

Carousel fraud illustration



Trader A imports goods at S\$10,000 from Trader D

Sells goods to Trader B at S\$10,000 and collects 7% GST amounting to S\$700

Trader A disappears without paying this S\$700 to the IRAS



Trader D sells the goods back to Trader A, re-starting the "carousel"



Trader B sells goods to Trader C at S\$25,000 and collects S\$1,750 GST from Trader C

Trader B pays a net amount of S\$1,050 to IRAS (after offsetting the amount of S\$700 it can recover from the IRAS as input tax)



Trader C exports goods to Trader D who is based outside S'pore

No GST is to be charged on export sales

Trader C recovers the S\$1,750 GST it paid as its input tax claims from the IRAS