the type and name of ship which the work relates to, and a detailed description of the services provided. For ships designed or adapted for use for recreation or pleasure (as applicable), the written declaration as explained in paragraph 3.6 to prove that the ship is one falling within the definition in paragraph 3.2;
- Invoice to your customer;
- Evidence of payment received from your customer; and
- Your in-house documents maintained, if any, which substantiate the services provided by you (e.g. service report).

<sup>2</sup> In line with industry developments, the DN may be physically endorsed or digitally signed (in compliance with the Electronic Transactions Act) by the Master/Chief Engineer of the ship. Both types of DNs are acceptable for zero-rating purposes.

<sup>3</sup> Other than for repair and maintenance services performed for ship and ship parts or components under section 21(3)(p) which is discussed in paragraph 7 below.

## 7 Zero-rating repair and maintenance services performed for ship and ship parts or components

7.1 Section 21(3)(p) of the GST Act read together with Paragraph 1 of the Sixth Schedule of the GST (International Services) Order accord zero-rating for the supply of repair and maintenance services on ship and ship parts and components where:

- (a) the repair or maintenance is carried out on board the ship;
- (b) any part or component of the ship is removed for repair and reinstalled on the ship;
- (c) any part or component of the ship is removed for repair and returned to the ship as a spare;
- (d) any part or component of the ship is removed for repair and delivered to a shipyard situated in Singapore or to an Approved Marine Customer<sup>4</sup> (AMC) after repair or maintenance; or
- (e) the supplier invoices its customer for repair services but provides a reconditioned ship part or component in exchange for the faulty part and:
  - installs the part or component on the ship;
  - brings the part or component onto the ship as a spare; or
  - delivers the part or component to a shipyard situated in Singapore or to an AMC.

7.2 The ship part or component must be for a ship falling within definition of 'ship' in paragraph 3.2.

7.3 To zero-rate your supply of repair or maintenance services, you need to maintain the documents listed below:

<b>Repair and maintenance services carried out on board the ship or where the part or component is removed from the ship for repair, is reinstalled or returned to the ship as a spare</b>	<b>Repair and maintenance services where the repaired ship part or component is delivered to either a shipyard situated in Singapore or AMC</b>
(i) Work order or purchase order (PO) from customer for repair or maintenance services. The work order or PO must specify the following details:	(i) Work order or purchase order (PO) from customer for repair or maintenance services. The work order or PO must specify the following details:

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<sup>4</sup> Please refer to paragraph 8 and the e-Tax Guide "GST: Approved Marine Customer Scheme (AMCS)" for more information on Approved Marine Customer (AMC). It is necessary for the supplier to verify that the customer is an AMC by validating the customer's status against the list of AMCs provided on IRAS' website.

<ul style="list-style-type: none"> <li>i. Type and name of vessel</li> <li>ii. License number of vessel, if it is licensed by MPA (preferably);</li> </ul> <p>(ii) Invoice to its customer;</p> <p>(iii) Evidence of payment received from customer; and</p> <p>(iv) Documents validating that the repair or maintenance was carried out on board the ship or where the part or component is removed from the ship for repair, is reinstalled or returned onto the ship as a spare. This could include work order report or any other similar documents endorsed by the supplier and customer.</p>	<ul style="list-style-type: none"> <li>i. Type and name of the vessel</li> <li>ii. License number of vessel, if it is licensed by MPA (preferably)</li> <li>iii. Details/ characteristics of ship part or component;</li> </ul> <p>(ii) Invoice to its customer;</p> <p>(iii) Evidence of payment received from customer;</p> <p>(iv) Delivery note endorsed by the shipyard or AMC; and</p> <p>(v) Documents validating that the repair or maintenance was carried out on specified ship part or component. This could include work order report or any other similar documents endorsed by the supplier and customer.</p>
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- 7.4 For repair services where you provide a new/reconditioned ship part or component in exchange for the faulty part to your customer, you must maintain the same documents as listed under paragraph 7.3 (where applicable) to substantiate zero-rating. In addition, you must indicate on your delivery note that you have provided a new/reconditioned part or component in exchange for the faulty item.

