

# **IRAS e-Tax Guide**

## **GST: Guide on Approved Import GST Suspension Scheme**



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# **GST: Guide on Approved Import GST Suspension Scheme**

## **1 Aim**

- 1.1 This e-Tax Guide explains the mechanism and qualifying criteria for the Approved Import GST Suspension Scheme (AISS).
- 1.2 You should read the guide if you are a GST-registered business in the aerospace industry who would like to apply for the scheme.

## **2 At a Glance**

- 2.1 Generally, all goods imported into Singapore are subject to GST. However with the Approved Import GST Suspension Scheme (AISS)<sup>1</sup>, qualifying businesses in the aerospace industry can import goods and freely move aircraft parts into Singapore and from the Free Trade Zones (under prescribed scenarios) free of GST, thereby alleviating their cash flow burden.

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<sup>1</sup> Regulation 45C of the GST (General) Regulations

### 3 Glossary

#### 3.1 'Qualifying Aircraft'

Under section 21(4)(a)<sup>2</sup>, 'aircraft' (referred to in this e-Tax guide as 'qualifying aircraft') means:

- (a) any aircraft that is wholly used or intended to be wholly used for travel –
  - (i) from a place outside Singapore to another place outside Singapore;
  - (ii) from a place in Singapore to a place outside Singapore; or
  - (iii) from a place outside Singapore to a place in Singapore; or
- (b) any aircraft that is a military aircraft.

Examples of 'qualifying aircraft' are:

- A commercial airliner that is wholly used for international transportation of passenger and/or cargo;
- Private jets and helicopters that are wholly used for international travel.

An aircraft will still be regarded as a qualifying aircraft (one that is wholly used or intended to be wholly used for international travel) even if it undertakes the following activities:-

- Featured once-off for static or flying display at an exhibition or air show in Singapore;
- Circles Singapore or international airspace on a test flight following maintenance to ensure that it is airworthy; or
- Shuttles between Changi and Seletar Airports for holding prior to an international departure.

#### 3.2 'Qualifying Aircraft Part'

Under section 21(4)(a), qualifying aircraft part means "such parts and equipment as are designed and built for exclusive use on an aircraft".

They include parts and equipment installed or incorporated in the propulsion, navigation or communication systems, or general structure of a qualifying aircraft. Such aircraft parts must be unique and have no alternative uses apart from being used on a qualifying aircraft. Parts which are generic will not fall under this definition.

Examples<sup>3</sup> of 'qualifying aircraft parts' are:

- Engines, turbines
- Landing gear

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<sup>2</sup> This revised definition of aircraft comes into effect from 1 Jul 2016. The definition was revised to affirm the policy intent that zero-rating of supplies of and relating to aircraft applies only when the aircraft is wholly used for international travel. For more details, please refer to the GST Guide for the Aerospace Industry.

- Radar, navigation and communication equipment
- Consumables, expendables and rotatable components used by the industry (as long as they are unique and have no alternative uses apart from being used on a qualifying aircraft)
- Components which are to be fitted inside an aircraft (e.g. electrical equipment, video and similar entertainment equipment incorporated into airline seats)
- Safety equipment (e.g. escape chutes, life jackets, smoke hoods and oxygen masks)
- Sanitary fixtures

Examples<sup>3</sup> of 'non-qualifying aircraft parts' are:

- Generic materials (e.g. adhesives, chemicals, oils paints, solvents and thinners)
- Generics tools placed in aircraft
- Generic raw materials (e.g. fiber board, metals, plastics, fabrics for seats, carpets)
- Aircraft ground equipment

### 3.3 New Imports

New imports refer to goods received from overseas which may or may not have entered Customs Territory before. Accordingly, goods that may have been exported previously and re-imported into Singapore would fall in this definition.

### 3.4 Locally sourced goods

Locally sourced goods refer to goods that are manufactured or bought locally.

### 3.5 Localised goods

Localised goods refer to goods that were previously imported from overseas and subsequently brought into the Free Trade Zone.

### 3.6 Customs Territory

Custom territory means Singapore and the territorial waters thereof but excludes any Free Trade Zone. Goods are treated as "imported" once they are brought into customs territory.

