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## JOINT NEWS RELEASE

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### **MAN SENTENCED TO 28 MONTHS' IMPRISONMENT FOR EVASION OF EXCISE DUTIES AND GST AMOUNTING TO \$1,147,298 AND LAUNDERING ANOTHER PERSON'S BENEFITS FROM CRIMINAL CONDUCT**

A 32-year-old male Singapore Citizen, Eric Tan Zhi Hao ( "Eric" ), was sentenced to 28 months' imprisonment and ordered to pay \$4,194,000 in fines. He pleaded guilty to nine counts under Section 128D of the Customs Act 1960 for fraudulently evading excise duties and Goods and Services Tax ("GST") in relation to the import of motor vehicles into Singapore, one count under Section 51(1)(a) of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992 ("CDSA") for being concerned in an arrangement to facilitate the control of another person's benefits from criminal conduct, and one count under Section 204A of the Penal Code 1871 for obstructing the course of justice. If he does not pay the fine, he will have to serve an additional 44 months of imprisonment.

2 Sometime around May 2022, investigations by the Singapore Customs ("**Customs**") revealed that Lightspeed Performance Pte Ltd ("**Lightspeed**"), operating as a parallel importer of motor vehicles, had under-declared the actual import values of motor vehicles submitted to Customs for assessment of duty and GST payable. The case was referred to the Commercial Affairs Department ("**CAD**") of the Singapore Police Force for parallel financial investigations in relation to possible money laundering offences. CAD then commenced investigations against Eric and other individuals for offences under the CDSA.

### **Investigation Findings**

#### *The Customs Act and CDSA charges*

3 Investigations by Customs and CAD revealed that Eric had conspired with three other co-accused persons to under-declare the value of motor vehicles imported by Lightspeed to Customs (hereafter referred to as the “**Under-Declaration Scheme**”). Eric used his company, Eagle 9 Automotive (“**Eagle 9**”), as an intermediary to receive monies from car retailers that purchased motor vehicles imported by Lightspeed into Singapore. Lightspeed would bill Eagle 9 a partial amount of the actual value of the imported vehicles (being the under-declared value submitted to Customs). To make up the shortfall in the actual values of the imported vehicles (i.e., the values which were not declared to Customs), Eagle 9 would make separate transfers (termed as the “**B Payments**”) under the guise of “*warranty payments*” to two overseas companies, namely K3 Strategic Ltd and K3 Strategic Limited.

4 As a result of the Under-Declaration Scheme, between 2022 and 2023, Lightspeed submitted incorrect declarations in its declaration of facts (“**DOF**”) submissions to Customs in relation to the import of 485 motor vehicles and acquired the same number of motor vehicles in Singapore, evading excise duty and GST totalling **S\$3,532,170.48**. These vehicles represented the benefits of alleged criminal conduct from the fraudulent evasion of excise duties, an offence under Section 128D of the Customs Act 1960. Of the 485 motor vehicles, Eagle 9 was used in the Under Declaration Scheme for 190 cars, resulting in excise duty and GST of S\$723,141.32 and S\$424,156.19 being evaded.

5 Investigations showed that Eric knew that the invoices billed to Eagle 9 for “*warranty services*” were false as they were created to mask the true nature of the B Payments. He knew that the B Payments had to be routed through the two overseas companies K3 Strategic Ltd and K3 Strategic Limited in order for Lightspeed to under-declare the value of the imported vehicles to Customs. Based on the above, Eric was concerned in an arrangement to launder another person’s alleged benefits from criminal conduct (i.e. 396 vehicles in 2023<sup>1</sup>). In total, Eric received at least **S\$188,416.00** for his participation in the Under-Declaration Scheme.

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<sup>1</sup> 385 of these vehicles were subsequently sold to car retailers (whether directly or through intermediaries) for a total of S\$46,830,646.45

Obstruction of Justice charge

6 After one of the co-accused persons was arrested by Customs in around June 2023, Eric and the remaining co-accused persons agreed to delete the WhatsApp messages in their group chats pertaining to the Under-Declaration Scheme to avoid being incriminated should Customs investigate them. Eric subsequently disposed of his phone containing such WhatsApp messages, an act which had a tendency to obstruct the course of justice.

7 Court proceedings against the three other co-accused persons are ongoing.

8 Singapore takes a serious view on fraudulent evasion of duties and GST and related money laundering activities and will not hesitate to take stern enforcement actions against any individuals who commit these offences and persons who facilitate them. Members of public with information on smuggling activities or evasion of duty or GST can provide information to Customs at <https://go.gov.sg/reportcustomsoffence>.

9 The strong collaboration between Customs and CAD was vital in disrupting the elaborate Under-Declaration Scheme described above. Our agencies work closely together using a coordinated approach, which includes the prompt referral of cases for parallel financial investigations and information exchange to ensure that offenders are taken to task.

10 Financial institutions and other relevant business entities such as traders or agents are required by law to report suspicious transactions. Under the CDSA, any person who in the course of his trade, profession, business or employment, knows or has reasonable grounds to suspect that any property may be connected to a criminal activity is required to file a Suspicious Transaction Report (“**STR**”) to the Suspicious Transaction Reporting Office. Failure to file a STR may constitute a criminal offence.

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## **Penalties for non-compliance**

### Customs Act 1960

Any person who is concerned in fraudulent evasion of any duty or GST on imported goods shall be liable on conviction to a fine of up to 20 times the amount of duty and GST evaded and/or jailed for up to two years.

Any person who gives incorrect information in relation to any matter affecting the amount of tax chargeable shall be liable on conviction to a fine not exceeding \$10,000, or the equivalent of the amount of duty and GST payable, whichever is the greater amount, or to imprisonment for a term not exceeding 12 months, or both.

### CDSA

Any person who commits an offence under Section 51 shall be liable on conviction,

- i) if the person is an individual, to a fine not exceeding \$500,000 or to imprisonment for a term not exceeding 10 years or to both; or
- ii) If the person is not an individual, to a fine not exceeding \$1 million or twice the value of the benefits from criminal conduct in respect of which the offence was committed, whichever is higher.

### Penal Code

Any person who commits an offence under Section 204A shall be liable on conviction to imprisonment for a term which may extend to 7 years, or with fine, or with both.