Ancillary expenses on-charged (ancillary supplies) in the course of providing repair and maintenance services

- 7.5 In the course of performing repair and maintenance services, you may incur expenses on services which you on-charge to your customer. Examples of such ancillary supplies include delivery charges, overtime allowances for labour, travel costs, etc.
- 7.6 For simplicity, the Comptroller is prepared to regard all such expenses incurred and on-charged by you as part and parcel of your overall repair and maintenance services and hence be zero-rated, if the value of the ancillary supplies is less than or equal to 5% of the total consideration invoiced to your customer.
- 7.7 If the value of the ancillary supplies exceeds the 5% threshold, zero-rating may apply only if the following qualitative factors are satisfied:
- (i) The ancillary supplies are essential and integral to your provision of the repair or maintenance services, i.e. they would not be necessary if not for your principal supply of repair or maintenance services. Examples include:

- Docking, undocking and mooring services: in view that the ship must be docked and moored at your shipyard for you to carry out your repair work
  - Shore charge and shore supply charges: tariffs you impose for space taken up by the ship at your shipyard while the repair work is being carried out
  - Obtaining necessary permits from the MPA to carry out the repair work
  - Water used for the repair works (e.g. for cleaning of ship, cooling of machinery etc).
- (ii) The ancillary supplies are provided as part of your overall repair and maintenance contract with your customer.

**Example 4:**

You incur international freight charges to deliver the repaired ship part to your overseas customer. The international freight charges amount to more than 5% of the total consideration (i.e. repairs charges plus international freight reimbursement).

Notwithstanding that the international freight charges exceeds the 5% threshold, you may still zero-rate the entire supply on the basis that you would not have incurred the international freight charges if not for the fact that you provided the principal supply of repair services to your customer.

## **8 Benefits under the Approved Marine Customer Scheme (AMCS)**

8.1 The Approved Marine Customer Scheme (AMCS) allows qualifying businesses in the shipping and marine industries (referred to as Approved Marine Customers or AMCs) to:

- (i) Purchase or rent goods in the course of their business without their suppliers having to maintain the documentary requirements set out in this e-Tax Guide. This is provided the goods are for: (a) use as stores or fuel on; (b) installation on; or (c) use in the maintenance or operation of a commercial ship that is wholly for international travel.

Further, in addition to the benefit of simplified documentary requirements, the 60-day requirement to obtain these documents is also relaxed for businesses approved under the scheme.

- (ii) Procure repair or maintenance services for ship parts or components without having to prove that the parts or components are reinstalled or returned onto the ship as a spare.

8.2 For more information on the AMCS, please refer to the e-Tax Guide “GST: Approved Marine Customer Scheme (AMCS)”.

## **9 Procurement of services from overseas suppliers and import of low-value goods**

- 9.1 From 1 Jan 2020, if you procure services from overseas suppliers (“imported services”) and you are not entitled to full input tax credit or belong to a GST group that is not entitled to full input tax credit, you may be subject to reverse charge.
- 9.2 Under reverse charge, you have to account for GST on all imported services as if you are the supplier, except for certain services which are specifically excluded from the scope of reverse charge. You will be entitled to claim the corresponding GST as your input tax, subject to the normal input tax recovery rules.
- 9.3 From 1 Jan 2023, reverse charge will also apply to the purchase of imported low-value goods (“LVG”). The requirement to perform reverse charge applies to all purchases of LVG (except those directly attributable to taxable supplies) and includes LVG purchased from local and overseas suppliers, electronic marketplaces or redeliverers, regardless of whether they are GST-registered or not.
- 9.4 For more information, please refer to the e-Tax Guide “GST: Reverse Charge”.