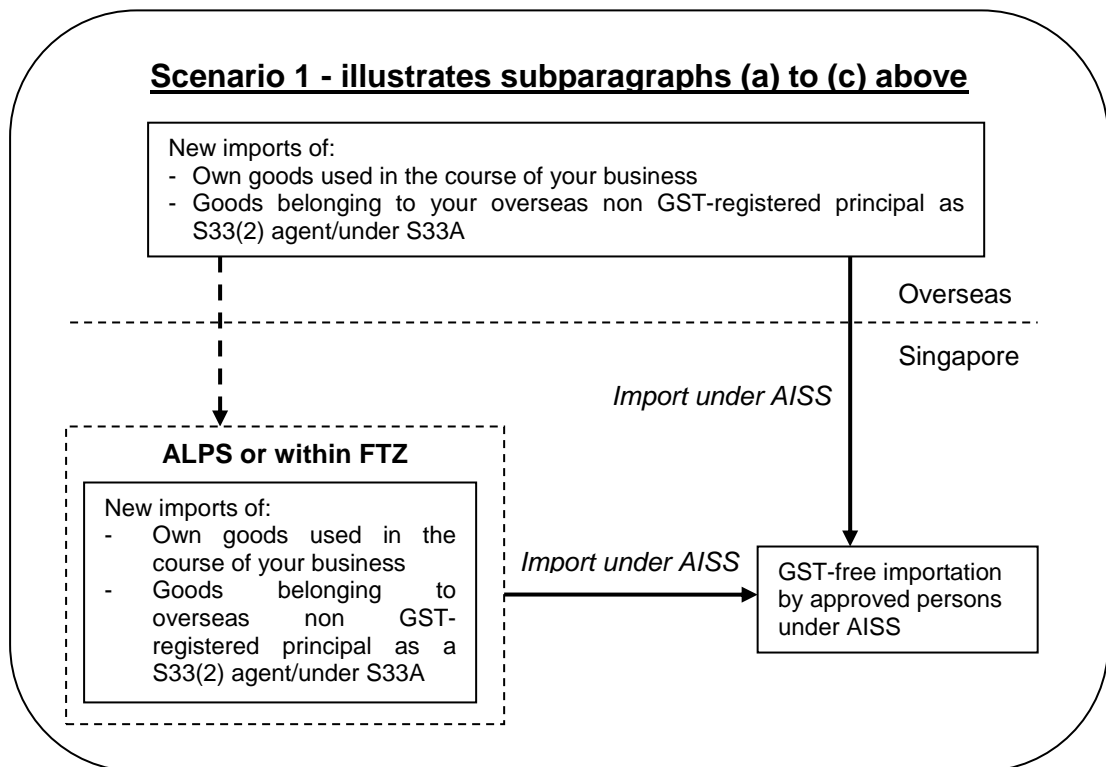
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<sup>3</sup> Please note that the examples quoted are not exhaustive

## 4 Benefits of the AISS

4.1 Under the AISS, you will enjoy import GST suspension in the following scenarios:

- (a) Import your own goods in the course or furtherance of your business (for example, aircraft parts, capital assets) with GST suspended
- (b) Import goods belonging to your overseas principal (who must not be registered for GST) for supply (either in Singapore or for export) in the capacity of a section 33(2) agent<sup>4</sup> with GST suspended
- (c) Import goods belonging to an overseas principal (who must not be registered for GST) which will later be re-exported (e.g. back to the overseas principal) with GST suspended, if the requirements for section 33A agent in the GST Guide on Imports are satisfied (the importer referred to as “section 33A agent”)<sup>5</sup>



<sup>4</sup> Prior to 1 Jan 2012, the goods imported must be the same goods with no change in its form and nature upon their subsequent supply. With effect from 1 Jan 2012, you are allowed to act as a section 33(2) agent even where there is a change in nature and form of the goods. However, you must be able to track the goods and ensure that all goods imported in the capacity of a section 33(2) agent are supplied.

<sup>5</sup> Section 33A of the GST Act allows repayment of GST paid on importation to an overseas non GST-registered person through a claim of input tax by a local agent who imports the goods, subject to certain requirements. If you are an agent who is also an approved AISS person, Regulation 45C of the GST (General) Regulations allows you to suspend the import GST if the same requirements are satisfied.

(d) Remove localised or locally sourced qualifying aircraft parts from ALPS/FTZ

You can remove localised or locally sourced qualifying aircraft parts from ALPS or other FTZs with GST suspended. The qualifying aircraft parts must belong to you or to your overseas principal (who must not be registered for GST) for whom you are acting in the capacity of a section 33(2) or section 33A agent. Under this scenario, the qualifying aircraft parts must not belong to another local person.

**Scenario 2 - illustrates subparagraph (d) above**

Your warehousing facilities are located in ALPS where you store both localized and locally sourced qualifying aircraft parts.

Under AISS, you will enjoy GST suspension each time you remove the localised or locally sourced qualifying aircraft parts from ALPS/FTZ into Customs Territory.

(e) Import qualifying aircraft parts belonging to local or overseas persons

You can also import qualifying aircraft parts for persons who have local or overseas business presence with GST suspended. This is in situations where the aircraft parts are not consigned to you in the capacity of a section 33(2) agent (refer to paragraph 4.1(b) for imports in the capacity as a S33(2) agent).

These qualifying aircraft parts must be consigned to you for the purposes of making your taxable supplies. As the scheme is accorded only to aerospace players (airlines, MROs, OEMs and distributors of aircraft parts) for the purposes of importing goods under specific AISS scenarios, taxable supplies would usually refer to aerospace-associated supplies such as the provision of MRO services.

For example, you can import aircraft parts on behalf of a local airline or an overseas airline with a local branch/office in Singapore for the purposes of carrying out repair services which you have been contracted to perform on the aircraft part. However, you cannot use your AISS status to import the consigned aircraft parts if you are merely supplying logistics/warehousing services for the parts. This is unless you are importing the goods in the capacity of a section 33(2) or section 33A agent (i.e. refer to paragraph 4.1(b) and 4.1(c) above).

