

# **IRAS e-Tax Guide**

**GST: A Guide on Exports**  
(9<sup>th</sup> Edition)



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## A GUIDE ON EXPORTS – INTRODUCTION

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### 1 Introduction

- 1.1 This guide explains the circumstances and documentary requirements for which a supply of goods can be zero-rated. It aims to provide general guidance to assist GST-registered businesses to comply with the zero-rating provisions on exports of goods. However, the Comptroller may request for documents not specified in this guide to support the zero-rating of supplies if this is assessed to be necessary.
- 1.2 A general principle on zero-rating exports of goods is that the supplier must, at the point of supply (to be determined based on the time of supply rules), be certain<sup>1</sup> that the goods supplied will be or has been exported, and the supplier has or will have the required export evidence to substantiate zero-rating.
- 1.3 The onus is on the supplier who applies zero-rating on exports of goods to support his GST declarations with export evidence, which include:
- (a) commercial transaction documents such as customer's order, sale invoice, delivery note, packing list, insurance documents and payment received; and
  - (b) commercial transport documents such as bill of lading, air waybill, export permit<sup>2</sup>, or any other documents specified by the Comptroller in this guide.
- 1.4 The scenarios cited in this guide are not exhaustive. For scenarios not covered in this guide or in situations of ambiguity, businesses are advised to write to the Comptroller, giving full details of the transaction:

**The Comptroller of Goods and Services Tax  
Goods and Services Tax Division  
55 Newton Road  
Revenue House  
Singapore 307987**

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<sup>1</sup> This should be proven by documentary evidence such as instruction issued by the customer via contract, purchase order, letter, email, etc.

<sup>2</sup> Export permit is also known as 'Out Permit' or 'Cargo Clearance Permit'.

### 2 Updates in this Guide

- 2.1 In addition to some editorial changes, this e-Tax Guide incorporates the following updates:
- (a) Basic concepts on zero-rating of exports Paragraph 3
  - (b) Glossary Paragraph 4
  - (c) Situations where the supplies of goods for export cannot be zero-rated – local supply Paragraph 5
  - (d) New Hand-Carried Exports Scheme – changes to allow zero-rating on goods hand-carried out of Singapore via Changi International Airport Paragraph 8
  - (e) New scenario on stores – goods delivered to a named destination as instructed by the ship chandler / shipping agent / ship owner Paragraph 9.2  
Scenario 9.2B
  - (f) Extension of the 60-day Rule Paragraph 10
    - (i) New scenario – procurement of specific goods for overseas customers Paragraph 10.4
  - (g) Exports of goods not supported by sales at the point of exports Paragraph 11
    - (i) Export of gold Paragraph 11.3
  - (h) Frequently Asked Questions Paragraph 12
  - (i) Specimen on Declaration of Carrier for Goods Hand-carried out of Singapore by Individual Carrier Appendix 1
  - (j) Changes to the zero-rating of supplies of goods to ship Paragraph 9

### 3 Basic Concepts

This paragraph explains the concepts, which are relevant to the zero-rating of goods, including Direct Exports governed under section 21(6) of the GST Act and Indirect Exports governed under section 21(7) of the GST Act and read together with regulation 105 of the GST (General) Regulations.

#### 3.1 Direct Export

A direct export situation occurs when **the supplier has custody of the goods to be exported and control over the export arrangement**. Such transactions are accorded zero-rating relief under section 21(6) of the GST Act.

Specifically, under section 21(6), a supply of goods is zero-rated where the Comptroller is satisfied that the person supplying the goods (i.e. the supplier) –

- (a) has exported them; or
- (b) has shipped them for use as stores on a voyage or flight to or from a destination outside Singapore or as merchandise for sale by retail to persons carried on such a voyage or flight in a ship or aircraft<sup>3</sup>.

Paragraphs 6 and 9.2 of this guide illustrate the direct export scenarios and the documents that the supplier is required to maintain as proof of export in order for the supplies to be zero-rated. In the event the supplier is unable to obtain the stipulated documents, the supplier must standard-rate the supply and account for GST based on the prevailing rate.

#### 3.2 Indirect Export

An indirect export situation on the other hand, refers to instances where **a supplier does not have custody of the goods to be exported nor control over the export arrangement**. Consequently, the supplier may not be able to produce commercial transport documents – such as bill of lading or air waybill – showing him as the exporter in order to zero-rate his supply.

Section 21(7) of the GST Act read together with regulation 105 of the GST (General) Regulations provides that where the Comptroller is satisfied that goods supplied by a taxable person (i.e. the supplier) are to be exported, the supply shall be zero-rated if the taxable person –

- (a) has obtained the prior approval of the Comptroller in relation to that supply;
- (b) produces such evidence of export as the Comptroller may require generally or in any particular case; and

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<sup>3</sup> The Minister of Finance announced changes to the GST treatment of supplies of goods to ships in his Budget 2010 Statement. Details of the changes are provided in paragraph 9 of this e-tax guide and the e-Tax guide “GST Guide for the Marine Industry - 2010 Budget Changes”.

## A GUIDE ON EXPORTS – BASIC CONCEPTS

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- (c) complies with such other condition of restriction as the Comptroller may impose for the protection of the revenue.

To provide greater transparency and certainty to the businesses, the Comptroller has published approved indirect export scenarios under paragraph 7 of this guide.

Businesses that have transactions which fall within the scenarios described under paragraph 7 are deemed to have obtained the prior approval from the Comptroller and do not need to seek separate approval as long as the businesses comply with the conditions and documentary requirements.

### 3.3 Zero-rating of Goods Hand-carried out of Singapore

Where a supplier or the supplier's overseas customer hand-carries or arranges to have the goods hand-carried out of Singapore by either air, sea or land, the supplier may not have the necessary commercial transport documents such as air waybill or bill of lading to substantiate zero-rating of his supplies. Nevertheless the Comptroller is prepared to allow zero-rating under specific circumstances that are supported with documentary evidence. Paragraph 8 of this guide spells out the conditions and documentary requirements.

With the implementation of the Hand-Carried Exports Scheme on 1 Apr 2009, which is governed under section 21(7) of the GST Act and regulation 105A of the GST (General) Regulations, a supplier can only zero-rate his supply of goods hand-carried out of Singapore by an individual on an aircraft departing from the Changi International Airport, provided he complies with the conditions stipulated under the scheme. Such supplies of goods will no longer be allowed to be zero-rated in Scenario 8.1B of this guide even if the supplier has satisfied the documentary requirement. For more information on the Hand-Carried Exports Scheme, please refer to the e-Tax Guide 'GST: Guide on Hand-Carried Exports Scheme'.

### 3.4 60-day Rule

One of the conditions that the Comptroller imposes in order for zero-rating relief to be accorded is the 60-day rule. A supplier has up to 60 days from the time of supply to export the goods and collate the required export evidences. For the purposes of zero-rating, the time of supply occurs at the earliest of the following events –

- (a) when goods are removed / made available;
- (b) when payment is received; or
- (c) when tax invoice (if applicable) is issued.

A GST registered business is not required to issue a tax invoice for zero-rated supplies. However, should a tax invoice be issued within 14 days from the date the goods are removed / made available, the time of supply will be the date of the tax invoice, as long as no payment is received before the date the goods are removed / made available.

## A GUIDE ON EXPORTS – BASIC CONCEPTS

In the event that the supplier fails to export the goods and obtain all the required evidence within the 60-day period, the supplier is required to standard-rate the transaction and account for GST on the supply made.

To rectify the error, the supplier must submit a GST F7 'Disclosure of Errors on GST Return' if the tax involved exceeds \$1,500/-. Otherwise, the supplier should account for the GST in his next GST return. For more information on correcting GST errors, please refer to our website at [www.iras.gov.sg](http://www.iras.gov.sg) and click on For GST registered traders > How to complete and file GST returns > Correct mistakes in past returns.

### Illustration on 60-day Rule

Supplier (X) exports goods to his customer in Thailand. To zero-rate the supply, X must export the goods and obtain the required export evidence within 60 days from the time of supply.



Based on the illustration above, the time of supply is triggered on 1 Jan 2009 when X receives payment for the goods from his customer. As X has exported the goods and obtained all the documents within 60 days from the time of supply, X can zero-rate his supply.

The Comptroller recognizes that there are situations where businesses may not be able to comply with the 60-day rule. Paragraph 10 of this guide states the scenarios where the Comptroller is prepared to extend the 60-day period.

Suppliers who have business scenarios that are different from that covered under paragraph 10 must obtain the Comptroller's prior approval before zero-rating their supplies.

## **A GUIDE ON EXPORTS – KEY DEFINITION FOR THE PURPOSES OF THIS GUIDE**

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### **4 Key Definition for the Purposes of this Guide**

#### **4.1 Cargo Manifest**

A transport document that serves as a tally-sheet and gives a detailed summary of all bills of lading (or air waybills) issued by a carrier (or its agent) for a particular voyage.

#### **4.2 Handling Agent**

For the purposes of this guide, handling agent refers to a local person who may not necessarily be in the business of providing or arranging the international transportation of goods but has been appointed for the purposes of a specific transaction to export the goods on behalf of another person.

#### **4.3 HS Code**

HS Code (Harmonised System Codes) refers to an internationally standardized system of names and numbers for the classification of goods. For more details, please refer to Singapore Customs website at [www.customs.gov.sg](http://www.customs.gov.sg)

#### **4.4 Mate's Receipt**

A declaration issued by an officer of a vessel stating that specified goods have been received on board his vessel.

#### **4.5 Subsidiary Export Certificate and Note of Shipment**

A subsidiary export certificate and note of shipment are documents, as specified by the Comptroller of Goods and Services Tax, which can be issued by either a freight forwarder or a handling agent (as defined under paragraph 4.2 of this guide) to the individual exporters or suppliers of goods in situations where the primary export evidence such as the air waybill or bill of lading are not in their name.

It is usually issued when goods received from a few local exporters or suppliers are consolidated before export or the goods received are subsequently delivered to another freight forwarder for co-loading before export. Under such circumstances, a subsidiary export certificate or note of shipment replaces the primary export evidence as proof of export to substantiate zero-rating.

The scenarios where the Comptroller is prepared to accept a subsidiary export certificate or note of shipment in lieu of primary export evidence are specified in this guide. For other export arrangements, the supplier is required to maintain the primary export evidence to substantiate zero-rating unless prior approval of the Comptroller has been obtained.

## **A GUIDE ON EXPORTS – KEY DEFINITION FOR THE PURPOSES OF THIS GUIDE**

### Particulars required in a Subsidiary Export Certificate

- (a) The words “Subsidiary Export Certificate”;
- (b) Serial number of the certificate;
- (c) Export permit number, including the date of departure;
- (d) Exporter’s / Supplier’s name and address;
- (e) Air waybill or bill of lading number / vehicle number (for export via land);
- (f) Description and quantity of goods;
- (g) Mode of export, e.g. air/sea/land; and
- (h) Name and signature (not necessary if the certificate is computer generated) of authorized person.

In instances where the freight forwarder / handling agent issuing the subsidiary export certificate is different from the freight forwarder / handling agent who is acting on behalf of the local supplier, the certificate must also contain an additional detail:

- (i) The name, address and GST registration number (if applicable) of the freight forwarder or handling agent acting for the local supplier.

Such arrangements are common for co-loading export scenarios as explained in Scenario 7.1C.

