



Singapore Customs Media Release

DEFIANT COMPANY FINED \$10,200 FOR FAILURE TO PAY UP COMPOSITION SUMS FOR REPEATED IMPORT GST PAYMENT VIOLATIONS

OBS Logistics Pte Ltd was fined \$10,200 by the Court on 8 October 2009 for failure to pay composition fines amounting to \$5,200. The fines were imposed on the company for defaulting on Goods & Services Tax (GST) payments for imports into Singapore. The amount of GST defaulted totaled \$34,333.74 from 104 permits declared by OBS Logistics from July to December 2008. The company pleaded guilty to 34 charges under the Customs and GST Acts, with the remaining 70 charges taken into consideration by the Court.

2 Under the Customs and GST Act, all goods imported into Singapore are subject to payment of GST. As a declaring agent taking up a TradeNet permit for the importation of goods into Singapore, OBS Logistics had breached permit condition provided under the Customs Act by not having sufficient funds in the bank account for GIRO deduction of GST payment. This constitutes an offence under both Customs and GST Acts.

3 Investigations revealed that the company is a courier agent arranging for cargo imports from Malaysia to Singapore via rail. The goods declared and imported included household items, machinery, cameras, sports goods, fabrics, and other accessories etc. It is a common industry practice that when the declaring agents pay the GST upfront (as in the case of OBS logistic), the declaring agents will make back-to-back payment arrangements with their clients, i.e. importers to be reimbursed the GST paid.

4 OBS Logistics had already demonstrated poor compliance record for defaulting GST payment as early as 2005. Singapore Customs had given the company extended deadlines on numerous occasions, some as long as two months, to help the company pay up the GST amount. Nevertheless, the company continued to default on GST payments for the 104 offences committed between July and December 2008. As the company had repeatedly

defaulted on payment despite our attempts to engage them to recover the GST, Singapore Customs decided to offer composition fines to OBS Logistics. OBS Logistics refused to accept the offers of composition by Singapore Customs which amounted to \$5,200.

5 Singapore Customs had on many occasions reminded the company to make good the payment of composition sums for the offences committed, but these reminders and extension of payment deadlines were to no avail. Taking these into consideration, Singapore Customs charged the company in Court on 19 May 2009.

6 Assistant Director-General of Customs (Compliance) Mr Loh Fook Meng said, "Singapore Customs takes a serious view on any declaring agents who default on any revenue due to the Government. We will not hesitate to take errant declaring agents to task for blatantly disregarding the law. This is to preserve the integrity of the trading system and to ensure that no legitimate traders are unfairly disadvantaged by others who default on duty and GST payment."

7 All goods imported into Singapore are subject to duties and/or GST at the prevailing rate at the time of importation. Payment of duty and GST will have to be made to Singapore Customs through the Inter-Bank GIRO facility upon approval of a payment declaration. Declaring agents are advised that they need to ensure sufficient fund balance in their bank account registered with Singapore Customs to avoid unsuccessful GIRO deduction, whereby a penalty may be imposed. Declaring agents are advised to read carefully and comply with the conditions imposed on the Customs Permits. Penalties can be imposed for non-compliance of permit conditions.

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DATE: 8 OCTOBER 2009