(f) Remove qualifying aircraft parts from ALPS/FTZ as the AISS recipient of the goods for the purposes of making your taxable supplies

Generally for customs clearance purposes, the **importer of record** (IOR)<sup>6</sup> is the owner of the imported goods. If the owner is an overseas person, then the local GST agent (e.g. the overseas person's third-party logistics provider) will be the importer of record. When the qualifying aircraft parts are to be removed

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<sup>6</sup> Importer of record refers to the person named as 'importer' on the import GST permit



from ALPS into Customs Territory, the local owner or GST agent may have to incur import GST.

Under the AISS however, you (the AISS approved business) can remove qualifying aircraft parts from ALPS/FTZs as recipient<sup>7</sup> with GST suspended even though you are not the owner of the goods or the GST agent for the overseas owner. This is on the basis that you are receiving the aircraft parts for the purposes of making your taxable supplies. As explained in paragraph 4.1(e), since the scheme is accorded only to aerospace players, taxable supplies would usually refer to aerospace-associated supplies such as the provision of MRO services.

For example, you have been contracted to provide repair services for aircraft parts belonging to a local customer who does not have AISS status. The aircraft parts are stored in ALPS/FTZ. Although the aircraft parts do not belong to you, you can use your AISS status to remove the goods with GST suspended. This is because you are receiving the goods for the purpose of making your taxable supplies of repair services.

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<sup>7</sup> For customs clearance purposes, you will be reflected as the “importer” on the import permit.

**Scenario 3 - illustrates subparagraphs (e) and (f) above**

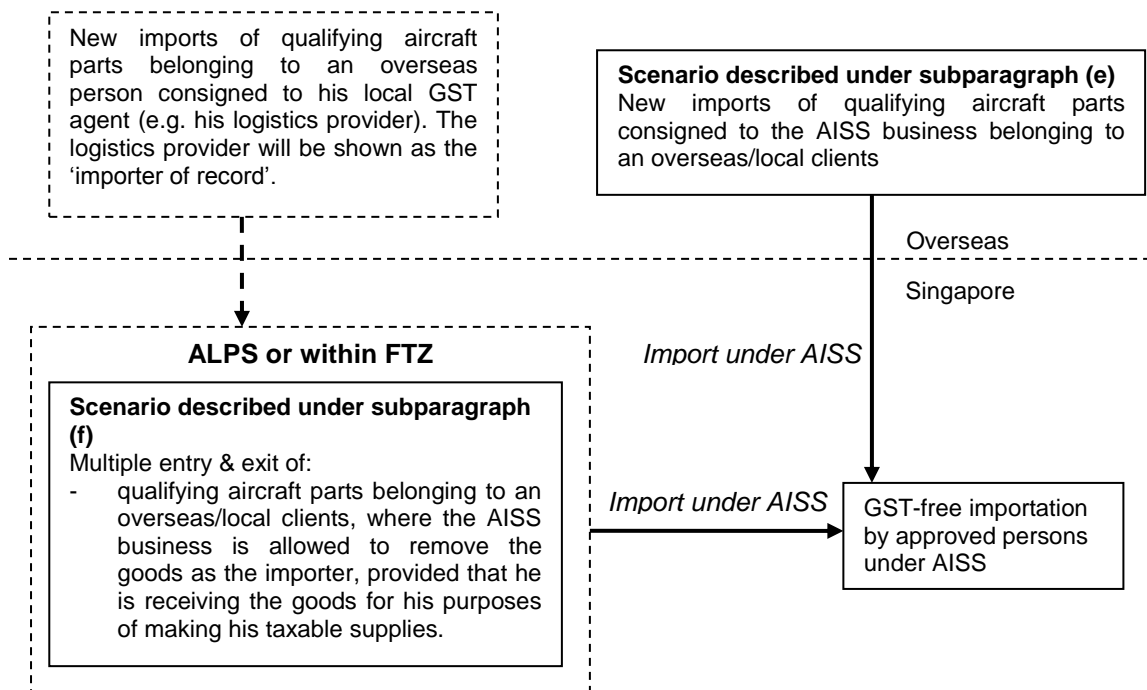
**Scenario 3.1:**

Your customer warehouses his goods in ALPS. He wants to send his qualifying aircraft part to you for repair and he is not approved under the AISS. Since you are approved under the AISS and you will be making taxable supplies of repair services to your customer, you can remove his qualifying aircraft part from ALPS with GST suspended.

**Scenario 3.2:**

You are an international airline approved under the AISS. Your local supplier who has a warehousing facility located in the FTZ intends to consign some qualifying aircraft parts to you. The parts will only be sold to you when you utilize them. Notwithstanding that the parts do not belong to you, you can still use your AISS to remove the goods with GST suspended since you are the recipient of the parts and will be using the parts (which are to be fitted on your aircraft) to make taxable supplies of international transport of passengers.

The above scenarios are characterized by the fact that the qualifying aircraft parts do not belong to the business that is importing such goods or removing them from ALPS. Notwithstanding, import GST suspension will apply so long as the business that is consigned the qualifying aircraft parts is approved under the AISS.