## **10 Contact information**

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

## 11 Updates and amendments

	<b>Date of amendment</b>	<b>Amendments made</b>
1	25 Oct 2019	<ul style="list-style-type: none"><li>• Removed Appendix on definition of ship and GST rules on zero-rating of repair and maintenance services before 1 Jan 2011</li><li>• Added paragraph 9 on applying reverse charge on imported services</li></ul> Amended the wordings of section 21(3)(k) in Appendix 1
2	31 May 2021	<ul style="list-style-type: none"><li>• Added footnotes in paragraph 5.1 and Appendix 4 to clarify that either physically endorsed or digitally signed (in compliance with the Electronic Transactions Act) delivery notes by the Master/Chief Engineer of the ship may be maintained to support zero-rating relief.</li></ul>
3	29 Aug 2022	<ul style="list-style-type: none"><li>• Added paragraph 9.3 on applying reverse charge to imports of low-value goods</li><li>• Editorial changes</li></ul>
4	30 Jan 2026	<ul style="list-style-type: none"><li>• Editorial changes</li></ul>

## APPENDIX 1

### Section 21(6A)

Subject to subsection (6B), a sale or letting on hire of goods is zero-rated where the Comptroller is satisfied that the goods are —

- (a) for use as stores or fuel on a ship;
- (b) for installation on a ship or a ship under construction;
- (c) for use in the maintenance or operation of a ship; or
- (d) for use as merchandise for sale by retail to persons carried on a ship,

and, in any of those cases, if such other conditions or restrictions, if any, as may be prescribed by the Minister in regulations or as the Comptroller may impose are fulfilled.

### Section 21(6B)

Where there is a sale or letting on hire of goods referred to in subsection (6A) in relation to any ship which is designed or adapted for use for recreation or pleasure, the supply is zero-rated under that subsection only if the Comptroller is satisfied that the goods are used outside of Singapore.

### List of international services relating to ships

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, and the GST (International Services) Order which define the scope of international services relating to ships that qualify for zero-rating. Specifically, it lists the zero-rating provisions under sections 21(3)(k), (l), (m), (n), (o) and (p) of the GST Act.

Section 21(3):

(k) prescribed services supplied —

- (i) under a contract with a person wholly in its business capacity (and not in its private or personal capacity) and who in that capacity belongs in a country outside Singapore; and
- (ii) which directly benefit —
  - (A) a person wholly in its business capacity (and not in its private or personal capacity) and who in that capacity belongs in a country other than Singapore; or
  - (B) a registered person who belongs in Singapore.

The prescribed services are services of engineers, lawyers, accountants and other similar consultancy services which are supplied directly in connection with ships within the meaning of section 21(4)(a) of the GST Act.

(l) prescribed services in connection with —

- (i) the handling of ships; or



- (ii) the handling or storage of goods carried in a ship;

The prescribed services are services supplied within any free trade zone or designated area of a port or terminal for —

