



**SINGAPORE  
CUSTOMS**

# SINGAPORE CUSTOMS HANDBOOK

## LICENSED WAREHOUSE SCHEME

*We protect revenue and facilitate trade  
for a thriving Singapore economy.*

## Preface

Dutiable goods, namely liquor, tobacco, motor vehicles and petroleum, are subject to Customs and/or Excise duty and Goods and Services Tax (GST) upon importation.

The Licensed Warehouse Scheme (“LW Scheme”) aims to strengthen Singapore’s status as a logistics and distribution hub in the region. It helps importers, exporters and distributors of dutiable goods to reduce business costs.

A LW Scheme is conceptually an extension of the Free Trade Zone (FTZ) into the premises of businesses. When the dutiable goods are removed from the FTZ or imported via the land checkpoints, and moved into a LW, duty and GST on the goods are suspended. Similarly, duty and GST are suspended when the dutiable goods are transferred from LW to another. Duty and GST are only payable when the dutiable goods are removed from the LW into the local market.

Under the LW Scheme, there are three licence types, namely LW Type I, LW Type II and LW Type III, to cater to the different needs of companies. This handbook will explain in detail the mechanism, the qualifying criteria and conditions of participating in the LW Scheme.

If you need information on other customs documentation and procedures, please visit our website at <http://www.customs.gov.sg>.

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# 1

## About This Handbook

### 1.1 Is this handbook meant for me?

If you wish to suspend duty and GST on your imported dutiable goods and you belong to any of the three categories of traders listed below, you should read this handbook.

- (a) You trade in imported dutiable goods, namely liquor, tobacco, motor vehicles and petroleum which are sold many times (within the warehouse premises) before these goods are released for regional/international and/or local distribution. In this case, a Licensed Warehouse (LW) affords the advantage of disregarding the multiple supplies;
- (b) You use Singapore as a regional/international distribution hub (import dutiable goods into Singapore and then re-export them). In this case, the LW serves as your “FTZ”. Goods which are eventually re-exported will not attract duty or GST. Goods are subject to duty and GST only upon release into the local market; or
- (c) You operate a service warehouse and you have customers belonging to the categories mentioned in (a) or (b) above.

### 1.2 What is this handbook about?

This handbook tells you:

- (a) what you need to know about the LW Scheme ([Chapter 2](#)).
- (b) the licence types available, the benefits of each type and requirements you must meet to operate a LW ([Chapter 3 to 6](#)).
- (c) what your obligations as a licensee are ([Chapter 7](#)).
- (d) how to apply for the scheme and what are the other administrative details and reference materials ([Chapter 8 to 9](#)).

# 2 Overview of the Licensed Warehouse Scheme

## 2.1 What is a Licensed Warehouse (LW)?

A LW is a designated area approved and licensed by Singapore Customs for storing imported dutiable goods, namely liquor, tobacco, motor vehicles and petroleum, with duty and GST suspended.

Depending on circumstances, a LW may be an entire warehouse premises, a designated part of the premises, a storage tank or any other places approved by Customs to store imported dutiable goods. The designated part or area may be demarcated with lines, separating it from other areas. You are allowed to use the non-designated area of the same warehouse premises for other purposes such as storing goods acquired locally or goods for which duty and GST have been paid.

Tax-paid goods (dutiable and non-dutiable) are not allowed to be stored in the designated licensed area unless you are operating a LW Type III (see [Chapter 6](#) for more details).

## 2.2 How will a Licensed Warehouse (LW) benefit my company?

It will help to improve cash flow and reduce administrative costs for your business as duty and GST are suspended on dutiable goods:

- (a) imported into LW;
- (b) traded within LW; and
- (c) removed between LWs.

## 2.3 Who can operate a Licensed Warehouse (LW)?

A LW can be operated by the owner of the dutiable goods or a service operator who is responsible for the security, accountability and proper control of the warehoused dutiable goods and warehouse premises.

## 2.4 What types of goods can be warehoused?

You can only warehouse dutiable goods, namely liquor, tobacco, motor vehicles and petroleum in a Licensed Warehouse (LW). The non-designated areas of the same warehouse premises may be used to store other goods such as duty-paid goods.

## 2.5 What operations can be performed on the Licensed Warehouse (LW) goods?

Generally, operations which are necessary to preserve the dutiable goods, improve their packaging or marketable quality or prepare them for shipment may be carried out while the goods are stored in the LW, as long as they do not change the original characteristics of the goods. You are required to seek approval from Customs in writing

before carrying out any operations.

The operations referred to may include:

- (a) the breaking of bulk, grouping of packages, and sorting, grading and repacking of goods; and
- (b) the servicing and repair of motor vehicles.

