P11
Bring the Goods In

- Basic Import Requirements
- Types of Import Schemes
- Duties and Tariffs
- Controlled and Prohibited Goods

Import Requirements

- Imports of all goods into Singapore must be covered by an appropriate permit (via TradeNet®), including controlled and non-controlled items

  - Unless the imported goods are for storage in a licensed warehouse or Free Trade Zone (FTZ), or imported under the Zero GST Warehouse Scheme (ZGS), or under the Major Exporter Scheme (MES), therefore suspending the GST and/or duty at importation stage; otherwise GST and/or duty must be paid at time of importation

Goods and Services Tax (GST)

- When goods are imported into Singapore and when goods and services made in Singapore are supplied, Goods and Services Tax (GST) must be paid

- GST is applied on an ad valorem basis on all goods (dutiable and non-dutiable)

- The GST taxable is calculated based on the CIF (Costs, Insurance and Freight) value plus all duties and other chargeable costs, whether or not shown on the invoice

Goods and Services Tax (GST)

- Upon exporting the goods, GST can be claimed back for the taxes that was paid during the import

- Current GST rate stands at **7%**

- To help businesses ease their cash flow, a few schemes have been introduced:

  - Major Exporter Scheme (MES)

  - Licensed Warehouse Scheme

  - Zero GST Warehouse Scheme (ZGS)

Free Trade Zone (FTZ)

- Free Trade Zones (FTZs) are essentially designated areas in Singapore where the payment of duties and taxes are suspended when the goods arrived in Singapore

- No duty or taxes are payable on goods that are stored in FTZs. You only need to pay duty and taxes when the goods leave the FTZ and enter into customs territory for local consumption

- Location of FTZ in Singapore include:

  - Port of Singapore
  - Jurong Port
  - Sembawang Wharves
  - Pasir Panjang Wharves
  - Airport Logistics Park of Singapore (ALPS)

(**Note:** Goods that arrive by **rail and road** are not deposited into FTZs and are subject to duties and taxes the moment they arrive.)

Free Trade Zone (FTZ)

- Transshipping is when goods are moved from country to country without being imported into the country

- Goods that are transshipped through Singapore are not subject to the duties and taxes that would normally be imposed on imports

- Application for a **Transshipment Permit** through TradeNet® is required when you are:

  - Transshipping goods from one Free Trade Zone (FTZ) to another FTZ

  - Transshipping controlled goods within a FTZ. For instance, when goods are moved from the ship in the FTZ to a storage facility within the FTZ.

    o If you are transshipping controlled goods within a FTZ , your Transshipment Permit must also be approved by the Competent Authorities (CAs)

  - Transshipping strategic goods.

    o If you are transshipping Strategic Goods, you must obtain a **Strategic Goods Control (SGC)TradeNet Permit** <u>before</u> the goods leave Singapore

Major Exporter Scheme (MES)

- MES is a scheme whereby the payment of GST is suspended at the point of importation of goods. MES traders will be allowed to import non-dutiable goods without paying GST to Singapore Customs (SC)

- MES traders will charge and account GST when they supply the goods locally. Thus, traders who export their goods subsequently will not face cash flow problems on their imports

- To qualify for MES, at least 51% of the goods sold must be for export

Dutiable Goods

- There are <u>4 broad categories</u> of dutiable goods in Singapore, namely:

  - Intoxicating liquor, including spirits, wine, beer, ale and stout

  - Tobacco, including cigarette and cigars

  - Motor spirit (petroleum)

  - Motor cars and motorcycles/ scooters
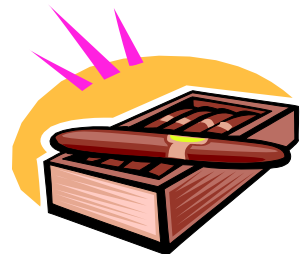
Licensed Warehouse Scheme

- A Licensed Warehouse is designated area approved and licensed by the Singapore Customs for storing dutiable goods, namely:
  - Liquor
  - Tobacco
  - Motor vehicles
  - Petroleum

- Duty and GST payable is suspended for storing these goods

- The licensed area is demarcated with lines, separating it from other areas. The non-designated area of the same warehouse premises may be used for other purposes

- It may be operated by the owner of the goods or service operator who is responsible for the security and proper control of the warehoused goods

Tariff and Duty Rates

- **Customs duty** :A kind of indirect tax which is realized on goods of international trade. A kind of consumption tax. Duties levied by the government in relation to imported items is referred to as import duty

  - **Ad valorem rate**
    - ✓ Duty is calculated as a percentage of the assessed value of the dutiable goods

  - **Specific rate**
    - ✓ Duty is based on a specified amount per unit of weight, volume, or quantity of the dutiable goods

  - **Composite/ compound rate**
    - ✓ Based on either a percentage or a specified amount and shall be the greater of the amounts calculated on such rates;
    - ✓ Or a percentage and a specified amount and shall be the aggregate of such percentage and amount

- **Excise tax:** Tax on a good produced within the country

Zero GST Warehouse Scheme (ZGS)