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

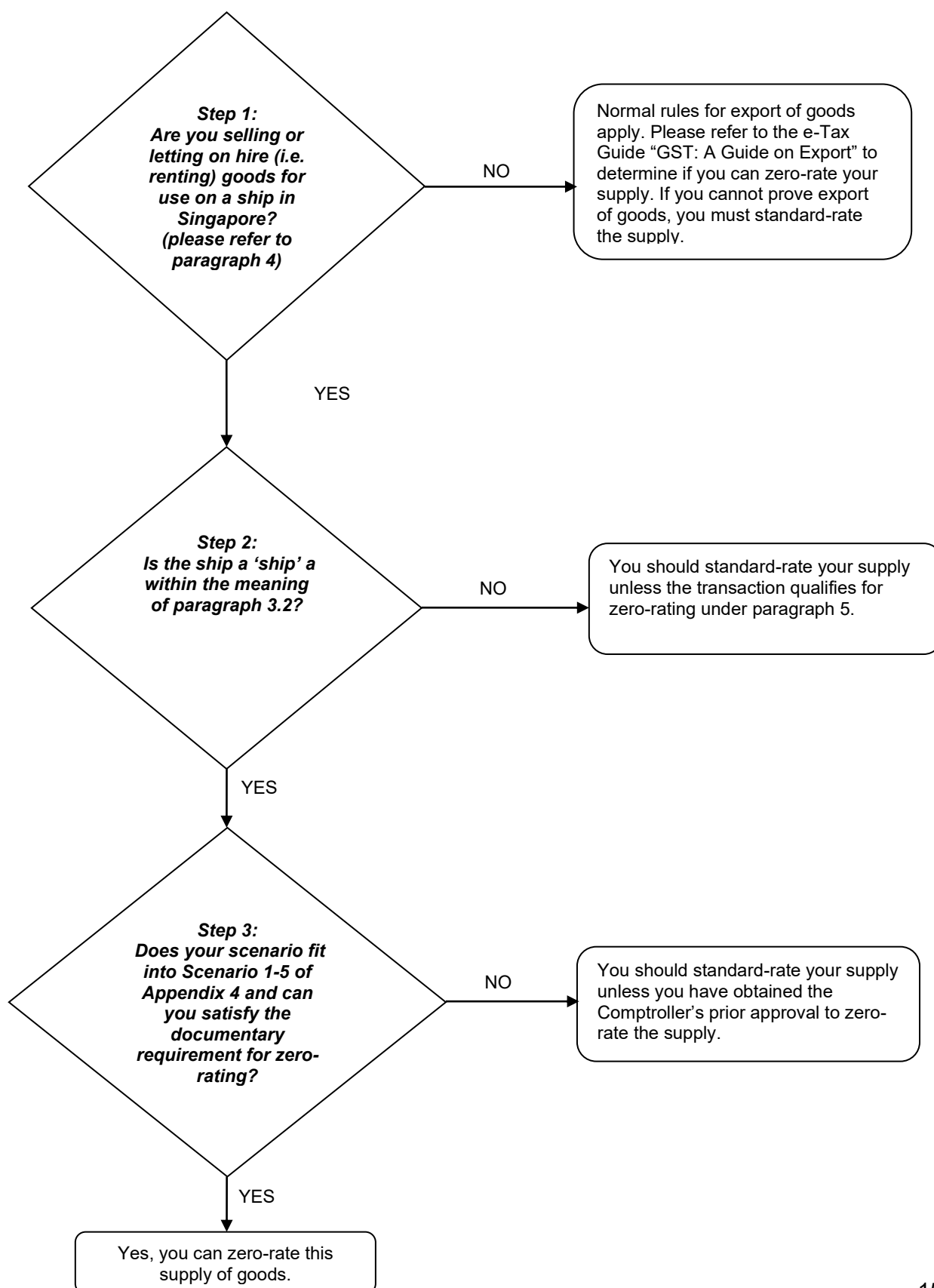
- (m) pilotage, salvage or towage services performed in relation to ships;
- (n) services comprising the surveying of any ship or the classification of any ship for the purposes of any register;
- (o) the supply (including the letting on hire) of any ship;
- (p) prescribed services comprising the repair, maintenance, broking or management of any ship;

The prescribed services are:

- The repair and maintenance of any ship where —
  - (a) the repair or maintenance is carried out on board the ship;
  - (b) any part or component of the ship is removed for repair and —
    - (i) reinstalled on the ship, or returned onto the ship as a spare; or
    - (ii) delivered to —
      - (A) a shipyard situated in Singapore; or
      - (B) an Approved Marine Customer referred to in regulation 106A of the GST (General) Regulations; or
  - (c) any part or component of the ship is removed and repaired by way of an exchange with an identical part or component, with the identical part or component being —
    - (i) installed on the ship, or brought onto the ship as a spare; or
    - (ii) delivered to —
      - (A) a shipyard situated in Singapore; or
      - (B) an Approved Marine Customer referred to in regulation 106A of the GST (General) Regulations
- The making of arrangements for the supply (including the letting on hire) of, or of any space in, any ship.
- Management services, in relation to any ship, provided to the owner, operator or agent of the ship.