## 2.6 What are the basic qualifying criteria to operate a Licensed Warehouse (LW)?

To qualify, you must meet the following basic criteria:

- (a) You are a GST-registered trader with the Inland Revenue Authority of Singapore (IRAS);
- (b) You are a registered trader with Customs;
- (c) You must have good compliance records with Customs;
- (d) You must ensure the designated licensed area is a storage-based facility with robust security measures in place.
- (e) You must have good stock record-keeping and warehouse procedures;
- (f) Be responsible for the security, accountability and control of the dutiable goods; and
- (g) You must have undergone a TradeFIRST<sup>1</sup> assessment.

If you intend to store liquor and/or tobacco products in your LW, you must also meet the following criteria:

- (h) Your LW must have robust security features including intrusion alarm systems, video surveillance cameras, secure locking systems for all access points to the LW with the ability to capture and store the entry and exit records of the persons who enter/exit the LW, and a fast response and recovery plan to detect and address any security breaches and maintain the integrity of the area.
- (i) You must have a robust computerised Warehouse Management System capable of tracking movements and exact locations of all duty suspended goods entering and exiting the LW, and their corresponding Customs permits and lot numbers. The system must be able to generate stock reports and must have strong access controls to prevent unauthorised access and changes to stock records. It should also enable the display of old data and trace authorised users who make changes to the stock records.
- (j) Your employees handling duty-suspended goods must undergo training conducted by a Customs-appointed provider or employees who had attended the trainings conducted by the Customs-appointed service provider. Trainings for relevant new employees must be carried out before the employees handle any duty suspended goods.

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<sup>1</sup> TradeFIRST (Trade Facilitation & Integrated Risk-based SysTem) is an assessment framework that allows Customs to appraise companies based on a common set of assessment criteria that is applied across all of Customs' schemes.

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## 2.7 What are the licence types available to me?

Under the Licensed Warehouse (LW) Scheme, there are three licence types, namely LW Type I, Type II and Type III. Type I and II licensees need to qualify for the “Standard” and “Intermediate” bands under TradeFIRST respectively. Type III licensees need to qualify for the “Enhanced” or the “Premium” band. For more information on TradeFIRST see [Chapter 3](#).

## 2.8 What are the benefits accorded under the tiered Licensed Warehouse (LW) scheme?

An overview of the benefits accorded under the different tiers of the LW Scheme is shown in the Table 1. For more details: see [Chapter 4](#) on LW Type I, [Chapter 5](#) on LW Type II, and [Chapter 6](#) on LW Type III.

Benefits	Type I	Type II	Type III
<b>(1) Duty and GST are suspended/zero-rated during storage, in-bond sales, removal between Licensed Warehouses and export.</b>	Yes	Yes	Yes
<b>(2) Permissible Items within the Licensed Area:</b>			
- Imported dutiable goods (duty and GST suspended)	Yes	Yes	Yes
- Tax-paid goods (dutiable and non-dutiable)	No	No	Yes
- Locally manufactured dutiable and non-dutiable goods	No	No	Yes
- MES (Major Exporter Scheme) Goods	No	No	Yes
- Imported non-dutiable goods (GST suspended under Zero-GST Warehouse scheme)	No	No	No
<b>(3) Licensed area must be physically demarcated.</b>	Yes	Yes	No <sup>2</sup>
<b>(4) Duty-suspended goods must be labelled with their Customs Lot Numbers.</b>	Yes	Yes	Yes <sup>3</sup>
<b>(5) Pay a single annual Licence Fee for storage of mixed types of dutiable goods such as both liquor/tobacco products and motor vehicles.</b>	No	Yes (applicable to <u>single</u> site only)	Yes (applicable to <u>multiple</u> sites)
<b>(6) Pay a single annual Licence Fee for multiple licensed locations.</b>	No	No	Yes
<b>(7) Licensed Warehouse for Motor Vehicles:</b>			
- Allowed to modify (retrofit, re-spray, add/remove component parts) motor vehicles within their LWs. The modified motor vehicles' tariff classification and duty rate must not differ from the original.	No	No	Yes

<sup>2</sup> However, duty-suspended goods must be stored within the licensed area outlined in the layout plans endorsed by Singapore Customs.

<sup>3</sup> In addition, previous duty-suspended goods that are now covered by DP permits must be labelled with "Tax Paid" labels.



