



NEWS RELEASE

ZERO GST WAREHOUSE SCHEME TO BOOST LOGISTICS SECTOR

1. All importers with good inventory control systems can benefit from a new scheme where they do not have to immediately pay GST on their imports. Minister of State Mrs Lim Hwee Hua announced the introduction of the *Zero GST Warehouse Scheme* by Singapore Customs (SC). It will come into effect on 1 January 2006. GST will be payable only for the goods which the importers later release to the local market.
2. The *Zero GST Scheme* expands on the current *Bonded Warehouse Scheme (BWS)*. It will give a boost to Singapore's logistics sector by improving companies' cash flow and reducing their warehouse-related compliance costs.
3. Currently, only imports where at least 80% will be re-exported can be brought into bonded warehouses to enjoy GST suspension. Under the *Zero GST Scheme*, the 80%-export requirement will be lifted for qualifying operators.
4. For qualifying operators with multiple warehouses, there will also be greater flexibility in the storage and movement of their goods between pre-approved warehouses.
5. Mrs Lim Hwee Hua, the Minister of State for Finance and Minister of State for Transport, disclosed details of the *Zero GST Scheme* during her industry familiarisation visit to the United Parcel Service Singapore Pte Ltd (UPS) on 29 July 2005.
6. There will be three licence types under the *Zero GST Scheme* – Type I, Type II and Type III, to cater to companies with different needs and different levels of internal controls.

- All existing BWS operators will automatically qualify for the Type I licence. They must re-export 80% of their imports, and report each transaction.
- Type II licensees are allowed to operate from only one location and need to report their activity to SC once a month. They must have a computerized inventory system with the information required by SC.
- Type III licensees give the most flexibility to companies. They can operate from multiple locations, but must have a centralized warehouse management system with up-to-date stock records and robust track-and-trace capability on their goods. These companies will need to report their stocks only when requested by SC.

7. More operating details of the *Zero GST Scheme* can be found in the draft Handbook which can be downloaded from SC's website at http://www.customs.gov.sg/trade/trde9_8.html.

8. SC is holding consultations with selected companies to develop the control procedures. SC will release the finalised details on 1 October 2005. Companies which are interested in the scheme can send their applications to SC from 1 October 2005.

9. Companies which wish to give feedback on the new scheme can email to customs_feedback@customs.gov.sg.

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END OF NEWS RELEASE