

Compliance Outreach to Licensed Warehouse (LW) Scheme and Zero-GST Warehouse Scheme (ZGS) Licensees



Dialogue Session
October 2016

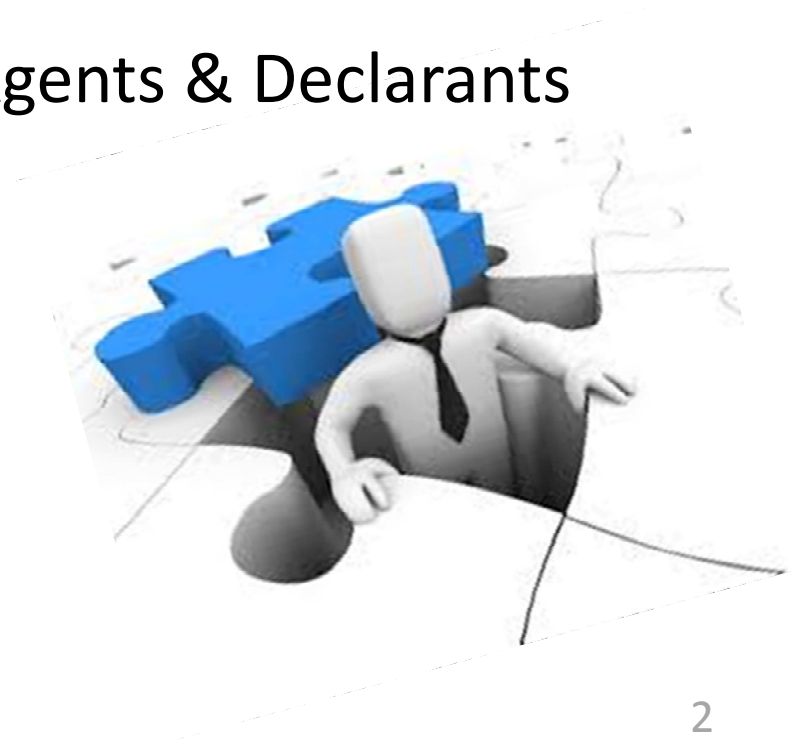
**SINGAPORE
CUSTOMS**

We Make Trade Easy, Fair & Secure



OVERVIEW

- ❖ Common Errors
- ❖ Customs Observations of ZGS/LW Scheme Licensees
- ❖ Key Compliance Messages
- ❖ Responsibilities of Declaring Agents & Declarants
- ❖ Achieving Self-Compliance



Common Errors



Top Common Errors

Common Errors	Action Required	Suggested Improvements
Failure to produce Customs permit and goods for clearance at Customs checkpoint(s)	The goods must be produced together with: <ul style="list-style-type: none">- permit- commercial invoice- BL/AWB- Other supporting docs for customs clearance at checkpoints	<ul style="list-style-type: none">• DA to identify permits with such conditions and notify drivers.• Remind drivers to produce for endorsement to ICA officers upon inspection.• Put some form of reminder (consider multiple languages) at the top of the permit.

**PERMIT
ENDORSEMENT
REQUIRED**



Top Common Errors

Common Errors	Action Required	Suggested Improvements
Failure to cancel unused permit within 24 hours of its expiry	<ul style="list-style-type: none">• After permit declaration, monitor the permit validity period.• Permit which has not been utilised must be cancelled within 24 hours of its expiry.	<ul style="list-style-type: none">• Assign a personnel to keep track of permit validity period.• SOP to be put in place for last minute cancellation of shipments.• Stamp on the permit (e.g. “CANCELLED”) after permit has successfully been cancelled.• Check that duplicated permits were not taken up for the same set of cargo.