### Particulars required in a Note of Shipment

A tax invoice / invoice / delivery note / packing list from the exporter (i.e. the local supplier) may double up as a note of shipment, provided it contains the following information:

- (a) Freight forwarder’s / handling agent’s name, address and GST registration number (if applicable), with the signature and designation of the person who issues it;
- (b) Details of the goods received from the exporter. A copy of tax invoice / invoice or delivery note can be attached instead of repeating these details. In this instance, the note of shipment must make clear reference to the document attached, e.g. document reference number and date.
- (c) The words, “FOR EXPORT ONLY”;
- (d) Details of shipment as follows:

## **A GUIDE ON EXPORTS – KEY DEFINITION FOR THE PURPOSES OF THIS GUIDE**

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- (i) Name of exporter / supplier;
- (ii) Flight number / vessel number / vehicle number (for export via land);
- (iii) Air waybill / bill of lading number.

**A GUIDE ON EXPORTS – LOCAL SUPPLY**

**5 Situations where supplies of goods do not qualify for zero-rating**

There are instances where a customer contemplates exporting some or all of the goods purchased from his supplier or would only know whether the goods purchased would be exported after receiving instructions from his own customers. In these situations, his supplier cannot, at the point of supply, be certain that the goods supplied will be exported. Hence, even though the supplier is able to obtain the required export evidence subsequently, he cannot zero-rate the supply of goods.

**Scenario 5.1**

Local supplier (X) delivers goods to his local customer (Z). Z informs X that he would export the goods and promises to furnish X with the transport documents bearing X’s name as the exporter.

In this case, X is supplying and delivering the goods to Z in Singapore. X must standard-rate his supply to Z, even though Z represents that may subsequently export the goods.

Z can claim the GST charged by X as his input tax if he is a GST registered business.

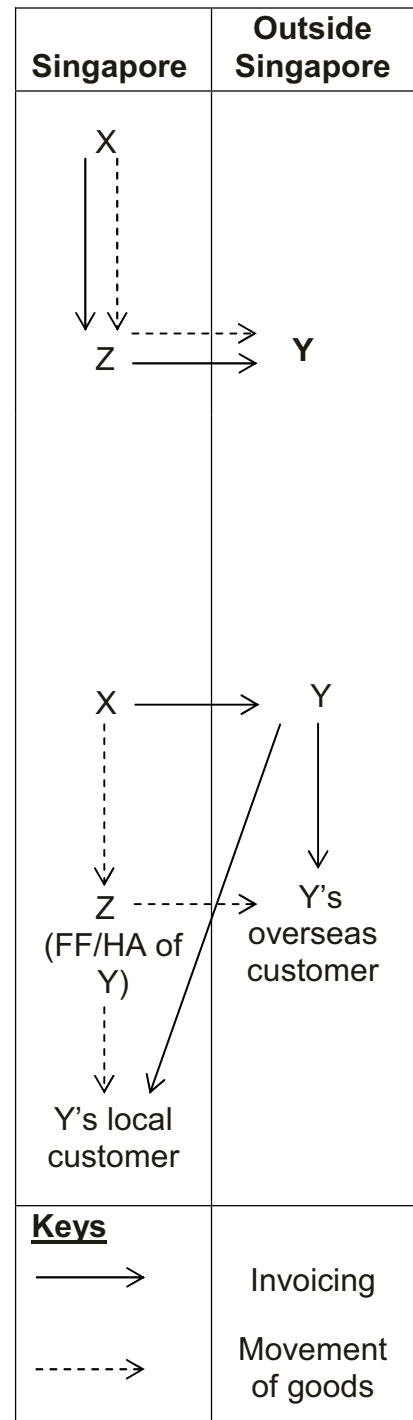
When Z exports the goods and maintains all the export evidence as stipulated under paragraph 6.1, Z can zero-rate his supply to his overseas customer (Y).

**Scenario 5.2**

Local supplier (X) sells goods to his overseas customer (Y). The goods are delivered and stored in warehouse of Y’s local freight forwarder / handling agent (Z) awaiting instruction from Y to onward deliver the goods to Y’s customers located in Singapore or overseas. Y agrees to advise Z and will furnish X with the transport documents bearing X’s name as the exporter should the goods purchased be exported subsequently.

X is making supplies to Y and delivering the goods to Z. X must standard-rate his supply to Y, even though Z may subsequently export some of the goods purchased. This is because export is not known at the time of supply.

Note: Scenario 7.1B provides an exception to this treatment, where X can zero-rate the supply to Y. This is because at the time of supply, X is certain that the goods delivered to Z will be exported.



## A GUIDE ON EXPORTS – DIRECT EXPORT

### 6 Direct Export

If a supplier has custody of the goods to be exported and control over the export arrangement, he can zero-rate his supplies as long as he has the necessary export evidence. The scenarios described in this paragraph do not apply to goods hand-carried out of Singapore, which are separately described in paragraph 8.

#### 6.1 Local supplier exports the goods and invoices an overseas customer

##### **Scenario 6.1A**

Local supplier (X) exports goods via his freight forwarder / handling agent (FF/HA) and invoices his overseas customer (Y).

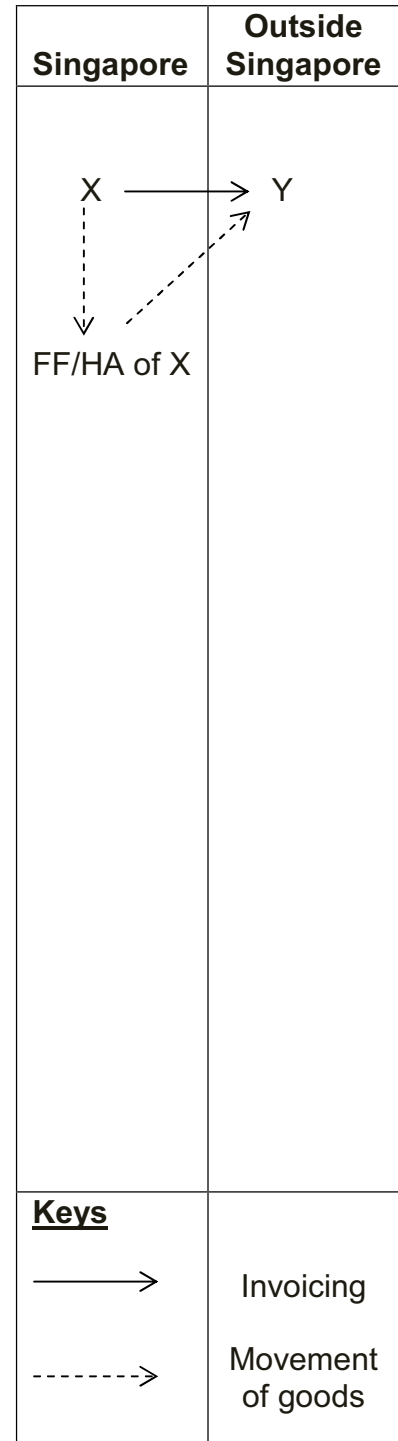
To zero-rate the supply to Y, X is required to maintain the following export evidence:

##### Transaction Documents

- (a) purchase order from Y or equivalent;
- (b) X's sales invoice to Y;
- (c) X's delivery note / packing list endorsed by the FF/HA with the following details:
  - (i) a statement stating that "goods delivered are for export";
  - (ii) name, address and GST registration number (if applicable) of the FF/HA; and
  - (iii) date of collection of goods
- (d) insurance documents (if applicable) with details of the shipment;
- (e) evidence of payment received from Y.

##### Transport Documents

- (f) For exports via sea or air – bill of lading / air waybill showing details of X's goods exported and bearing X's name as the exporter.
- (g) For exports via land – export permit showing X as the exporter and the vehicle number.



**A GUIDE ON EXPORTS – DIRECT EXPORT**

**Scenario 6.1B**

Local supplier (X) exports the goods via a Singapore-based postal or courier company to his overseas customer (Y) and invoices Y.

To zero-rate the supply to Y, X is required to maintain the following export evidence:

Transaction Documents

- (a) purchase order from Y or equivalent;
- (b) X's sales invoice to Y;
- (c) insurance documents (if applicable) with details of the shipment;
- (d) evidence of payment received from Y.

Transport Documents

- (e) parcel despatch note / courier consignment note / waybill (if applicable) endorsed by the courier company bearing X's name as the exporter/sender and showing the details of goods exported.

Singapore	Outside Singapore
<p>X</p> <p>Postal / Courier company</p> <p>Y</p>	
<p><b>Keys</b></p> <p>—————&gt;</p> <p>-----&gt;</p>	<p>Invoicing</p> <p>Movement of goods</p>

**A GUIDE ON EXPORTS – DIRECT EXPORT**

**Scenario 6.1C**

Local supplier (X) supplies goods to its overseas customer (Y) in one of the neighbouring countries (e.g. Batam). The goods are delivered by sea via boats or small vessels operated by shipping companies.

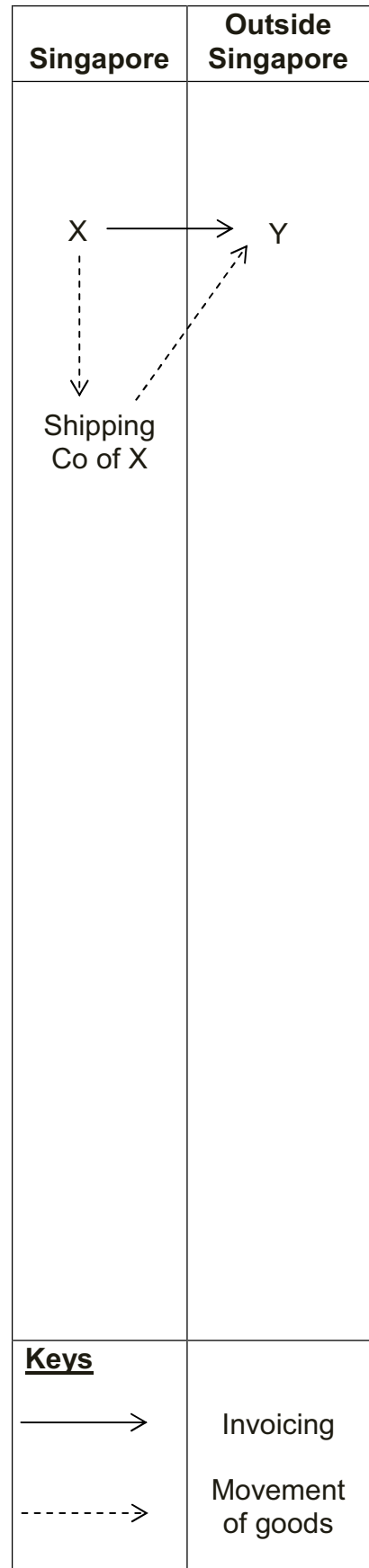
To zero-rate the supply to Y, X is required to maintain the following export evidence:

Transaction Documents

- (a) purchase order from Y or equivalent;
- (b) X’s sales invoice to Y;
- (c) X’s delivery note / packing list endorsed by the shipping company with the following details:
  - (i) a statement stating that "goods delivered are for export";
  - (ii) name, address and GST registration number (if applicable) of the shipping company; and
  - (iii) date of collection of goods
- (d) insurance documents (if applicable);
- (e) evidence of payment received from Y.

Transport Documents

- (f) bill of lading / cargo manifest / mate’s receipt bearing X’s name as the exporters and showing details of X’s goods exported, name of vessel, destination and estimated date and time of departure.



