

15 Feb 2012  
**Dialogue Session with  
Microbrewery Licensees**



1

## Agenda

- New Licence Type
- Brief Introduction to TradeFIRST
- Questions and Answers
- Discussion on the Local Alcoholic Beverage Industry

2

*A leading Customs that advances Singapore's economy by assuring the integrity of the trading system*



## New Licence Type

3



## Current Manufacturing Licence

- Under Section 63 of the Customs Act, a licence is required to manufacture dutiable goods.
- Licence to ferment or manufacture ale, beer, stout or porter – Annual Fee \$43,200

4

*A leading Customs that advances Singapore's economy by assuring the integrity of the trading system*



## New Licence Type

- Review conducted on the licence to ferment beer/stout
- Based on:
  - Scale of operations
  - Production volume
  - Different business models

5

*A leading Customs that advances Singapore's economy by assuring the integrity of the trading system*



## New Licence Type

- a) Licence to ferment or manufacture ale, beer, stout or porter, where the projected annual production volume (in the case of an application for the issue of a licence) or the past annual production volume (in the case of an application for renewal of a licence) is: -
  - i. 1.8 million litres or more
  - Annual Licence fee is **\$43,200** per annum, effective from 1 Apr 2012.

6

*A leading Customs that advances Singapore's economy by assuring the integrity of the trading system*



## New Licence Type

- a) Licence to ferment or manufacture ale, beer, stout or porter, where the projected annual production volume (in the case of an application for the issue of a licence) or the past annual production volume (in the case of an application for renewal of a licence) is: -
  - ii. less than 1.8 million litres
- Annual Licence fee is **\$8,400** per annum, effective from 1 Apr 2012.

7

*A leading Customs that advances Singapore's economy by assuring the integrity of the trading system*



## Licence Fee

- For licensee who has paid the annual licence fee of \$43,200 – there will be a refund of the unused licence fee in April 2012 when the new licence fee is effected.
- The amount of \$26,100 will be refunded. Pls complete the Direct Credit Authorization Form in order for the refund to be made to your Inter-Bank GIRO account.



8

*A leading Customs that advances Singapore's economy by assuring the integrity of the trading system*



## Licensing Conditions

- The brew-house/fermentation/storage areas are to be locked and secured at all times when there is no production or movement of beer/stout.
- To pay excise duty based on alcoholic strength on each batch of beer/stout produced **before sale** and such payment to be made via TradeNet.

9

*A leading Customs that advances Singapore's economy by assuring the integrity of the trading system*



## Maintain Records

- Brewsheet
  - Brewer
  - Lot No.
  - Brew Date
  - Transfer Date
  - Amount of Malt
  - Amount of Hops
- Flowmeter Record Book
  - Flowmeter Readings
  - Measured Quantity
  - Working Loss (Less)
  - Net Quantity
  - Description
  - Lot No.
  - From (Tank) To (Tank)
  - Permit No.

10



# Monthly Returns

- To submit a monthly return by the 5<sup>th</sup> day of each month

S/No	Date	Lot No.	Description	Alc Str	Qty (ltr)	Less Working Loss	Net Vol (ltr)	Malt (kg)	Hops (kg)	Ratio (Qty/Malt+Hops)	Permit No.	Duty Paid (\$)
01	4/10/2011	XXX123	Pilsner	4.89	889	50	839	200	2	4.40	DP1J123456X	1,969.30

- To submit Annual Financial Statement

11

A leading Customs that advances Singapore's economy by assuring the integrity of the trading system



**TradeFIRST**  
 (Trade Facilitation &  
 Integrated Risk-based  
 System)

12



# What is TradeFIRST?

- TradeFIRST stands for **Trade Facilitation & Integrated Risk-based SysTem**. It is a one-stop assessment framework that makes trade **easy, fair and secure**.
- TradeFIRST supports SC's trade facilitation and compliance efforts by enabling SC to assess a company holistically, based on a single set of assessment criteria applied **across all schemes**.
- Companies will be rated into one of the **five bands** under TradeFIRST, which determines all the schemes and facilitation that they could enjoy, provided certain essential criteria for specific facilitation are met.

13

A leading Customs that advances Singapore's economy by assuring the integrity of the trading system



# Assessment Criteria

Companies will be assessed in the following 5 areas:

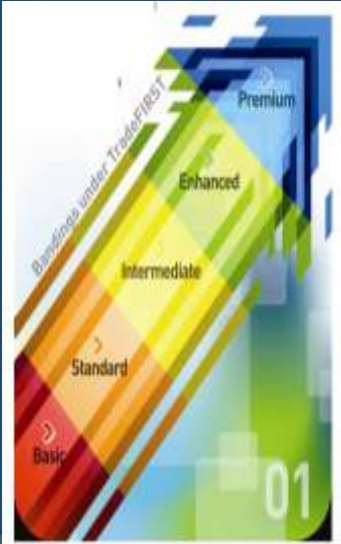
Category	What we are assessing
<b>Company Profile</b>	Financials and general background of the company.
<b>Inventory Management &amp; Controls</b>	Records of the inventory & transaction, the capability of the system to track these & to flag out discrepancy and whether there are proper data storage & back-up.
<b>Compliance</b>	Company's compliance records.
<b>Procedures &amp; Processes</b>	Procedures and processes on the handling & storage of cargo, containers and conveyance, including procedures on handling cargo-related incidents.
<b>Security</b>	Measures to secure premises and access control, measures to prevent tampering of goods, as well as policies relating to business partner screening, crisis management and business continuity planning.

