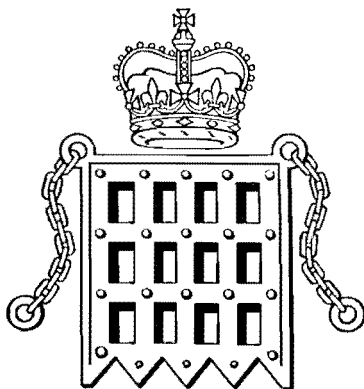
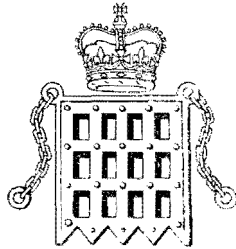


Her Majesty's Customs and Excise



HER MAJESTY'S CUSTOMS & EXCISE



HER MAJESTY'S STATIONERY OFFICE, LONDON

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I. INTRODUCTORY

1. The Commissioners of Customs and Excise have caused this booklet to be prepared in order to give every new entrant into the Customs and Excise Department, in whatever capacity, a general idea of the organisation of which he or she has become a member. The main work of the Department is to collect and administer the Customs and Excise revenue. It covers a very wide and varied field, and many of the matters with which it deals are very technical. There is a great deal to learn, and it takes time to learn it, but the proper way to proceed is to have a sketch of the wood as a whole and to learn to know the separate trees gradually. This booklet is a general introductory sketch.

II. CUSTOMS AND EXCISE DUTIES DIRECT AND INDIRECT TAXATION

2. Customs duties are taxation levied on imported goods. Excise duties are taxation levied on goods produced in this country and on services and amenities. Thus the duty on admissions to cinemas and on stakes on football pools are Excise duties, and Excise duties are also payable on television licences and in respect of Excise licences to carry on various activities such as the manufacture and sale of dutiable goods, e.g. intoxicating liquor or tobacco. The Purchase Tax is for all practical purposes an Excise duty, and as applied to imported goods a Customs duty too, although the law calls it, not a duty, but "a tax, to be called purchase tax".

3. Customs and Excise duties are known as "indirect" taxation because they bear only indirectly on the ultimate consumer who is intended to be taxed according to his consumption. The duties are collected by this Department from the importer, manufacturer or wholesaler who recovers them (almost always through middlemen) by adjusting his prices on account of them. Taxes charged directly on the individual citizen who is meant to pay them are known as "direct" taxation. Examples are the income tax, surtax and estate duty. These taxes are administered by the Inland Revenue Department (the Commissioners of Inland Revenue).

4. The total direct and indirect taxation makes up the tax revenue which accrues to the Exchequer.* The Exchequer

* Detailed figures are shown in Appendix I.

“financial year” runs from 1st April to 31st March and every spring, normally in April (and sometimes on a second occasion during the year in times of emergency), the Chancellor of the Exchequer presents to the House of Commons his “Budget”, which is an account of the estimated public expenditure for the financial year just beginning and of the revenue which will be required to meet it. The Chancellor may propose new taxation or increases or reductions in existing taxation, according to his judgment of the needs of the economy and the revenue he expects to require to meet expenditure. The Budget proposals are subsequently embodied in the Finance Bill, which also contains legislative provisions concerning revenue machinery, and eventually becomes the Finance Act.

5. The following must be taken as an attempt to state in a very simplified form matters which involve a great deal of detail. Customs duties may be either “revenue” or “protective” duties. Revenue duties (namely, the duties on tobacco, hydrocarbon oils, beer and hops, wines and spirits, matches and mechanical lighters, sugar, molasses, glucose and saccharin, tea, coffee, cocoa, chicory and playing cards) can normally be varied or removed only by or under Finance Acts. Protective duties are imposed, varied or abolished by Treasury Order made under the authority of the Import Duties Act, 1958. A revenue Customs duty is countervailed by an Excise duty on the corresponding British product, if any. (The rates of corresponding or countervailing Customs duties and Excise duties may not be, and frequently are not, exactly the same; the reasons for this involve detailed explanations on which it is unnecessary to embark here.) Protective duties are intended to foster British production and are not countervailed by Excise duties. Duties may be “specific”—that is, chargeable at a specified money rate on a unit of quantity or weight; or “ad valorem”—that is, chargeable at a percentage of the value of the goods.