Benefits	Type I	Type II	Type III
- Allowed to remove duty-unpaid motor vehicles for LTA inspection for up to 1 month without Customs' prior approval.	Yes	Yes	Yes
- Allowed to remove duty-unpaid motor vehicles to licensed showroom under the same licence number without Customs' prior approval for unspecified periods as long as proper records are kept.	Yes	Yes	Yes
<b>(8) Alcoholic Beverages Exhibitions:</b>			
- Allowed to temporarily remove tax suspended wines from LWs for approved local exhibitions.	Yes	Yes	Yes
- Allowed to temporarily remove tax suspended alcoholic beverages (i.e. not just wines) from LWs for approved local exhibitions.	No	Yes	Yes
<b>(9) Waiver of e-file for Customs' supervision on container stuffing.</b>	Yes	Yes	Yes
<b>(10) Required to indicate the stuffing date and time in the Trader's Remarks field of the export permit.</b>	Yes	Yes	Yes

**Table 1: Overview of Benefits under the tiered LW Scheme**

# 3

## TradeFIRST

### 3.1 What is TradeFIRST?



TradeFIRST stands for **T**rade **F**acilitation & **I**ntegrated **R**isk-based **S**ys**T**em. It is a one-stop assessment framework that makes trade easy, fair and secure.

TradeFIRST supports Customs' trade facilitation and compliance efforts by enabling Customs to assess a company holistically, based on a single set of assessment criteria applied across all schemes. Thereafter, 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.

### 3.2 What are the TradeFIRST criteria and bands?

The five key TradeFIRST criteria are shown in the table below:

Assessment Criteria Categories	Criteria
<b>Company Profile</b>	Company financials and general background of the company.
<b>Inventory Management &amp; Controls</b>	Warehouse management system with good track and trace, stock monitoring, access control, and audit trail functions. Proper data storage and back-up procedures.
<b>Compliance</b>	Compliance records.
<b>Procedures &amp; Processes</b>	Documented cargo handling SOPs for receiving, releasing, stocktaking, and discrepancy handling.
<b>Security</b>	Physical security measures on cargoes and premises, Business Partner Security Screenings and Business Continuity Plans.

Current licensees and new scheme applicants will have to undergo the TradeFIRST assessment based on the five key criteria and be placed into the following bands:

TradeFIRST Band
<b>Premium</b>
<b>Enhanced</b>
<b>Intermediate</b>
<b>Standard</b>
<b>Basic</b>

The higher you are in the TradeFIRST band, the more facilitations you can enjoy. A company that qualifies for a higher band will get the facilitations in that band as well as those facilitations in the lower bands, provided certain essential criteria of the specific facilitations are met.

Generally, to qualify for any schemes or programmes like the Licensed Warehouse (LW) scheme, the company must at least be assessed to be in the Standard band.

### 3.3 How does the TradeFIRST banding affect Licensed Warehouse (LW) facilitation?

Under the LW Scheme, there are three licence types, namely LW Type I, LW Type II and LW Type III. Type I and II licensees need to qualify for the “Standard” and “Intermediate” bands under TradeFIRST respectively. Type III licensees need to qualify for the “Enhanced” or the “Premium” band.

TradeFIRST Band	LW Type
<b>Standard</b>	I
<b>Intermediate</b>	II
<b>Enhanced &amp; Premium</b>	III

The level of facilitation and flexibility accorded, as well as Customs’ requirement on your company’s record-keeping and internal controls standard, increase as you move from Type I to Type III. Licensees in higher tiers (i.e. Type III) would be accorded the most facilitation, but would be expected to have better internal controls and compliance levels.

# 4 Licensed Warehouse Type I

## 4.1 How do I qualify?

You may apply to operate this type of Licensed Warehouse (LW) if you satisfy the following criteria:

- (a) You meet the basic qualifying criteria to operate a LW. (See [Section 2.6](#) for the basic qualifying criteria.)
- (b) You have stock records that accurately monitor the level and movement of the duty-suspended goods' balance and movement.
- (c) You have written procedures that ensure the proper:
  - handling of In/Out-bound cargoes;
  - discrepancy reporting; and
  - stock reporting.
- (d) You have in place adequate security measures to ensure the duty-suspended goods in LW are safeguarded.
- (e) You are assessed under TradeFIRST and at least qualified for the "Standard" band.

If you intend to store liquor and/or tobacco products in your LW, you must also satisfy the following criteria:

- (f) Your LW must have robust security features including intrusion alarm systems, video surveillance cameras, secure locking systems for all access points to the LW with the ability to capture and store the entry and exit records of the persons who enter/exit the LW, and a fast response and recovery plan to detect and address any security breaches and maintain the integrity of the area.
- (g) You must have a robust computerised Warehouse Management System capable of tracking movements and exact locations of all duty suspended goods entering and exiting the LW, and their corresponding Customs permits and lot numbers. The system must be able to generate stock reports and must have strong access controls to prevent unauthorised access and changes to stock records. It should also enable the display of old data and trace authorised users who make changes to the stock records.
- (h) Your employees handling duty-suspended goods must undergo training conducted by a Customs-appointed provider or employees who had attended the trainings conducted by the Customs-appointed service provider. Trainings for relevant new employees must be carried out before the employees handle any duty suspended goods.