**A GUIDE ON EXPORTS – DIRECT EXPORT**

**6.2 Local supplier delivers goods out of Singapore and invoices a local customer**

**Scenario 6.2A**

Local supplier (X) delivers the goods out of Singapore upon the instruction of its local customer (Z) and invoices Z.

X can zero-rate this supply to Z because X exports the goods. To substantiate the zero-rating, X is required to maintain the following export evidence:

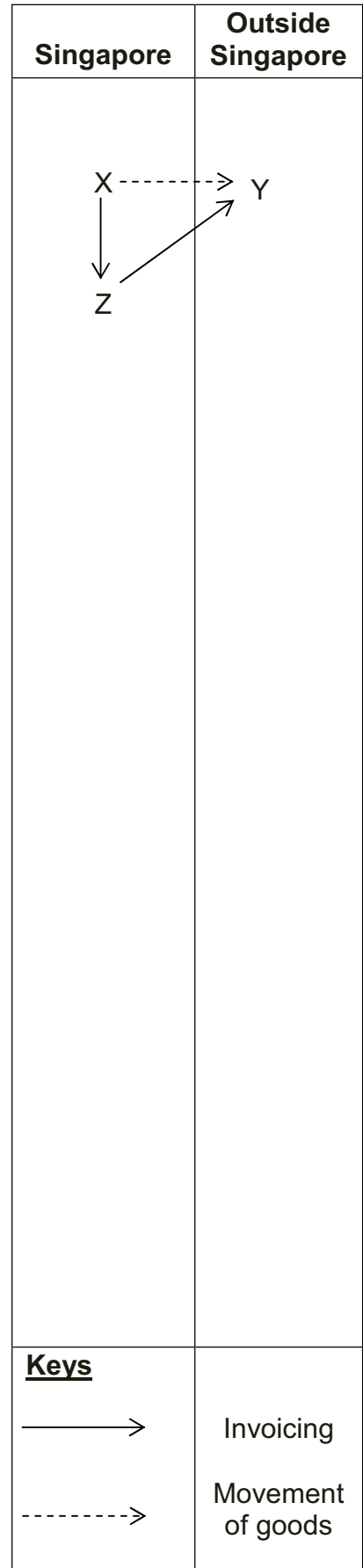
Transaction Documents

- (a) purchase order from Z or equivalent;
- (b) written instructions from Z that the goods purchased are to be exported to Z’s overseas customer, Y (this may be included in the purchase order);
- (c) X’s sales invoice to Z;
- (d) X’s delivery note / packing list endorsed by his freight forwarder / handling agent (FF/HA) with the following details:
  - (i) a statement stating that "goods delivered are for export";
  - (ii) name, address and GST registration number (if applicable) of the FF/HA; and
  - (iii) date of collection of goods
- (e) insurance documents (if applicable) with details of the shipment;
- (f) evidence of payment received from Z.

Transport Documents

- (g) For exports via sea or air – bill of lading / air waybill showing details of X’s goods exported and bearing X’s name as the exporter.
- (h) For exports via land – export permit showing X as the exporter and the vehicle number.

Note: Scenario 7.2A describes the supply from Z to Y.



## A GUIDE ON EXPORTS – DIRECT EXPORT

### Scenario 6.2B

For business reasons, the export evidence stipulated in scenario 6.2A shows Z as the exporter although X arranges for the export of goods.

Although the transport documents show Z as the exporter, X can zero-rate the supply to Z because X has custody of the goods and control over the export arrangement.

To zero-rate the supply to Z, X is required to maintain the following export evidence:

#### Transaction Documents

- (a) purchase order from Z or equivalent;
- (b) written instructions from Z that the goods purchased are to be exported to Z's overseas customer, Y (this may be included in the purchase order);
- (c) X's sales invoice to Z;
- (d) X's delivery note / packing list endorsed by his freight forwarder / handling agent (FF/HA) with the following details:
  - (i) a statement stating that "goods delivered are for export";
  - (ii) name, address and GST registration number (if applicable) of the FF/HA; and
  - (iii) date of collection of goods
- (e) insurance documents (if applicable) with details of the shipment;
- (f) evidence of payment received from Z.

#### Transport Documents

- (g) For exports via sea or air – bill of lading / air waybill showing details of X's goods exported and bearing Z's name as the exporter.
- (h) For exports via land – export permit showing Z as the exporter and the vehicle number.

Note: Scenarios 7.2A and 7.2B describe the supply from Z to Y.

Singapore	Outside Singapore
<p><b>Keys</b></p> <p>—————→ Invoicing</p> <p>-----→ Movement of goods</p>	

**A GUIDE ON EXPORTS – DIRECT EXPORT**

**6.3 Consolidated Exports**

Where the local supplier (X)'s goods are consolidated by his freight forwarder / handling agent (FF/HA) before the goods are exported to an overseas customer (Y), X is required to maintain the following export evidence to support zero-rating:

Transaction Documents

- (a) purchase order from Y or equivalent;
- (b) X's sales invoice to Y;
- (c) X's delivery note / packing list endorsed by the FF/HA with the following details:
  - (i) a statement stating that "goods delivered are for export";
  - (ii) name, address and GST registration number (if applicable) of the FF/HA; and
  - (iii) date of collection of goods
- (d) insurance documents (if applicable);
- (e) evidence of payment received from Y.

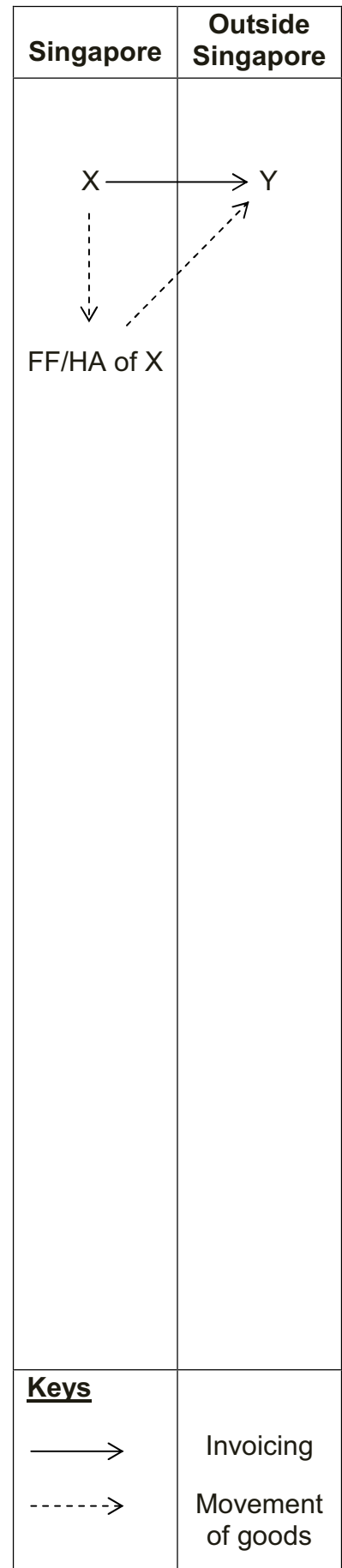
Transport Documents

- (f) For exports via sea or air – Since the master bill of lading / air waybill may not show X's name as the exporter, X is required to maintain the house bill of lading / air waybill showing details of X's goods exported and bearing X's name as the exporter.

Alternatively, the FF/HA can issue a subsidiary export certificate / note of shipment to X.

- (g) For exports via land – X has to maintain export permit showing X as the exporter and the vehicle number.

For commercial reasons, if the export permit does not bear X's name as the exporter, X is required to maintain a subsidiary export certificate / note of shipment issued by the FF/HA.



## A GUIDE ON EXPORT – INDIRECT EXPORT

### 7 Indirect Export

If a supplier does not have custody of the goods to be exported nor control over the export arrangement, he must treat the sale as a local supply and charge GST accordingly.

The scenarios described in this paragraph provides for exception where the supplier can zero-rate the supply of goods when he is, at the time of supply, certain that all the goods will be exported. However, these scenarios do not apply to goods hand-carried out of Singapore, which are separately addressed in paragraph 8.

#### 7.1 Local supplier invoices an overseas customer but deliver goods to a local freight forwarder / handling agent appointed by the overseas customer

##### Scenario 7.1A

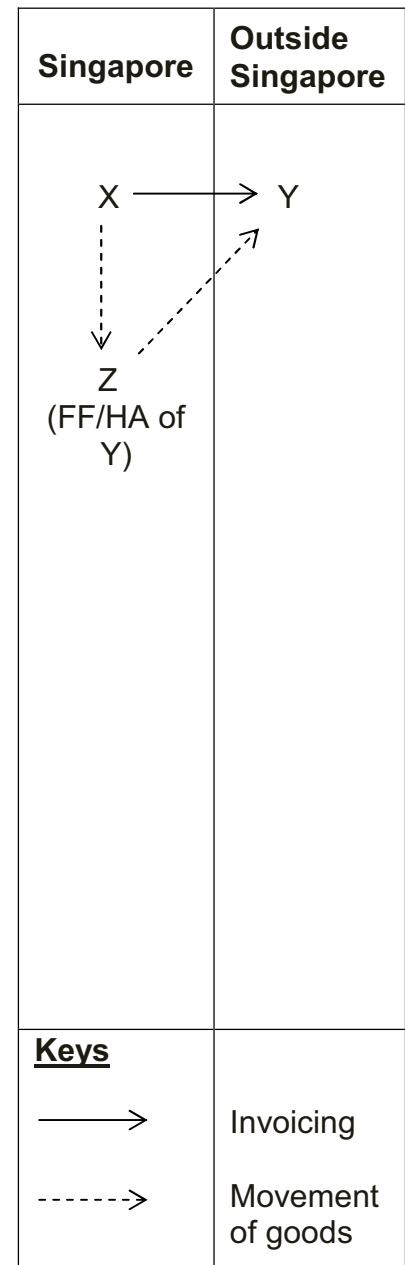
Local supplier (X) invoices its overseas customer (Y) and delivers the goods to Y's appointed local freight forwarder / handling agent (Z).

Under this scenario where X does not have custody of the goods nor control over the export arrangement, X must treat the sale as a local supply and charge GST accordingly.

The only exception is when X is, at the time of supply, certain that all the goods will be exported. To zero-rate the supply to Y, X is required to maintain the following export evidence:

##### Transaction Documents

- (a) purchase order from Y or equivalent;
- (b) written instructions from Y to deliver the goods to Z (this may be included in the purchase order);
- (c) X's sales invoice to Y;
- (d) X's delivery note / packing list endorsed by Z with the following details:
  - (i) a statement stating that "goods delivered are for export";
  - (ii) name, address and GST registration number (if applicable) of Z; and
  - (iii) date of collection of goods
- (e) insurance documents (if applicable) with details of the shipment;



## A GUIDE ON EXPORT – INDIRECT EXPORT

- (f) evidence of payment received from Y.

### Transport Documents

- (g) For exports via sea or air – bill of lading / air waybill showing details of X's goods exported and bearing X's name as the exporter.

If the bill of lading / air waybill does not bear X's name as the exporter, X is required to maintain a subsidiary export certificate / note of shipment issued by Z.

- (h) For exports via land – export permit showing X as the exporter and the vehicle number.

For commercial reasons, if the export permit does not bear X's name as the exporter, X is required to maintain a subsidiary export certificate / note of shipment issued by Z.

