

# Tax alert

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## Ensuring Compliance and Growth Through Accurate Origin Declaration

In light of recent issues related to Country-of-Origin misdeclarations and misinterpretations by traders/businesses, Singapore Customs has issued Circular 06/2025 as a timely reminder for businesses.

An accurate declaration of the country of origin is becoming crucial as it affects duties, taxes and compliance with trade regulations. Singapore Customs has emphasized the importance of adhering to these declarations to mitigate risks and ensure smooth operations.

Many companies continue to struggle in ensuring accuracy of the country of origin of the goods entering their jurisdiction. Incorrect declarations can lead to severe penalties under the Customs Act. It is mandatory for businesses to maintain accurate records related to the origin of goods for at least five years and ensure compliance with international regulations.

On 9 June 2025, Singapore Customs has issued Circular No: 06/2025, reinforcing the importance of accurately declaring the Country/Region of Origin in import, export, and transshipment permits.

### Country of Origin Applicable to Singapore

The circular focuses on the purposes of Singapore's import, export and transshipment permit applications, where the "Country/Region of Origin" of a good refers to the country/region in which the goods were wholly obtained or substantially transformed to their final form. Therefore, when declaring the "Country/Region of Origin", the goods must meet the prevailing rules of origin of the country/region where the goods are produced or manufactured.

Singapore Customs accentuated that goods can only be declared as "Singapore" as the "Country/Region of Origin" only if the goods

meet the applicable origin criteria based on two key elements:

- 1) The Rules of Origin applicable to goods under a Free Trade Agreement (FTA) to which Singapore is a party to, or
- 2) Singapore's non-preferential Rules of Origin, which apply in all other scenarios. These rules are relevant if business needs an ordinary (non-preferential) Certificate of Origin for commercial purposes.

### Preferential Country of Origin

To qualify as Singapore-originating goods and be eligible for preferential tariff treatment when goods are exported from Singapore to an FTA partner country/region, the said goods must meet the specific origin criteria set out in the relevant FTA that is in force.





### Non-Preferential Country of Origin

To qualify as Singapore-originating goods for goods that are not seeking preferential tariff treatment, Singapore's non-preferential origin criteria are as according to Circular No. 20/2010:

- a) Must be wholly obtained in Singapore (wholly grown in Singapore or produced entirely in Singapore)
- b) Must have undergone substantial transformation in Singapore by meeting any of the following criteria:
  - i. Manufactured in Singapore with a minimum of 25% local content based on the ex-factory price of the product.
  - ii. Change in tariff classification at the 6-digit level.
  - iii. Undergone chemical reaction (applicable for products under HS chapter 27 to 40)

It is important to note that products that undergone minimal processing will not be deemed as Singapore origin.

### Offences for Incorrect/False Declaration

Submission of an incorrect declaration, including misrepresenting the country or region of origin, may constitute an offence and lead to penalties. Businesses must retain records related to the purchase, import, sale, or export of goods for at least five years from the date of permit approval.

Singapore Customs expects all businesses in Singapore to consider foreign regulations, including import requirements, when engaging in international trade. Companies must operate transparently and comply fully with all applicable laws. Singapore Customs will take firm action against violations to uphold the integrity of Singapore's business environment.

### How We Can Help Your Business

Navigating rules of origin can be complex, but our expert team simplifies the process for you. We provide:

- **Comprehensive Origin Management:** Develop internal controls/program/system to ensure your declarations align with regulatory requirements.
- **Risk Assessment & Mitigation:** Identifying potential compliance risks and safeguarding your business.
- **FTA Optimization:** Helping you maximize preferential tariff benefits while staying compliant.

With increased regulatory scrutiny, businesses must proactively manage their origin declarations. Let us handle the complexities so you can focus on growth. Speak to us today.

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## About our tax alerts

KPMG's tax alerts highlight the latest tax developments, impending change to laws or regulations, current practices and potential problem areas that may impact your company. As certain issues discussed herein are time-sensitive, it is advisable to make plans accordingly.

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