14

A leading Customs that advances Singapore's economy by assuring the integrity of the trading system



# Framework Summary



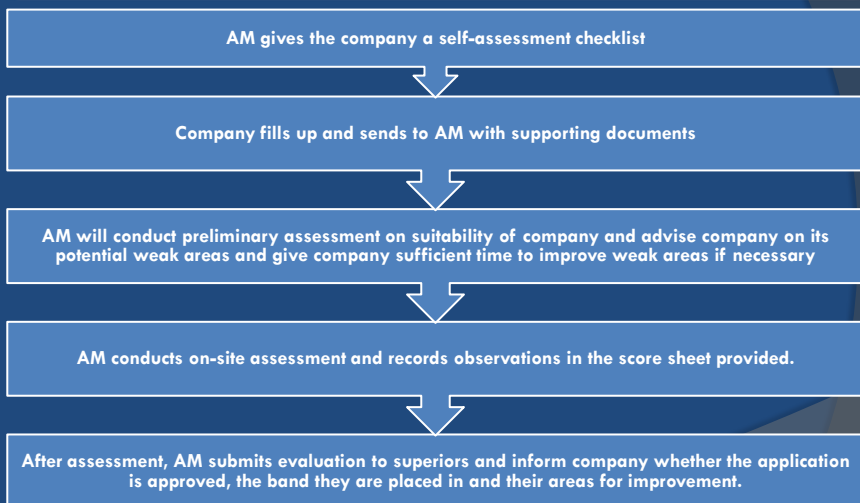
Companies will be assessed using a common set of criteria & placed in one of these bands.

Schemes & facilitations are mapped onto each band. Higher bands qualify for schemes within that band and all the schemes in the lower bands.

**PRINCIPLE:** As we move up the bands, it reflects that the company is accorded higher-band facilitations due to more robust systems & internal procedures.

15

# Assessment & Certification Process

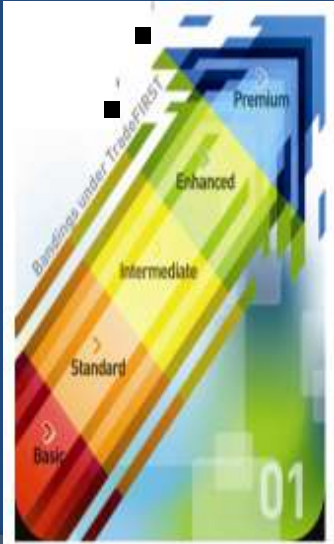


16

*A leading Customs that advances Singapore's economy by assuring the integrity of the trading system*



# Banding for Microbrewery



Standard  
◆ Microbrewery

17

How to conduct self-assessment?

18



# Conducting the Self-Assessment

## YES / NO Checklist

- A detailed list of criteria that we are assessing the company on
- Serves as a guide on the assessment criteria . By going through the checklist, it allows the company to know its weak areas and to strengthen them before the actual assessment

19

*A leading Customs that advances Singapore's economy by assuring the integrity of the trading system*



# Q & A

20



## Q & A

Q1: What will be the refund amount and when will we receive the refund amount?

SC: The refund amount will be \$26,100 (see slide 8) and it will be credited to the Inter-bank GIRO account by mid-April. (PIs complete the Direct Credit Authorization Form if not already done so).

Q2: Would SC consider to have a graduated duty rate for beer manufactured in Singapore? This would be beneficial to promote the small brewery industry as the tax rate in Singapore is way too high compared to others like in the US and Hong Kong.

SC: We noted that some other countries, like the US and EU have graduated duty rates based the quantity of beer manufactured. We will take this suggestion into consideration in future reviews.

*A leading Customs that advances Singapore's economy by assuring the integrity of the trading system*



## Q & A

Licensees: Does the current manufacturing licence for a brew-pub allow for beer kegging and exports?

SC: The existing licence does allow an Excise Bond to be demarcated and this would allow duty unpaid beer to be stored pending export. The manufacturing licence also allows bottling and kegging activities within the same premises. Our AMs can further discuss the operational details with the respective licensees.

SC: Will there be more competitors since the licence fee has been lowered?

Licensees: We welcome competition as this would help boost and promote our niche crafted beer industry. We hope this can raise the awareness of craft beers. Furthermore, every brew-pub or microbrewery has their own beers, themes and selling points, we welcome this reduction in licence fee.

*A leading Customs that advances Singapore's economy by assuring the integrity of the trading system*