Singapore	Outside Singapore
<p>X</p> <p>Z (FF/HA of Y)</p>	<p>Y</p>
<p><b>Keys</b></p> <p>————→</p> <p>-----→</p>	<p>Invoicing</p> <p>Movement of goods</p>

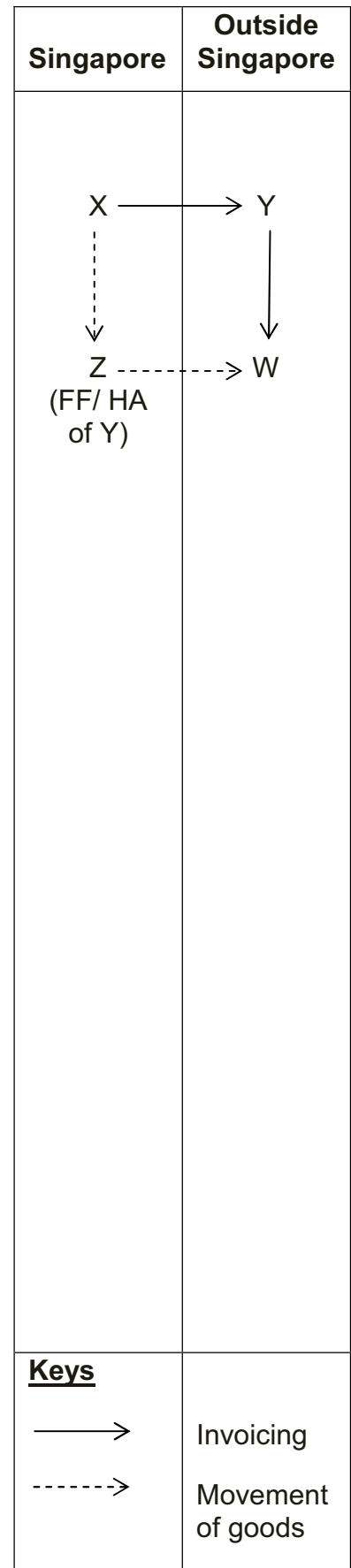
**A GUIDE ON EXPORT – INDIRECT EXPORT**

**Scenario 7.1B**

Local supplier (X) invoices its overseas customer (Y) and delivers the goods to Y’s appointed freight forwarder / handling agent (Z) for export, where Z has already been instructed by Y to export the goods directly to its customer (W) outside Singapore.

Notwithstanding that the goods are not received by Y, X can zero-rate the supply to Y provided X maintains the export evidence described in Scenario 7.1A.

This scenario should be distinguished from the scenario described under Scenario 5.2 where, at the time of supply, X is not certain that the goods delivered to Z will be exported.



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### Scenario 7.1C

Local supplier (X) invoices its overseas customer (Y) and delivers the goods to Y's appointed local freight forwarder / handling agent (Z). The goods are then co-loaded before exporting via Z's freight forwarder.

Under this scenario where X does not have custody of the goods nor control over the export arrangement, X must treat the sale as a local supply and charge GST accordingly.

The only exception is when X is, at the time of supply, certain that all the goods will be exported. To zero-rate the supply to Y, X is required to maintain the following export evidence:

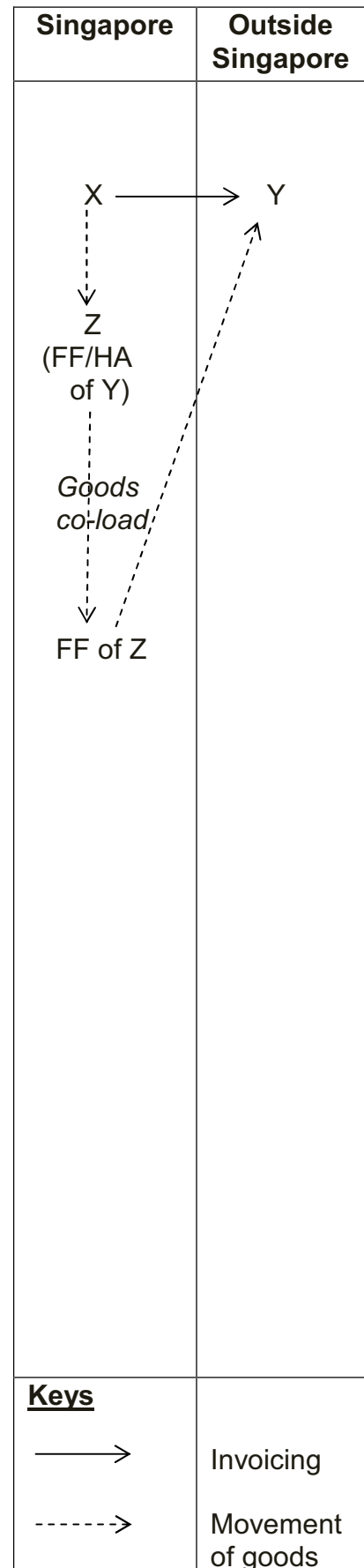
#### Transaction Documents

- (a) purchase order from Y or equivalent;
- (b) written instructions from Y to deliver the goods to Z (this may be included in the purchase order);
- (c) X's sales invoice to Y;
- (d) X's delivery note / packing list endorsed by Z with the following details:
  - (i) a statement stating that "goods delivered are for export";
  - (ii) name, address and GST registration number (if applicable) of Z; and
  - (iii) date of collection of goods
- (e) insurance documents (if applicable) with details of the shipment;
- (f) evidence of payment received from Y.

#### Transport Documents

- (g) For exports via sea or air – bill of lading / air waybill showing details of X's goods exported and bearing X's name as the exporter.

If the bill of lading / air waybill does not bear X's name as the exporter, X is required to maintain a subsidiary export certificate / note of shipment

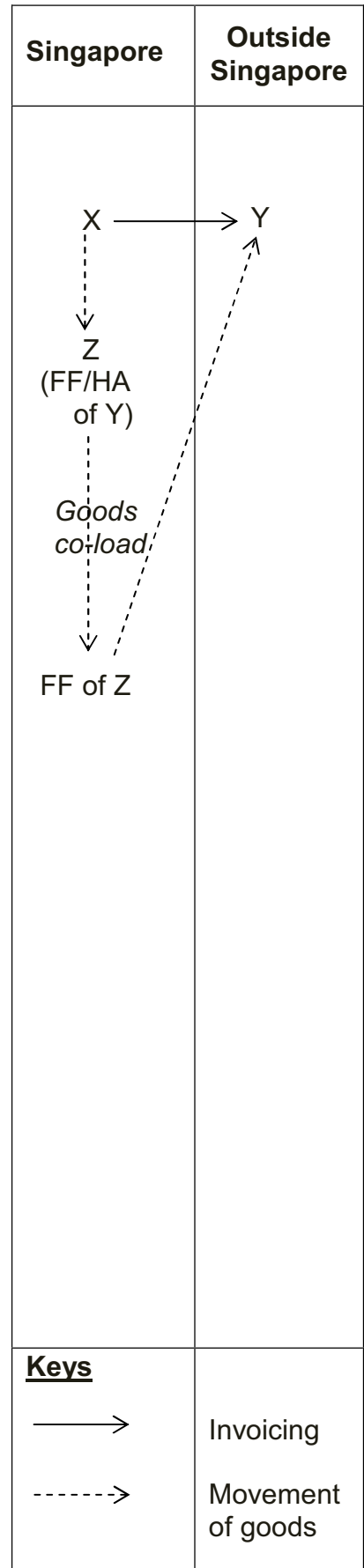


**A GUIDE ON EXPORT – INDIRECT EXPORT**

issued by Z or Z's freight forwarder. In addition, if the subsidiary export certificate / note of shipment are issued by Z's freight forwarder, it must include the particulars of Z for audit trail purposes.

- (h) For exports via land – export permit showing X as the exporter and the vehicle number.

For commercial reasons, if the export permit does not bear X's name as the exporter, X is required to maintain a subsidiary export certificate / note of shipment issued by Z or Z's freight forwarder.



## A GUIDE ON EXPORT – INDIRECT EXPORT

### 7.2 Local buyer instructs local supplier to deliver goods out of Singapore. Local buyer invoices its overseas customers.

#### Scenario 7.2A

Local buyer (Z) instructs its local supplier (X) to deliver goods to its overseas customer (Y). X arranges for the export of goods and invoices Z for the goods. Z in turn invoices Y.

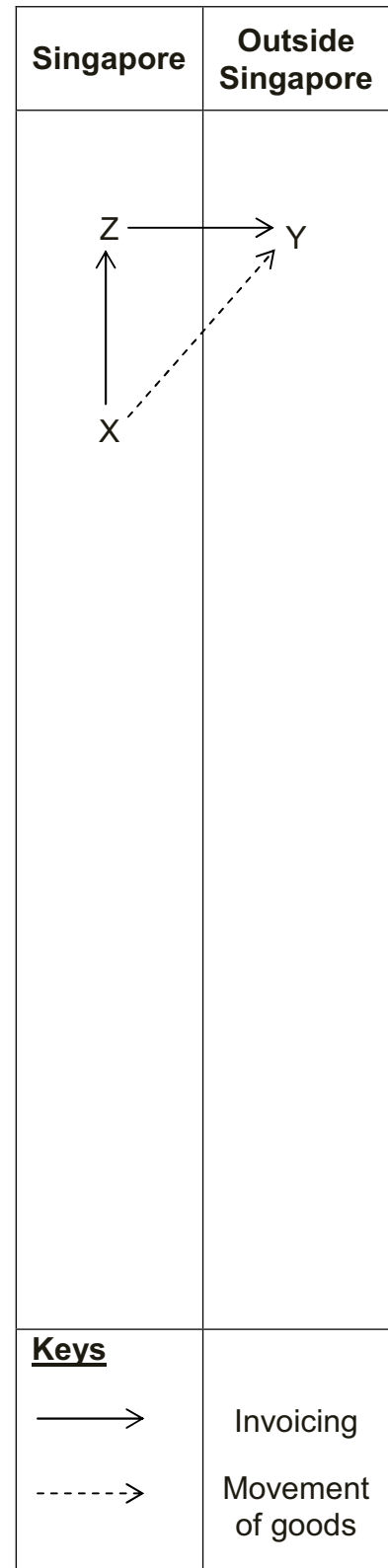
For Z to zero-rate its supply to Y under this indirect export arrangement (because Z does not have custody of the goods nor control over the export arrangement), Z is required to maintain the following export evidence:

#### Transaction Documents

- (a) purchase order from Z to X;
- (b) written instructions from Z to X that the goods purchased are to be exported to Y (this may be included in the purchase order);
- (c) X's sale invoice to Z;
- (d) Z's sale invoice to Y;
- (e) evidence of payment received from Y.

#### Transport Documents

- (f) For exports via sea or air  
bill of lading / air waybill showing details of X's goods exported and bearing X's name as the exporter.
- (g) For exports via land  
export permit showing X as the exporter and the vehicle number.



**A GUIDE ON EXPORT – INDIRECT EXPORT**

**Scenario 7.2B**

Local buyer (Z) instructs its local supplier (X) to deliver the goods to Z’s freight forwarder (FF) for export to Z’s overseas customer (Y). X invoices Z for the goods and Z in turn invoices Y.