6. With few exceptions Commonwealth goods (i.e. consigned from and grown, produced or manufactured in any country in the British Commonwealth) enjoy a “preference”, that is, exemption from or a reduction of the duty chargeable on non-Commonwealth goods.

7. Customs and Excise duties are intended to be borne by users in the United Kingdom and not by users in other countries. They are, therefore, various provisions under which dutiable goods

exported may be relieved of duty. Broadly speaking, goods imported and intended for re-exportation as they stand never pay any Customs duty, but are entered for transshipment or in transit (see paragraph 46) or are put into bonded warehouses and exported from them. A bonded warehouse is a warehouse in which dutiable goods, whether imported or home-produced, may be stored without any duty being paid until they are either cleared for home use on payment of duty or exported. The keeper of the bonded warehouse gives a bond guaranteeing that he will pay the duty on any goods which are missing when stock is taken by Officers of the Department. Provision also exists in certain cases for repayment (technically known as "drawback") of Customs or Excise duties paid on goods which are exported unused or as ingredients or parts of other unused articles made therefrom in this country.

III. THE CUSTOMS AND EXCISE DEPARTMENT

8. Historically, the Customs and Excise Department is an amalgamation of a number of revenue-collecting Services of considerable antiquity. Duties on imported goods were levied as far back as the Heptarchy and an organised Customs staff has existed at the principal ports since the reign of Edward I. For some centuries thereafter the Customs duties were usually "farmed"—that is, collected and appropriated by private individuals under licence from the Crown in return for a lump sum payment. In 1671, when farming was finally abandoned, Charles II appointed the first Board of Customs by Letters-Patent, the general form of which is still used when a new Board takes office. A Secretary, a Solicitor and a Receiver and Controller General were appointed at the same time, and Surveyors General (the ancestors of the Chief Inspector's Office) early in the 18th century. This was the first institution of a Customs headquarters staff, and it will be seen that its general plan has survived to the present day.

9. The first Excise taxation was introduced by the Long Parliament in 1643, to obtain money to support their forces. Then it applied, not merely to goods produced in this country, but also to imported goods on their first sale in this country. It was payable irrespective of the Customs duties to which the goods were liable on importation. It was introduced as a war tax, to cease with the Civil War, but in one form or another it has continued down to

the present day. At the Restoration, the whole produce of the Excise was given to Charles II, one half for life only and the other to himself and his heirs for ever. This bargain continues to this day, each new Sovereign making an act of renunciation in favour of the Civil List income. In the eighteenth century tobacco, foreign spirits, wine and tea were all subject to Excise duties, and the application of Excise duties to imported goods continued up to the 1830's. The modern definition of an Excise duty as one on home-produced goods or functions (cf. paragraph 2 above) is of comparatively recent growth. The structure of the Excise Department (later amalgamated with the Inland Revenue) was similar to the Customs Constitution of 1671.

10. The present Customs and Excise Department was formed in 1909 by the transfer of the Excise from the Inland Revenue Department (see paragraph 3) to the Commissioners of Customs (as they were previously) and the appointment of a Board of Commissioners of Customs and Excise.

11. The Customs and Excise Department, like the Inland Revenue Department, is in one sense a part of the Treasury, which is the counterpart of the Ministry of Finance in continental countries. The Treasury deals with finance ("Home" and "Foreign"); "Supply" (the control of expenditure by the Admiralty, War Office, Air Ministry and civil "spending" Departments, such as the Ministry of Health) and "Establishments" (looking after the staffing of the Civil Service). The Chancellor of the Exchequer is the Minister at the head of the Treasury, and all parts of it are equally responsible to him.

12. The administration of the Customs and Excise Department is vested in the Commissioners of Customs and Excise who, although in form (like the Commissioners of Inland Revenue) a Board of Commissioners appointed by the Queen by Letters-Patent under the Great Seal, are in fact permanent Civil Servants, the Chairman of the Board corresponding to the Permanent Secretary in another Department (the "Permanent Head"). The Board includes a Deputy-Chairman and four Commissioners. One of the Commissioners is the "Director of Establishments and Organisation", and his primary responsibility is that of looking after the staffing of the Department.