## 4.2 What are the benefits and facilitations?

As an approved licensee, you enjoy the following benefits:

- (a) The Licensed Warehouse (LW) may be located anywhere in Singapore;
- (b) Duty and GST are suspended on dutiable goods:
  - imported into the LW
  - traded within the LW; and
  - removed between LW.
- (c) You can keep the duty-suspended goods in the LW for an indefinite period of time.
- (d) You will no longer have to apply via e-file for Customs' supervision for container stuffing with effect from 1 April 2012. However, you must still declare the Outward Permit prior to the intended stuffing operations with
  - i) Date of intended stuffing; and ii) Time of intended stuffing indicated in the "Trader Remarks" field.
- (e) You are allowed to store imported dutiable goods but you will need to maintain a separate physically demarcated area to store these duty-suspended goods. No duty-paid goods are allowed in the demarcated area. The duty-suspended goods in the LW must be labelled with their Customs Lot Numbers.
- (f) If you are operating a LW for motor vehicles, the motor vehicles are allowed to be removed from the LW for up to one month without Customs' prior approval, for inspections by the Land Transport Authority (LTA). Movement of motor vehicles between LW and its licensed showroom under the same licence number for unspecified periods will not require Customs' prior approval as long as proper documentations are kept.
- (g) If you are operating a LW for liquor, tax suspended wines are allowed to be temporarily removed from the LW for approved local exhibitions, provided that prior approval has been sought from Customs.

#### 4.3 What are my responsibilities?

As an approved licensee, you need to comply with the following:

- (a) To submit annual financial statements to Singapore Customs upon request.
- (b) To notify Customs before changes are made to the following:
  - List of licensed warehouse's customers;
  - Licensed warehouse's key personnel;
  - Licensed warehouse's organizational structure;
  - Licensed warehouse's operating procedures;
  - Features of the inventory system used to manage the licensed warehouse; or
  - Reduction or extension of the designated storage area.
- (c) To obtain prior approval from Customs for any structural alteration to the licensed premises and licensed area(s).
- (d) To use a Customs-assigned Lot Number for every product (\* four alpha prefix assigned by Customs and followed with four numeric

characters running serially from 0001 to 9999) which will be used in the Customs permits covering the movement of the duty-suspended goods. The duty-suspended goods must be stored in such a manner that they can be easily identified and tracked by their Customs Lot Numbers.

- (e) To conduct periodic stock checks at least once every calendar year and to maintain documentary records of such stock checks.
- (f) To surrender the licence to Customs and apply for a new licence when there are changes to the following:
  - UEN number; and
  - Type of dutiable goods stored in the licensed warehouse.
- (g) To appoint a key personnel to be Customs' liaison for this licence. This person must have control of the warehouse operation and has full knowledge of the Customs requirements and be responsible of the warehouse licensing conditions.
- (h) To ensure adequate security measures in the licensed premises.
- (i) To ensure that all entrance/exits must be secured when there is no movement of duty-suspended goods in the licensed premises.
- (j) To comply with the Customs Act and Customs Regulations and other conditions imposed.
- (k) To properly maintain and update inventory records.
- (l) To inform Customs by the following working day if discrepancies between the actual stock and the recorded stock were discovered at any time.
- (m) All import, export and removal of goods from and/or to the licensed premises must be covered by relevant Customs permits electronically through the TradeNet® system.
- (n) To undertake all other general responsibilities to operate a LW. See [Chapter 7](#) for the other general responsibilities.

# 5 Licensed Warehouse Type II

## 5.1 How do I qualify?

You may apply to operate this type of Licensed Warehouse (LW) if you satisfy the following criteria:

- (a) You meet the basic qualifying criteria to operate a LW. See [Section 2.6](#) for the basic qualifying criteria.
- (b) You use a computerised warehouse management system that accurately monitors the level, movement and exact location of duty-suspended goods. The system must be able to record, search and display on demand, the following information:
  - Customs-assigned lot number;
  - Item description;
  - HS Code;
  - Value of goods;
  - Exact location of goods (e.g. area code, shelf no., storage tank);
  - Name of customer;
  - Customs permit number;
  - Inward / Outward quantity and the corresponding unit of measurement; and
  - Stock balance and the corresponding unit of measurement.
- (c) You have written procedures that ensure the proper:
  - handling of In/Out-bound cargoes;
  - discrepancy reporting; and
  - stock reporting.

The written procedures should also include information on segregation of duty observed between the informational and physical handling of cargoes (i.e. Customs permit declaration, physical cargo accountability and inventory data control).

