

## **'APPROVED EXCISE PRODUCER'**

### **LEGAL BASIS**

Article 38 of the Customs & Excise (Jersey) Law 1999 imposes excise duties on specified goods imported or manufactured in the Island as specified in Part II of the First Schedule to the Law.

Article 39(1) requires those manufacturing these dutiable goods to hold a valid Excise Licence.

Article 39(2) states the Agent of the Impôts may grant excise licences subject to such conditions as he sees fit.

Article 39(4)(b) states that Excise Licence holders shall not commence production until the premises used for the growing, production or manufacture have been approved by the Agent of the Impôts under Article 15.

Article 15(2) states that when approving premises for growing, production or manufacture, the Agent of the Impôts may impose such conditions as he thinks fit.

Art 39(5)(a) requires that every excise licence holder shall maintain records ..... in such form and manner as the Agent of the Impôts may direct.

Art 39(5)(b) requires that entry is made by the licence holder for goods grown, produced or manufactured within 5 clear days of the end of each month.

Art 39(6)(b) allows the Agent of the Impôts to specify the form and manner of the entry required.

Art 39(5)(a) states that Excise Licence holders shall keep production records in such form and manner as the Agent of the Impôts may direct.

Art 39(7) provides that where an Excise Licence holder fails to give a satisfactory explanation for any apparent deficiency in the quantity of goods produced, the Agent of the Impôts may serve a notice demanding payment of an amount of excise duty due on any goods not accounted for.

### **DEFINITIONS**

“CAESAR” means Customs and Excise System for Administration of Revenue; that is to say the Customs goods control and revenue collection IT system as updated for GST purposes.

“clear days” when computing any period expressed in this Directive as a period of clear days, no account shall be taken of the day of the event from which the period is computed or of any Sunday or holiday.

“Domestic consumption” shall be in accordance with Para 4 Excise Duty (Relief and Drawback) (Jersey) Order 2000.

“Approved Excise Producer” means a person or company in possession of a valid, individual Excise Licence issued under Art 39 of the Customs Law allowing them to grow, produce or manufacture goods liable to excise duty. It does not include those persons who manufacture domestic quantities of excise goods under the Open General Excise Licence.

“Open General Excise Licence” is the Licence issued by the Agent of the Impôts allowing persons to produce excise goods for domestic purposes up to the relief amounts specified in paragraph 4 of the Excise Duty (Relief and Drawback) (Jersey) Order 2000.

“Relief Order” means Excise Duty (Relief and Drawback) (Jersey) Order 2000.

“Point of production” means, in the case of locally grown leaf tobacco, the moment when it is harvested for the purpose of tobacco manufacture, and in relation to beer, cider, perry, wine and spirits when the earliest of the following events takes place; the time when the product is:

- At a state of maturity at which it is fit for consumption;
- Put into any package in which they are distributed to wholesalers or retailers (i.e. placed into cans, kegs, bottles, etc);
- Removed from the Approved Premises used for production; or
- Consumed.

#### **‘OPEN GENERAL EXCISE LICENCE’**

The Agent of the Impôts has issued an Open General Excise Licence which, in effect, permits the production of the following excise goods for domestic consumption up to the following maximum amounts:

- wine 500 litres per annum
- cider 1000 litres per annum
- beer 1000 litres per annum

These amounts are consistent with the relief amounts specified for domestic purposes in paragraph 4 of the Relief Order. No other excise goods are covered by the authority of this Open General Excise Licence and for confirmation; therefore, the production of spirits and the growing of tobacco is specifically excluded. The Open General Excise Licence shall remain valid until withdrawn or amended by the Agent of the Impôts.

#### **TERMS AND CONDITIONS FOR APPROVED EXCISE PRODUCERS (CONDITIONS FOR EXCISE LICENCES)**

In order benefit from Approved Excise Producer status persons or businesses engaged in the production of excise goods (in excess of waiver limits) must abide by the following **TERMS AND CONDITIONS** (unless specific exemption is allowed in any individual case):

1. Not to commence production of excise goods without holding a valid licence for that purpose.

2. To create and maintain an account within CAESAR and provide such information as is required by the Agent of the Impôts.
3. To request the Agent of the Impôts, before production commences, to approve premises for the growing, production or manufacture of goods liable to excise duty.
4. To make Production Declaration and claims for drawback within 5 clear days of the end of each month. The method of making such a Declaration and claim for drawback will be by remote, on line access to the Customs website.
5. To take all necessary steps to ensure that persons authorised to make Production Declarations are adequately trained to do so.
6. To submit a 'nil' Production Declaration where no excise goods are produced in a given month. For those whose production is dictated by the seasons (e.g. cider and wine makers) written confirmation sent to Customs that production has ceased for the season will suffice (with a note detailing the intended date when production will recommence) and thereafter 'nil' Production Declarations will not be required.
7. To provide adequate secure storage for all excise goods produced until duty has been paid.
8. To undertake to pay duty on losses that cannot be explained.
9. To pay excise duty by electronic means (i.e. BACS or debit card), on demand after Production Declaration has been made.
10. To apply for Approved Bond Operator status where a producer wishes to store excise production in suspension of duty.
11. To claim relief for spirits, wines, cider or beer used in the manufacture of other goods and / or spirits used for a purpose other than a beverage, within the monthly Production Declaration in accordance with para 4(c) of the Relief Order.
12. To claim small producer excise rates of duty, at the time of making Production Declaration, only in accordance with limits set out in the Relief Order.
13. To make an estimate of annual production at the start of each calendar year in order to gauge whether production will be within the limits of the Relief Order and to consult with Customs immediately whenever there is doubt.
14. To acknowledge that Customs will maintain a running total of all goods declared to small producer rates and if the annual production exceeds the small producer limits within a calendar year, the standard excise rate will automatically be applied to excess production. Also to acknowledge that Customs will consider the circumstances of the breach and reserve the right to demand duty payment to the standard rate on excise goods previously charged at the small producer rates that year.
15. To acknowledge that the production will always be declared at the standard rate if the previous year's total production exceeded the small producer limits, unless otherwise agreed with Customs.
16. To acknowledge that there is no relief in respect of excise goods which are lost after they have passed the point of production and duty has been paid.
17. To maintain the following records for Customs audit for a minimum of six years:-

- Production materials used
- Quantities of excise goods manufactured
- Strength of excise goods manufactured
- Samples taken
- Stocks held and where applicable destroyed
- Handling
- Purchases
- Sales
- Imports
- Exports

And where applicable:-

- Fermentations
- Additions
- Drawing off
- Rendered sparkling
- Bottling and packaging

18. To keep satisfactory records relating to production that is destroyed (e.g. spoiled production, breakages, etc) and to acknowledge that the Agent of the Impôts reserves the right to demand payment of duty on any goods not satisfactorily accounted for.
19. To acknowledge that in the event of failure to abide by the terms of this undertaking without reasonable excuse, the status of 'Approved Excise Producer' may be suspended or removed as the Agent of the Impôts sees fit.
20. To agree that in the event of 'Approved Excise Producer' status being suspended or revoked by Customs due to non-compliance with these terms and conditions or any other Customs requirements, full settlement of any arrears will be made on demand.
21. To acknowledge that failure to abide by any condition of an Excise Licence would constitute an offence under Art 42(1) Customs Law, the penalty for which if committed with intent to defraud, is a fine or up to 2 years imprisonment; or if committed without intent to defraud, is a fine up to 3 times the amount of duty or level 3 on the standard scale, whichever is the greater.
22. To acknowledge that the Agent of the Impôts reserves the right, unequivocally, to amend or withdraw prior to notice, any conditions contained in this Undertaking.