13. It will be seen from Sections IV and V in this booklet that the staff of the Department includes a headquarters organisa-

tion and an ex-headquarters organisation. Total staff number about 15,000. The headquarters organisation is staffed partly by officials of what are known as "Treasury Classes", which are common to the whole Civil Service, and partly by officials of "Departmental Classes", which are special to the Customs and Excise Department.

14. In the headquarters organisation, the Board are officials of the Administrative Class, and the Secretaries' Office is staffed by officials of the Administrative Class, the Executive Class and the Clerical Class, all of which are Treasury Classes.* The legal staff in the Solicitor's Office are likewise a Treasury Class. The Valuation Branch, the Accountant and Comptroller General's Office and the Statistical Office are staffed by the Executive and Clerical Classes. The offices of the Chief Inspector, the Inspector-General of Waterguard and the Investigation Branch are staffed by Departmental Classes, who also staff the ex-headquarters organisation.

15. Appendix II shows the departmental organisation and the relationship between the different parts of it in diagrammatic form.

IV. THE CUSTOMS AND EXCISE HEADQUARTERS

16. The Commissioners are assisted by the Secretaries' Office, which is organised in a number of Divisions staffed by members of the Administrative Class of the Civil Service. Each Division is in charge of an Assistant Secretary and covers an assigned portion of the work of the Department. The Divisions are assisted by Sections, manned by staff of the Executive and Clerical Classes.

* The Administrative Class of the Civil Service is concerned with the formation of policy, with the co-ordination and improvement of machinery, and with the general administration and control of its Department. The Executive Class is concerned with the examination of particular cases of lesser importance not clearly within the scope of approved regulations or general decisions, initial investigations into matters of higher importance, the immediate direction of blocks of business, matters of internal organisation and control, and the settlement of broad questions arising out of business in hand or in contemplation. The Clerical Class deals with particular cases in accordance with well-defined regulations, instructions or general practice, checking accounts, claims, returns, etc., under well-defined instructions, preparing material for returns and accounts and statistics in prescribed forms.

17. A very important part of the machinery of the Secretaries' Office is the Registry, where incoming letters and reports are received and registered. Registration consists in putting each document in a "file-cover" or "jacket", which is stamped with a serial number and recorded in a register. It is then sent by the Registry to the appropriate Section of the Secretariat. "Files" pass from one part of the Department to another via the Registry, where their movements are recorded, so that they can be traced at any time they are wanted.

18. The Customs and Excise Headquarters includes, besides the Board and the Secretaries' Office, the Intelligence Branch, the Valuation Branch and various specialised "Offices", viz., the Chief Inspector's Office, the Office of the Inspector-General of Water-guard, the Accountant and Comptroller General's Office, the Solicitor's Office, the Statistical Office and the Investigation Branch.

19. The *Intelligence Branch* collects information of all kinds bearing on the work of the Department, and advises the Board and the Secretaries' Office; in particular, it prepares the estimates of revenue for the financial year and advises on the effect of changes in existing duties or of proposals for new Customs or Excise duties. The Branch includes the departmental *Library*, which contains books of reference and historical and technical works connected with the functions of the Department. Any member of the Department may consult the Library.

The Press and Information Officer, who is attached to the Branch, is responsible for securing a consistent interpretation of the Board's policy through the press, broadcasting, films and other publicity channels.

20. The *Valuation Branch* is an organisation originally set up for dealing centrally with questions affecting the valuation of goods when the charge of duty (see paragraph 5) depends upon their value. Later, purchase tax valuation questions were similarly brought within its scope (see paragraph 56) and its functions now also include verification and control procedure under the Exchange Control Act, 1947, for ensuring that payments approved by banks for the purchase of imported goods are properly used and that the proceeds of exports to certain countries are not withheld but are duly received by approved methods of payment.