- (d) You have in place adequate security measures to ensure the duty-suspended goods in LW are safeguarded.
- (e) You are assessed under TradeFIRST and at least qualified for the “Intermediate” band.

If you intend to store liquor and/or tobacco products in your LW, you must also satisfy the following criteria:

- (f) Your LW must have robust security features including intrusion alarm systems, video surveillance cameras, secure locking systems for all access

points to the LW with the ability to capture and store the entry and exit records of the persons who enter/exit the LW, and a fast response and recovery plan to detect and address any security breaches and maintain the integrity of the area.

- (g) The computerised warehouse management system must have features to search transactions by Customs-assigned Lot Number, Customs Permit Number, and item location and must be capable of generating stock balance and stock movement reports for a specified period. There must be strict access control to edit the inventory data in the system with good audit trail function. As a LW licensee, you must be conscious of backing up the inventory data regularly and must know how to recover this data.
- (h) Your employees handling duty-suspended goods must undergo training conducted by a Customs-appointed provider or employees who had attended the trainings conducted by the Customs-appointed service provider. Trainings for relevant new employees must be carried out before the employees handle any duty suspended goods.

## 5.2 What are the benefits and facilitations?

As an approved licensee, you enjoy the following benefits:

- (a) The Licensed Warehouse (LW) may be located anywhere in Singapore.
- (b) Duty and GST are suspended on dutiable goods:
  - imported into the LW
  - traded within the LW; and
  - removed between LW.
- (c) You can keep the duty-suspended goods in the LW for an indefinite period of time.
- (d) You will no longer have to apply via e-file for Customs supervision for container stuffing with effect from 1 April 2012. However, you must still declare the Outward Permit prior to the intended stuffing operations with i) Date of intended stuffing; and ii) Time of intended stuffing indicated in the "Trader Remarks" field.
- (e) You are allowed to store imported dutiable goods but you will need to maintain a separate demarcated area to store these duty-suspended goods. No duty-paid goods are allowed in the demarcated area. The duty-suspended goods in the LW must be labelled with their Customs Lot Numbers.
- (f) You are allowed to pay a single licence fee annually if you store mixed dutiable goods such as both liquor/tobacco products and motor vehicles at a single site.
- (g) If you are operating a LW for motor vehicles, the motor vehicles are allowed to be removed from the LW for up to one month without Customs' prior approval for inspections by the Land Transport Authority (LTA). Movement of motor vehicles between LW and its licensed showroom under the same licence number for unspecified periods will not require Customs' prior approval as long as proper documentations are kept.
- (h) If you are operating a LW for liquor, in addition to tax suspended wines, you



are also allowed to temporarily remove all other alcoholic beverages from the LW for approved local exhibitions. However, prior approval needs to be sought from Customs before the temporary removal.

### 5.3 What are my responsibilities?

As an approved licensee, you need to comply with the following:

- (a) To submit annual financial statements to Singapore Customs upon request.
- (b) To notify Customs before changes are made to the following:
  - List of licensed warehouse's customers;
  - Licensed warehouse's key personnel;
  - Licensed warehouse's organizational structure;
  - Licensed warehouse's operating procedures;
  - Features of the inventory system used to manage the licensed warehouse; or
  - Reduction or extension of the designated storage area.
- (c) To obtain prior approval from Customs for any structural alteration to the licensed premises and licensed area(s).
- (d) To use a Customs-assigned Lot Number for every product (\* four alpha prefix assigned by Customs and followed with four numeric characters running serially from 0001 to 9999) which will be used in the customs permits covering the movement of the duty-suspended goods. The duty-suspended goods must be stored in such a manner that they can be easily identified and tracked by their Customs Lot Numbers.
- (e) To conduct periodic stock checks of the duty-suspended goods at least once every calendar year and to maintain documentary records of such stock checks.
- (f) To surrender the licence to Customs and apply for a new licence when there are changes to the following:
  - UEN number; and
  - Type of dutiable goods stored in the licensed warehouse.
- (g) To appoint a key personnel to be Customs liaison of this licence. This person must have control of the warehouse operation and has full knowledge of the Customs requirements and be responsible of the warehouse licensing conditions.
- (h) To ensure adequate security measures in the licensed premises.
- (i) To ensure that all entrance/exits must be secured when there is no movement of dutiable goods in the licensed premises.
- (j) To comply with the Customs Act and Customs Regulations and other conditions imposed.
- (k) To properly maintain and update inventory records.
- (l) To inform Customs by the following day if discrepancies between the actual stock and the recorded stock were discovered at any time.
- (m) All import, export and removal of goods from and/or to the licensed premises must be covered by relevant Customs permits electronically through the TradeNet® system.