Top Common Errors

Common Errors	Action Required	Suggested Improvements
<p>Failure to return required permit/documents within stipulated time (Conditional Permit)</p>	<ul style="list-style-type: none"> • Submit the Cargo Clearance Permit (CCP), commercial invoice(s) and BL(s)/AWB(s). • When submitting the supporting document, you must state the CCP No. clearly on it and submit to Singapore Customs within 48 hours by fax (63371556) or by email at customs_tn48hr@customs.gov.sg 	<ul style="list-style-type: none"> • Create a monitor-and-alert mechanism to track compliance with permit conditions. • State the permit number in big and clear characters at a prominent place on the invoice(s) and BL(s)/AWB(s). • Number all the pages you are going to submit. • Ensure you receive an acknowledgement one working day after you have submitted the documents. Call Tel: 6355 2139 if you do not receive the acknowledgement.



Top Common Errors

Common Errors	Action Required	Suggested Improvements
Incorrect value	<ul style="list-style-type: none">• Key in CIF/LSP value (S\$) - for imports for each item.• FOB value (S\$) – For exports for each item.	<ul style="list-style-type: none">• Prepare the declaration based on the information as provided in the invoice(s).• Use the prevailing Customs exchange rate if the invoice value is in foreign currency.• CIF/LSP – This is the cost/sale price of the goods including insurance and freight or the last selling price in Singapore Dollars (S\$).• FOB - This is the sale price of the goods excluding freight and insurance in Singapore Dollars (S\$).

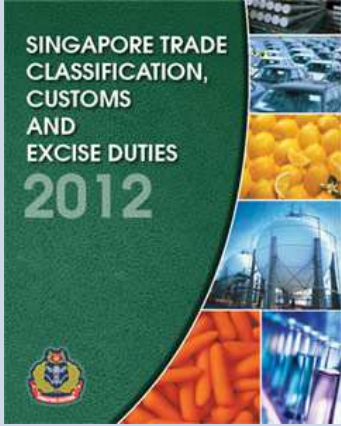


Top Common Errors

Common Errors	Action Required	Suggested Improvements
Incorrect container number	<ul style="list-style-type: none">• Key in the correct alpha-numeric series of container numbers based on shipping docs.	<ul style="list-style-type: none">• Ensure the container numbers given to the declarants are correct.• Reduce manual entry of shipping information.• Implement in-house system to validate numbers, e.g. value entered has to be 11 characters



Top Common Errors

Common Errors	Action Required	Suggested Improvements
Incorrect HS code	<ul style="list-style-type: none">Use the most applicable HS Code for the goods for declaration. 	<ul style="list-style-type: none">Use the alphabetical index at https://www.customs.gov.sg/businesses/harmonized-system-hs-classification-of-goods/resources/alphabetical-indexAvoid using default HS code and generic description. E.g. Using the HS code and generic description of “Parts” for specific products. HS code for “Parts” should be used only when there is no specific HS code available for the item description.Goods that are classified under different HS codes must be declared separately at item level.If in doubt, call the Classification Unit at 6355 2016



Customs Observations



Observations of ZGS/LW Scheme Licensee

1. Excess/under-declaration of quantity of goods moving into LW/ZG warehouse and missing stock on the export leg
2. Duty/GST-unpaid goods found outside the LW/ZG warehouse (i.e. using staging area (loading/unloading bay) to store Duty/GST-suspended goods)
3. Storage of Duty/GST-paid cargo in licensed areas (LW Scheme Type I and II, and ZGS Type I)
4. Duty/GST-suspended goods not labelled with Customs Lot Numbers (All LW Scheme types and ZGS Type I)
5. Removal of goods outside the permit validity period
6. WMS not updated promptly
7. Sharing of TradeNet[®] User-IDs and passwords



Observations of ZGS/LW Scheme Licensee

- 8. Violation of permit condition “B3” (for II and IN permits) and “20” (for OO and OU permits)
 - No endorsement on the space provided in the permit condition to confirm that the goods had been unstuffed/stuffed under supervision
 - Date and time of receipt/release of goods were not indicated

B3 - I CERTIFY THAT GOODS AND QUANTITY DECLARED IN THIS PERMIT ARE CORRECTLY UNSTUFFED FROM THE CONTAINER(S) AND RECEIVED UNDER MY SUPERVISION:
DATE & TIME OF RECEIPT OF GOODS
SUPERVISOR S NAME & SIGNATURE
COMPANY STAMP