21. The *Investigation Branch* is staffed by a specially-trained staff who undertake investigations into fraud such as sus-

pected smuggling, illicit distillation and other matters which call for specialised detective work. They are in constant and intimate touch with other Departments, as occasion may require.

22. The *Chief Inspector* is the head of the Outdoor Service (see paragraphs 28—33). He is responsible to the Board for the efficient working of the Outdoor Service, and also advises the Board and the Secretaries' Office upon practical and technical questions arising out of the work of the Service. Below the Chief Inspector and the two Deputy Chief Inspectors, the Office is organised in Divisions, each headed by a Principal Inspector, under whom are Senior Inspectors and Inspectors.

23. The *Inspector-General of Waterguard* occupies the same position in regard to the Waterguard Service (see paragraphs 34—37) and its work as that occupied by the Chief Inspector in relation to the Outdoor Service.

24. The *Accountant and Comptroller General* is responsible for the accounting and financial arrangements of the Department. He checks or audits the amounts of revenue received and the payments made by Collectors. He prepares the final accounts of Customs and Excise revenue, which eventually appear in the "Finance Accounts" which are published by the Treasury, and the statistics of revenue. He is responsible for compiling the estimates of the annual departmental expenditure (salaries, etc.) and for preparing the final accounts of expenditure which eventually are submitted to Parliament. He also audits the accounts of dutiable goods in bonded warehouses, and advises the Board on financial questions generally.

25. The *Solicitor* advises on legal questions. He is in charge of all civil legal proceedings, and members of his staff conduct prosecutions in England and Wales for offences against the revenue laws, though prosecutions in minor cases are conducted by Surveyors (see paragraph 31) or Chief Preventive Officers (see paragraph 37). (In Scotland and Northern Ireland legal proceedings are conducted by the local Procurator Fiscal or the Crown Solicitor respectively, under the Solicitor's direction.) The Solicitor advises and assists when new legislation is being prepared, and drafts the statutory regulations (see paragraph 41) which the Board make from time to time.

26. The *Statistical Office* compiles statistics for this and other Departments, in particular the statistics of import and export trade which are published monthly, and in more detailed form annually, in volumes commonly known as "the Board of Trade returns".

V. EX-HEADQUARTERS ORGANISATION

27. The work of the Department, by its nature, requires a complete revenue network throughout Great Britain and Northern Ireland to ensure the proper assessment and collection of the Customs and Excise duties and to prevent and detect evasions of the revenue laws. The network consists of two separate Services, (1) the "Outdoor Service" and (2) the "Waterguard Service". The main responsibility of the former is the assessment and collection of duties, and that of the latter the prevention of smuggling by passengers and crews of ships and aircraft.

VI. THE OUTDOOR SERVICE

28. The actual work of assessment is performed by Officers of Customs and Excise employed either singly or in small groups in *Stations*, which may cover a wide area, part of a large town, part of a dock area or airport, or a single building or warehouse, the nature of the work varying accordingly.

29. On the Customs side the work consists of (1) seeing that all goods brought by an importing ship, aircraft or vehicle are properly accounted for and are not released until duty has been paid, (2) maintaining revenue control of goods and operations in bonded warehouses (cf. paragraph 7), (3) maintaining revenue supervision over the shipment of goods exported from bonded warehouses or on drawback (cf. paragraph 7), and (4) seeing that import and export prohibitions and restrictions (revenue and non-revenue) are complied with.

30. On the Excise side the work consists of (1) supervising the premises in which goods liable to Excise duties are produced, for example distilleries, breweries and beet sugar factories, (2) ensuring the proper payment of duties such as the various Excise licence duties and the Entertainments duty, (3) investigating the accounts, and if necessary examining the goods of registered Purchase Tax traders to ensure that the Tax is being properly charged, (4) examining goods which are being packed for exportation on

drawback, (5) maintaining revenue control in bonded warehouses, and (6) paying unexpected visits of a "preventive" nature to discover irregularities and evasions. Departmental Clerical Officers assist Officers in both Customs and Excise Stations where the volume of clerical work renders it economically possible.

31. *Stations* are grouped together in *Districts* in charge of Surveyors, who are responsible for the general supervision of the work and staff of the District. The Districts are grouped in *Collections*, which cover the whole of Great Britain and Northern Ireland.