## 5 Conditions of Eligibility for AISS

To be eligible for the scheme, you must satisfy the following conditions:

### 5.1 You must be a GST-registered business

You must be registered with the Comptroller of GST as a registered GST business. For more information on registration, please refer to the e-Tax Guide “GST: Do I Need to Register?”

### 5.2 You must be a qualifying business

To be a qualifying business, you must have annual turnover of at least S\$1 million and are in any of the following aerospace businesses:

- (a) International airline; or
- (b) MRO business whose services qualify for zero-rating as explained in paragraph 5 of the GST Guide for the Aerospace Industry; or
- (c) Business (e.g. Original Equipment Manufacturers (OEMs) and distributors) engaged in the manufacture or the buying and selling of ‘qualifying aircraft’ and/or ‘qualifying aircraft part’ of a substantial amount.

A business that buys and sells qualifying aircrafts and/or qualifying aircraft parts must be trading in its own capacity as principal (i.e. takes title to the goods). The business cannot merely be acting as agent and earning commission income.

Substantial amount – The total value of your business transactions involving ‘qualifying aircraft’ and/or ‘qualifying aircraft parts’ must constitute at least 75% of your turnover.

If you are in a GST group, 75% of the group’s total supplies must be attributable to activities (a) to (c) mentioned above. If you do not satisfy the eligibility threshold of 75%, you may still write in to the Comptroller to apply for the AISS status. However, your application will be assessed on a case by case basis. Please note that if there is any change to the members of your GST group, the new GST group must reassess its eligibility for AISS by reapplying for the scheme.

### 5.3 You must maintain good inventory controls and proper accounting records as well as any other documents or records required under the scheme

You must maintain good inventory systems and controls to track the movement of all the goods belonging to you, your local clients/suppliers or overseas clients/principals/suppliers. You should keep proper and up-to-date accounting records of all imports under AISS as well as the subsequent supplies and exports of the goods. You must be able to make these records and documentation readily available upon request. The relevant control standards and accounting records are attached as Appendix 1.

#### 5.4 You must have good compliance records

You must maintain good compliance records in the following areas:

- (i) Payment of GST, income tax, property tax and customs duties; and
- (ii) Submission and completion of GST and income tax returns in the last three years.

#### 5.5 You must complete a self-review under Assisted Self-Help Kit (ASK) or commit to participate in Assisted Compliance Assurance Programme (ACAP)

ASK and ACAP are GST compliance programmes that help GST-registered businesses self-manage their GST risks.

ASK helps GST-registered businesses to review correctness of their GST submission and discover past GST errors early to qualify for IRAS' Voluntary Disclosure Programme.

ACAP is for businesses which have in place a robust GST Control Framework to self-manage their GST risks. These businesses can adopt ACAP to validate their GST compliance capabilities and obtain ACAP status with a suite of benefits and incentives.

If you are registered under divisional GST registration, you will need to complete the ASK self-review or commit to participate in ACAP as an entity.

More information can be obtained from [www.iras.gov.sg](http://www.iras.gov.sg) > GST > GST > GST-registered businesses > Getting it right > Voluntary Compliance Initiatives

#### 5.6 You must be able to comply with other conditions as the Comptroller of GST may impose

The Comptroller may impose additional conditions or requirements (such as furnishing a banker's guarantee) for the purpose of safeguarding tax revenue.

## **6 Application Procedures**

6.1 To apply for AISS, please complete and submit the application form GST F21 (available on the IRAS website at [www.iras.gov.sg](http://www.iras.gov.sg) under Quick Links > Form > GST > GST schemes).

6.2 The application form must be submitted together with the following documents:

- Latest audited financial statements;
- Written declaration that you are a qualifying aerospace business (refer to paragraph 5.2). This written declaration must be endorsed by an authorised representative of your organisation; and

- Duly completed and certified<sup>8</sup> "ASK: Declaration Form on Completing Annual Review & Voluntary Disclosure of Errors (i.e. Section 3 of ASK), unless you have committed to participate in ACAP. You must maintain the working templates in Section 3 of the ASK to support that the "ASK: Declaration Form on Completing Annual Review & Voluntary Disclosure of Errors" is accurately completed. Please note that we may request for the working templates for review.

6.3 We will inform you of the outcome of your application within one month from the date of receipt of your application. Your application may take longer to process in the event that we require more information or request for a visit to your business premises to assess your business and review your accounting and business records. You may also be required to furnish a banker's guarantee, upon the direction of the Comptroller

6.4 Once your application for AISS is approved, your current MES status (if applicable) will be replaced with AISS. If you opt to withdraw from AISS and re-apply for MES, the request for MES would be treated as a new application.

## **7 Conditions of Approval**

7.1 The Conditions of Eligibility are also the Conditions of Approval of the scheme.

## **8 Requirements under the AISS**

8.1 As an AISS approved business, you are required to comply with the requirements set out below in addition to the Conditions of Approval.

