

# Goods and Services Tax (GST)

## Exports of goods via post/courier

This alert provides a summary of the updates on the Inland Revenue Authority of Singapore (IRAS) e-Tax Guide *GST: Guide on Exports (Eleventh Edition)* published on 8 July 2024.

### I. Background

Generally, the supply of goods exported from Singapore would qualify for zero-rating GST treatment if the supplier, at the point of supply, is certain that the goods supplied will be or has been exported and the necessary export documents are maintained. For this purpose, IRAS has published an e-Tax guide *GST: Guide on Exports* to prescribe the export documents to be maintained by the suppliers to support the zero-rating of the supplies for different export scenarios.

Further to an industry consultation, the IRAS has received feedback from postal/courier companies that the export documentation requirements as prescribed in scenario 6.1B of the IRAS e-Tax Guide *GST: Guide on Exports (Tenth Edition)* may not align with current industry practices.

To reflect current industry practices, changes were made in the updated e-Tax Guide *GST: Guide on Exports (Eleventh Edition)* published on 8 July 2024 to clarify the export documentation requirements, specifically relating to scenarios where goods are exported via Singapore-based postal/courier companies.

This article provides an overview of the changes that are relevant to businesses that export goods via courier companies.

## II. Overview of the changes to scenario 6.1B of the IRAS e-Tax Guide *GST: Guide on Exports*

Scenario 6.1B of the e-Tax Guide *GST: Guide on Exports* prescribed the export documentation requirements in respect of export of goods via a Singapore-based postal/courier company to his overseas customer.

Previous version of <i>GST: Guide on Exports</i>	Eleventh Edition of <i>GST: Guide on Exports</i>
Local supplier (X) exports goods via a Singapore-based postal/courier company to his overseas customer (Y) and invoices Y.	Local supplier (X) exports goods via a Singapore-based postal/courier company to his overseas customer (Y) and invoices Y.
To zero-rate the supply to Y, X is required to maintain the following export evidence.	To zero-rate the supply to Y, X is required to maintain the following export evidence.
<u>Transaction documents</u>	<u>Transaction documents</u>
(a) Purchase order or equivalent from Y	(a) Purchase order or equivalent from Y
(b) X's sales invoice to Y	(b) X's sales invoice to Y
(c) Insurance documents (if applicable) with details of the shipment and	(c) Proof of delivery from the postal/courier company that shows that the goods have reached the overseas customer. This can be an online tracking record from the postal/courier company's website showing that the goods have been delivered
(d) Evidence of payment received from Y	(d) Insurance documents (if applicable) with details of the shipment and
<u>Transport documents</u>	(e) Evidence of payment received from Y
Parcel despatch note, courier consignment note or air waybill (if applicable) endorsed by the courier company bearing X's name as exporter or sender and stating details of goods exported.	<u>Transport documents</u>
	Parcel despatch note, courier consignment note, air waybill or shipment label issued by the courier company bearing X's name as exporter or sender and stating details of goods exported.

Under the revised e-Tax Guide *GST: Guide on Exports*, the endorsement required on the transport document (namely the parcel despatch note, courier consignment note or air waybill) is no longer required on the understanding that the industry practices have moved away from manual endorsement of documentation.

Businesses that export goods via postal/courier companies are now required to maintain proof of delivery from them that shows that the goods have reached the overseas customer. This can be an online tracking record from the postal's/courier company's website. It is worthy to note that the duration to access the online parcel tracking information differs for various postal/courier companies. Hence, the online tracking record should be extracted promptly before the information becomes inaccessible.

In addition, shipment label has been included as one of the acceptable transport documentation in lieu of parcel despatch note, courier consignment note or air waybill.

## III. Next steps

Businesses that export goods via postal/courier companies should put in place controls to ensure that they observe the new requirements. The supply chain staff (e.g., logistics team) should also be notified of the changes to ensure that documentation maintained complies with the new requirements.

In the event that businesses are unable to observe the export documentation requirements prescribed by the IRAS due to commercial reason(s), businesses should seek a confirmation from the IRAS on alternative export documentation to be maintained before they proceed to zero-rate the supplies of goods exported. Otherwise, businesses may be required to standard-rate the supply and account for GST at the prevailing rate to the IRAS.

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