

## Capitalising on Major Exporter Scheme (MES) to Ease Cash Flow

All goods brought into Singapore are subject to import GST payable to Singapore Customs. Businesses who re-export a substantial amount of their imports will suffer on cash flow as no GST is collected on the export supplies to offset the initial cash outflow on the imports.

### Qualifying conditions

The MES administered by IRAS alleviates cash flow of such major exporters by suspending the import GST payable on non-dutiable goods imported into Singapore or removed from Zero GST Warehouses. To qualify for MES, amongst other qualifying conditions, the value of zero-rated supplies (Box 2 of GST return) must:

- ▶ Account for more than 50% of the total supplies (Box 4 of GST return); or
- ▶ Exceed S\$10 million for the past 12 months.

### Benefits

In view of the increasing GST rate, major exporters who are currently not enjoying the cash flow benefit may consider applying for MES. As part of the requirement, fresh or renewal applicants for MES must perform a self-review\* using the Assisted Self-Help Kit (ASK) and submit the certified ASK declaration form to IRAS. Once approved, the MES status is valid for three years (five years for renewal applications).

Apart from easing cash flow (may be prolonged in the event of an IRAS audit or query on the GST return filed), the MES ensures that businesses perform periodic review of their GST compliance via the ASK reviews, thus detecting errors for early rectification to reduce the risk of recurring errors & penalties.

\*The completed ASK declaration form must be certified by a tax professional (external or in-house) who has been accredited by the Singapore Chartered Tax Professionals (SCTP) as an Accredited Tax Advisor (GST) or Accredited Tax Practitioner (GST).

### How can BDO help?

Our team of GST specialists with accreditation as Accredited Tax Advisor (ATA) or Accredited Tax Practitioner (ATP) can assist businesses in performing the ASK review for application for MES and MES renewal. With vast experience gained from IRAS GST audit department and GST teams in Big Four, we propose practical solutions for issues identified in the course of the ASK review, helping businesses to comply with the GST rules and IRAS requirements.

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