

## GST: Guiding tax compliance



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On 10 January 2012, the Inland Revenue Authority of Singapore (IRAS) re-published a host of tax guides relating to goods and services tax (GST). GST is charged on all supplies of goods and services in Singapore and on the importation of goods into Singapore. The IRAS collects GST on supplies in Singapore while Singapore Customs collects GST at the point of importation of the goods.

**Approved Third Party Logistics Company Scheme:** Under the Approved Third Party Logistics Company (approved 3PL company) scheme, goods may be permitted for delivery or removal without payment of GST on importation and supply to another taxable person without GST being chargeable on the supply. The new guide sets out the implications for an approved 3PL company when its status has been revoked or when it is de-registered.

**Major Exporter Scheme:** The Major Exporter Scheme (MES) provides for the suspension of payment on importation of non-dutiable goods for GST-registered persons who qualify for the MES. In the guide's sixth edition, MES traders are allowed with effect from 1 January 2012 to act as agent under section 33(2) of the GST Act even where there is a change in the nature and form of the goods upon their subsequent supply. The guide now provides that the MES trader must be able to track the goods and ensure that all goods imported in his capacity as a section 33(2) agent are supplied. The de-registration implications for an MES business are also listed.

**Imports:** The guide on imports covers a broad range of obligations on importers and includes details of the Import GST Deferment Scheme under which an approved business may defer payment of import GST until the submission of the GST return for the prescribed period. In its latest edition, the guide explains the conditions to be satisfied for a GST-registered business to act as agent under section 33(2) for import of goods belonging to an overseas person which are subsequently exported.

**Marine industry:** The guide sets out the tax incentives for the marine industry under the 2010 Budget, which were further enhanced under the 2011 Budget. The 2010 changes involved:

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- Expanding the scope of zero-rating of international transport of passengers and goods by sea;
- Expanding the definition of 'ship' for the purposes of zero-rating international services supplied to ships;
- Expanding the scope of zero-rating of supplies of goods for use or installation on a ship.

The 2011 changes involved:

- Introduction of the Approved Marine Customer Scheme to allow ship owners or ship managers to purchase or rent zero-rated goods;
- Expansion of the scope of zero-rating of repair and maintenance services relating to ship parts or components.

**Aerospace industry:** Previous changes in the 2009 Budget are set out in the guide, related to:

- Expanding the definition of 'aircraft';
- Extending zero-rating relief to aircraft parts;
- Amending the conditions for zero-rating repair and maintenance services performed on aircraft and aircraft parts;
- An Approved Import GST Suspension Scheme (AISS) under which import GST is suspended for selected aerospace players.

The 2010 Budget announced expanding the scope of zero-rating of supply of stores, fuel and merchandise for sale by retail to an aircraft. The sixth edition of the guide details the benefits to aerospace players under the AISS for import of goods belonging to the player's overseas principal for supply, either in Singapore or for export, in the capacity of a section 33(2) agent with GST suspended. It also sets out implications for an AISS business upon de-registration.

**Biomedical industry:** This guide explains the 2011 Budget changes for the biomedical industry to provide for:

- GST relief on importation of clinical trial materials into Singapore;
- Extending the Approved Contract Manufacturer and Trader Scheme to qualifying biomedical contract manufacturers.

In conclusion, all GST guides are statements of revenue practice and as such must themselves fall within the provisions of the GST Act and its subsidiary legislation.

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