### **8.2 Import your own goods in the course and furtherance of your business**

As described in paragraph 4.1(a), you will enjoy import GST suspension when you import any goods belonging to you into Singapore. You should not, under any circumstances, import goods on behalf of other persons (be it taxable or non-taxable persons), or import goods that are not for the course and furtherance of your business (e.g., personal items), unless the import falls within the other permissible scenarios described in paragraph 4.

#### **Reporting Requirements**

You are required to report the value of all imports belonging to you in Box 5 and 9 of your GST F5 return. The normal reporting requirements apply for any subsequent supply of these goods.

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<sup>8</sup> The "ASK: Declaration Form on Completing Annual Review & Voluntary Disclosure of Errors" has to be certified by either your own in-house or an external tax professional who is accredited as an Accredited Tax Practitioner (GST) or Accredited Tax Advisor (GST) with the Singapore Institute of Accredited Tax Professionals ('SIATP'). For more information on accreditation, please visit [www.siatp.org.sg](http://www.siatp.org.sg).

8.3 Import goods belonging to your overseas principals (who must not be registered for GST) either in the capacity of a section 33(2) or section 33A agent

Under AISS, you can enjoy import GST suspension when you import goods belonging to your overseas non GST-registered principals in the capacity of a section 33(2) or section 33A agent.

There are certain conditions and control standards that you are required to adhere to. They are explained in Appendix 1.

Reporting Requirements

You are required to report the value of all imports belonging to your overseas principals in Box 5 and 9 of your GST F5 return. The normal reporting requirements apply for any supply (in your capacity of a section 33(2) agent) or re-export (as a section 33A agent).

8.4 Remove localised or locally sourced qualifying aircraft parts from ALPS or any other FTZ belonging to you or your overseas non GST-registered principals (either in the capacity of a section 33(2) or section 33A agent).

As described in paragraph 4.1(d), you can remove localised or locally sourced qualifying aircraft parts belonging to you or your overseas principals (who must not be registered for GST) from ALPS or any other FTZ in the capacity of a section 33(2) or section 33A agent with GST suspended.

Similar to paragraph 8.3, please refer to Appendix 1 for conditions and control standards that you are required to adhere to.

Reporting Requirements

You are not required to report the subsequent removal of locally sourced or localised qualifying aircraft parts from ALP/FTZ in your GST returns. The normal reporting requirements apply for any supply of such goods (either your own goods or in your capacity of a section 33(2) agent).

8.5 Import qualifying aircraft parts belonging to your local or overseas clients/suppliers which are consigned to you for the purpose of making your taxable supplies (and not in the capacity of a section 33(2) agent) and remove qualifying aircraft parts from ALPS/FTZ as the recipient of the goods for the purposes of making your taxable supplies

Your local or overseas client/supplier may consign qualifying aircraft parts to you for the purpose of making your taxable supplies. You may also receive qualifying aircraft parts removed from ALPS or other FTZs belonging to your local or overseas supplier/client for the same purpose.

As described in paragraph 4.1(e) and (f), you are allowed to import the qualifying aircraft parts as consignee or remove the qualifying aircraft parts as recipient from ALPS or any other FTZ free of GST, even though the goods do not belong to you.

If the aircraft parts are subsequently sold to you, the supply of these goods by your local supplier or the section 33(2) agent of your overseas supplier will be subject to the normal GST rules.

### Reporting Requirements

You need not report the value of such imports and/or removal from ALPS or any other FTZ in your GST returns. You are also not required to report the outgoing movement of the qualifying aircraft parts. You should however, adopt the best practices laid out in Appendix 1.

8.6 The above requirements are summarised in Appendix 2.

## **9 Operational Procedures**

9.1 As an approved business under AISS, you can import or remove goods from ALPS, Zero-GST (ZG) warehouse or any other FTZ by declaring the relevant permits (permit type "ME/MC") if you are registered with Singapore Customs (SC) as a declaring agent and subscribe for TradeNet.

9.2 However, if you are not subscribed for TradeNet and/or if you choose to engage freight forwarding companies to assist you, you are required to appoint the relevant authorised declaring agent (e.g. freight forwarder) to clear the goods from SC on your behalf. You can appoint the declaring agent and make subsequent changes through the online e-Service "Apply for Declaring Agents" at [mytax.iras.gov.sg](http://mytax.iras.gov.sg)<sup>9</sup>. If you use the services of any of the following four Air-Express companies: (1) DHL Express (Singapore) Pte Ltd; (2) United Parcel Service Singapore Pte Ltd; (3) TNT Express Worldwide (S) Pte Ltd; and (4) Federal Express (Singapore) Pte Ltd, you are also required to authorise them as declaring agent under AISS.

9.3 At any time, you can have a maximum of 20 authorised declaring agents. It is your responsibility to keep and maintain the list of your authorised declaring agents. As you are accountable for all permits declared by your authorised declaring agents, you are advised to exercise due care and impose relevant controls in appointing the declaring agents for this purpose.

9.4 The TradeNet import declaration procedures for AISS are as follows:

A TradeNet permit under the Message Type "IN-Non-Payment" with Declaration Type = "APS – Approved Premise/Scheme" should be declared for each direct import or subsequent release from the FTZ:

- For direct import, the **Place of Receipt** code should be declared as **"AISS"**.