- ZGS is conceptually an extension of the FTZ into the premises of business

- When goods are removed from FTZ or imported via the land checkpoints, and moved into a ZGS, GST on the goods is suspended

- This scheme was introduced in 1 Jan 2006, to strengthen Singapore's status as a logistics and distribution hub in the region

  - It helps importers, exporters and distributors to reduce business costs

Zero GST Warehouse Scheme (ZGS)

- They cannot be used for storage of dutiable intoxicating liquors, petroleum products, tobacco products and motor vehicles

- ZG Warehouses can also be used to store approved non-dutiable commodities such as coffee, pepper, rubber, base metal, crude oil and petroleum products

ZGS License Types

There are 3 types of ZGS warehouse to cater to different companies, namely :

- **Warehouse Type I License**

  - Operated by importers and service warehouse operators who store imported goods, with at least 80% meant for re-export

- **Warehouse Type II License**

  - Operated by importers and service warehouse operators who store imported goods, for regional/ international and/or local distribution

- **Warehouse Type III License**

  - Operated by importers and service warehouse operators who store imported goods at different locations, for regional/ international and/or local distribution

Industrial Exemption Factory Scheme

- Tax breaks for manufacturers who use dutiable raw materials for manufacturing

  - Local industries which use dutiable raw materials to manufacture non-dutiable products and 100% of these products are to be exported

  - An example of a business that may qualify is a cosmetics company that uses alcohol (dutiable raw material) in manufacturing fragrances
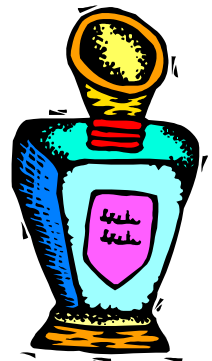
Import Control List

- The import of some goods are subject to the control of some controlling agencies, which requires application of approvals or licenses prior to getting the import permit
- Examples:
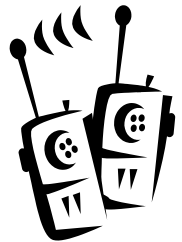
Item	Controlling Authority
Animals, Seafood	**Agri-food and Veterinary Authority (AVA)**
Films & video	**Media Development Authority (MDA)**
Toy guns & weapons	**Singapore Police Force (SPF)**
Pharmaceuticals	**Health Sciences Authority (HSA)**
Toy walkie-talkies	**The Infocomm Development Authority of Singapore (IDA)**

Prohibited Goods

The following items are **NOT** allowed to be imported into Singapore:

- Chewing gum (except dental or nicotine gum)
- Chewing tobacco and imitation tobacco products
- Cigarette lighters of pistol or revolver shape
- Controlled drugs and psychotropic substances
- Endangered species of wildlife and their by-products
- Firecrackers
- Obscene articles, publications, video tapes/discs and software
- Reproduction of copyright publications, video tapes, video compact discs, laser discs, records or cassettes
- Seditious and treasonable materials

TradeNet® 4.0 (Import)

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TradeNet® 4.0 (Import)

| Decl Info | Party Info | Transport | Invoice | **Item** | Document | Summary | | Save | Cancel |

| Item List | **Item Detail** |

Item Information

HS Code: *	22082010	...	
Inv Serial No:	1 - 201101022 ▼		
Description: *	BRANDY 46% OR LESS ALC VOL (LTR)		
Get HSDesc			
Brand: *			
Marks & No:			
Markings:	[Select One] ▼		
Dutiable Type: *	⦿ Liquor ○ Tobacco ○ Petroleum		
Ctry of Origin: *	GB	...	
HS Quantity: *	1,000.0000 Unit: * LTR ...		
Unit Wt/Vol: *	1.0000 Unit: * LTR ...		
LSP Value (S$):			
Unit Price:	Curr: ...		
Cust Duty Rate:	Unit: ...		
Exci Duty Rate:	70.0000 Unit: LPA ...		
GST Amount:	4.90		

Item No:	1	Total Items:	0
Rate Type: *	○ Ad-valorem	⦿ Specific
Term Type:	CIF - Cost, Insurance and Freight ▼
Model:		
Inw HAWB/HBL:		
	Pref D.Rate: ☐ DG Indicator: ☐
UNITED KINGDOM		
Dutiable Qty: *	1.0000 Unit: * LTR ...
Item Inv Value:		
CIF/FOB(S$):	20,000.00
Amount:	
Amount:	70.00
[0.00 + 0.00 + 70.00] * 0.07

Click icon to calculate

| **Save Item** | Undo Item | CIFC | Packing | Vehicle Detail | CA/SC Detail |

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Staff Workspace | KEWILL-IPACS Tradene... ✕ | | Page ▾ Safety ▾ Tools ▾

REPUBLIC POLYTECHNIC   **KEWILL-IPACS Tradenet Version 4.0**   **TR06 / v01t.v01t004**

| Entry ▸ | Cancellation / Refund ▸ | Comm ▸ | Status ▸ | CCP ▸ | Report ▸ | Maintenance ▸ | Tools ▸ | Interface | Help ▸ | LogOut |