Point to Note

- Violation of permit condition “A10”, (for OO, OU and IR permits), “A11” (for OX permits) and “A13” (for RM permits)
 - Goods released from LW warehouse not delivered directly to the exit point
 - Vehicles used to collect the consignments were different from the vehicle used for clearance at checkpoints
 - Goods released from LW warehouse were subsequently returned back to the LW due to last minute cancellation of shipment (some cases involved >1 day to return goods)

A10 - GOODS DECLARED MUST BE COLLECTED AND DELIVERED DIRECTLY TO THE PLACE OF RECEIPT BY THE SAME COMMERCIAL VEHICLE(S). DETOURING AND/OR TRANSFERING OF GOODS TO OTHER VEHICLES ARE PROHIBITED.
THE USE OF PASSENGER VEHICLE IS ONLY ALLOWED FOR SMALL QUANTITY (NOT EXCEEDING 22.5 LITRES OF LIQUOR AND/OR 1KG OF TOBACCO PRODUCTS) EXPORTING VIA AIR CHECKPOINTS.



Key Compliance Messages



Key Responsibilities of a ZGS/LW Scheme Licensee

1. **Comply** with the Customs Act, Customs Regulations, Goods And Services Tax (General) Regulations (Warehousing Regime) and the licensing Terms & Conditions.
2. **Take up relevant permits** for all movement of goods into and out of the ZG/LW warehouse.
3. **Pay duties and/or GST** before releasing the ZG or LW goods for local consumption.
4. Ensure **inventory records** and supporting documents are **properly maintained and updated**.
5. Ensure that the **nature and quantity of ZG/LW goods** received into or released from the ZG/LW warehouse are **in accordance with those described in the customs permits**. If there are discrepancies, report to Customs **within 24 hours of receiving or releasing the ZG/LW goods**, with valid reasons.
6. Ensure **adequate security measures** in the licensed premises.
7. Seek **Customs approval** before amending the designated licensed area.
8. Obtain the **necessary clearance** from other relevant authorities.



Dos and Don'ts for ZGS/LW Scheme Licensee

- ✓ **Know who you are hiring**, especially the people who are handling the goods.
- ✓ **Conduct regular briefing** sessions to remind staff and clients on the requirements of the ZGS/LW Scheme.
- ✓ **Know your customer**, ensure that the authorised person collects the goods (keep track of person entering/exiting LW/ZG premises during collection of goods).
- ✓ **Keep proper records** of the time-in and time-out of any person visiting the warehouse for the collection of goods.
- ✓ **Maintain inventory record** on goods stored.
- ✓ **Conduct regular stock checks** and report any discrepancies detected to Singapore Customs.
- ✓ Ensure drivers report to the designated lane at the checkpoint for **customs clearance** by Immigration and Checkpoints Authority officers.
- X **Do not break the Customs red seal** and unstuff a container sealed with the Customs red seal without any Customs approval.



Handbook for LW Scheme and ZGS

- Licensees may refer to the handbooks at the following links for more requirements under the respective schemes:

- Licensed Warehouse Scheme Handbook

- https://www.customs.gov.sg/~media/cus/files/business/customs%20schemes%20licences%20framework/lwhandbook_jan2014version.pdf?la=en



- Zero-GST Warehouse Scheme Handbook

- https://www.customs.gov.sg/~media/cus/files/business/customs%20schemes%20licences%20framework/3iizqshandbook_june2014version.pdf?la=en



Offences and Penalties

<u>Offence</u>	<u>Penalty Upon Conviction</u>
<p>Failure to comply with conditions imposed on removal of duty/GST goods from customs control.</p> <p><i>Section 27(1)(c) of the Customs Act:</i></p>	<p>A fine not exceeding \$5,000.</p>
<p>Making an incorrect declaration.</p> <p><i>Section 128(1)(a) of the Customs Act:</i></p>	<p>A fine not exceeding \$10,000, or the equivalent of the customs duty, excise duty or GST payable, whichever is the greater; or imprisonment not exceeding 12 months; or both.</p>
<p>Illegally removal of goods from customs control.</p> <p><i>Section 128K(a) of the Customs Act:</i></p>	<p>A fine not less than 10 times the customs duty, excise duty or GST evaded, or S\$5,000, whichever is lesser; and not more than 20 times the customs duty, excise duty or GST evaded, or S\$5,000, whichever is greater.</p>



Responsibilities of Declaring Agents & Declarants



Responsibilities of Declaring Agents & Declarants

With reference to Circular No. 10/2010, it is the responsibilities of the declaring agent and the declarants to ensure that all declarations made to Singapore Customs via TradeNet® on behalf of your customers are accurate and complete.

