

Circular No.: 10/2005

Date : 29 Jul 2005



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All Traders



## **ZERO GST WAREHOUSE SCHEME**

The Bonded Warehouse Scheme (BWS) is a tax-suspension scheme administered by Singapore Customs (SC) to allow traders to import goods into Singapore, with GST suspended. Currently, only imports which are predominantly (i.e. at least 80%) destined for re-export can be brought into bonded warehouses to enjoy GST suspension.

2. There have been calls from the trade to review the BWS so as to reduce business costs and to bring about greater benefits to the trade. For example, importers whose goods are meant for the local market cannot make use of the BWS to suspend GST because of the 80%-export requirement. There is also feedback that the scheme poses limitation on the optimization of warehouse space.

3. With the advancement in technology and increasing reliance on sophisticated and robust internal processes and inventory systems by companies, there is scope to leverage on these strengths by allowing such companies to enjoy GST suspension on imports and yet with greater flexibility in the management of their goods.

4. As announced by the Prime Minister at Budget 2005, the BWS will be expanded to become the Zero GST Warehouse Scheme (ZGS) with effect from 1 Jan 2006, where the 80%-export requirement will be lifted for qualified operators. These operators will also enjoy greater flexibility in the storage and movement of their goods between pre-approved warehouses. The ZGS aims to improve cash-flow and reduce warehouse-related compliance costs for logistics companies and other importers of goods.

5. There will be three licence types under ZGS – Type I, Type II and Type III. Generally, the higher the level of facilitation and flexibility accorded to a company, the greater will be SC's requirement on the company's quality of record-keeping and internal controls. In this regard, the level of facilitation and flexibility accorded to a company, as well as SC's requirement on the company's record-keeping and internal controls standard, increase as the company moves from Type I to III.

6. Licensees currently under the existing BWS will automatically be issued a Type I licence. Existing licensees who wish to operate a Type II or Type III warehouse have to send in new applications to SC.

7. More operating details of the ZGS can be found in the Zero GST Warehouse Scheme Handbook. You can download a copy of the handbook from our website at: [http://www.customs.gov.sg/trade/trde9\\_8.html](http://www.customs.gov.sg/trade/trde9_8.html).

8. We will be fine-tuning the operational details. The final handbook will be uploaded on our website in end Sep 05. Applications for the new licences will begin on 1 Oct 05..



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HEAD REVENUE CONTROL  
for DIRECTOR-GENERAL OF CUSTOMS

## UPDATE OF CIRCULAR BY SINGAPORE CUSTOMS

<b>Circular No. 10/2005: ZERO GST WAREHOUSE SCHEME (dated 29 Jul 2005)</b>			
<b>Paragraph</b>	<b>Current Details</b>	<b>Updated Details</b>	<b>Date of Update</b>
7	<a href="http://www.customs.gov.sg/trade/trde9_8.html">http://www.customs.gov.sg/trade/trde9_8.html</a>	<a href="http://www.customs.gov.sg/NR/rdonlyres/0FDCAE56-1E01-45E3-8367-6AEC30231D91/26696/3iiZGSHandbook_June2014version.pdf">http://www.customs.gov.sg/NR/rdonlyres/0FDCAE56-1E01-45E3-8367-6AEC30231D91/26696/3iiZGSHandbook_June2014version.pdf</a>	5 Jan 2015