(n) To undertake all other general responsibilities to operate a LW. See [Chapter Z](#) for the other general responsibilities.

# 6 Licensed Warehouse Type III

## 6.1 How do I qualify?

You may apply to operate this type of Licensed Warehouse (LW) if you satisfy the following criteria:

- (a) You meet the basic qualifying criteria to operate a LW. See [Section 2.6](#) for the basic qualifying criteria.
- (b) You use a computerised warehouse management system that accurately monitors the level, movement and exact location of duty-suspended goods. The system must be able to record, search and display on demand, the following information:
  - Customs-assigned lot number;
  - Item description;
  - HS Code;
  - Value of goods;
  - Exact location of goods (e.g. area code, shelf no., storage tank);
  - Name of customer;
  - Customs permit number;
  - Inward / Outward quantity and the corresponding unit of measurement; and
  - Stock balance and the corresponding unit of measurement.

In addition, the system must be able to search transactions by Customs-assigned Lot Number, Customs Permit Number, and item location and must be capable of generating stock balance and monthly stock movement reports. There must be strict access control to edit the inventory data in the system with good audit trail function. As a LW licensee, you must be conscious of backing up the inventory data regularly and must know how to recover this data.

- (c) You have written procedures that ensure the proper:
  - handling of In/Out-bound cargoes;
  - discrepancy reporting; and
  - stock reporting.

The written procedures should also include information on segregation of duty observed between the informational and physical handling of cargoes (i.e. Customs permit declaration, physical cargo accountability and inventory data control).

The written procedures should also further include the documents (shipments supporting documents such as the bill of lading/air waybill, commercial invoice, packing list) that need to be signed during the cargo receiving and releasing workflows.

The discrepancy reporting and resolving processes in the written procedures should encompass different scenarios such as receiving damaged or rejected goods, wrong picking of goods during releasing and stock discrepancies discovered during internal cycle counts.

- (d) You have in place adequate security measures to ensure the duty-suspended goods in LW are safeguarded.
- (e) You are assessed under TradeFIRST and at least qualified for the “Enhanced” band.

If you intend to store liquor and/or tobacco products in your LW, you must also satisfy the following criteria:

- (f) Your LW must have robust security features including intrusion alarm systems, video surveillance cameras, secure locking systems for all access points to the LW with the ability to capture and store the entry and exit records of the persons who enter/exit the LW, and a fast response and recovery plan to detect and address any security breaches and maintain the integrity of the area.
- (g) The computerised warehouse management system must have features to search transactions by Customs-assigned Lot Number, Customs Permit Number, and item location and must be capable of generating stock balance and stock movement reports for a specified period. There must be strict access control to edit the inventory data in the system with good audit trail function. As a LW licensee, you must be conscious of backing up the inventory data regularly and must know how to recover this data.
- (h) Your employees handling duty-suspended goods must undergo training conducted by a Customs-appointed provider or employees who had attended the trainings conducted by the Customs-appointed service provider. Trainings for relevant new employees must be carried out before the employees handle any duty-suspended goods.

## 6.2 What are the benefits and facilitations?

As an approved licensee, you enjoy the following benefits:

- (a) The Licensed Warehouse (LW) may be located anywhere in Singapore;
- (b) Duty and GST are suspended on dutiable goods:
  - imported into the LW
  - traded within the LW; and
  - removed between LW.
- (c) You can keep the duty-suspended goods in the LW for an indefinite period of time.

- (d) You will no longer have to apply via e-file for Customs' supervision for container stuffing with effect from 1 April 2012. However, you must still declare the Outward Permit prior to the intended stuffing operations with i) Date of intended stuffing; and ii) Time of intended stuffing indicated in the "Trader Remarks" field.
- (e) You are allowed to store the following types of goods in the licensed area:
  - Imported dutiable goods (duty and GST suspended);
  - Tax-paid goods (dutiable and non-dutiable);
  - Locally manufactured dutiable and non-dutiable goods; and
  - Not allowed - GST-suspended goods under the Zero GST Warehouse scheme.

The licensed area does not have to be physically demarcated, but you must adhere to the licensed area outlined in the layout plans endorsed by Customs. The duty-suspended goods must be labelled with their Customs Lot Numbers. Previous duty-suspended goods that are now covered by DP permits must be labelled with "tax paid".

- (f) You are allowed to operate multiple licensed locations and pay a single licence fee annually.
- (g) You are allowed to pay a single licence fee annually if you store mixed dutiable goods such as both liquor/tobacco products and motor vehicles at multiple sites.
- (h) If you are operating a LW for motor vehicles, the motor vehicles are allowed to be removed from the LW for up to one month without Customs' prior approval for inspections by the Land Transport Authority (LTA). Movement of motor vehicles between LW and its licensed showroom under the same licence number for unspecified periods will not require Customs' prior approval as long as proper documentations are kept.
- (i) If you are operating a LW for liquor, in addition to tax suspended wines, you are also allowed to temporarily remove all other alcoholic beverages from the LW for approved local exhibitions. However, prior approval needs to be sought from Customs before the temporary removal.