32. Each Collection is under a Collector, who is responsible to the Board for its administration. He is the receiving official for the Customs and Excise revenue collected in the area under his control. He is assisted by one or more Assistant Collectors. So far as his office duties are concerned, the Collector is assisted by members of the Departmental Class, the basic grade of which is that of Departmental Clerical Officer. Apart from the receipt of duties, the work of the Collector's Office includes, on the Customs side, the taking of Ships' Reports and issuing Ships' Clearances, "passing" import entries and export documents, taking bonds and dealing with Wreck and Salvage matters, and on the Excise side the payment of drawback and certain non-revenue work.

Within the Collection there may be Sub-Offices performing work on the Customs side similar to that of Collectors' Offices.

33. In the Outdoor Service a grade of Watchers is employed, under the supervision of Officers, to patrol quays, bonded warehouses and other premises of revenue importance, to take charge of goods liable to duty until they are in a place of approved security and to check them when circumstances require.

Land Preventive Men are similarly under the supervision of Officers at Customs posts on the Irish Land Boundary to examine vehicles, take duty on passengers' baggage, accept Customs documents and to exercise general control of merchandise entering or leaving Northern Ireland.

VII. THE WATERGUARD SERVICE

34. The Waterguard (or preventive) Service is the first revenue guard against the smuggling of dutiable and prohibited goods by sea and by air. The Waterguard staff work at all seaports, harbours and creeks along the coastline, Customs airports, and the

Irish land boundary; they exercise control over ships, aircraft and crews and passengers. The duties of the Waterguard include the boarding of all ships and aircraft from overseas on their first arrival; the control of ships' surplus dutiable stores; the examination of the baggage and personal effects of passengers and crews, assessing and receiving the duty and Purchase Tax chargeable; the search for concealed contraband; and the supervision of coastwise and fishery shipping. During their stay in port all ships are kept under continuous surveillance and the shipment of duty-free stores for use on a new foreign voyage is supervised by the Waterguard. Work in relation to the Navy includes control of the landing of dutiable goods by individuals, and control of mess and canteen stores.

35. In the course of their duties Waterguard officers perform several important tasks for other Departments, for example the enforcement of Public Health Regulations on behalf of the Ministry of Health, the measurement of deck cargoes and certain Mercantile Marine work for the Ministry of Transport and Civil Aviation, control of the landing of live animals for the Ministry of Agriculture, Fisheries and Food and immigration work for the Home Office.

36. In exercising supervision over small creeks and long stretches of the coastline the Coast Preventive Service operates, under the control of the Inspector-General of Waterguard, a system of vigilance patrols. Work afloat by the Waterguard Service is mainly by means of Crown launches, manned by members of the Launch Service.

37. For administrative purposes Great Britain and Northern Ireland are divided into fifteen *Divisions*, each in charge of a Waterguard Superintendent under whom Chief Preventive Officers exercise control over *Districts* comprising a group of *Stations*. The basic unit of the Service is the Preventive Officer, who operates a Station (assistance from the training cadre of Assistant Preventive Officers being allocated as required).

VIII. DEPARTMENTAL STAFF RELATIONSHIPS THE WHITLEY SYSTEM

38. In 1919, machinery for co-operation between employer and employed was being introduced in the industrial field, and similar machinery (known as "Whitley Councils") was set up in

Government industrial establishments; in the same year, a National Whitley Council was set up to deal with general staff questions affecting the common classes of non-industrial Civil Servants, and also Departmental Councils to deal with matters peculiar to the staffs of individual Departments. Since 1925 all non-industrial Civil Servants below a certain salary limit have also been able to seek independent arbitration by an Industrial Court on disputes on questions of remuneration and conditions of service.

39. The Official Side membership of the National Whitley Council consists mainly of the permanent Heads of Departments; the Staff Side is appointed by groups of Staff Associations.