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<sup>9</sup> Please ensure that you have been authorised by your organisation as the preparer or the approver under GST Tax Matters. If not, you will need to get your EASY administrator to log in to e-Services Authorisation System (EASY) to authorise you. For more information on how this can be done, please refer to [mytax.iras.gov.sg/easy](http://mytax.iras.gov.sg/easy).

- For subsequent removals from the FTZ, a corresponding previous import permit number should be declared if available. The **Place of Receipt** code should be declared as "AISSLOC".
- For release from approved ZG warehouse, the **Place of Receipt** code should be declared as "AISS"

For more information, please refer to SC's website at [www.customs.gov.sg](http://www.customs.gov.sg) and [www.tradexchange.gov.sg](http://www.tradexchange.gov.sg).

## 10 Validity period of AISS status

- 10.1 Once your application is approved, your AISS status will remain valid for as long as you continue to satisfy the Conditions of Eligibility for AISS. However, please note that you may be subject to periodic audits by the Comptroller of GST. If you have been accorded the ACAP status, the Comptroller will then step-down on GST compliance activities during the tenure of your ACAP status unless significant anomalies are noted in your GST declarations.
- 10.2 If you cease to qualify for AISS (such as changing your nature of business and are no longer operating in the aerospace industry), you should inform the Comptroller immediately. Your AISS status will be terminated upon your cessation to qualify for AISS. You may also withdraw from the scheme voluntarily at any time.

## 11 Implications of cessation from AISS

- 11.1 You will have to ensure that you have fulfilled all your contractual obligations to your local or overseas clients/suppliers pertaining to the qualifying aircraft parts imported or removed from ALPS/ FTZ (which belong to your local or overseas clients/ suppliers) for the purposes of making your taxable supplies.

## 12 De-registration implications for AISS

- 12.1 When you de-register from GST, you will have to ensure the following:

Type of goods	Requirements of AISS business
Your own goods imported with GST suspended	Fulfill all the requirements pertaining to de-registration like all other GST-registered businesses and account for deemed output tax in your Final GST Return on these imported goods that form part of your assets and stocks if the value of taxable assets and stocks on hand as at the effective date of de-registration is more than S\$10,000.
Goods belonging to your overseas principal (who must not be registered for GST) imported in the capacity of a section 33(2) agent with GST suspended	Refer to e-Tax Guide "GST: Guide on Imports" on the de-registration implications of a section 33(2) agent.



Goods belonging to your overseas principal (who must not be registered for GST) imported in the capacity of a section 33A agent with GST suspended	Refer to e-Tax Guide “GST: Guide on Imports” on the de-registration implications of a section 33A agent.
Qualifying aircraft parts imported or removed from ALPS/ FTZ (which belong to your local or overseas clients/ suppliers) for the purposes of making your taxable supplies	Fulfill all your contractual obligations to your local or overseas clients/suppliers pertaining to these goods before the Comptroller will consider your application to de-register from GST.

### 13 Consequences of non-compliance with AISS

13.1 Please note that the Comptroller may by notice in writing, revoke your AISS status if it is found that you have:

- (i) at any time ceased to satisfy any of the Conditions of Eligibility, Conditions of Approval or the Requirements of the scheme;
- (ii) provided false, misleading or inaccurate information on your eligibility for AISS; or
- (iii) failed to comply with any condition or requirement of the scheme or as imposed by the Comptroller.

13.2 You may also be required to repay to the Comptroller the import GST that was suspended in the event of the following :

- (i) You import goods using your AISS status for a scenario which is not prescribed under paragraph 4.
- (ii) You have ceased to be a business in the aerospace industry at the time you imported the goods.

13.3 Please disclose any incorrect use of your AISS status to the Comptroller immediately, if it occurs.

### 14 Contact Information

14.1 For enquiries on this e-Tax Guide, please contact:

Goods & Services Tax Division  
Inland Revenue Authority of Singapore  
55 Newton Road  
Singapore 307987

Tel: 1800 356 8633  
Fax: (+65) 6351 3553  
Email: [gst@iras.gov.sg](mailto:gst@iras.gov.sg)

**15 Updates and Amendments**

	<b>Date of amendment</b>	<b>Amendments made</b>
1	11 Aug 2017	Amendment made to paragraph 9.2

## Appendix 1: Best Practices for Businesses Approved under AISS

You should undertake to assume the following record-keeping standards and accounting practices:

### 1 Record Keeping

#### 1.1 Inward handling/ Receipt of goods

- Goods Received Notes (GRN) – to document the date/quantity/description of goods received
- Duly acknowledged Delivery Orders (DOs) – to support the GRN
- Copies of import/ME/MC permits, transshipment permits etc.
- Copies of shipping documents such as air waybill or bill of lading
- Copies of commercial invoices accompanying the goods, if available
- Copies of insurance documents accompanying the goods, if available
- Copies of correspondences from your overseas clients
- Any other similar documents to document the date/movement/quantity/description of the goods received into its warehouse

The identity of your overseas client(s)/supplier(s) as well as the value and description of the goods must be readily identifiable/verifiable.

