

## **FAQs on the Tiered Licensed Warehouse Scheme (wef: 1 April 2012)**

### **1. How the Licensed Warehouse Scheme Would Be Tiered**

It would be tiered into Type I, II and III. Licensees in higher tiers (i.e. Type III) would be accorded the most facilitation, but they would be expected to have better internal controls and compliance levels. Type I and II licensees need to qualify for the “Standard” and “Intermediate” bands under TradeFIRST respectively. Type III licensees need to qualify for either the “Enhanced” or the “Premium” TradeFIRST band.

The Tiered Licensed Warehouse Scheme affects Licensed Warehouse Operators that store:

- (a) Liquors and Tobacco Products (LW Licensees); and
- (b) Dutiable Motor Vehicles (LWV Licensees).

<b>TradeFIRST Band</b>	<b>Licensed Warehouse Type</b>
Standard	I
Intermediate	II
Enhanced & Premium	III

### **2. How do I upgrade to a Higher Licence Type (e.g. From Type I to Type II)?**

By achieving a higher banding under TradeFIRST. Key TradeFIRST criteria relating to the licensing operations are outlined below.

<b>Assessment Criteria Categories</b>	<b>Criteria</b>
Company Profile	Company financials and general background of the company.
Inventory Management & Controls	Warehouse management system with good track and trace, stock monitoring, access control, and audit trail functions. Proper data storage and back-up procedures.
Compliance	Compliance records.
Procedures & Processes	Documented cargo handling SOPs for receiving, releasing, stocktaking, and discrepancy handling.
Security	Physical security measures on cargoes and premises, Business Partner Security Screenings and Business Continuity Plans.

Especially the criteria pertaining to your company’s warehouse management system, cargo handling standard operating procedures (SOPs) and security measures.

<b>Criteria</b>	<b>Type I (Standard Band)</b>	<b>Type II (Intermediate Band)</b>	<b>Type III (Enhanced &amp; Premium Bands)</b>
Warehouse Management System	Stock records (manual stock cards or Microsoft Excel spreadsheets) to monitor the tax suspended goods’ balance and movement	Computerised Warehouse management system that contains Customs-required data fields (Date, Customs-assigned lot number, item description, HS code, customer’s name, value of goods, Customs permit number, location, and inward/outward/balance	Computerised Warehouse management system that contains Customs-required data fields (Date, Customs-assigned lot number, item description, HS code, customer’s name, value of goods, Customs permit number, location, and inward/outward/balance

		quantity and unit of measurement)	quantity and unit of measurement)  -Reports: Can generate stock balance and monthly stock movement reports.  -Strict access control to WMS  - Able to search by Customs Lot Number, Customs Permit Number, and Location.  - Has audit trail function  - Licensee backs up and knows how to recover inventory data.
Documented Cargo Handling SOPs	Yes, for: a. Incoming/outgoing cargoes; b. Discrepancy reporting; and c. Stocktaking	Yes, for: a. Incoming/outgoing cargoes; b. Discrepancy reporting; and c. Stocktaking  Segregation of duties should be observed between the informational and physical handling of cargoes (i.e. Customs permit declaration, physical cargo accountability and inventory data control).	Yes, for: a. Incoming/outgoing cargoes; b. Discrepancy reporting; and c. Stocktaking  Segregation of duties should be observed between the informational and physical handling of cargoes (i.e. Customs permit declaration, physical cargo accountability and inventory data control).  SOPs should include the documents (shipments supporting documents such as the bill of lading/air waybill, commercial invoice, packing list) that need to be signed during the cargo receiving and releasing work flows.  The cargo discrepancy reporting and resolving SOPs should encompass different scenarios such as receiving damaged or rejected goods, wrong

			picking of goods during releasing and stock discrepancies discovered during internal cycle counts.
Security Measures	No mandatory criteria, but all licensees are encouraged to adopt the following security measures: a. Locks on all exits to the licensed area b. Close circuit television c. Burglar alarm system and connection to any security agency d. Fire alarm systems e. 24hr security guards f. Security checks at the exit and entrance to the licensed area	Same as Type I	Same as Type I

**3. What Items can I Store in my Licensed Warehouse?**

Benefit	Type I (Standard Band)	Type II (Intermediate Band)	Type III (Enhanced & Premium Bands)
Permissible Items within the Licensed Area	Imported dutiable goods.  Licensed area must be physically demarcated.  LW/LWV goods must be labelled with their Customs Lot Numbers.	Imported dutiable goods.  Licensed area must be physically demarcated.  LW/LWV goods must be labelled with their Customs Lot Numbers.	Type of Goods: - LW/LWV goods (duty and GST suspended) - Tax paid goods (dutiable and non-dutiable) - Locally manufactured dutiable and non-dutiable goods. - <b>Not allowed</b> - GST-suspended goods under the Zero GST Warehouse scheme  Do not have to physically demarcate the licensed area, but have to store the LW/LWV goods within the licensed area outlined in the layout plans endorsed by Singapore Customs.  LW/LWV goods must be labelled with their Customs Lot Numbers. Previous LW/LWV goods that are now covered by DP permits have to be labelled with "tax paid".