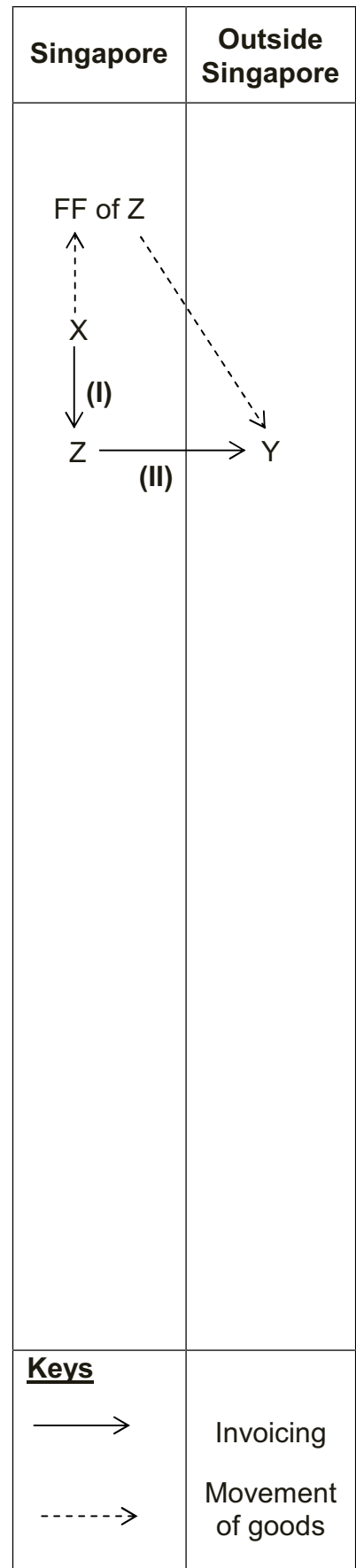
**(I) Supply from X to Z (Indirect Export)**

Under this scenario where X does not have custody of the goods and control over the export arrangement, X must treat the sale as a local supply and charge GST accordingly.

The only exception is when X is at the time of supply certain that all the goods will be exported. To zero-rate the supply to Z, X is required to maintain the following export evidence:

Transaction Documents

- (a) purchase order from Z or equivalent;
- (b) written instructions from Z to deliver the goods to his FF (this may be included in the purchase order);
- (c) X’s sales invoice to Z;
- (d) X’s delivery note / packing list endorsed by the FF with the following details:
  - (i) a statement stating that "goods delivered are for export";
  - (ii) name, address and GST registration number (if applicable) of the FF; and
  - (iii) date of collection of goods
- (e) insurance documents (if applicable) with details of the shipment;
- (f) evidence of payment received from Z.



**A GUIDE ON EXPORT – INDIRECT EXPORT**

Transport Documents

(g) For exports via sea or air – bill of lading / air waybill showing details of X's goods exported and bearing Z's name as the exporter.

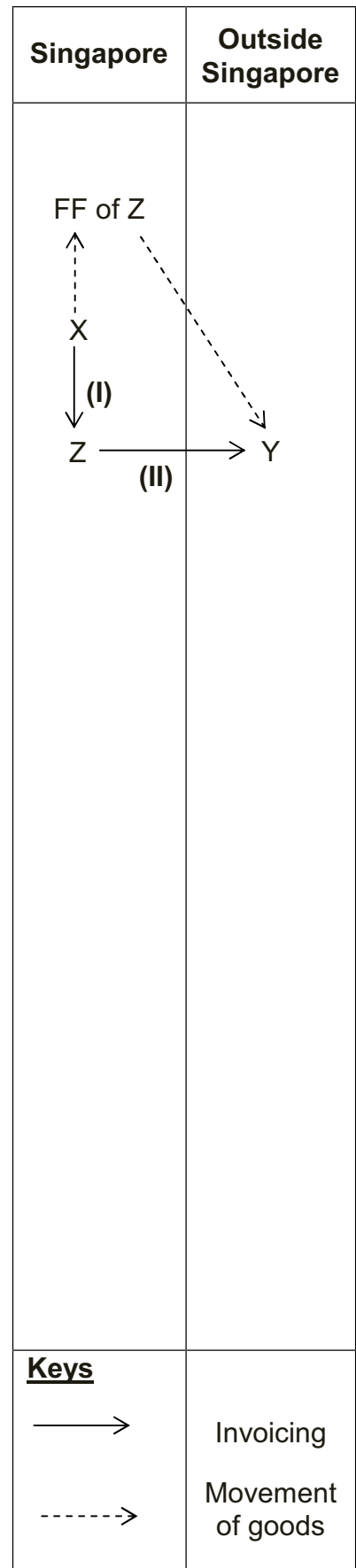
Alternatively, the FF can issue a subsidiary export certificate / note of shipment to X.

(h) For exports via land – export permit showing Z as the exporter and the vehicle number.

Alternatively, the FF can issue a subsidiary export certificate / note of shipment to X.

**(II) Supply from Z to Y (Direct Export)**

This can be treated as direct export scenario since the export arrangement is handled by Z's freight forwarder. For Z to zero-rate his supply to Y, Z is required to maintain the export evidence described in Scenario 6.1A.



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### Scenario 7.2C

Local buyer (Z) instructs its local supplier (X) to deliver the goods to an overseas person (Y), who is a customer of local trader W. X invoices Z, who in turn simultaneously invoices another local trader (W), and W invoices Y.

#### (I) Supply from X to Z (Direct Export)

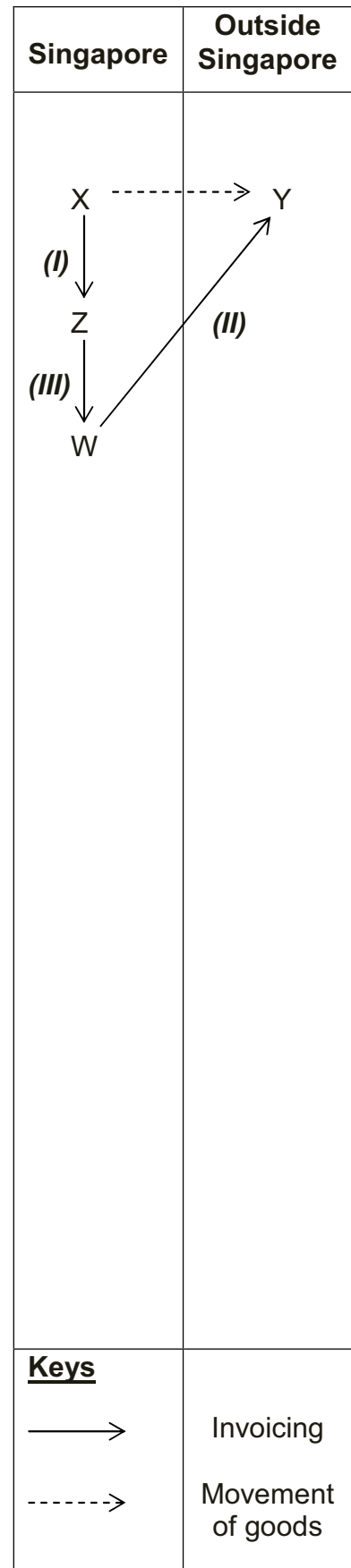
For X to zero-rate his supply to Z, X is required to maintain the export evidence described in Scenarios 6.2A or 6.2B.

#### (II) Supply from W to Y (Indirect Export)

For W to zero-rate his supply to Y under such an indirect export scenario, W is required to maintain the following export evidence:

#### Transaction Documents

- (a) written instruction from W to Z that the goods purchased are to be exported to Y (this may be included in the purchase order);
- (b) written instruction from Z to X that the goods purchased are to be exported to Y (this may be included in the purchase order);
- (c) X's delivery note / packing list endorsed by his freight forwarder / handling agent (FF/HA) with the following details:
  - (i) a statement stating that "goods delivered are for export";
  - (ii) name, address and GST registration number (if applicable) of the FF/HA; and
  - (iii) date of collection of goods
- (d) W's sales invoice to Y;
- (e) insurance documents (if applicable) with details of the shipment;
- (f) evidence of payment received from Y.



**A GUIDE ON EXPORT – INDIRECT EXPORT**

Transport Documents

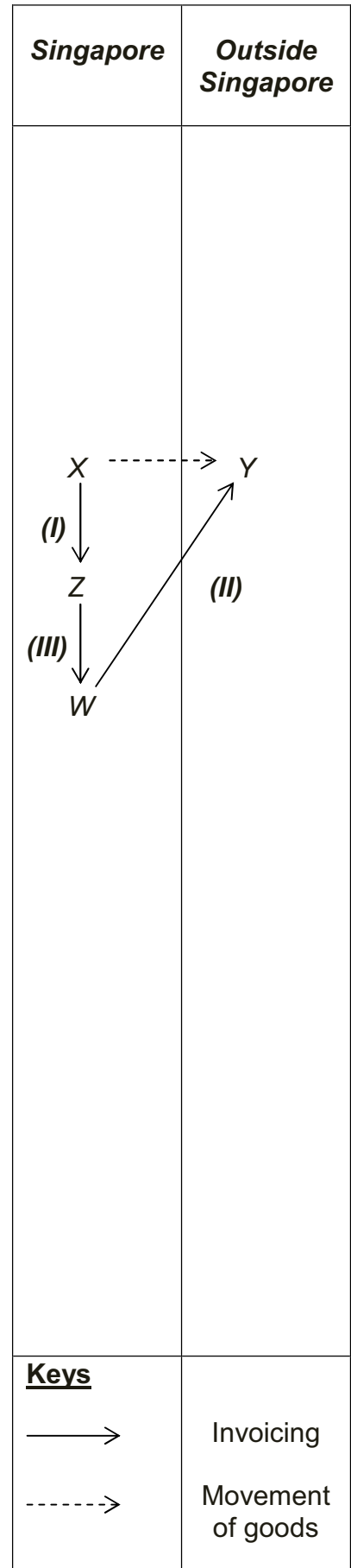
- (g) For exports via sea or air  
bill of lading / air waybill showing details of X's goods exported and bearing X's name as the exporter.
- (h) For exports via land  
export permit showing X as the exporter and the vehicle number.