### 6.3 What are my responsibilities?

As an approved licensee, you need to comply with the following:

- (a) To submit annual financial statements to Singapore Customs upon request.
- (b) To notify Customs before changes are made to the following:
  - List of licensed warehouse's customers;
  - Licensed warehouse's key personnel;
  - Licensed warehouse's organizational structure;
  - Licensed warehouse's operating procedures;
  - Features of the inventory system used to manage the licensed warehouse; or
  - Reduction or extension of the designated storage area.
- (c) To obtain prior approval from Customs for any structural alteration to the

licensed premises and licensed area(s).

- (d) To use a Customs-assigned Lot Number for every product (\* four alpha prefix assigned by Customs and followed with four numeric characters running serially from 0001 to 9999) which will be used in the customs permits covering the movement of the duty-suspended goods. The duty-suspended goods must be stored in such a manner that they can be easily identified and tracked by their Customs Lot Numbers. Duty or GST paid goods must be labelled with “tax paid”.
- (e) To conduct periodic stock checks of the duty-suspended goods at least once every calendar year and to maintain documentary records of such stock checks.
- (f) To surrender the licence to Customs and apply for a new licence when there are changes to the following:
  - UEN number; and
  - Type of dutiable goods stored in the licensed warehouse.
- (g) To appoint a key personnel to be Customs liaison of this licence. This person must have control of the warehouse operation and has full knowledge of the Customs requirements and be responsible of the warehouse licensing conditions.
- (h) To ensure adequate security measures in the licensed premises;
- (i) To ensure that all entrance/exits must be secured when there is no movement of dutiable goods in the licensed premises.
- (j) To comply with the Customs Act and Customs Regulations and other conditions imposed.
- (k) To properly maintain and update inventory records.
- (l) To inform Customs by the following day if discrepancies between the actual stock and the recorded stock were discovered at any time.
- (m) All import, export and removal of goods from and/or to the licensed premises must be covered by relevant Customs permits electronically through the TradeNet® system.
- (n) To undertake all other general responsibilities to operate a LW. See [Chapter 7](#) for the other general responsibilities.

# 7

## Other General Responsibilities

As an approved licensee, you must also comply with the following:

- (a) To declare relevant customs permits for all goods moved into and out from the Licensed Warehouse (LW). Duty and GST shall be paid on the duty-suspended goods stored in the LW when released for local consumption.
- (b) To take up removal permits for LW goods moved between different LWs.
- (c) To state customs-assigned LW licence number in the customs permits for movement of the LW goods.
- (d) To ensure that the nature and quantity of LW goods received into or released from the LW are in accordance with those described in the customs permits.
- (e) To store the LW goods in the designated storage area marked in the approved layout plan(s).
- (f) To be responsible for the LW goods stored in or temporarily removed from the LW and to be accountable for the duty and GST payable on the LW goods.
- (g) To ensure that value-adding activities on the LW goods do not change the original characteristics of these goods, and to seek prior approval from Customs in writing before any value-adding activity is conducted in the LW.
- (h) To report to Customs in writing any discrepancies, by the following working day. Such discrepancies include those detected during stock counts, receipt of goods into, and release of goods from the LW.
- (i) To keep all inventory records up to date.
- (j) To maintain all in-handling documents, out-handling documents and other supporting records for the movement of the LW goods.
- (k) To maintain records and supporting documents on LW goods released locally.
- (l) To make all payments of duty and GST, customs-related fees and penalties via InterBank GIRO.
- (m) To produce records and documents to Customs within 7 working days upon request.
- (n) To provide adequate support to Customs officers performing audit and stock checks.
- (o) To obtain the necessary clearance from other relevant authorities in areas such as fire safety etc.
- (p) To comply with Regulations 18 to 23, and 25 to 30 of the Customs Regulations; and any other conditions imposed by Customs from time to time.
- (q) To ensure that the LW is not used as a container yard for the temporary storage of containers.
- (r) For licensees approved to store ethyl alcohol, to take adequate measures to ensure the proper storage condition of ethyl alcohol to minimise any unavoidable losses and to be accountable for the duty and GST payable for goods which cannot be accounted for.