- Keep records of customers' identities (identity card no., address and contact details)
- Verify all supporting documents provided by traders to ensure they are genuine. When in doubt, clarification should be sought in writing from customers.
- All records of transactions including supporting documents are to be maintained for 5 years under the law.
- Enhance your skills and your knowledge of permit declarations to ensure competency.
- Contact Singapore Customs immediately at Tel: 1800-233 0000, if you encounter any suspicious transactions.



Responsibilities of Declaring Agents & Declarants

With reference to Circular No. 11/2015, sharing of TradeNet® User ID(s) and password(s) is NOT allowed.

- As stipulated in Clause 9.6 of the “Terms and Conditions for Declaring Agents” and Clause 5.2 of the “Terms and Conditions for Declarants”:
 - A DA must ensure that the TradeNet® User ID(s) or password(s), which are assigned to its declarant(s), are personal to the declarant(s) and are not shared with others.
 - A declarant must maintain confidentiality of the User ID or password which is being assigned to him/her.
- Resources for more information on the DA and declarant registration under the DA Governance Framework:
 - Singapore Customs website.
 - Contact our call centre at 6355-2000 or
 - Email your enquiries to customs_documentation@customs.gov.sg.

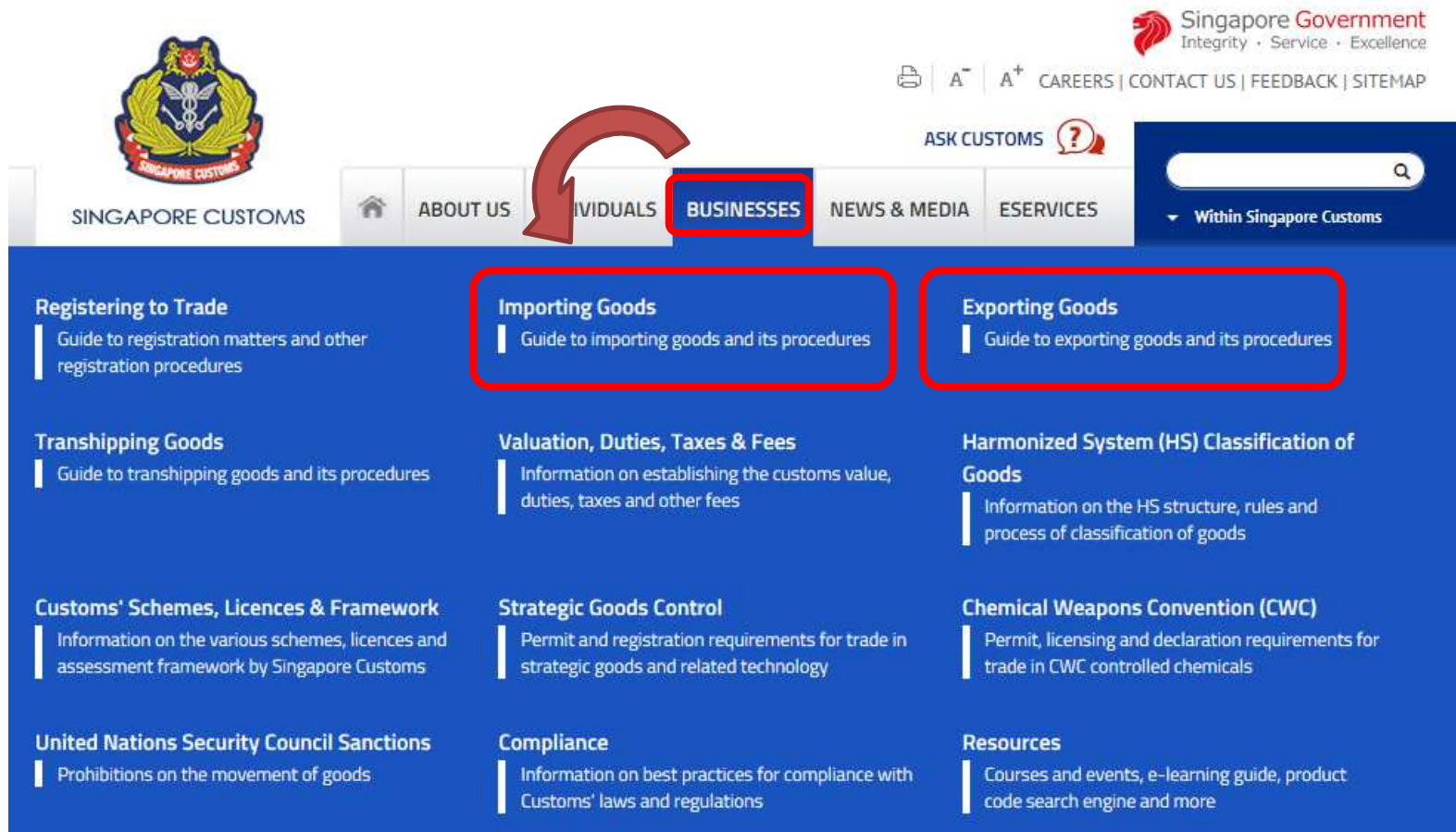


Achieving Self-Compliance



Education & Outreach

- For more information on Customs procedures, please visit our website at : www.customs.gov.sg