**(III) Supply from Z to W (Indirect Export)**

The supply from Z to W can be zero-rated on the condition that the date of the invoices issued by the various parties (i.e. X, Z & W) is the same, i.e. back-to-back billing exists and Z maintains all the following export evidence:

Transaction Documents

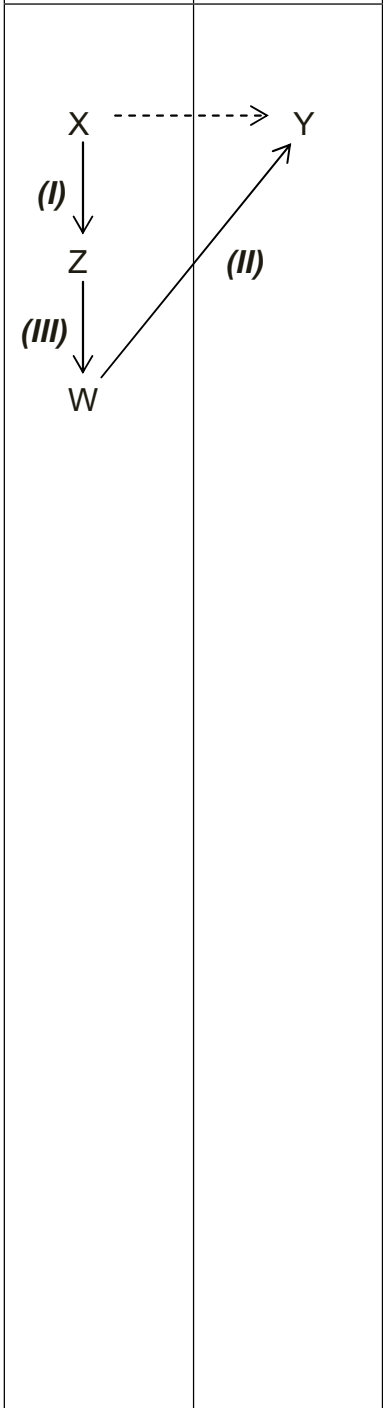
- (a) written instruction from W to Z that the goods purchased are to be exported to Y (this may be included in the purchase order);
- (b) written instruction from Z to X that the goods purchased are to be exported to Y (this may be included in the purchase order);
- (c) X's delivery note / packing list endorsed by the freight forwarder / handling agent (FF/HA) with the following details:
  - (i) a statement stating that "goods delivered are for export";
  - (ii) name, address and GST registration number (if applicable) of the FF/HA; and
  - (iii) date of collection of goods
- (d) insurance documents (if applicable) with details of the shipment;
- (e) sales invoice from X to Z and the evidence of payment made by Z to X;
- (f) sales invoice from Z to W and evidence of payment made by W to Z.



## A GUIDE ON EXPORT – INDIRECT EXPORT

### Transport Documents

- (g) For exports via sea or air – bill of lading / air waybill showing details of X's goods exported and bearing X's name as the exporter.
- (h) For exports via land – export permit showing X as the exporter and the vehicle number.

Singapore	Outside Singapore
 <p>The diagram illustrates the flow of goods and invoicing in an indirect export scenario. It is divided into two columns: Singapore and Outside Singapore. In the Singapore column, there are three entities: X at the top, Z in the middle, and W at the bottom. In the Outside Singapore column, there is one entity: Y at the top. A dashed arrow labeled (I) points from X to Y. A solid arrow labeled (II) points from X to Z. A solid arrow labeled (III) points from Z to W. A solid arrow labeled (II) also points from W to Y.</p>	
<p><b><u>Keys</u></b></p> <p>—————&gt;</p> <p>-----&gt;</p>	<p>Invoicing</p> <p>Movement of goods</p>



## A GUIDE ON EXPORT – GOODS HAND-CARRIED OUT OF SINGAPORE

### **Scenario 8.1B**

Goods hand-carried out of Singapore other than the scenario described in Scenario 8.1A.

The Hand-Carried Exports Scheme does not apply to goods that are hand-carried out of Singapore via:

- Changi International Airport before 1 April 2009;
- Seletar Airport;
- Sea; or
- Land

For such hand-carried exports, X can zero-rate his supply to the overseas customer (Y) if he maintains all the following export evidence:

#### Transaction Documents

- (a) X's sales invoice to Y;
- (b) evidence of payment received from Y;
- (c) confirmation of receipt of goods by Y;

#### Transport Documents

- (d) the form, "Declaration of Carrier for Goods Hand-carried out of Singapore" (specimen can be found in Appendix 1) duly completed. Such declaration must be endorsed by both the carrier and X, showing the date of collection of goods and the name and passport number of each carrier;
- (e) copy of transport documents such as confirmed air / ferry ticket and boarding pass bearing the carrier's name as the passenger. A copy of airline excess baggage receipt (if applicable) for goods exported as accompanied baggage;
- (f) extract of the carrier's passport containing the personal details and photograph of the carrier and the relevant immigration endorsement of his exit from Singapore / entry to a foreign country;
- (g) for export via land, an export permit showing you as the exporter and the vehicle number;

Singapore	Outside Singapore
	<p>Y</p> <p>Y</p>
<p><b>Keys</b></p> <p>—————→ Invoicing</p> <p>-----→ Movement of goods</p>	

## A GUIDE ON EXPORT – GOODS HAND-CARRIED OUT OF SINGAPORE

- (h) endorsed export permit for temporary export of goods, if applicable.

In cases where the goods sold are hand-carried out by more than one carrier, X must maintain the documents in (d) to (f) for **each** carrier involved.

Singapore	Outside Singapore
<p><b>Keys</b></p> <p>—————&gt; Invoicing</p> <p>-----&gt; Movement of goods</p>	

**A GUIDE ON EXPORT – GOODS HAND-CARRIED OUT OF SINGAPORE**

**8.2 Local supplier sells goods to tourist who will bring the goods out of Singapore via Changi International Airport or Seletar Airport.**

Local supplier (X) can use the Tourist Refund Scheme to allow tourist (Y) to obtain a GST refund on the goods purchased. In such case, X must treat the sale to Y as a local supply, issue tax invoice in the name of Y and charge GST accordingly.

More details on how to operate the Tourist Refund Scheme and the stipulated conditions for this Scheme can be found in the e-Tax Guide ‘Guide to Retailers Operating Tourist Refund Scheme’.

All GST-registered persons operating the Tourist Refund Scheme must comply with the law governing this Scheme (i.e. Regulations 47 to 50 of the GST General Regulations empowered under Section 25 of the GST Act) and the conditions set out in the e-Tax Guide ‘Guide to Retailers Operating Tourist Refund Scheme’.

Singapore	Outside Singapore
<p style="text-align: center;">X</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">Y (tourist)</p>	<p style="text-align: center;">→</p>
<p><b>Keys</b></p> <p>——→</p> <p>-----→</p>	<p>Invoicing</p> <p>Movement of goods</p>

### 9 Industry-Specific Export Scenarios

#### **2010 Budget Changes - Zero-rating the supply of goods to ships**

The Minister for Finance, in his 2010 Budget Statement, announced changes to the GST treatment for ship and ship-related supplies.

One of the changes relates to the extension of zero-rating to goods supplied to ships. This change will take effect from **1 July 2010**.

In brief, zero-rating will apply to:-

- All supplies of goods (whether by sale or lease) for use or installation on the ship, i.e. not limited to stores and merchandise for resale only; and
- Supplies made to any qualifying ship and not just ships which call on a foreign port outside Singapore.

In view of the above budget change, zero-rating under scenarios 9.1 to 9.3 described below is repealed in respect of transactions with effect from 1 July 2010. Please refer to the e-Tax guide “GST Guide for the Marine Industry - 2010 Budget Change” for more information on the new scenarios qualifying for zero-rating. This e-tax guide also provides further information on the change and the meaning of qualifying ship.

Please note that the zero-rating of supplies to non-qualifying ships is also covered in the e-Tax guide “GST Guide for the Marine Industry - 2010 Budget Changes”.

#### **9.1 Goods that are considered as stores for GST purposes for transactions prior to 1 July 2010**

For GST purposes, stores are goods for use on the ship or aircraft. They include:

- (a) goods to be used in repairs or maintenance work, such as lubricants, spares and replacement parts;
- (b) goods for general use on board such as ropes, food stores;

Please note that goods purchased by air/ship crew such as television set, audiovisual or electronic equipment or devices for his/her own private usage are not to be treated as stores for GST purposes. In addition, stores that are used by ship plying in Singapore water or on a “cruise to nowhere” journey must be standard-rated.

### 9.2 Supply of bunker fuel, goods as stores or merchandise for sales for transactions prior to 1 July 2010

#### **Scenario 9.2A**

X supplies bunker fuel to customer Y, and delivers the fuel directly to the vessel. X can zero-rate this supply provided that X delivers or arranges for the delivery of the bunker fuel directly to the foreign going vessel.

To support the zero-rating of the supply, X is required to maintain the following documents:

- (a) purchase order from Y. The purchase order should indicate the name of the vessel, date of departure and next destination from Singapore;
- (b) written instructions from Y to deliver the bunker fuel to the vessel;
- (c) sales invoice to Y;
- (d) bunker delivery note endorsed by the Master of the ship / Chief Engineer;
- (e) evidence of payment from Y.

#### **Scenario 9.2B**

X supplies goods to be used as stores (see 9.1) to customer Y. X may deliver the stores directly on board the vessel or to a named destination as instructed by Y.

X can zero-rate this supply provided that the goods supplied by X are used as stores on a voyage to or from a destination outside Singapore.

To support the zero-rating of the supply, X is required to maintain the following documents:

#### **For stores delivered directly on board the vessel**

- (a) purchase order from Y that goods purchased are to be used as stores on board the vessel. The purchase order should indicate the name of the vessel, date of departure and next destination from Singapore;
- (b) written instructions from local / overseas customer Y to deliver the goods to the vessel (this may be included in the purchase order);
- (c) sales invoice to Y;
- (d) delivery note endorsed by the Master of the ship / Chief Engineer that the goods delivered are used as stores on a voyage to or from a destination outside Singapore, and showing the date of receipt of goods and the place of next destination;
- (e) evidence of payment from Y.

### For goods delivered to a named destination as instructed by Y

- (a) purchase order from Y that goods purchased are to be used as stores on board the vessel. The purchase order should indicate the name of the vessel, date of departure and next destination from Singapore;
- (b) written instructions from Y to deliver the goods to a named destination (this may be included in the purchase order);
- (c) sales invoice to Y;
- (d) delivery note endorsed by Y that the goods delivered to the named destination are used as stores on a voyage to or from a destination outside Singapore, and showing the date of receipt of goods and the place of next destination;
- (e) evidence of payment from Y.

### **9.3 Export of navigation equipment for transactions prior to 1 July 2010**

In situations where a supplier supplies navigation equipment on board a vessel plying international waters, the supplies can be zero-rated if the supplier maintains the following documents:

- (a) purchase order stating that the equipment is to be installed on board a vessel plying international waters;
- (b) delivery note endorsed by the Master of the vessel and indicating the date of collection of goods;
- (c) professional report confirming the installation of the equipment on board the vessel;
- (d) evidence of payment received for the supply; and
- (e) sales invoice to the customer containing a detailed description of the navigation equipment sold and installed.

**10 Extension of the 60-day Rule**

**10.1 Goods delivered for kitting / packing / assembling / dismantling before the final products are exported**

**Scenario 10.1A**

Local supplier (X), upon instructions from his overseas customer (Y), delivers his goods to a local person (Z) for kitting / packing / assembling before the final products are exported to Y.

