

# **SUMMARY OF RESPONSES - PUBLIC CONSULTATION ON SINGAPORE CUSTOMS' VOLUNTARY DISCLOSURE PROGRAMME**

## **Background**

1 A public consultation exercise on Singapore Customs' Voluntary Disclosure Programme (VDP)<sup>1</sup> was held from 17 Mar – 30 Apr 05 to obtain feedback and comments on the approach of the programme.

## **Participants of the Consultation Exercise**

2 A total of 10 organisations and individuals comprising professional bodies, consultants, traders and companies responded to this consultation exercise.

3 SC has considered all the comments carefully. The major comments received and SC's responses to them are summarised below:

### **A. VDP PENALTY**

4 Respondents were generally concerned over the transparency in penalty calculation in the VDP regime. They also expressed concerns over possibility of further government scrutiny after the disclosure and enquired if there were instalment schemes for the recovery of GST, duties and penalties.

5 SC's response: SC will take into account that a voluntary disclosure has been made when deciding on the penalty to be imposed. However, SC will retain the right to investigate further if it feels that the disclosure is incomplete or inaccurate. SC will also consider granting instalment schemes on a case-by-case basis.

### **B. PROCEDURES OF PROGRAMME**

6 Respondents had requested for SC to practise flexibility in accepting other methods of extrapolation of data for completion purposes and in the handling of VDP cases in view of varying commercial business practices

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<sup>1</sup> The program allows traders who have committed errors or omitted information in past declarations to come forward in good faith to voluntarily disclose these errors. Traders who made a valid disclosure are required to pay the taxes and duties, owing, if any, and would be given a reduced penalty.

7 SC's response: In the case of lost data, SC will exercise flexibility to consider alternative methods of data extrapolation that are justifiable and reasonable.

8 Some respondents also requested for procedures to be simpler and that SC provide a checklist for self-review, provide clear definitions of VDP criteria to prevent confusion and to ensure absolute confidentiality of the cost information of their products.

9 SC's response: SC will provide a self-review checklist and a list of commonly-made errors by traders, to assist traders in their review of past declarations. SC understands the sensitivity of information disclosed and will keep confidential the information received.

10 Some respondents asked if there was any limit on the number times the VDP could be made.

11 SC's response: SC does not set limit to the number of VDP application. However, traders should take responsibility in complying with customs rules and regulations and aim to get them right in the first instance.

### **C. FRIENDLINESS OF PROGRAMME**

12 Some respondents had commented that the approach of the VDP should be client-friendly rather than bureaucratic. Comments were made that signing of an agreement which gives SC the right to proceed with investigation in the event that we reject the disclosure is not persuasive for the client to come forward and disclose.

13 SC's response: SC is agreeable to accepting other forms of written agreement of participation for VDP, e.g. via email, letter or fax. However, SC will reserve the right to conduct further audit on any company if it believes that the disclosure is incomplete or inaccurate.

### **D. DISCLOSURE AND SUBMISSION PERIOD**

14 Respondents had enquired about the disclosure and submission period of documents and had requested SC to pre-set disclosure period to the previous 7 years. Respondents had also expressed concerns over the length of time given to companies to submit the necessary documents and on the time given to process the disclosure.

15 SC's response: Under the Customs Act, traders are required to retain trade documents for up to 7 years. Accordingly, we encourage traders to voluntarily disclose errors made in their compliance with customs rules and regulations. In general, the document submission period for the disclosure will be between 1-3 months. Extension can be granted for reasons deemed acceptable by SC. For straightforward cases, SC's verification process will take between 1 and 3 months. However, the length of processing period will also be subjected to the magnitude and complexity of each VDP application.

#### **E. BUSINESS COST FOR COMPLIANCE**

16 Some respondents have expressed concerns that more manpower might be needed to put together documents required for the disclosure. The specific concerns raised are:

- (a) Whether a 3<sup>rd</sup> party is required to conduct the audit;
- (b) Additional manpower needed for the disclosure would translate into higher business costs for traders; and
- (c) Possibility of SC subsidizing the cost resulting from the additional manpower needed.

17 SC's response: SC will not provide any subsidies as the VDP is a programme to make good past offences and it is already a form of concession. It is also not a pre-requisite to engage an independent third party professional for VDP. Companies are advised to determine the necessity of engaging third parties based on their own needs and resources.

#### **F. TREATMENT OF EXTERNAL AGENCIES**

18 Respondents sought comments pertaining to the positions of other controlling agencies on the disclosure programme. They had expressed wish that offences disclosed in relation to other controlling agencies would also be accorded similar treatment and leniency if disclosed to SC under the programme and sought clarification on other government department's stand on the disclosure and whether offences on import GST come under the authority of SC or IRAS.

19 SC's response: The VDP is a programme implemented by SC, and caters only to Customs offences.

## **G. ERRORS COMMITTED BY DECLARING AGENTS**

20 Some comments were received from respondents who enquired on errors made by declaring agents and request to share and make public the types of mistakes committed by other VDP participants.

21 SC's response: The onus is on the traders to ensure the accuracy of their trade declaration, whether made by themselves or other parties. On the list of mistakes made, SC would consider conducting industry outreach programmes and heighten awareness on the commonly made errors of non-compliance, if necessary.

## **H. OVERSEAS SUPPLIER**

22 A comment was made to put the onus on overseas suppliers to declare the correct information.

23 SC's response: As part of Customs procedures and business transactions, traders are responsible to ensure the accuracy of their trade declaration.

## **I. CONVICTED OFFENCES**

24 One respondent wished to know if those who are currently serving sentence under Customs offences qualify for VDP.

25 SC's response: VDP is not extended to offences that were convicted or compounded.

Singapore Customs  
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