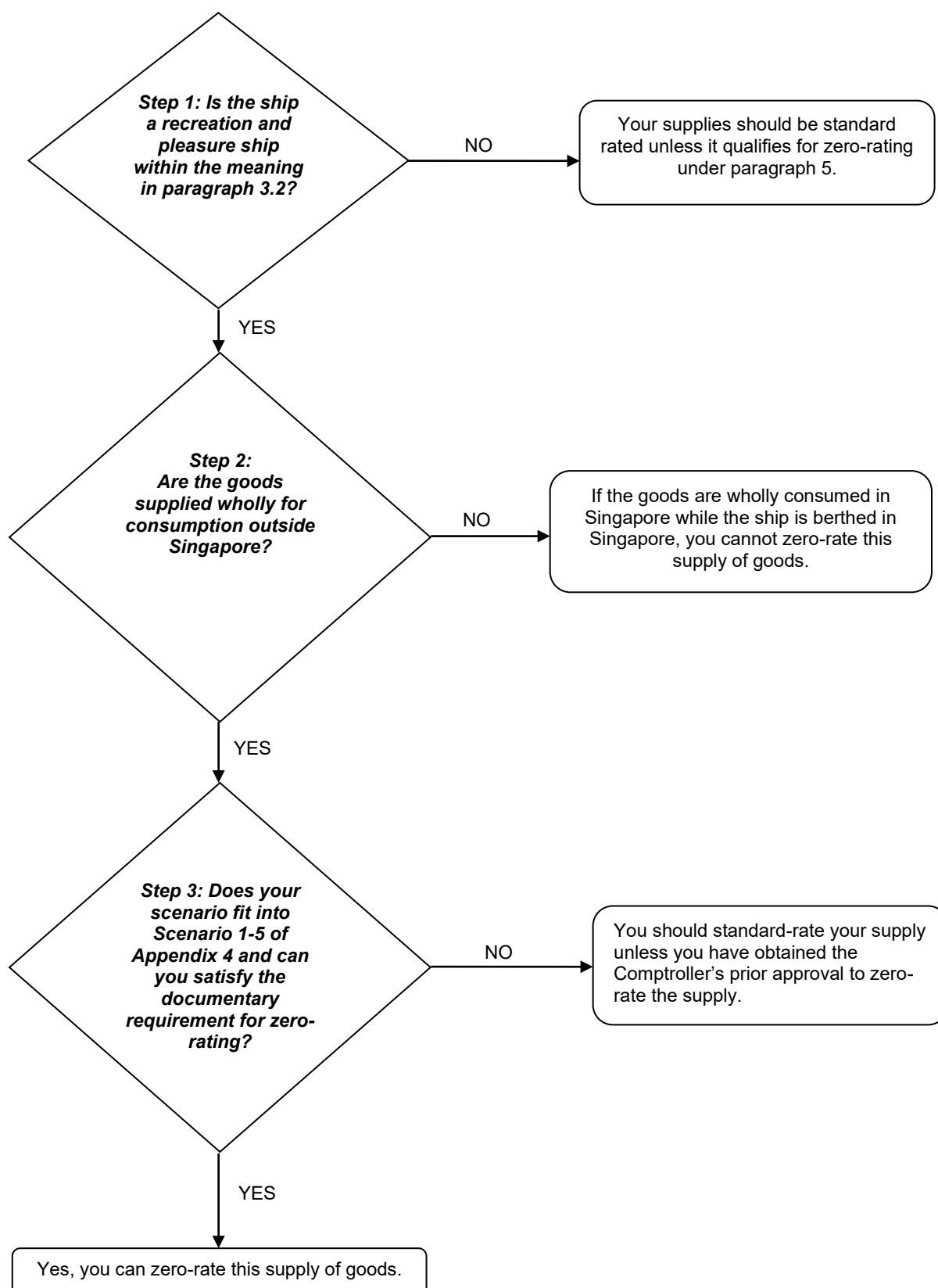
## APPENDIX 2

Flowchart on the factors you would have to consider for zero-rating the sale and letting on hire (i.e. rent) of goods for use on a ship falling within the definition in paragraph 3.2



## APPENDIX 3

Flowchart on the factors you would have to consider to determine whether your supplies fall within the exception for zero-rating the sale and letting on hire (i.e. rental) of goods for use on a recreation and pleasure ship falling within the definition in 3.2