# 8

## Other Administrative Details

### 8.1 Applying for a Licensed Warehouse (LW) licence

Please refer to the procedures at our website ([Licensed Warehouse Scheme \(customs.gov.sg\)](https://www.customs.gov.sg/ Licensed Warehouse Scheme))

### 8.2 Licence is non-transferable

The licence is strictly non-transferable. You are to ensure that there is no sub-letting of the Licensed Warehouse (LW). You should be responsible for managing all movements of the LW goods in your warehouse.

### 8.3 Licence fee

An annual licence fee is payable upon issue of the licence. The fee is based on the “Projected Potential Duty” or “Average Past Monthly Duty” of the dutiable goods stored.

Projected potential duty (in the case of new application for a licence) is the total customs and excise duties of the projected maximum quantity of goods that can be stored at any one time in the proposed area.

Average past monthly duty (in the case of an application for renewal of a licence) means the average of the total customs and excise duties of all goods stored in the licensed area on the 1st day of each month over the last 12 months.

Please refer to the licence fees at our website: [Licensed Warehouse Scheme \(customs.gov.sg\)](https://www.customs.gov.sg/ Licensed Warehouse Scheme)

### 8.4 Licence renewal

The licence is renewable every year. However, renewal is not guaranteed as it depends on your compliance records with Customs, payment of annual licence fee and TradeFIRST banding.

### 8.5 Banker's guarantee /Insurance bond

As Licensed Warehouse (LW) operators for dutiable liquors and tobacco products, you are required to furnish security for the due payment of all duty and fees for which you may become liable.

The security comes in the form of a Banker's Guarantee (BG) or Insurance Bond (IB) from the approved banks, financial institutions or insurance companies. The BG/IB quantum required will be based on the projected maximum stocks to be stored in the proposed licensed warehouse (for new applications) or the average monthly duty (for existing licensees).



## 8.6 Contacts for further clarification

This handbook is designed for general information only. It may not answer all your questions on the Licensed Warehouse (LW) scheme. Should you need further clarification or advice, you may e-mail us at [customs\\_schemes@customs.gov.sg](mailto:customs_schemes@customs.gov.sg).

# 9 Reference Materials

This handbook shall be read in conjunction with the circulars related to Licensed Warehouse (LW) Scheme. Please refer to <https://www.customs.gov.sg/news-and-media/circulars?title=licensed&pagesize=10> for the information.

For other related circulars, please kindly refer to <https://www.customs.gov.sg/news-and-media/circulars>

# 10 Glossary

## **CUSTOMS LOT NUMBER**

Customs Lot Numbers are numbers (five unique alpha prefix with four numeric characters running serially from 0001 to 9999) assigned to you by Customs. Unique Customs lot numbers must be used for each product in a shipment and must be declared in the respective customs clearance permits covering the duty-suspended goods. Customs lot numbers are required for tracking the various duty-suspended goods in a shipment.

## **DUTIABLE GOODS**

Dutiable goods are goods subject to the payment of customs duty or excise duty on entry into customs territory, or goods manufactured in Singapore for which customs duty or excise duty is liable.

## **FREE TRADE ZONE (FTZ)**

Free Trade Zone is any area in Singapore which has been declared to be a free trade zone under the Free Trade Zones Act. There are no customs formalities on the movement of goods within a FTZ.

## **GOODS & SERVICES TAX (GST)**

Goods & Services Tax (GST) is a tax on domestic consumption. GST is charged on all supplies of goods and services in Singapore and on goods imported into Singapore. Customs collects GST at the point of importation, as well as goods which are locally manufactured and which attract excise duty.

## **LICENSED WAREHOUSE**

Licensed warehouse is a designated area approved by Customs with corresponding licensing conditions, for the storage of dutiable goods.

## **MAJOR EXPORTER SCHEME (MES)**

The Major Exporter Scheme (MES), administered by IRAS, is designed to alleviate the cash flow of importers who have significant exports. GST will be suspended on goods imported by approved MES companies.

## **NON-DUTIABLE GOODS**

Non-dutiable goods are goods not subject to the payment of customs duty or excise duty.

## **UNIQUE ENTITY NUMBER (UEN)**

From 1 January 2009, Unique Entity Number (UEN) is the standard identification number for all entities that are registered in Singapore, such as businesses, local companies, limited liability partnerships (LLPs), societies, representative offices,

healthcare institutions and trade unions. The UEN number replaces the Central Registration Number (CR) previously issued by Singapore Customs for entities to conduct import, export, trans-shipment and other trading activities in Singapore.

### **WAREHOUSE MANAGEMENT SYSTEM**

Warehouse management system can be a proprietary or standard off-the-shelf computerised system that manages and tracks the inventory level and movement of goods entering and leaving a warehouse.

### **ZERO-GST GOODS**

Zero-GST goods are imported, non-dutiable goods stored in a zero-GST warehouse with GST suspended.