40. The Customs and Excise Departmental Whitley Council has an Official Side consisting of the Chairman and other members of the Board and other senior officials, and a Staff Side representing the recognised Staff Associations. The general objects set out in its Constitution include "the greatest measure of co-operation between the Administration, in its capacity as employer, and the general body of the staff in matters affecting the Department, with a view to increased efficiency in the Department combined with the well-being of those employed". The Constitution also provides for the Council's appointing Sub-Committees, Sectional or Grade Committees and Local and Office Committees, representing various staff groups. The Council meets monthly, and the other Committees meet from time to time as required, reporting to the Council for ratification their decisions on the many issues on conditions of employment which inevitably arise in a Department with many Departmental Grades. The Council have also appointed a Suggestions Committee to consider and report on suggestions, by the Official or Staff Sides or by individuals, as to methods of carrying out the work of the Department. The Department has been among the pioneers in applying Whitley principles, and this active policy will be continued in the future.

IX. LAW

41. All the work of the Customs and Excise Department is governed by law. Taxation cannot be levied except on the authority of Parliament. Again, the rules which it is necessary to require shipowners, importers, manufacturers and traders to observe, in order to secure the proper collection of the revenue, must have the force of law behind them. In modern practice, however, an Act of Parliament does not usually lay down such rules in all their

details, and more commonly power is given to an administrative authority to prescribe the details in "delegated legislation". As far as the Customs and Excise Department is concerned, the Commissioners are the authority to which this power is given, and regulations are issued in the form of "statutory instruments". For example, the main Act which governs the Entertainments Duty does not set out in detail the machinery by which the duty is to be worked. It empowers the Commissioners to make regulations for the purpose, and the regulations which have been made contain the full working rules and have the same force as an Act of Parliament.

42. Conversely, a legal liability to taxation, or a legal obligation to observe a rule, cannot in strictness be waived by any administrative authority. It is recognised, however, that the complexity of modern conditions of commerce and industry make it impossible for Acts or regulations to foresee and provide for every variant of circumstances which may appear from time to time, and common sense, as opposed to bureaucratic strictness, calls for a certain degree of elasticity in practice. On occasion, therefore, the Commissioners, either on their own responsibility or on the authority of the Treasury or the Chancellor of the Exchequer, make what are known as "extra-statutory concessions". A good example is the practice of allowing passengers arriving from abroad to have small quantities of tobacco, spirits and other dutiable articles which they bring with them free of Customs duty; this has no authority in law, but is governed by the administrative discretion of the Commissioners.

X. INSTRUCTIONS

43. The way in which the law, the statutory regulations and any extra-statutory concessions are to be applied in the day-to-day work of the Department, and the way in which the Commissioners wish that work to be carried on generally, are explained to the Service by instructions or directions from Headquarters. These may take the form of (a) printed codes of standing instructions on the various subjects, (b) "General Orders", which are issued when the importance of a subject not already dealt with in standing instructions calls for it and as a rule are eventually consolidated into standing instructions, (c) "Omnibus Weekly Orders", which stand only for six months and deal with matters of passing importance, (d) "Purchase Tax Orders", (e) Circular Letters, which are issued when the subject matter is of limited application or

interest, and finally (f) directions given, either by letter or by a "Board's Order", on a file concerned with a particular case which is reported to the Board as not being covered by any general instructions. By this means uniformity of treatment of all traders is secured, no matter in which part of the country the particular case may arise. Uniformity of administration is important.

XI. MACHINERY

(a) CUSTOMS

44. The Master of every ship arriving from overseas must bring his ship into an approved port and to a place of discharge that has been approved by the Commissioners. He must present a Report at the Custom House. Similarly, the Commander of every aircraft arriving in the United Kingdom is required to present a Report at the Customs airport of arrival and for a vehicle crossing the land boundary into Northern Ireland the carrier is required to present a Report at the land boundary station. These documents contain a list of the cargo carried and certain other information. Discharge may not be commenced without the authority of an Officer of Customs and Excise.

45. The importer of any goods (or his agent) must complete a prescribed form (known as the Entry) and present it to the Customs. The form requires particulars of the goods, including their description, quantity, value and the name of the country from which consigned; and a declaration must be made thereon that all the statements made regarding the goods are true. Goods may be entered for home use on payment of any duty or Purchase Tax due, or for deposit in a bonded warehouse, or for transshipment (immediate re-exportation in another ship or aircraft in the same port or airport) or in transit (immediate re-exportation from some other port or airport) or, in certain circumstances, for temporary importation.

