



Press Release

SUMMARY OF RESPONSES TO PUBLIC FEEDBACK ON PROPOSED AMENDMENTS TO CUSTOMS ACT

1. The Ministry of Finance (MOF) and Singapore Customs conducted a public consultation on proposed amendments to the Customs Act from 9 May to 5 June 2017¹.
2. The proposed amendments seek to support recent policy changes, provide legal clarity on current policies, and improve Singapore Customs' operational efficiency.
3. 24 responses were received. A summary of MOF and Singapore Customs' responses to the key feedback received is in Annex A.
4. The Customs (Amendment) Bill 2018 will be tabled in Parliament in 2018. It will include all proposed amendments, except amendments to sections 39 and 41. These amendments will be studied further.
5. MOF and the Singapore Customs thank all respondents for their feedback.

Issued by:

Ministry of Finance and Singapore Customs
26 April 2018

Annex

- Annex A: Summary of Responses by the Ministry of Finance and Singapore Customs to Key Feedback on Proposed Amendments to the Customs Act

¹ Please refer to the [earlier press release](#) for further information.

**Summary of Responses by the Ministry of Finance and Singapore Customs
to Key Feedback on Proposed Amendments to the Customs Act**

[Feedback Submitted from 9 May to 5 June 2017]

A. Support for recent policy changes

Proposed amendment: To broaden the definition of “Motor Fuels” to include diesel, and any other fuels that may be used to power a means of transport.

1. Feedback: A respondent sought clarification whether the diesel referred to in the proposed amendment is diesel fuel that is used in motors to power a means of transport.
2. Response: The proposed amendment to the definition of “Motor Fuel” includes any fuel, including diesel fuel, that can be used to power a motor in any means of transport.

B. Clarity on current policies

Proposed amendment: To provide clarity that there will be collection of customs or excise duties and GST for goods used or consumed in a Free Trade Zone (FTZ), approved landing place, or transit warehouse.

3. Feedback: A respondent suggested that the usage and consumption of goods in FTZs be exempted from the imposition of duty levies, to maintain the attractiveness of FTZs.
4. Another respondent sought clarification on the party responsible for the payment of duties levied on goods used or consumed in FTZs, in particular for transshipment or transit goods which may not be owned or handled by local parties.
5. Response: The intent of designating FTZs is to facilitate entrepôt trade, in which goods are transshipped through Singapore without being used or consumed. The primary purpose of FTZs is to provide transient storage for goods that are pending export. Such goods are granted temporary suspension of customs and excise duties as well as import GST while they remain in FTZs. However, if these goods were to be used or consumed within FTZs, it is fair that the suspension of duties and GST cease to apply. Therefore, such goods should be subject to the same duties and GST as goods that are brought into Singapore for consumption or use. This will not affect the attractiveness of Singapore’s FTZs, since the goods stored in them are meant for transshipment and not for local usage or consumption.
6. The importer of the goods, as defined in Section 3 of the Customs Act, Cap 70, shall be liable to pay the duties.

Proposed amendment: To enable more equitable outcomes when excise and customs duties are re-imposed for goods which cease to be duty-exempt.

7. Feedback: Respondents suggested that the amendment to the legislation specify the party who determines the cessation of the duty exemption, and how the value of duty to be re-imposed is calculated.

8. Response: As the administrator of the Customs Act, Singapore Customs will determine when duty-exempted goods become liable for payment of customs or excise duty in line with Section 14 of the Customs Act, which states that duty exemption will cease (and duties re-imposed) when any of the conditions which the exemption is subject to are contravened.

9. Singapore Customs will compute the value of duties to be re-imposed on a case-by-case basis when the duty exemption ceases. The proposed amendments clarify that these calculations can be based on the value of the goods at the time of importation or when the exemptions cease.

Proposed amendment: To remove the definition of “beer” in the Customs Act.

10. Feedback: A respondent noted that the term “beer” is still mentioned in some subsidiary legislation under the Customs Act. Hence, the respondent proposed to retain the definition of “beer” in the Customs Act.

11. Response: Upon the removal of the definition of “beer” in the Customs Act, Singapore Customs intends to provide the definition of “beer” on suitable platforms such as the Singapore Customs website or within the relevant subsidiary legislation.

C. Improve Customs’ operational efficiency

Proposed amendment: To provide flexibility to exempt parties from the submission of the manifest data for vessels, airplanes or trains arriving in or departing from Singapore.

12. Feedback: Respondents expressed concerns regarding the proposed amendments to Sections 39 and 41 of the Customs Act, which allow the Director-General (DG) of Customs the discretion to exempt the submission of manifest data for vessels, airplanes or trains arriving in or departing from Singapore. Respondents were concerned that:

- a) The DG of Customs could take a default position to not require manifests to be submitted, once the amendments are made;
- b) Collecting less information along the supply chain would reduce the effectiveness of law enforcement agencies, and increase the risk of abuse by illicit traders;
- c) The proposed changes would not ease the compliance burden on the industry as it is likely that manifests would still need to be prepared in anticipation of Singapore Customs’ request for submission; and
- d) Singapore Customs could be perceived as favouring some companies over others, if some were exempted from submitting manifest data, while others were not.

13. Response: The proposed changes seek to complement Singapore Customs’ risk-based approach in the enforcement of its requirements. Singapore Customs will continue to ensure the security of the supply chain while preserving Singapore’s attractiveness as a transshipment hub. The proposed changes will not lead to a default position of manifests not being required. Only parties assessed to be of lower risk will be exempted from submitting manifests. All other entities will still be required to submit the information specified in Sections 39 and 41 of the Customs Act.

14. Nonetheless, MOF and Singapore Customs have noted respondents' concerns and will further review the proposed changes to Sections 39 and 41. As such, the proposed amendments to Sections 39 and 41 of the Customs Act will not be included in this round of Customs Act amendments.

Proposed amendment: To extend the time limit for the recovery of duties, taxes, fees or other charges, and remove the time limit for the recovery of duties due to fraud and wilful default.

15. Feedback: A respondent suggested that this amendment to the Customs Act should make clear that short payment of duties, taxes, fees or other charges is not attributed to fraud or wilful default, unless proven otherwise by an officer or senior officer of Singapore Customs.

16. Response: MOF and Singapore Customs recognise that not all cases of short payment of duties and taxes are due to fraud or wilful default. In recovering duties and taxes underpaid, Singapore Customs will assess, for each case, whether the underpayment was indeed due to fraud or wilful default, and apply the time limit accordingly.

Proposed amendment: To extend the time limit for the submission of claims for refunds of duties, taxes or other charges overpaid or erroneously collected.

17. Feedback: Respondents asked if the changes to Section 19 (to extend the time limit for the submission of claims), and the changes to Section 20 (to extend the time limit for the Government to recover under-paid duties and taxes) would be implemented prospectively or retrospectively (that is, whether the five-year time period in both scenarios would apply only to new cases arising after the implementation of the amendments, or if it would also apply to cases that arose before the amendments were made).

18. Response: The amendment to the time limit applicable for Sections 19 and 20 will be implemented prospectively, that is, it will apply only to cases detected after the Customs (Amendment) Bill 2018 is implemented.

Proposed amendment: To provide flexibility to the DG of Customs to confer his powers to senior officers of Singapore Customs.

19. Feedback: A respondent asked if the proposed amendment would allow the DG of Customs to confer his powers under the Customs Act without requiring the Minister's approval.

20. Response: Yes, the proposed amendment allows the DG of Customs to confer his powers under the Customs Act without requiring the Minister's approval.

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