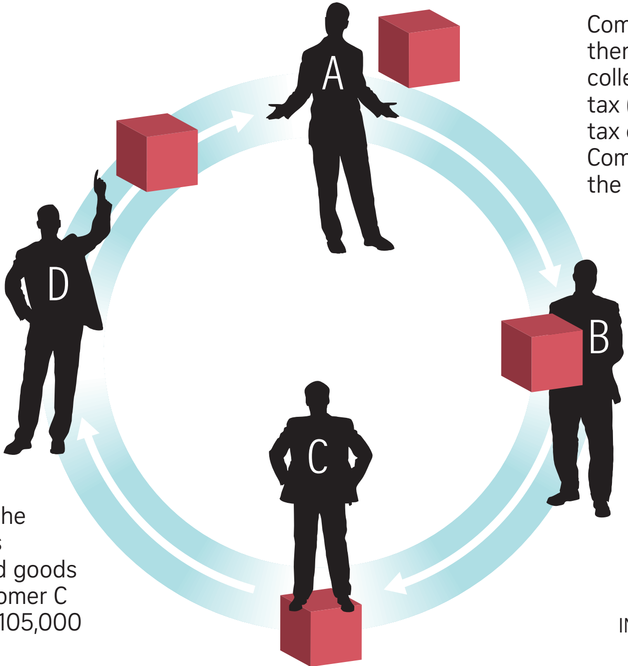
Tax crime

In a carousel fraud, the same goods are traded around fake supply chains, with the aim of making fraudulent claims for tax paid on exported goods.



Company A imports goods and sells them for $1 million to Company B. It collects $70,000 in goods and services tax (GST), a broad-based consumption tax of 7 per cent, from Company B. Company A disappears before paying the GST amount of $70,000 to Iras.

Company B sells the goods at $1.5 million to Customer C. It collects GST of $105,000 from Customer C. Company B pays $35,000 to Iras, after claiming a refund for the $70,000 GST it paid on its purchase, also known as input tax.

Customer C exports the goods to an overseas Customer D. Exported goods are GST-free, so Customer C can get a refund of $105,000 in GST.

Customer D sells the same goods back to Company A.

Source:
INLAND REVENUE AUTHORITY OF SINGAPORE
STRAITS TIMES GRAPHICS