

Dialogue Session with
Companies under Industrial
Exemption Factory (IEF) Scheme



21 Mar 2012

Agenda

- ▶ Revised Fee Structure
- ▶ Update on SC's Recent Developments
- ▶ Any Other Matters



Industrial Exemption Factory Scheme (IEF)

- ▶ IEF Scheme is a duty exemption scheme available to industries using dutiable raw materials, such as ethyl alcohol, liquors, to manufacture non-dutiable products.
- ▶ A processing fee of \$225 is charged for the approval of a Duty Exemption Certificate where the potential duty exceeds \$100.



Duty Exemption Permit

- ▶ In-payment of GST for dutiable goods for which duty is exempted.
- ▶ Types of permits

Movement	Message Type	Declaration Type	Code	Prefix
Inward	In-Payment	Duty Exemption (GST payment)	GST	IZ, EZ



Current Duty Exemption Permit Conditions

- ▶ Permit Conditions:
- ▶ NQ: The processing fee of SGD225 for the approval of this permit will be deducted from importer's bank account through inter-bank GIRO.
- ▶ ND: This permit is approved subject to payment of the processing fee through IBG before the goods can be removed from customs control.



Review of the Fee Structure

- ▶ Based on feedback, a review of the fee structure was done.
- ▶ A new fee structure will be implemented on 1 Apr 2012.
- ▶ An Annual Processing Fee of \$600 for approval of IEF Scheme.



Review Considerations

- ▶ Enforcement efforts have been reduced significantly due to streamlining of procedures and application of risk management.
- ▶ For instance, there used to be a requirement to carry out regular on-site stock inspections and reconciliation of monthly returns.
- ▶ Now, account manager works closely with companies to ensure compliance.



New Fee Structure

- ▶ Annual Processing Fee is computed based on a cost-recovery approach.
- ▶ It covers the followings:
 - ▶ Processing assessment and approval of company upon first application / renewal
 - ▶ Processing of ad-hoc quota increase requests
 - ▶ Processing of permits and system monitoring of quota



Benefits

- ▶ Company not penalized for limited storage
- ▶ Cost savings for multiple shipments
 - ▶ Savings for companies which declare more than 3 exemption permits
- ▶ Simplify materials planning/scheduling



Changes

- ▶ Effective from 1 April 2012.
- ▶ Removal of NQ & ND conditions in duty exemption permit.
- ▶ Pro-rated fee of \$450 to be collected for period - 1 Apr to 31 Dec 2012.



Permit Declarations

Important Fields in Duty Exemption Permits:

- ▶ Place of Receipt = IEFXXX
- ▶ Product Code = e.g.ALCIEFXXX
- ▶ Claimant EI / UEN : xxx
- ▶ Claimant Organization Name : xxx PTE LTD
- ▶ Claimant Name : xxx
- ▶ Claimant Code : xxx



Claimants

- ▶ To update (add/delete) registered claimants with SC, if there are changes.
- ▶ https://www.tradenet.gov.sg/TN4I/tds/claimant/applicationDetail.do?action=ADD&init=&APPLICATION_ID=TXWP



Inventory

- ▶ Up-to-date inventory
- ▶ Procedures to:
 - ▶ handle duty-exempted raw materials
 - ▶ report incidents (losses, spillages, etc)
- ▶ Off-site storage / handle by 3PL – to seek approval from SC





Secure Trade Partnership & Mutual recognition agreement



Overview of STP



SECURE TRADE PARTNERSHIP SINGAPORE CUSTOMS

- ▶ A voluntary certification programme
- ▶ Open to all players based in Singapore that are involved in supply chain activities
- ▶ Consistent with the WCO SAFE Framework to secure & facilitate global trade



Mutual Recognition

- ▶ Under a mutual recognition arrangement (MRA), customs administrations mutually recognize each other's supply chain security programmes as well as Customs controls

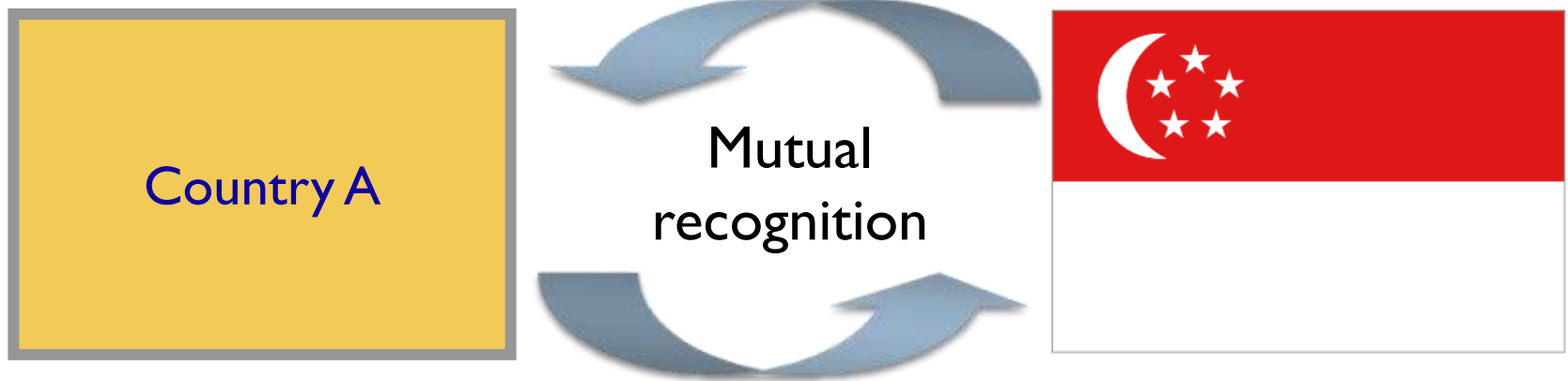


Mutual Recognition Agreements (MRA)

- ▶ SC had signed MRAs with the following customs administrations:
 - ▶ Jun 2011: Japan
 - ▶ Jun 2010: Canada and Korea.
- ▶ SC is also in the midst of discussions with other customs administrations on mutual recognition.