**Important Note**

*If X's goods, delivered to Z, are processed such that there is a change in the nature and form (for example, from plastic made into toys, fabric tailored into dresses or electronics chips mounted on circuit boards) before the finished goods are exported, X is not allowed to zero-rate this supply.*

*This is because X's goods are not being exported in their original form. The goods have undergone processing and X's original goods have lost their identity. Instead, different goods with value-added are exported.*

***The Comptroller considers a change of HS code as a change in nature and form.***

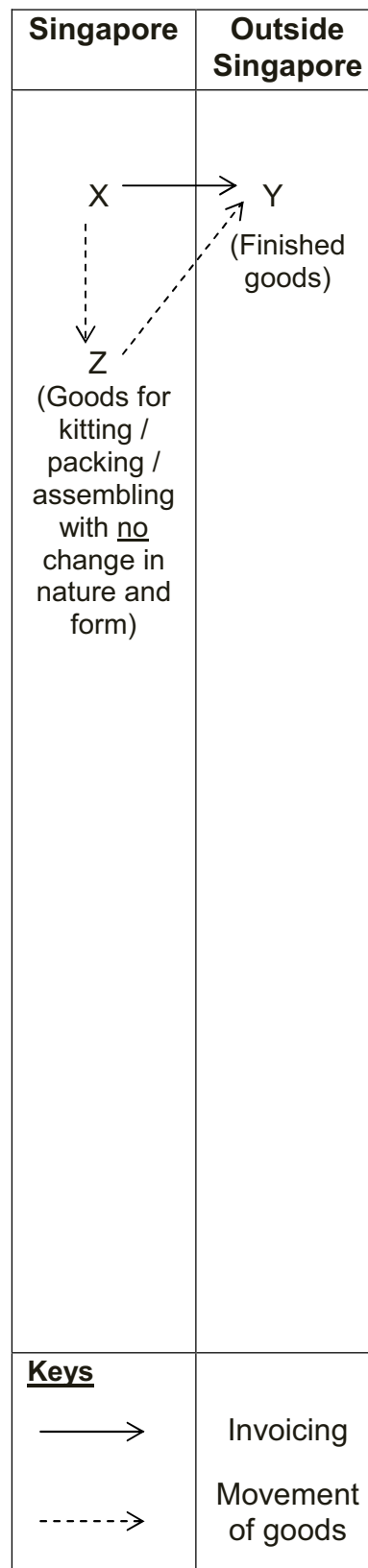
X may zero-rate his supply to Y provided the following conditions are satisfied:

- (1) Y has given written instructions to X to deliver the goods to Z for kitting / packing / assembling. The instruction should state clearly that the goods delivered to Z are to be exported after the kitting / packing / assembling; and
- (2) Z provides a letter of undertaking to X stating that these goods would be exported **within six months** from the date of receipt of goods;

In addition to complying with the above conditions, X is required to maintain the following export evidence to support the zero-rating of the supply:

**Transaction Documents**

- (a) purchase order from Y or equivalent;
- (b) X's sales invoice to Y;



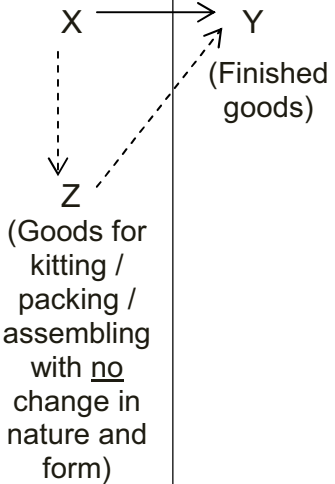
## A GUIDE ON EXPORT – EXTENSION OF THE 60-DAY RULE

- (c) X's delivery note / packing list addressed to Y for goods delivered to Z. The delivery order / packing list must be endorsed by Z with the following details:
- (i) a statement stating that "goods delivered are for kitting / packing / assembling and will be exported within 6 months from date of receipt of goods";
  - (ii) name, address and GST registration number (if applicable) of Z;
  - (iii) date of collection of goods
- (d) evidence of payment received from Y.

### Transport Documents

- (e) For exports via sea or air – Since the bill of lading / air waybill may not show X's name as the exporter, the document that X is required to maintain a subsidiary export certificate / note of shipment issued by freight forwarder / handling agent.
- (f) For exports via land – X has to maintain export permit showing X as the exporter and the vehicle number.

For commercial reasons, if the export permit does not bear X's name as the exporter, X is required to maintain a subsidiary export certificate / note of shipment issued by freight forwarder / handling agent.

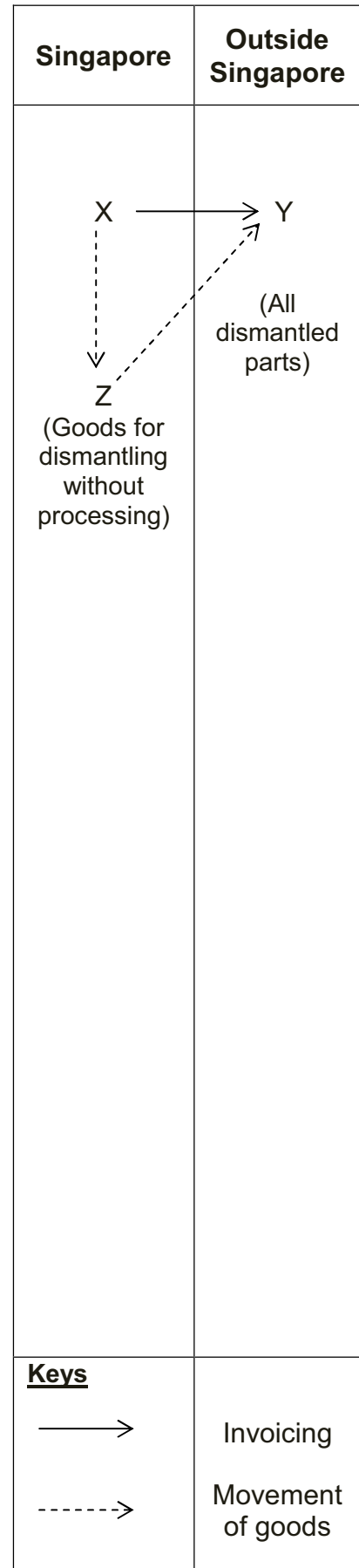
Singapore	Outside Singapore
 <p>(Goods for kitting / packing / assembling with <u>no</u> change in nature and form)</p>	
<p><b><u>Keys</u></b></p> <p>—————→ Invoicing</p> <p>-----→ Movement of goods</p>	

## A GUIDE ON EXPORT – EXTENSION OF THE 60-DAY RULE

### **Scenario 10.1B**

Local supplier (X), upon instructions from its overseas customer (Y), delivers his goods to a local person (Z), for dismantling and packing so as to facilitate shipping of the goods for export

To zero-rate the supply to Y, X must satisfy the conditions sets out in Scenario10.1A and maintain the stipulated export evidence to support the export of the goods.



### 10.2 Construction and supply of oilfield and gasfield equipment

A supplier of customized oilfield / gasfield equipment may enter into an agreement with its overseas customer to supply such equipment. Substantial amount of time is required to complete the construction of such equipment and he may progressively bill his overseas customer before the equipment is exported.

Such supplies can qualify for zero-rating if the following conditions are met and documents are maintained:

(I) Conditions:

- (a) The contract for supplying gasfield / oilfield equipment must be signed with an overseas customer not belonging in Singapore;
- (b) The contract must be for the supply of goods, which are:
  - (i) customised design based on specifications by the overseas customer;
  - (ii) for the purpose of incorporation or installation onto the oil rig / platform / vessel / topside situated outside Singapore; or export as part of the oil rig / platform / vessel / topside from Singapore.
- (c) The overseas customer may be invoiced progressively subject to the terms as specified in the contract. However, the first progress billing to the final billing, and the export of the gasfield / oilfield equipment should all occur within the contract period or a 3-year period, whichever is earlier;
- (d) At the end of the contract, the total value of the progress billings must be able to reconcile with the total value of each contract with the overseas customer (if there are any change in orders / amendments, documents must be maintained to prove this).

(II) Documents to be maintained:

	Goods incorporated or installed onto the oil rig / platform / vessel / topside <b>situated outside Singapore</b>
At the point of progress billing	<ul style="list-style-type: none"> <li>(a) Written contract or purchase order or correspondence with the overseas customer on the supplies;</li> <li>(b) Instruction from the overseas customer to deliver the equipment overseas;</li> <li>(c) Sales invoice to overseas customer;</li> <li>(d) Evidence of each payment received from the overseas customer.</li> </ul>

## A GUIDE ON EXPORT – EXTENSION OF THE 60-DAY RULE

At the point of export of goods	<ul style="list-style-type: none"> <li>(a) Bill of lading – for export via sea; or Air waybill – for export via air; or Export permit – for export via land.</li> <li>(b) Confirmation from the fabricator / shipyard that the goods have left Singapore;</li> <li>(c) Written confirmation from overseas customer upon receipt of the goods at a place outside Singapore or foreign authority's documents to show that the goods have been imported into the country.</li> </ul>
At the point of progress billing	<p style="text-align: center;"><b>Goods exported as part of the oil rig / platform / vessel / topside from Singapore</b></p> <ul style="list-style-type: none"> <li>(a) Written contract or purchase order or correspondence with the overseas customer on the supplies;</li> <li>(b) Instruction from the overseas customer to deliver the equipment to the shipyard in Singapore;</li> <li>(c) Sales invoice to overseas customer;</li> <li>(d) Evidence of each payment received from the overseas customer.</li> </ul>
At the point of export of goods	<ul style="list-style-type: none"> <li>(a) Delivery note (on the company's letterhead) to the shipyard with the endorsement on the receipt of the goods by the shipyard master; bearing the ship's stamp;</li> <li>(b) Written confirmation containing details (including name, date of departure, destination) of the oil rig / platform / vessels / topside that left Singapore either furnished by the local shipyard or the overseas customer;</li> <li>(c) Written confirmation from the overseas customers that the goods have been installed onto the oil rig / platform / vessels / topside;</li> <li>(d) Certification from a qualified source (e.g. an independent professional body or person) that the goods delivered has been installed onto the oil rig / platform / vessels / topside.</li> </ul>

### 10.2A Construction and supply of oilfield and gasfield equipment to local customers

With effect from 1<sup>st</sup> July 2009, the Comptroller will extend zero-rating to include the construction and supply of oilfield and gasfield equipment to local customers. This extension of the 60-day rule is to recognize that such customized equipment will be exported out of Singapore despite the progressive billings.

In order to zero-rate such supplies to local customers, the supplier must meet the following conditions and maintain the required documents:

- (I) Conditions:
  - (a) The contract must be for the supply of goods, which are:
    - (i) customised design based on specifications by the local customer;
    - (ii) for the purpose of incorporation or installation onto the oil rig / platform / vessel / topside situated outside Singapore; or export as part of the oil rig / platform / vessel / topside from Singapore.
  - (b) The local customer may be invoiced progressively subject to the terms as specified in the contract. However, the first progress billing to the final billing, and the export of the gasfield / oilfield equipment should all occur within the contract period or a 3-year period, whichever is earlier;
  - (c) At the end of the contract, the total value of the progress billings must be able to reconcile with the total value of each contract with the local customer (if there are any change in orders / amendments, documents must be maintained to prove this).
- (II) The documents to be maintained must be the same as those mentioned in paragraph 10.2(II) above except that the customer referred therein refers to the local customer instead.

### 10.3 Manufacture of customized equipment and machinery

A supplier may enter into an agreement to supply equipment or machinery that is manufactured in accordance with his customer's specifications, to be used overseas. As the manufacturing of the customised equipment or machinery may not be completed within a short span of time, the supplier would invoice its overseas customer progressively. In this case, the goods would not have been exported when the supplier starts invoicing its customer.

Such supplies can qualify for zero-rating provided the following conditions are met and documents are maintained:

(I) Conditions:

- (a) the equipment or machinery must not be used, consumed or made available in Singapore;
- (b) the progressive billing must be specified as part of the contract;
- (c) the supplier must export the equipment or machinery himself, through his freight forwarder or through his overseas customers' appointed freight forwarder;
- (d) the equipment or machinery manufactured must be customized according to the overseas customers' specifications;
- (e) the first progress billing to the final billing, and the export of the customized equipment or machinery should all occur within the contract period;

(II) Documents to be maintained:

- (a) contract between the supplier and his overseas customer or his overseas customers' purchase order must clearly show the following:
  - (i) description and quantity of the equipment or machinery to be manufactured;
  - (ii) the agreed price and payment terms;
  - (iii) the overseas address the equipment or machinery is to be delivered to. If the overseas customer's instruction is to export the equipment or machinery to a third party in overseas, the name and address of the third party must be stated;
  - (iv) how the equipment or machinery are to be exported;
  - (v) other specific details agreed upon by both parties.