The screenshot displays the Singapore Customs website interface. At the top right, the Singapore Government logo is visible with the tagline 'Integrity · Service · Excellence'. Below it are links for 'CAREERS', 'CONTACT US', 'FEEDBACK', and 'SITEMAP'. The main navigation bar includes 'SINGAPORE CUSTOMS', 'ABOUT US', 'INDIVIDUALS', 'BUSINESSES' (highlighted with a red box and a red arrow), 'NEWS & MEDIA', and 'ESERVICES'. A search bar is located on the right side of the navigation bar. The main content area is a blue grid of service categories, with 'Importing Goods' and 'Exporting Goods' highlighted by red boxes. A red arrow points from the 'BUSINESSES' menu to the 'Importing Goods' category.

Registering to Trade Guide to registration matters and other registration procedures	Importing Goods Guide to importing goods and its procedures	Exporting Goods Guide to exporting goods and its procedures
Transshipping Goods Guide to transshipping goods and its procedures	Valuation, Duties, Taxes & Fees Information on establishing the customs value, duties, taxes and other fees	Harmonized System (HS) Classification of Goods Information on the HS structure, rules and process of classification of goods
Customs' Schemes, Licences & Framework Information on the various schemes, licences and assessment framework by Singapore Customs	Strategic Goods Control Permit and registration requirements for trade in strategic goods and related technology	Chemical Weapons Convention (CWC) Permit, licensing and declaration requirements for trade in CWC controlled chemicals
United Nations Security Council Sanctions Prohibitions on the movement of goods	Compliance Information on best practices for compliance with Customs' laws and regulations	Resources Courses and events, e-learning guide, product code search engine and more



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- For latest updates on Customs requirements, please refer to our press releases, circulars and notices at:

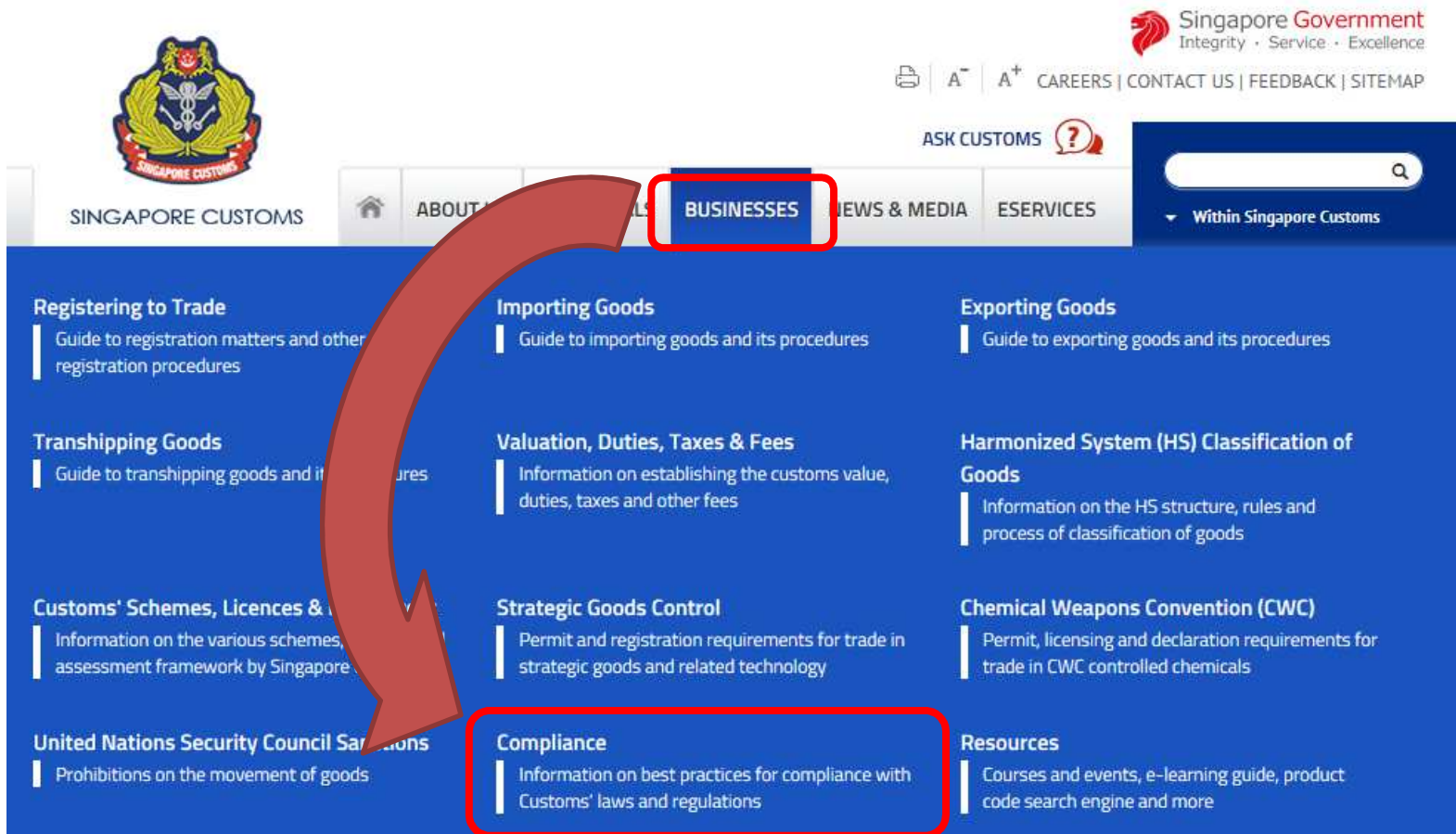
<http://www.customs.gov.sg/topNav/new/>

The screenshot displays the Singapore Customs website interface. At the top left is the Singapore Customs logo. The main navigation bar includes links for 'ABOUT US', 'INDIVIDUALS', 'BUSINESSES', 'NEWS & MEDIA' (highlighted with a red box), and 'ESERVICES'. A red arrow points from the 'NEWS & MEDIA' link to the 'Circulars' section below. The 'Circulars' section is also highlighted with a red box and contains the text 'Latest and past circulars issued'. Other sections include 'Notices' (Latest and past notices issued), 'Media Releases' (Latest and past media releases issued), 'Publications' (Corporate newsletter, statistics, corporate book and more), and 'Public Outreach' (Information on our public outreach and campaigns). The top right corner features the Singapore Government logo and navigation links for 'CAREERS', 'CONTACT US', 'FEEDBACK', and 'SITEMAP'. A search bar is located on the right side of the page.