#### 1.2 Storage/ Custody of goods

- The relevant warehouse records/ reports showing clearly the person(s) handing over and person(s) receiving the goods at each stage of their storage into the warehouse
- The warehouse storage records/ reports showing the warehouse location where the goods are stored

#### 1.3 Outward handling/ Removal of goods

- Purchase Orders (POs) issued by your customer(s)
- Delivery Orders (DOs) issued by you
- Copies of export permits, transshipment permits etc.
- Copies of shipping documents such as air waybill or bill of lading
- Copies of commercial invoices accompanying the goods, if available
- Copies of insurance documents accompanying the goods, if available
- Written instructions from your customer(s) to deliver the goods locally or to export the goods
- Any other similar documents to document the date/movement/quantity/description of the goods removed from your warehouse

The identity of your overseas or local customer(s) as well as the value and description of the goods must be readily identifiable/verifiable.

#### 1.4 Stock-taking/ Inventory audit of goods

You must maintain sufficient evidence to indicate that a full and comprehensive internal and/or external stock-take/inventory audit has been performed.

### 1.5 Discrepancy reporting of goods

You must maintain reconciliation reports pertaining to discrepancies of the goods at the point of their:

- Receipt into the warehouse, if any
- Removal from the warehouse, if any
- After a stock-take/ inventory audit is conducted

### 1.6 Invoicing for the goods supplied

If you invoice your customer for the goods, you must maintain the following documents as evidence of the supply of the goods:

- Tax invoices issued for all local supplies of goods
- Invoices issued for all sales which are exported (i.e. the supporting export documents must be maintained as proof of exports of goods)
- Evidence of payment received from the customer, if any

You must produce all such records upon request by IRAS.

## **2 Accounting**

### 2.1 Importation

You need to declare the value of your imports, including goods imported as a section 33(2) or section 33A agent or the value of goods imported into/removed from ALPS or any FTZ, as “Total Value of Taxable Purchases” and “Total Value of Goods Imported under MES/A3PL Company Scheme/Other Approved Schemes” in Box 5 and Box 9 of the GST returns respectively, for the relevant accounting periods. However, you do not need to report the import of any ‘qualifying aircraft parts’ mentioned under paragraph 4.1(d), (e) and (f).

### 2.2 Supplies

You have to charge and account for GST on all local sales and zero-rate (0% GST) a supply only if the goods are exported or the supply qualifies as an international service under section 21(3) of the GST Act. This also applies to instances where you are acting as a section 33(2) or section 33A agent on behalf of an overseas principal. You also have to account for all such transactions in the GST returns as “Total value of standard-rated” and “Total value of zero-rated” supplies, in Box 1 and 2 of the GST returns respectively, for the relevant accounting periods. However, you do not need to report the export of any ‘qualifying aircraft parts’ mentioned under paragraph 4.1(e) and (f). For paragraph 4.1(d), you are only required to report the supply or export of qualifying aircraft parts belonging to you or your overseas principal for whom you are acting in the capacity of a section 33(2) agent.

## **3 Acting In the Capacity of a Section 33(2) Agent on Behalf of Overseas Principals**

3.1 You may act for your overseas principal in the capacity of a section 33(2) and use your import GST suspension privileges if the following conditions are met:

- (a) Your overseas principal does not belong in Singapore and is not registered for GST.
- (b) You keep separate records for goods belonging to the overseas principal.
- (c) You have control over the custody and possession of the goods owned by your overseas principal at all times.
- (d) If your overseas principal subsequently sells the goods to a local customer, you have to charge and account for GST on the sale (to be reported as standard-rated supply and output tax in your GST returns). If you export goods on behalf of your overseas principal, you must keep proper export documents and report the value of such exports as your zero-rated supplies in your GST returns, provided that the export qualifies for zero-rating relief.
- (e) The sale and rental of any 'qualifying aircraft parts' will be accorded zero-rating relief. Therefore, in instances where your overseas principal sells any 'qualifying aircraft parts' locally, you, in the capacity of a section 33(2) agent, are required to keep the documents mentioned in paragraph 4 of the GST Guide for the Aerospace Industry to substantiate the zero-rating relief and report such supplies as your zero-rated international services.

### 3.2 Additional Record Keeping Requirements

- (a) Any correspondence or letter from each overseas principal, authorising you as his local agent.
- (b) Separate stock records for each overseas principal. The stock records must be supported by the relevant documents such as Purchase Orders (POs), Delivery Orders (DOs), Customs permits, shipping documents, commercial invoices, insurance documents, written instructions from and correspondences with your overseas principals or their customers, tax invoice (if invoicing is done by you), evidence of payment received from the purchaser (if payment is made to you) as well as any other relevant documents.
- (c) Records of your overseas principal(s) for whom you are acting for, as if you are the taxable person.

## **4 Consigner or recipient of 'Qualifying Aircraft Parts'**

- 4.1 You may also be the consignee or recipient of 'qualifying aircraft parts' belonging to your local and/or overseas clients. In such instances, you do not need to report the value of such 'qualifying aircraft parts' which are imported and/or removed from ALPS or any other FTZ in your GST F5 return.