Packing : In Payment Declaration   Add

| Decl Info | Party Info | Transport | Invoice | **Item** | Document | Summary | | Save | Cancel |

| Item List | Item Detail | **Packing Info** |

Mandatory for Liquor / Tobacco / Petroleum Item; Optional For Others

Previous Lot No:		Current Lot No:	2011412
Loose/Outer Pack Qty:	1,000	Unit:	LTR
In-Pack Qty:		Unit:	
Inner-Pack Qty:		Unit:	
Inmost-Pack Qty:		Unit:	
Liquor Strengh (%):	40.000		

Quantity Based on Packing Description: ● Yes ○ No
Duty Amount Based on Packing Description: ● Yes ○ No

Save Detail | Undo Detail

TradeNet® 4.0 (Import)

REPUBLIC POLYTECHNIC	KEWILL-IPACS Tradenet Version 4.0	TR06 / v01t.v01t004

Entry ▶	Cancellation / Refund ▶	Comm ▶	Status ▶	CCP ▶	Report ▶	Maintenance ▶	Tools ▶	Interface ▶	Help ▶	LogOut

⫶ CA : In Payment Declaration   Add

| Decl Info | Party Info | Transport | Invoice | Item | Document | Summary | | Save | Cancel |

| Item List | Item Detail | CA Info |

CA/SC Product Code :

Product Code / ICDV No. / Item Code : `ZBP0ECA00CW` [...]   Quantity : `1,000.0000`   Unit : `LTR` [...]

| Add | Cancel |

Select	Edit	Delete	Product Code No	Product Code	Product Quantity	Product Unit

Details for CA/SC Code :

No. of Crews / [CA/SC] Code 1 : [   ]   Voyage Duration / [CA/SC] Code 2 : [   ]   [CA/SC] Code 3 : [   ]

| Add | Cancel |

Edit	Delete	SNo.	Product Code No	No. of Crews / [CA/SC] Code 1	Voyage Duration / [CA/SC] Code 2	[CA/SC] Code 3

TradeNet® 4.0 (Import)

TradeNet® 4.0 (Import)

In Payment Declaration   Add

| Decl Info | Party Info | Transport | Invoice | **Item** | Document | Summary | Save | Cancel |

Item List   **Item Detail**

Item Information

HS Code: *	22082010	Item No:	1 Total Items: 0
Inv Serial No:	1 - 201101022	Rate Type: *	○ Ad-valorem ● Specific
Description: *	BRANDY 46% OR LESS ALC VOL (LTR)	Term Type:	CIF - Cost, Insurance and Freight

Get HSDesc

Brand: *	LSOP	Model:	
Marks & No:			
Markings:	[Select One]	Inw HAWB/HBL:	
Dutiable Type: *	● Liquor ○ Tobacco ○ Petroleum	Pref D.Rate: ☐ DG Indicator: ☐	
Ctry of Origin: *	GB	UNITED KINGDOM	
HS Quantity: *	1,000.0000 Unit: * LTR	Dutiable Qty: *	1,000.0000 Unit: * LTR
Unit Wt/Vol: *	1.0000 Unit: * LTR	Item Inv Value:	
LSP Value (S$):		CIF/FOB(S$):	20,000.00
Unit Price:	Curr:		
Cust Duty Rate:	Unit:	Amount:	
Exci Duty Rate:	70.0000 Unit: LPA	Amount:	28,000.00
GST Amount:	3,360.00	[20,000.00 + 0.00 + 28,000.00] * 0.07	

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Calculation of Duty Rates & SP for Brandy

HS Code: 22082010 – Brandy 46% Or Less Alc Vol (Ltr)

- Excise duty: $70 per litre of alcohol, hence for each consignment
  Total duty = 1000 bottles x 1 litre x $70 per litre x 40%
    = **$28,000**

- GST payable   = [CIF value + Duty] x 7%
  per consignment = [$20 x 1,000 + $28,000] x 7%
    = **$3,360**

- Cost of duties + GST = $28,000 + $3,360 = **$31,360**

- Total cost of   = $20 x 1,000 + $31,360
  consignment   = **$51,360**

- Thus, add 30% profit = $51,360 + 30% of Cost
  on top of cost price   = **$66,768**

- Selling Price per bottle = $66,768 / 1,000
    = **$66.77**

Today's Problem

- Assuming transportation and storage costs are not factored in, he should sell the brandy at <u>$66.77</u> (including GST) per bottle for a 30% profit

- For import of goods, David needs to know whether the goods are controlled, dutiable or non-dutiable

  - He can go for schemes that allow his business to defer GST payment, E.g. MES, ZGS

  - If the goods are dutiable, he needs to have a Licensed Warehouse to store them

Learning Outcome

- Basic Import Requirements
- Types of Import Schemes
- Duties and Tariffs
- Controlled and Prohibited Goods

Going Further….

Import Certificate and Delivery Verification

- Certain high-technology products are subjected to export control by the exporting country

- Exporter in the exporting country may ask the Singapore importer for an Import Certificate and Delivery Verification (ICDV) from Singapore

- The purpose of the ICDV is to ensure that the items are in fact imported into Singapore and are not diverted or re-export to another destination