Benefits of Mutual Recognition



- ▶ **Certified companies will be recognised as lower risk:**
 - ▶ Exports will have a lower or lesser chance of Customs intervention at the importing port
 - ▶ In the event of trade disruption, cargo from certified companies are likely to be cleared ahead of others when trade resumes
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Advance export declarations

Implementation of Advance Export Declaration for All Exports

- ▶ Please refer to Circular 01/2012
- ▶ <http://www.customs.gov.sg/NR/rdonlyres/6CEA916D-F762-46EE-9090-2D25FB3E3BDE/28740/Circular012012AEDImplementationI.pdf>
- ▶ Under Regulation of Imports and Exports Regulations (RIER), a declaration has to be submitted to SC prior to export of any type of goods.
- ▶ An administrative exemption was granted in 1976 to allow traders to submit the declaration within 3 days after export of non-controlled goods and non-dutiable goods by sea and air.



Effective from 1 Apr 2013

- ▶ Under the Regulation of Import and Export Regulations (RIER), an export declaration is required to be submitted to Customs prior to export.

Type	Current	From 1 Apr 2013
Strategic goods	5 days before export	No Change
Dutiable	Before export	
Controlled		
By Road	Before export	No Change
Non-Dutiable	Within 3 days after export	Before export
Non-controlled		
By Air		
By Sea		

Implementation Details

▶ Phased implementation

- ▶ 18-month Adjustment Period (1 Apr 2013 - 30 Sep 2014)

	Air	Sea
Who	Exporter/Declaring agent	
When	As soon as information is available	
	At time of cargo lodgement with ground handling agents (at least 1 hour prior to flight departure from Singapore)	At time of cargo arrival at gate (at least 8 hours prior to vessel arrival in Singapore)
What	Export declaration <ul style="list-style-type: none"> • Data fields based on available commercial data • Amendments within 3 days of export (no penalty) 	
Where	TradeNet®	



Customs Academy



Customs Academy

▶ www.customsacademy.gov.sg





Questions & Answers



Q&A: How to check Claimants

- ▶ Question: How do I check my company's registered claimants with Singapore Customs?
- ▶ Answer: Your Account Manager can check your company's current registered claimants for you.



Q&A: Advance Export Declaration

Question: When will AED be implemented?

Answer: 1 April 2013.

There will be a 18-month adjustment period starting from 1 April 2013 and ending on 30 September 2014. The purpose of the adjustment period is to allow more time for the trading community to make any necessary further adjustments to their work processes to fully comply with AED. During the adjustment period, traders will generally not be penalised by SC for noncompliance with AED requirements. This will include late submissions (provided they are within three working days of export) and inaccurate or incomplete submissions. However, as per current practice, export permits lodged more than three working days after export will face penalty. All other customs offences and penalties are still applicable during the AED adjustment period.



Q&A: Advance Export Declaration

Question: Would Customs impose fines if companies do not submit their declarations within the stipulated timeframes?

Answer: The stipulated timeframes are merely a guide. Companies are encouraged to submit the AED as early as possible and before the cargoes are delivered to the sea and air ports so that proper risk assessment of the cargo can be made and that only high risk cargoes are sieved out for physical checks. If the advanced export declaration has not been declared before the cargo arrives at the sea or air ports, it will most likely be subjected to physical checks, which could result in delays. Penalties will only be imposed for cargoes that are exported without a declaration.



Q&A: Advance Export Declaration

Question: There are difficulties in getting information as many parties are involved along the entire supply chain. For example, my company usually gets the bill of lading from our freight forwarders pretty late.

Answer: We understand that some information/data may not be available or accurate at the point of advance export declaration submission; hence companies would not be penalised if you provide estimated data in the advance export declaration, e.g. from the pro forma invoice, and make amendments within 3 days of export. However, you should declare the information as accurately as possible for the initial declaration, so that a proper risk assessment can be conducted. Moreover, your company should review your business processes and improve your information flow and communications with shippers so that information is obtained and subsequently submitted as early as possible. We would also encourage companies to explore leveraging on IT to facilitate information exchange along the supply chain and at same time improve the productivity of the industry. On our part, we will raise the industry's awareness of the need to push down information quickly.



Q&A: Advance Export Declaration

Question: Can the advance export declarations be amended? If so, which fields can be amended?

Answer:

The list of mandatory data fields and data fields that can be amended are available [here](#).

If your end products are sold to distributors or intermediaries, they will be the exporters on record in the outward permit. This means that the onus is on the traders to comply to the advance export declaration requirements.

The exporter or declaring agent should submit the export declaration as early as they can, for e.g. before the cargo is sent to the seaport operators or airport ground handling agents. Companies will continue to use their TradeNet®4.1 software for AED. A software upgrade to TradeNet® is not necessary for the implementation of AED. SC advises manufacturers, exporters, freight forwarders, logistics companies and other companies involved in the supply chain to provide information early to relevant parties to facilitate the submission of AED. This will reduce the possibility of cargo being delayed due to the lack of advance information for risk assessment.

For more FAQs on AED implementation, please refer to our website:

<http://www.customs.gov.sg/topNav/new/Public+Consultation+on+Advance+Export+Declaration.htm>





Thank You



Please help yourself to the refreshment outside.