4.2 However, you should maintain the following documents:

- Goods Received Notes (GRN) – to document the date/quantity/description of 'qualifying aircraft parts' received
- Duly acknowledged Delivery Orders (DOs) – to support the GRN Goods Received Note
- Copies of commercial invoices accompanying the goods
- Purchase Orders (POs) issued by the local and/or overseas customer(s)
- For new or serviceable 'qualifying aircraft parts', Authorised Release Certificate, if applicable

## Appendix 2: Requirement of AISS

Benefit		Applies to other goods apart from aircraft parts	Applies to aircraft parts only	GST Reporting Requirement
Existing benefit under MES	<p>(a) Import <b>your own goods</b> in the course or furtherance of your business with GST suspended.</p> <p><i>This scenario refers to the import of your own purchases made for the purposes of your business. E.g. the import purchases of your own capital assets or inventory.</i></p>	✓	✓	<p>You should report the value of all your own imports in Box 5 and 9 of your GST F5 return.</p> <p>The normal reporting requirements apply for any supply of such goods.</p>
Existing benefit under MES	<p>(b) Import <b>goods belonging to your overseas principal for sale</b> in Singapore or re-export in the capacity of a section 33(2) GST agent with GST suspended.</p> <p><i>This scenario refers to instances where you import goods on behalf of your overseas non GST-registered principal <u>for sale</u> either locally or for export. Please refer to the e-Tax guide 'GST: Guide on Imports' for more information on S33(2).</i></p>	✓	✓	<p>You should report the value of these imports in Box 5 and 9 of your GST F5 return.</p> <p>The normal reporting requirements apply for any supply (in your capacity of a section 33(2) agent).</p>

Benefit		Applies to other goods apart from aircraft parts	Applies to aircraft parts only	GST Reporting Requirement
Existing benefit under MES	<p>(c) Import goods belonging to your <b>overseas principal</b> solely to be re-exported back to the same overseas principal, in the course or furtherance of your business under section 33A of the GST Act with GST suspended.</p> <p><i>This scenario refers to instances where you import goods on behalf of your overseas non GST-registered principal, and subsequently re-export the goods without any sale of the goods taking place. Please refer to the e-Tax guide 'GST: Guide on Imports' for more information on S33(2).</i></p>	✓	<p>You have the option of:-</p> <p>(1) Continuing to import under this scenario and report the imports and subsequent re-exports in your GST returns; or</p> <p>(2) Import under paragraph 4.1(e) where no GST reporting is required.</p>	<p>You should report the value of these imports in Box 5 and 9 of your GST F5 return.</p> <p>The normal reporting requirements apply for any re-export (under section 33A).</p>



Benefit		Applies to other goods apart from aircraft parts	Applies to aircraft parts only	GST Reporting Requirement
Additional benefit under AISS	<p>(d) Remove localised or locally sourced qualifying aircraft parts from ALPS/FTZ belonging to you or your overseas principals either in the capacity of a section 33(2) or section 33A agent.</p> <p><i>This scenario refers to cases where, for example, you purchase aircraft parts locally and store them in your warehouse located in ALPS/FTZ (i.e. locally sourced). You may also move the same aircraft part in and out of ALPS/FTZ resulting in multiple exits from ALPS/FTZ. Once aircraft parts enter Customs Territory and are moved back to ALPS/FTZ, they are considered 'localised'.</i></p> <p><i>MES is not applicable for locally sourced or localised goods. However under AISS, aircraft parts can enjoy import GST suspension even if they are locally sourced or localised.</i></p>	X	✓	While you are not required to report the removal of such goods from ALPS/FTZ, the normal reporting requirements apply for any supply of such goods (either your own goods or in your capacity of a section 33(2) GST agent).

Benefit	Applies to other goods apart from aircraft parts	Applies to aircraft parts only	GST Reporting Requirement
<p>Additional benefit under AISS</p> <p>(e) Import <b>qualifying aircraft parts</b> belonging to your local or overseas persons</p> <p><i>This scenario refers to instances where you import aircraft parts on behalf of another person for the purposes of making your taxable supplies and not for the purposes as a section 33(2) agent. Examples include a MRO business importing its customer's unserviceable part for repair. Under MES, the customer must be an overseas person with no local business presence and the MRO business must re-export the repaired part back in order to enjoy import GST suspension (see paragraph 4.1(c)).</i></p> <p><i>However under AISS, you can import on behalf of the local or overseas customer with import GST suspended and are not required to export the aircraft part subsequently.</i></p>	<p>x</p>	<p>✓</p>	<p>x</p>
<p>Additional benefit under AISS</p> <p>(f) Remove <b>qualifying aircraft parts</b> from ALPS/FTZ as recipient of the goods for the purposes of making your taxable supplies</p> <p><i>This scenario is for cases where you may not be the local agent of the overseas person. The local agent (non-AISS business) would have to incur import GST when removing the aircraft parts from ALPS/FTZ. However under AISS, you can be declared as the "importer of record" and enjoy import GST suspension if you are receiving the aircraft parts for the purposes of making your taxable supplies.</i></p>	<p>x</p>	<p>✓</p>	<p>x</p>