



MEDIA RELEASE

Immediate

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COMPANY DIRECTOR SENTENCED TO PRISON FOR FRAUD

Chinese National Xue Lei was convicted for fraudulent evasion of duties and taxes.

Singapore, 15 Jun 2023 - A male Chinese National, Xue Lei (薛磊) (“Xue”), 42, was sentenced by the State Courts on 14 Jun 2023 to 27 months’ and four weeks’ imprisonment for fraudulent evasion of duty and Goods and Services Tax (GST) by illegally diverting duty-unpaid cigarettes for local distribution when they were declared to be exported.

2 Xue was the director of Ocean Star Duty-Free Goods Pte Ltd (“Ocean Star”), which is in the business of supplying sea stores¹ to vessels berthed within Singapore’s territorial waters. Nigam Song Kai, James (嚴頌凱) (“Ngiam”), a male Singaporean, 35, was an employee of Ocean Star and was responsible for delivering sea stores to the vessels.

3 During an operation conducted on 5 November 2021, Singapore Customs officers arrested Ngiam after discovering 488 cartons of duty-unpaid cigarettes stored in a van parked in a multi-storey carpark in the vicinity of Ghim Moh Link and in Ngiam’s residence.

¹ Sea stores refer to goods supplied for consumption or use on board a vessel by the crew and passengers outside Singapore waters. The items range from food, cigarettes and liquor to other necessities. As sea stores are considered as exports, they are exempted from duty and GST.

4 Investigations revealed that in July 2021, Xue was approached by an unknown man to purchase cigarettes. Xue then sought Ngiam's assistance to divert duty-unpaid cigarettes from Ocean Star's stock which was held in a Licensed Warehouse (LW)² operated by a service provider. Ngiam agreed to do so in return for a cut of the profit made from the sale.

5 An export permit must be applied before dutiable goods such as cigarettes can be removed from a LW and delivered to the vessel. In order for the LW to release additional duty-unpaid cigarettes from Ocean Star's stock, Xue would instruct an Ocean Star's employee to declare export permits for quantities in excess of that ordered by the vessels' masters, and collect the duty-unpaid cigarettes stated in the export permits from the LW.

6 Before reaching the port, Ngiam would retrieve the excess quantity and load them into a lorry for transfer. Ngiam would then move the duty-unpaid cigarettes from the lorry to a van, leave the van's keys on its tyre and inform Xue. Xue would inform the unknown man of the location of the van for him to collect the duty-unpaid cigarettes.

7 Between August 2021 and October 2021, a total of 3,520 cartons of duty-unpaid cigarettes were illegally diverted for local distribution. The duty and GST evaded amounted to about \$300,600 and \$24,460 respectively.

8 Xue pleaded guilty to five charges of fraudulent evasion of duty and GST and was sentenced to 27 months' and four weeks' imprisonment. Another 13 similar charges were taken into consideration during sentencing.

9 Court proceedings against Ocean Star and Ngiam are ongoing.

² Licensed Warehouses are premises licensed by Singapore Customs for the storage of dutiable goods, such as cigarettes and alcohol, with the duty and GST suspended, pending re-export or removal for local consumption. Duty and GST are payable if the goods are to be removed from the Licensed Warehouse for local consumption.

Offences and Penalties

10 Any person who is in any way concerned in any fraudulent evasion of, or attempt to fraudulently evade, any duty shall be guilty of an offence and will be liable on conviction to a fine of up to 40 times the amount of duty and GST evaded. Vehicles used in the commission of such offences are also liable to be forfeited.

11 Members of public with information on smuggling activities or evasion of duty or GST can call the Singapore Customs hotline on 1800-2330000 or email customs_intelligence@customs.gov.sg to report these illegal activities.

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About Singapore Customs

Singapore Customs, a lead agency under the Ministry of Finance, protects revenue and facilitates trade. We make trade easy, fair and secure. We ensure compliance with customs regulations and collect taxes and duties on dutiable and taxable goods. We promote trade competitiveness and ensure the security of the supply chain.

We work closely with other government agencies, industry partners, and international organisations as we safeguard Singapore's borders against potential risks and threats. With the use of data analytics and various advanced technologies, we continuously leverage digital initiatives to improve the efficiency and effectiveness of customs processes.

By proactively balancing these intricate requirements of trade facilitation, security and regulatory compliance, Singapore Customs strengthens Singapore's position as a global trade hub trusted by businesses operating in Singapore and foreign trading partners.

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