46. The Entry is checked at the Custom House, and if goods are entered for immediate home use, any amounts of duty or Purchase Tax due are brought to account. The Entry then goes to the Officer at the dock, airport or land boundary station; he examines the goods and releases them only if he finds the Entry correct and is satisfied with the amounts of any duty or Purchase Tax which have been paid. No goods may be delivered from the place of discharge without his authority. As a final check the Accountant and Comptroller General compares the Collector's account of duty received against the Officer's schedules of duty paid.

47. Particulars of all exports must be given on prescribed forms. Forms relating to goods delivered from bonded warehouse, or on which drawback (repayment of duty) is claimed, or the export of which is restricted, must be presented to the Customs before the goods are shipped.

48. When dutiable goods are exported from bond or on drawback they must be examined by an Officer of Customs and Excise, who verifies that the description, quantity and amount of duty (in the case of goods exported from bond) or drawback (in the case of duty-paid goods) involved are correctly stated in the Shipping Bill and other documents. This examination is carried out at the bonded warehouse, or in the case of drawback usually at the premises of the manufacturer who is exporting the goods. The packages then go to the exporting ship, or aircraft, and an Officer at the dock, or airport, certifies that they are duly shipped on board.* Before export goods can be finally relieved from duty, whether they come from a bonded warehouse or are the subject of a claim to drawback, it is necessary to establish that they have in fact been taken out of the country.

(b) EXCISE

49. There is no similar uniform machinery for the Excise duties. As regards the Excise duties on goods, the ways in which the production of excisable goods and their delivery for home use are controlled and checked to secure payment of the duty, vary with the different goods and according to the different methods of manufacture. The machinery for the collection of entertainments duty and the betting duties, on the other hand, differs radically since these are duties on services rather than goods. These differences are illustrated in the following paragraphs.

50. Beer duty is charged on the quantity of beer made by a brewer. He is required to give notice of each occasion on which he intends to brew and must enter in a "Brewing Book" (provided by the Department) the quantities of the various materials to be used in each brewing and, when a brewing is finished, particulars of the beer produced. The quantities of materials used and the produce are subject to check by an Officer of Customs and Excise.

* In the case of goods exported as merchandise the certificate of shipment is given by an Officer of Customs and Excise. In the case of ships' stores a Waterguard officer gives the certificate.

51. As regards spirits, the operations at a distillery are controlled by Officers of Customs and Excise, who take an account of the quantity and strength of the spirits distilled as they are "collected" from the still. Duty is paid by the distiller only on spirits which are delivered from the distillery for home use, usually for potable purposes. Spirits for industrial purposes, for removal to a bonded warehouse, or for export are allowed to be delivered free of duty. The quantities and strengths of all spirits delivered from a distillery are ascertained by an Officer before delivery.

52. Entertainments duty and pool betting duty are assessed on the basis of returns of the business done in the previous week. The rate of entertainments duty is related to the price of admission, and the weekly return is therefore required to show the number of admissions at each price. Pool betting duty is calculated as a percentage of the money staked in the pool and the return is required to show the total stakes during the week. Cinemas, greyhound racing tracks and pool promoters' premises are visited by Officers to see that the law is fully complied with; visits are also made to verify the correctness of the returns.

XII. PARTICULAR CUSTOMS AND EXCISE DUTIES

53. The succeeding paragraphs give brief information about the main Customs and Excise duties, which are tobacco, beer, hydrocarbon oils, Purchase Tax, spirits, entertainments, the betting duties, sugar, and the protective Customs duties chargeable under the Import Duties Act, 1958. Appendix I to this booklet gives particulars of the yield of the main duties and certain other information.