Education & Outreach

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Customs Courses



- Training courses organised by Singapore Customs Academy
- To equip traders with relevant knowledge in technical areas and regulatory requirements
- For more information, please refer to <http://www.customsacademy.gov.sg/reception-area.aspx>

Title	Description
SC 101 - Customs Procedures	This module seeks to give all declarants a better understanding on customs procedures pertaining to importation and exportation of goods as well as the requirements for preparing TradeNet declarations.
SC 102 - Classification and the Harmonized System	This module seeks to give all participants a better understanding on the classification of goods and the Harmonized System.
SC 103 - Rules of Origin/Free Trade Agreements	This module seeks to give all participants a better understanding on the certificate and rules of origin, the procedures for the application of a certificate of origin (CO) and the benefits of a CO.
SC 111 - Hands-on TradeNet Declaration	To provide participants with an overview on the various TradeNet message and declaration types and guided practical session on preparing and submitting a TradeNet declaration.
SC 201 - Basics of Strategic Goods Control Seminar	This module seeks to enhance the industry's awareness and understanding of Singapore's strategic goods control system, the Strategic Goods (Control) Act (SGCA) and its regulations, as well as the registration procedures and permit requirements for strategic goods transactions.
SC 202 - Essentials of Internal (Export Control) Compliance Seminar	This module presents to participants details and requirements on Tier 2 and 3 permits as well as their application procedures.




Voluntary Disclosure Programme

- This program is for individuals or companies to voluntarily disclose errors/omissions committed by them under the laws and regulations administered and enforced by Singapore Customs.
 - <https://www.customs.gov.sg/businesses/compliance/voluntary-disclosure-programme>
- To be eligible for VDP, the disclosure must be
 - Complete with all the relevant information pertaining to the errors and omissions; and
 - Made before notice or commencement of audit checks and investigations.
- There is no fixed time period for the errors/omissions committed.

Ref No.:

**APPLICATION FOR
VOLUNTARY DISCLOSURE**

Instructions:
 (i) This form will take about 10 minutes to complete.
 (ii) You will need the following information for the form
 - UEN
 - Permit Details
 (iii) Please complete this form and return it together with the required supporting documents (permit, invoice, packing list, B/L or AWB) and other documents as applicable.



SINGAPORE CUSTOMS
 55 Newton Road
 #06-01 Revenue House
 Singapore 307987
 Tel: 63552000
 Fax: 62513227
 E-mail: customs_vdp@customs.gov.sg
<http://www.customs.gov.sg>

PART I: PARTICULARS

Company Name:	
Company UEN:	
Company Address:	
Person Name:	Designation:
NRIC/Fin/Passport No.:	Office Tel:
Email:	Mobile No.:

PART II: DISCLOSURE INFORMATION

PART II(A): PERMIT DECLARATION ERROR

Permit No.	SIN of Permit Line Item	Field(s) Wrongly Declared	Incorrect Data Declared	Correct Data

PART II(B): OTHER TYPES OF ERRORS (If Part II(A) is not applicable)

PART III: REASONS FOR ERROR

PART IV: DECLARATION

I, _____ on behalf of M/S _____ declare that the
(Full name of authorised person) (Company Name)
 information given in this form is true and complete.

Signature :	Company Stamp :	Date :
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SC-A-092 (Ver 5 - 09/16)



Voluntary Disclosure Programme

- Conduct a self-check on your past import and export transactions
- Make a disclosure immediately upon detection of an error and/or omission in your declaration
- Ensure that all information provided on the VDP form is accurate and concise
- The VDP Application Form must be signed by the individual/company who made the errors/omissions
- The supporting documents should be attached with the VDP form for submission
 - Email to customs_vdp@customs.gov.sg; or
 - Fax to +65 6251 3227.



Thank
you!