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- (b) sales invoices to the overseas customer for the progress payments due. The total value of progress billings must tally with the agreed price;
- (c) evidence of payment received from the overseas customer for each progress bill raised;
- (d) the relevant export documents to evidence that the equipment or machinery have been exported. Please refer to paragraphs 6 and 7 of this guide for the type of export documents that are required to be maintained.

### 10.4 Procurement of specific goods for overseas customers

A supplier may contract with its overseas customer (via verbal or written agreement) to source for and supply (via export) the customer with goods in accordance with the customer's specifications. The agreement may also specify that the goods be exported progressively over a period of time based on a pre-arranged agreement with the customer.

Under such arrangement, the supplier may collect an initial deposit or advance payment which forms part payment of the goods to be procured and sold. In addition, as the export of such specified goods may not be completed within a short span of time, the supplier may invoice his customers progressively. In this case, not all the goods would be exported within 60 days when the supplier starts invoicing his customer.

The supplies can qualify for zero-rating if the following conditions are met and documents are maintained:

- (l) Conditions:
  - (a) There must be documentary records (such as written agreement, email / correspondence to confirm such arrangement) to provide evidence on the supply of goods;
  - (b) The agreement must list down the following details:
    - (i) Details of the customer's specification of the goods to be procured and exported;
    - (ii) Schedule of the progressive shipping; and
    - (iii) Schedule of the payments.
  - (c) The supplier must have custody of the goods to be exported and control over the export arrangement;
  - (d) The date of the initial deposit / advance payment to the final billing and the export of all the specific goods should all occur within the arrangement period or a **6-month period**, whichever is earlier;
  - (e) At the end of the agreement, the total value of the initial deposit / advance payment and payments towards the progress billings must be able to reconcile with the total value of the agreed transaction with the overseas customer.

- (II) Documents to be maintained:
- (a) Agreement between the supplier and its overseas customer and any other written documentary that evidence the following:
    - (i) description and quantity of the goods to be purchased;
    - (ii) the agreed price, payment terms and shipment schedule if the export will take place progressively over a period of time;
    - (iii) the overseas address that the goods are to be delivered to. If the overseas customer's instruction is to export the specified goods to a third party in overseas, the name and address of the third party must be stated;
    - (iv) how the goods are to be exported;
    - (v) other specific details agreed upon by both parties.
  - (b) sales invoices to overseas customer for the progress payments due;
  - (c) evidence of payment received from overseas customer for each progress bill raised;
  - (d) the relevant export documents to evidence that the goods have been exported. Please refer to the relevant sections of this guide for the type of export documents that are required to be maintained;
  - (e) documents must be maintained on changes or amendments to the order.

### 11 Exports of goods not supported by sales at the point of exports

There are instances where goods are physically exported out from Singapore but not supported by sales. Paragraph 11.1 lists some examples of such exports. Unless otherwise approved by the Comptroller, such exports of goods are required, for control purposes, to be reported by the taxable person (i.e. the owner of the goods or a GST agent of his overseas principal) in its respective GST returns, in the same box as zero-rated supplies.

#### 11.1 Examples of goods exported out from Singapore not supported by sales

##### Exported by the owner of the goods

- (a) Goods are exported to warehouse located outside Singapore for storage purposes without change of title or ownership of the goods.
- (b) Spare parts, raw materials and machinery are exported to carry out work overseas.
- (c) Equipment is exported to customer outside Singapore for leasing (without transfer of title) and such equipment will be returned back to the owner in Singapore upon the expiry of the lease period.
- (d) Goods returned to overseas supplier.
- (e) Goods exported to overseas customers on consignment terms.

##### Exported by the local agent of the overseas owner of the goods

- (f) Goods belonging to overseas person were imported into Singapore for repair/modification services and are exported back to the overseas person (or his designated person) overseas after performance of service.
- (g) Raw materials belonging to overseas person were imported into Singapore for treatment/processing into finished goods. Upon completion of the treatment/processing, the finished goods are sent back to the overseas person (or his designated person) overseas.

#### 11.2 Reporting and documentation

In these circumstances, the owner of the goods or the local agent of the overseas person must report the value of goods exported in his GST return when the goods are exported (goods made available). The value to be reported is generally the commercial value of the goods exported plus the service fees charged (if applicable), if such services similarly qualify for zero-rating. In situations where the commercial value of the goods is not available, he can, as an alternative, choose to report the import value of the goods. Also, such declarations are required to be supported by commercial transport evidence.

### **11.3 Export of gold**

There are instances where:

- (a) A local gold jeweller (A) purchases gold jewellery from its overseas supplier (B) and makes payment in the form of gold bar to be hand-carried out of Singapore; or
- (b) A local jeweller delivers the scrap gold to a local intermediary who in turn exports the scrap gold to an overseas refinery.

In the above situations, even though the gold hand-carried out / scrap gold exported is not supported by any sale at the point of exports, the local jeweller is required to report the export of such gold bar / scrap gold as his zero-rated supplies.

For more details on export documentation and GST reporting requirements for the gold industry, please refer to the e-Tax Guide 'GST And The Gold Jewellery Industry'.

### **11.4 Exception**

The Comptroller will consider giving approval to dispense with such reporting requirements only if:

- (a) There are alternate tracking records on the movement of the goods (e.g. inventory system of the goods); and
- (b) There are third-party verification of such record-keeping on a periodic basis which the Comptroller can rely upon (e.g. a logistics service provider engaged for the purpose of managing the inventory); or
- (c) The Comptroller is satisfied that such record-keeping has attained a high standard of control.

### 12 Frequently Asked Questions

#### 12.1 *I understand that there is no need to issue tax invoices for zero-rated supplies. However, do I have to state 'GST 0%' on the invoices?*

If your supplies qualify for zero-rating, you do not need to issue a tax invoice. However, as a commercial practice, we expect that you issue a commercial invoice for the supply made.

Should you decide to issue a tax invoice for simplicity, you are required to indicate that GST is charged at 0%.

#### 12.2 *Must the export permit be also applied for before goods are exported?*

It is a requirement by Singapore Customs that an export permit must be obtained for goods exported out of Singapore. For exports via land, an export permit must be obtained before the goods are exported. For sea or air exports, the export permit must be obtained within 3 days of export. For more information, please refer to [www.customs.gov.sg](http://www.customs.gov.sg) under Import & Export Procedures.

Please note that for GST purposes, the export permit is a primary document to support zero-rating of exports via land and goods exported under the Hand-Carried Exports Scheme (HCES). In addition, the export permits must be endorsed by Singapore Customs to be valid as a primary document for zero-rating purposes under the Hand-carried Exports Scheme.

#### 12.3 *How long must I retain export documentation?*

With effect from 1 January 2007, you are required to keep records pertaining to prescribed accounting periods ending on or after 1 January 2007 for 5 years.

However, for records pertaining to prescribed accounting period ended before 1 January 2007, you are required to keep them for 7 years.

For more details, please refer to our e-Tax Guide “How do I keep records and Accounts?” which can be downloaded from our website at [www.iras.gov.sg](http://www.iras.gov.sg)

#### 12.4 *Can I maintain my export documents in an electronic format?*

If you wish to use other means to maintain your records, you do not need to seek approval from the Comptroller. However, you must comply with the compliance criteria set out in our e-Tax guides ‘Keeping Machine-sensible Records and Electronic Invoicing’ and ‘Keeping of Records in Imaging Systems’.

These guides can be downloaded from our website at [www.iras.gov.sg](http://www.iras.gov.sg)

**12.5 *What happens if I do not maintain the required export evidence as specified in the e-Tax Guide on Export?***

If you do not maintain the relevant export evidence, you must standard-rate the supply and account for GST based on the prevailing rate. Otherwise, if the errors were discovered during our audit, penalties would be imposed on such incorrect

returns, depending on the circumstances of the case.

In situations of ambiguity, you are advised to seek direction from the Comptroller on whether your transaction can qualify for zero-rating.

**12.6 *What if I have lost or misplaced my export evidence?***

If you have lost or misplaced the export evidence, you must obtain a duplicate copy from the issuer of the commercial transaction and transport document. The replacement document must be clearly marked “COPY – For GST purposes” and be dated and authenticated by an official of the issuing company.

**12.7 *Can I zero-rate the supply if the details of the goods shown on the export documents do not match the details on the other supporting documents (e.g. Invoice, endorsed packing list etc)?***

You are required to standard rate the supply as there is no proof that the goods you sold are identical to the goods exported.

**12.8 *What are the penalties for not maintaining proper records?***

Failure to keep proper records is an offence. On conviction, the person shall be liable to:

- (a) A fine not exceeding \$5,000; or
- (b) Imprisonment for a term not exceeding 6 months; or
- (c) Both fine and imprisonment.

For subsequent conviction, he is liable to:

- (a) A fine not exceeding \$10,000; or
- (b) Imprisonment for a term not exceeding 3 years; or
- (c) Both fine and imprisonment

**12.9 *What are the penalties for submission of incorrect return?***

The submission of incorrect returns resulting in tax being undercharged is an offence. On conviction, the person shall be liable to:

## **A GUIDE ON EXPORT – FREQUENTLY ASKED QUESTIONS**

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- (a) A penalty equal to double the amount of tax undercharged; and
- (b) A fine not exceeding \$5,000 or an imprisonment term not exceeding 3 years; or
- (c) Both fine and imprisonment.

For further information, please refer to e-Tax Guide 'GST General Guide for Traders'.

### **13 Contact Information**

For any clarifications of this e-Tax Guide, you may contact us at 1800 356 8633 or email us at [gst@iras.gov.sg](mailto:gst@iras.gov.sg).

## A GUIDE ON EXPORT – APPENDIX

### Appendix 1 – 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 :

I, (Name of carrier as shown in passport), hereby confirm that I will be hand-carrying the followings goods out of Singapore.

<b>Details of Goods</b>	<b>Details of Carrier</b>
Name of Customer (As per invoice) : _____	Relationship to customer /seller (if applicable) : _____
Invoice Date : _____	Nationality : _____
Invoice No. : _____	Passport No. : _____
Invoice Amount : _____	Address : _____
Description & Quantity of Goods (as per invoice) : _____	Signature of Carrier : _____
Quantity of Goods carried out by me : _____	

<b>Details of Departure</b>	
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                                   | <input type="checkbox"/> |
| (b) Boarding pass bearing the name of carrier (if applicable)                                  | <input type="checkbox"/> |
| (c) Airline excess baggage receipt (if applicable)   | <input type="checkbox"/> |
| (2) Extract of passport  |                          |
| (a) A copy of front page containing personal details & photograph of carrier                   | <input type="checkbox"/> |
| (b) A copy of relevant immigration endorsement of exit from Singapore/entry to foreign country | <input type="checkbox"/> |
| (3) Invoice to overseas customer   | <input type="checkbox"/> |
| (4) Confirmation of receipt of goods by overseas customer                                      | <input type="checkbox"/> |

Name & Signature of Authorised Person : \_\_\_\_\_

Designation : \_\_\_\_\_

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