**4. Are Type III licensees allowed to store the LW goods anywhere in the warehouse, since the licensed area does not have to be physically demarcated with painted lines/fences/walls?**

Type III licensees are required to store the LW goods within the licensed area outlined in the layout plans endorsed by Customs, not anywhere in the warehouse. All LW licensees who wish to extend/reduce/rezone the licensed area need to inform their Account Managers and wait till approval has been given.

#### **5. I am a LW Type III licensee. What types of goods can I store within the licensed area?**

You can store any type of cargoes except GST-suspended goods under the ZGS scheme. The permissible goods include:

- LW goods (duty and GST suspended)
- Tax paid goods (duty and non-duty)
- Locally manufactured duty and non-duty goods.

You need to:

- Physically segregate the LW goods from the other goods in the licensed area;
- Your Warehouse Management System must be able to differentiate the tax suspended from the tax paid duty goods (i.e. a field to indicate if it is a tax paid good, and a location code).
- For the LW goods, you have to label or write the LW goods' Customs lot numbers on the cartons.
- For the tax paid items, they had to label or write "tax paid" on them

#### **6. Do LW Type III licensees have to remove the non-LW goods from the LW area for the annual Budget Day stock check?**

Type III licensees do not have to remove the non-LW goods from the licensed area before Budget Day if they can comply with the following:

- Segregate the LW goods from the other goods in the licensed area (i.e. tax paid, locally manufactured). Do note that goods under the Zero-GST Warehouse Scheme are **not allowed** in the licensed warehouse area );
- Their Warehouse Management System can differentiate the tax suspended from the tax paid duty goods (i.e. a field to indicate if it is a tax paid good, and a location code).
- For the LW goods, Type III licensees have to label or write the LW goods' Customs lot numbers on the cartons. For the tax paid items, they had to label or write "tax paid" on them

#### **7. How do I qualify for the weekly consolidated payment facilitation for LWs?**

First, you need to qualify for a LW/LWV Type III licence.

Type III licensees can take out a weekly consolidated payment permit covering the local releases of duty goods from their licensed premises for the week (7 consecutive days). This would benefit licensees with frequent local releases, and also in events of urgent local releases on weekends or public holidays. Type III licensees' inventory systems must effectively track all local releases to ensure accurate consolidated payment permit declarations.

This facilitation would be useful for licensees that stored their own goods and had regular local sales. Service storage warehouses would not find it as useful as they could not include multiple customer names in the "importer's name" and "importer's UEN" fields of the DP permit. This meant that a single DP permit could only contain the consolidated 7 day released LW/LWV goods from one customer.

Type III licensees need to inform their Account Managers about the LW/LWV customers whose goods they would apply consolidated DP permits for. They also have to indicate “deferred payment” in these goods’ delivery orders, which have to be endorsed by the delivery person.

**8. Single Annual Licence Fee for mixed types of dutiable goods**

Before the tiered Licensed Warehouse Scheme was introduced in 1 April 2012, separate licences were required for the storage of (1) liquor/tobacco products under licence prefix “LW”, and (2) Motor Vehicles (MV) under licence prefix “LWV”. This meant that licensees who stored both item categories needed to obtain separate licences and pay separate licence fees for each licence annually.

With the Tiered Licensed Warehouse Scheme:

Type II and III licensees that operate both LWs and LWVs are allowed to pay a single annual licence fee for their LW & LWV transactions. Licensees have to lodge a Banker’s Guarantee as security for their LW transactions.

Benefits	Type I (Standard Band)	Type II (Intermediate Band)	Type III (Enhanced & Premium Bands)
Single Annual Licence Fee for mixed types of dutiable goods	No	Yes, licensees that store both liquor/tobacco products and motor vehicles can pay a single licence fee annually (single sites)	Yes, licensees that store both liquor/tobacco products and motor vehicles can pay a single licence fee annually (multiple sites)

**9. Single Annual Licence Fee for Multiple Licensed Locations**

Before the tiered Licensed Warehouse Scheme was implemented on 1 April 2012, LW/LWV licensees had to pay annual licence fees for each of their licensed locations.

With the tiered Licensed Warehouse Scheme, Type III licensees would be allowed to operate multiple licensed locations and pay a single annual licence fee to cover all of their licensed areas.

Removal permits (RM) are still required for LW/LWV goods movements between the separate licensed areas

Benefits	Type I (Standard Band)	Type II (Intermediate Band)	Type III (Enhanced & Premium Bands)
Single Annual Licence Fee for multiple licensed locations	No	No	Yes.