**APPENDIX 4 – Specific scenarios qualifying for zero-rating**

***For the avoidance of doubt, the conditions and/or requirements in Appendix 4 have the force of law.***

Types of goods/ship	Scenario and documentary requirements
All goods supplied to ships (as defined in paragraph 3.2) <b><u>except</u></b> for goods supplied to recreation and pleasure ships which are consumed wholly in Singapore (refer to paragraph 4.8 for more information)	<p><b><u>Scenario 1 - Delivered directly on board the ship in Singapore</u></b></p> <p>You can zero-rate the supply of any goods for use or installation on a ship if you deliver or arrange for the delivery of the goods directly on board the ship in Singapore, and you maintain the following documents:</p> <p>(i) Purchase order (PO) or any other written instruction from your customer indicating that the goods are for the use/installation on a ship and to be delivered directly to the ship;</p> <p>The PO must indicate:</p> <ul style="list-style-type: none"> <li>the type and name of the vessel;</li> <li>the license number of the ship if the vessel is licensed by the MPA (this is optional, but you are strongly encouraged to maintain this information where possible);</li> <li>the place of delivery of the goods as the ship itself.</li> </ul> <p>(ii) Your invoice to your customer;</p> <p>(iii) Evidence of payment received from your customer;</p> <p>(iv) For any goods other than bunker fuel, your delivery note (DN) must be endorsed by the Master/Chief Engineer<sup>5</sup> of the ship that the goods delivered are for use/installation on the ship. The DN must also show the date of receipt of goods; and</p> <p>(v) For the supply of bunker fuel only, the bunker DN must be endorsed by the Master/Chief Engineer of the ship.</p> <p><b><u>For recreation and pleasure ships, you will need to also maintain the following:</u></b></p> <p>(vi) For the supply of non-ship specific items such as water and food provisions, your customer is required to undertake that the goods are for consumption during international travel. Zero-rating of such supplies should also be supported with a port clearance certificate indicating that the ship is departing</p>

<sup>5</sup> As mentioned in footnote 2, the DN may be physically endorsed or digitally signed (in compliance with the Electronic Transactions Act) by the Master/Chief Engineer of the ship

	from Singapore within one week from the date of delivery of the goods.
<b>Types of goods/ship</b>	<b>Scenario and documentary requirements</b>
	<p><b><u>Scenario 2 - Delivered to a named place as instructed by your customer to facilitate the subsequent delivery of the goods directly to a ship in Singapore</u></b></p> <p>You can zero-rate the supply of any goods shipped for use or installation on a ship where the goods are delivered to a named place as instructed by your customer to facilitate the subsequent delivery of the goods directly to the ship in Singapore, provided that you maintain the following documents:</p> <p>(i) Purchase order (PO) or any other written instruction from your customer indicating that the goods are for the use/installation on a ship and to be delivered to the named place;</p> <p>The PO must indicate:</p> <ul style="list-style-type: none"> <li>• the type and name of the vessel;</li> <li>• the license number of the ship if the vessel is licensed by the MPA (this is optional, but you are strongly encouraged to maintain this information where possible);</li> <li>• the place of delivery of the goods as the named place so as to facilitate subsequent delivery of the goods directly to the ship.</li> </ul> <p>(ii) Your invoice to your customer;</p> <p>(iii) Evidence of payment received from your customer; and</p> <p>(iv) Your delivery note (DN) or your customer's DN must be endorsed by the Master/Chief Engineer<sup>5</sup> of the ship that the goods delivered are for use/installation on the ship. The DN must also show the date of receipt of goods.</p> <p>In cases where you passed the goods to an independent party (e.g. ship manager, launch agents or shipping companies) for consolidation purposes for delivery to the ship, we understand that you may have difficulty in obtaining the DN that is endorsed by the Master/Chief Engineer of the ship. In such instance, we are prepared to accept the DN that is endorsed by the independent party and confirmation of receipt of goods by the Master/Chief Engineer of the ship to the independent party (where available) as an alternative to the DN that must be endorsed by the Master/Chief Engineer.</p>

