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SINGAPORE CUSTOMS

55 Newton Road
#10-01 Revenue House
Singapore 307987

REPUBLIC OF SINGAPORE

Telephone : 63552000
Telefax : 62509606
Homepage : <http://www.customs.gov.sg>
E-mail : customs_documentation@customs.gov.sg

All Traders and Declaring Agents



CIGARETTES DUTY ASSESSMENT BASED ON STICKS

During the 2003 Budget speech, DPM Lee has announced that with effect from 1 Jul 2003, duty of cigarettes will be assessed by sticks instead of weight. The HS codes affected are 2402 2090 and 2402 9020 respectively.

New Tax Methodology

2 Under the new taxation methodology, the excise duty on each stick of cigarette weighing 1 gram or less will be 25.5 cents, and each additional 1 gram or part thereof will attract an additional duty of 25.5 cents. The duty payable is based on the average net weight of each stick of cigarettes derived by dividing the total net weight of a batch of 1,000 sticks of cigarettes to which it belongs by 1,000.

3 Following the change, we are pleased to inform you that effective 1 Jul 2003, Singapore Customs will also do away the need of test weighing of cigarettes for the purpose of duty assessment. We will be accepting the weight shown in Unit Weight/Volume field declared in Joint Inward or Pure Inward Permits. Importers are advised to obtain the average net weight per stick in gram from their overseas suppliers before declaring the permit. The current Unit Wt/Vol field defaulted at 1.000 KGM in the Joint Inward and Pure Inward Permits will be opened for traders to declare the average net weight in gram per stick effective 1 Jul 2003. For local manufactured cigarettes, the manufacturer must inform Revenue Control Branch officer of the average net weight in gram per stick of each batch of production.

Requirement For System Change

4 To be able to submit cigarettes products declarations from 1 Jul 2003, TradeNet users must approach their software vendors early to have their software upgraded.

Illustration

5 Below are examples to illustrate how to make cigarettes declaration through the TradeNet system under the "Unit Wt/Vol", "Duty 2 Rate" and "Total Dutiable Qty" fields at the line detail level.

- “Unit Wt / Vol” field : “x” STK where “x” denotes the weight of one stick of cigarette in gram, eg, 0.950 ; and
- “Duty 2 Rate” field : “y” STK where “y” denotes the duty rate per taxable stick in dollar, eg 0.255.
- “Total Dutiable Qty” field : “z” STK where “z” denotes number of taxable sticks. This is a system computed field.

Releasing of Cigarettes currently in LW for local consumption

6 When releasing cigarettes bonded in licensed warehouse before 1 Jul 2003 without test weight registered or standardized weight accorded, the importer must take up a DP/ ND (Normal Duty Payment) permit based on earlier declared unit weight under your Joint II or Pure IN permits. Customs will use the declared unit weight as reference to determine the total taxable sticks for the cigarettes lot.

Notification of Test Weighting

7 There will be situations where the importer will be served with a “Notification of test weighing of Cigarettes Products”. Importers receiving such notifications are advised not to transmit duty payment until the test weighing by Customs on a particular consignment of cigarettes has been completed.

Conducting Own Test Weighting

8 You may also conduct your own test-weighing if in doubt. You may also request for Customs supervision to carry out the test weighing in which case the normal Customs supervision fees will apply. However, all test weighing of cigarettes initiated by you (with or without Customs supervision) would require a duty payment permit to be taken up for the cigarettes used for the test-weighing. The tested weight will then be used as reference to determine total taxable stick for duty assessment for the cigarette lot. There will be no refund of duty paid earlier for the testing if the test weight result is shown to be lower than the Joint II or Pure Inward declared unit weight and resulted in lower duty payable after the goods released from Customs controls. However, in the event where the test weight is higher than the unit declared weight in the Joint II or Pure Inward and resulted in higher duty payable, importer is required to take out a DP/SP permit to make good the duty / GST amount short-paid.

Benefits

9 The implementation will bring significant benefits to traders such as savings on cigarettes samples, cost of cigarettes samples destroyed after test weighing, warehousing, handling and incidental charges and enhanced business opportunities brought about by just in time delivery of goods to customers.

Penalty for Incorrect or Wrong Declarations

10 With the acceptance of declared information furnished by the importer and/or his declaring agent in the permit, the onus of making a true and correct declaration will be on the importer and/or his declaring agent. Any incorrect or wrong declaration by the declaring agent will be dealt with severely.

11 Following the implementation, the following procedures will no longer be applicable

- a Linkage of cigarettes test results under the same cigarettes product codes and the same shipment;
- b Offer of Standardization / Renewal or De-standardization of cigarettes by Customs to cigarette under the same product codes and the same importer;
- c Acceptance or rejection by traders to the offer of Standardization / Renewal or De-standardization of cigarettes by Customs to cigarette under the same product codes and the same importer;
- d Application for waiver of test weighing of cigarettes for non- commercial direct import duty payment;
- e E-file for waiver of cigarettes test weighing for Conditional Duty (CD) duty payment and
- f E-file for waiver of cigarettes test weighing of cigarettes for non-commercial Direct Import (DI) duty payment.

12 This Circular supersedes the contents covered cigarettes products under the Customs Circular No 47/2000 dated 18 Nov 2000 and No 49/2000 dated 20 Nov 2000 respectively.

13 If you need clarification, please contact the Liquor Tobacco Officer at Tel No. 63552102.



WINSTON TAY WEE HUA
HEAD DOCUMENTATION
DOCUMENTATION BRANCH
for DIRECTOR-GENERAL OF CUSTOMS

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