**10. Why do I have to declare Customs Permits for cargo movements between my two Licensed Warehouses?**

Each of your two LWs already has a LW number (e.g. LW100 and LW101). This number has to be declared in the "place of receipt code" and "place of release code" of the goods’ Customs permits so that Customs will know the LW goods' locations. You can use the same Customs lot number alpha prefix for both LW100 and LW101, or keep the alpha prefix different to differentiate between your LW goods.

**11. How long is my LW/LWV licence valid for?**

LW/LWV Type	Licence Renewal Frequency
I	Every year
II	Every year
III	Enhanced Band – Once every 2 years Premium Band – Once every 3 years

**12. What are the New Container Stuffing Procedures for LW/LWV Licensees?**

From 1 April 2012, all LW/LWV licensees do not have to e-file for Customs Supervision on container stuffing anymore. Customs may conduct surprise inspections, where the officers may request for CCTV footages of the container stuffing, all relevant documents, and verify the physical stocks if necessary.

Procedures

1. LW/LWV Type I or II Licensee or their authorised declaring agent declares an OO permit before container stuffing. The stuffing date and time (at least AM or PM) must be declared in the Trader Remarks field of the OO permit. LW/LWV Type III licensees must also declare the OO permit before container stuffing, but they do not have to indicate the stuffing date and time in the Trader Remarks field of the OO permit.
2. If there were any changes to the declared stuffing date and time, the licensee to email/fax to Singapore Customs Company Compliance Branch (CCmB) for approval.
2. If there are no changes to the stuffing schedule, the licensee can stuff the container without informing CCmB.
3. Immediately after stuffing, the licensee must fax a "Release Note" or a copy of the OO permit (endorsed by the warehouse operator) to CCmB at 62513227. This information is needed to clear the container at the checkpoint.
4. The Release Note shall be handed to the Haulier to truck out the export container for endorsement and clearance at the customs checkpoint manned by ICA.

Specimen of the "Release Note"

COMPANY LETTER HEAD

RELEASE NOTE

Date :

To : Customs "IN" Gate, ICA Ports Command  
 Customs Outward Cargo, ICA Woodland Checkpoint  
 Customs Outward Cargo, ICA Tuas Checkpoint

Container Number												
Shipper's seal												

was stuffed \* under/ without Custom Supervision vide Permit No>

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At \_\_\_\_\_ Pte Ltd (LW No ) and sealed with Customs Seal Number:

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The container left the warehouse on at about am/pm.

Haulier Name : \_\_\_\_\_.

\_\_\_\_\_  
Signature /Name/Designation

\*Please Return This Release Note to M/s after Customs clearance.

**13. Do I have to pay Customs for their surprise inspections on the Licensed Warehouse (surprise inspection fees and transport fares)?**

For surprise inspections, you do not have to pay for the Customs officers' inspection fees and transport fares.

For supervisions arranged by Customs and LW licensees, supervision fees and transport fares have to be paid. Arranged supervisions include those on the unstuffing of containers sealed by Customs, destructions and samplings.

**14. Now that I do not have to e-file for container stuffing supervision, how do I update Customs on the changes to the stuffing date and time declared in the OO permit, especially if the vessel has been delayed?**

You have to email or fax to the Company Compliance Branch (CCmB) at customs\_whsg\_supervision@customs.gov.sg or 62513227 to inform them of the vessel delay and the new stuffing date and time. Please include evidences of the vessel delay. If the vessel is going to be delayed for several days, you should cancel the OO permit, inform CCmB about it, and declare the OO permit again closer to the new vessel departure date.

In addition, you have to seek approval from Company Compliance Branch (CCmB) if the stuffed container is not exported on the same day of stuffing and will be parked at your warehouse's premises pending for export on another day. This is in accordance to the AY permit condition.

**15. I understand that Customs may request for CCTV footages of the stuffing operations during their surprise inspections. However, my company do not have CCTVs near the loading area. Is it alright to provide Customs with the OO permit's supporting documents and photos of the stuffing instead?**

Yes it is. We understand that not all Licensed Warehouse licensees can produce clear CCTV footages of the stuffing operation. This may be because the licensee is a tenant of a warehouse facility, where the CCTVs near the stuffing area are not controlled by them. Also, some licensees' CCTVs are not able to produce clear, zoomed in footages of the stuffing operation to see what was stuffed into the container. That is why it is crucial for licensees to indicate the stuffing date and time in the Trader Remarks field of the OO permit, so that Customs can better schedule our surprise inspections.

**16. Do the new container stuffing procedures apply to all Licensed Warehouse Operators (i.e. LW and LWV licensees, Type I, II and III)?**

Yes, all LW and LWV licensees no longer have to e-file for container stuffing supervision from 1 April 2012 onwards.