	<p><u>For recreation and pleasure ships, you will need to also maintain the following:</u></p> <p>(v) For the supply of non-ship specific items such as water and food provisions, your customer is required to undertake that the goods are for consumption during international travel. Zero-rating of such supplies should also be supported with a port clearance certificate indicating that the ship is departing from Singapore within one week from the date of delivery of the goods.</p>
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Types of goods/ship	Scenario and documentary requirements
All goods supplied to ships (as defined in paragraph 3.2)	<p><b><u>Scenario 3 – Delivered to a shipyard for a ship under construction in Singapore</u></b></p> <p>You can zero-rate the supply of goods to be installed on a ship under construction in Singapore notwithstanding that there is no Master of ship prior to commissioning. This is provided that you deliver the goods directly to the shipyard as instructed by your customer and you maintain the following documents:</p> <ul style="list-style-type: none"> <li>(i) Contract signed with or purchase order (PO) from your customer to supply the goods. The contract or PO should reflect the hull number of the ship under construction (where possible) and also indicate whether the ship under construction would fall within the meaning of ship;</li> <li>(ii) Your invoice to your customer;</li> <li>(iii) Written instruction from your customer to deliver the goods directly to a shipyard where the ship is being constructed;</li> <li>(iv) Your delivery note (DN) endorsed by the shipyard. The DN should also indicate the date of receipt of goods. Alternatively, you can maintain a copy of your customer's DN endorsed by the shipyard provided that it can be clearly identified from your customer's DN that the goods delivered were supplied by you. For instance, the description of the goods delivered and hull number indicated on your customer's DN matches the information on your own invoice or the contract or PO with your customer;</li> <li>(v) Evidence of payment received from your customer; and</li> <li>(vi) If the equipment requires classification, you must maintain the class certificate.</li> </ul> <p>You no longer need to produce evidence that the goods are physically installed on board the ship.</p>

Types of goods/ship	Scenario and documentary requirements
All goods supplied to ships (as defined in paragraph 3.2)	<p><b><u>Scenario 4 – Goods are sold and delivered directly to shipyard in Singapore</u></b></p> <p>You can zero-rate the supply of goods to be used or installed on a ship in Singapore where the goods are supplied to a shipyard and delivered directly to the shipyard in Singapore, provided that you maintain the following documents:</p> <ul style="list-style-type: none"><li>(i) Work order or purchase order (PO) issued by shipyard to supply the goods. The work order or PO should indicate whether the goods are for use/installation on a ship;</li><li>(ii) Your delivery note (DN) endorsed by shipyard. The DN should indicate the date of receipt of goods;</li><li>(iii) Your invoice to the shipyard;</li><li>(iv) Evidence of payment received from shipyard;</li><li>(v) If the equipment requires classification, you must maintain the class certificate.</li></ul> <p>You no longer need to produce evidence that the goods are physically installed on board the ship.</p>



Types of goods/ship	Scenario and documentary requirements
All goods supplied to ships (as defined in paragraph 3.2)	<p><b><u>Scenario 5 – Goods are sold to a 3rd party contractor (your customer) but delivered directly to shipyard in Singapore</u></b></p> <p>You can zero-rate the supply of goods to be used or installed on a ship in Singapore where the goods are supplied to 3rd party contractor (your customer) but delivered directly to shipyard in Singapore provided that you maintain the following documents:</p> <ul style="list-style-type: none"> <li>(i) Contract signed with or purchase order (PO) from your customer to supply the goods. The contract or PO should indicate the shipyard as the place of delivery of the goods. The document should indicate whether the goods are for use/installation on a ship;</li> <li>(ii) Your delivery note (DN) endorsed by the shipyard. The DN should indicate the date of receipt of goods. Alternatively, you can maintain a copy of your customer's DN endorsed by the shipyard provided that it can be clearly identified from your customer's DN that the goods delivered were supplied by you. For instance, the description of the goods delivered and ship name indicated on your customer's DN matches the information on your own invoice or the contract or PO with your customer;</li> <li>(iii) Your invoice to your customer;</li> <li>(iv) Evidence of payment received from your customer; and</li> <li>(v) If the equipment requires classification, you must maintain the class certificate.</li> </ul> <p>You no longer need to produce evidence that the goods are physically installed on board the ship.</p>