



## SINGAPORE CUSTOMS MEDIA RELEASE

### MAN FINED \$10.8 MILLION FOR FRAUDULENT EVASION OF DUTY & GST ON CAR IMPORTS

On 6 July 2009, Tay Kien Chuan, a 33-year-old Singaporean was sentenced by the Court to fines totalling \$10.816 million or in default, 354 weeks' imprisonment for fraudulent evasion of duty and GST on car imports from Japan. He is also sentenced to 42 months' imprisonment for furnishing false information to Customs officers on car imports from UK. The charges involved a total of 2,556 cars. Tay pleaded guilty to 327 charges and the remaining 1,668 charges were taken into consideration. The total duty and GST involved amounted to over \$2.5 million.

#### **Use of New Media to Avoid Detection of Fraud**

2 Tay set up a sole proprietorship 8<sup>th</sup> Gear in March 2006 to import cars for local sale. Most of the cars came from suppliers in Japan and were subsequently sold to local car dealers.

3 Singapore Customs (SC)'s investigations revealed that Tay was internet-savvy and liaised with the Japanese suppliers who were proficient in English through face-to-face internet video conferencing (SKYPE) and MSN messenger. Investigations also established that between June 2006 and July 2007, Tay had instructed the Japanese suppliers to indicate lower values in the commercial invoices for 1,551 units of cars. Payments based on the false values were remitted to the Japanese suppliers. The remaining balance payments were collected in cash during face-to-face meetings in Singapore or in Japan.

4 Tay then submitted the false values for customs declaration purposes to import the cars. During the period, a total of 603 customs declarations were lodged resulting in an evasion of \$1,081,748.72 in duty and \$330,902.57 in GST.

#### **Replica of 8<sup>th</sup> Gear Emerged**

5 Sometime in November 2006, Tay initiated the set-up of another sole proprietorship to import cars from Japan into Singapore. Tay assumed the responsibility of managing the operations of the new set-up. In general, the business model and flow of this company were similar with 8<sup>th</sup> Gear's, including its liaisons with the Japanese suppliers which were all handled by Tay.

6 SC's investigations revealed that within seven months between January and July 2007, the company imported 995 cars from Japan of which all the values were under-declared. This resulted in an evasion of \$728,766.70 in duty and \$218,629.94 in GST.

7 The cases against the other two parties involved are still ongoing.

## **8<sup>th</sup> Gear Struck Again**

8 In mid 2008, SC's investigations revealed a plot between Tay of 8<sup>th</sup> Gear and yet another car dealer to collaborate with a UK supplier to under-declare the values of 10 units of cars from UK.

### **Tay Arrested and Charged in Court**

9 On average, the Japanese cars were undervalued by about \$3,000. For example, investigations revealed the value of a 1.8 litre car model was \$24,200 but Tay under-declared it as \$20,120 in his import declaration.

10 As for the 10 units of cars from UK, information gathered established that the value declared to SC was about half of the actual value of each car. For example, a car costing \$220,000 was declared as \$114,870 to SC.

11 The total duty and GST involved for the 2,556 cars amounted to over \$2.5 million. Tay was arrested and charged in Court on 7 January 2009 for 1,974 counts of fraudulent evasion of duty and GST, seven counts of furnishing false information to Customs officers and 14 counts of attempted fraudulent evasion of duty and GST. Tay pleaded guilty to 327 charges and the remaining 1,668 charges were taken into consideration on 6 July 2009. For the offences involving the Japanese cars, Tay was sentenced by the Court to fines totalling \$10.816 million or in default, 354 weeks' imprisonment. For the cars from UK, he was sentenced to 42 months' imprisonment.

### **Advisory from Singapore Customs**

12 In an earlier case in June 2008, a man was convicted of similar offence and sentenced by the Court to fines totalling \$95,000. In that case, the man was charged for the offence of fraudulent evasion of duty and GST amounting to \$6,776.53 and \$2,846.14 respectively on one unit of brand new Porsche Cayman motor car, and for furnishing false information to SC. Since November 2008, SC had charged 13 persons in court for the offence of fraudulent evasion of duty and GST. One of them had pleaded guilty and was sentenced to fines totalling \$1.416 million in April 2009. The other cases are ongoing.

13 As the lead agency on trade facilitation and revenue enforcement matters, SC will take to task any traders which flout customs regulations to defraud the State or to gain an unfair advantage over other traders. SC's enforcement actions are targeted at all malpractices that contravene the Customs Act, whether committed by parallel importers or the authorised distributors.

14 Under the Customs Act, it is the responsibility of the importers to ensure the accuracy and completeness of the values and other related costs declared to SC. Under-declaration of the value is a serious offence as it will result in short payment of duty, GST and Additional Registration Fee (ARF). All cases of revenue evasion and violations of customs regulations are investigated, and action will be taken against the errant importers or any persons concerned in abetting the fraudulent evasion of duty and GST. Any person who is guilty of fraudulent evasion of duties or GST will be liable on conviction to a fine of up to 20 times the amount of duty and GST evaded or imprisonment, or both. In addition to the penalties meted out by the court, the offenders are also required to make good the duty and GST short-paid to the government.

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