54. *Tobacco.* The revenue from tobacco is mainly derived from a Customs duty on imported tobacco leaf. Most of the tobacco consumed in the United Kingdom is imported in this form and manufactured here into the various tobacco products *i.e.* cigarettes, pipe tobacco, cigars and snuff. On importation the leaf must be put into a bonded warehouse, the duty being paid when it is delivered from the warehouse for conveyance to the manufacturer's premises. Imported cigarettes, pipe tobacco, cigars and snuff are charged with Customs duties at separate rates.

Drawback is payable, subject to certain conditions, on British-manufactured tobacco products which are exported or shipped as

stores and also on tobacco refuse (the waste product of manufacture) on its deposit in a warehouse approved for the purpose, or on its exportation. The manufacture of tobacco is subject to supervision by the Department in order to protect the revenue (e.g. against the use of smuggled tobacco or of any prohibited materials) and tobacco may be sold only under an Excise Licence.

55. *Beer.* There is an Excise duty on beer brewed in this country, with countervailing Customs duties on imported beer. Very little imported beer is consumed in this country except Guinness' stout from the Irish Republic and lager from the Continent, and the bulk of the beer revenue is derived from the Excise duty. Briefly, the rate of duty chargeable varies with the strength of the beer, subject to a minimum. Beer, like other alcoholic liquors, may not be manufactured or sold wholesale or retail without the appropriate Excise licence.

56. *Purchase Tax.* This tax was introduced as a war-time measure in 1940, to discourage unnecessary spending on the part of the public and also to raise revenue. The latter is now its primary purpose. It is chargeable at varying percentages of the wholesale value of the goods, usually at the stage when they pass from the registered manufacturer or wholesaler to the unregistered retailer or consumer. The goods bear tax once, and in this respect the tax operates in the same way as an Excise duty (not like the sales taxes which in some countries are payable each time the goods change hands). Imported goods are also subject to Purchase Tax in addition to any Customs duty to which they are liable. The tax is payable on importation or delivery from bonded warehouse, except that registered manufacturers and wholesalers may import their goods tax-free, and pay the tax when they sell the goods to unregistered persons in this country. Goods for export, whether home-produced or imported, are exempted from tax.

57. *Hydrocarbon oils.* A Customs duty has been charged on hydrocarbon oils since 1928, and an Excise duty, at a lower rate, was imposed in 1950 on oils produced in this country from materials other than imported oils. The term "hydrocarbon oils" covers all petroleum (and some other) oils, the most important of which are motor spirit (light oil) and diesel or gas oil, kerosene or paraffin, fuel oil and lubricating oil (heavy oils). All hydrocarbon oils (whether crude or refined, and light or heavy) are nominally chargeable with the full rate of Customs or Excise duty, as appropriate,

but heavy oils, unless intended for use as fuel in road vehicles, are entitled to a full or partial rebate, which means that they are in effect either free of duty or (mainly in the case of lubricating oils) liable at a reduced rate.

Most oil is nowadays imported in crude form and refined in bond, in which event the duty, instead of being charged on importation, is charged (and any rebate allowed) on the products delivered from the refinery for home use. Since 1945, imported oils used in bonded refineries as raw material for chemical synthesis (i.e. for conversion into plastics, detergents, etc.) have not been chargeable with the duty; and an allowance equivalent to the Customs duty has been payable in respect of most indigenous oils on which Excise duty has been paid which are so used.

58. *Spirits.* There are Customs duties on imported spirits, for example, brandy, rum and various liqueurs. There is a counter-vailing Excise duty on British-made spirits. Some spirits made in United Kingdom distilleries are matured in bond for some years and are eventually consumed as whisky. Whisky when made is stored in a distillery or a bonded warehouse. The duty is paid on it when it is cleared from warehouse for home use, or it may be exported from bond without paying duty. Spirits, besides being a beverage, have great industrial importance. Alcohol (the name generally used to describe spirits used for industrial purposes) is a very important industrial chemical, and it is allowed to be used free of spirit duty for industrial and other non-potable purposes. An example of such non-potable use is the violet coloured methylated spirits which are used for various domestic purposes and can be bought at local oil shops.

59. *Entertainments duty.* Entertainments duty is chargeable on payments for admission to entertainments consisting wholly or partly of a cinematograph show or a television show, except where the cinematograph show or television show is merely ancillary to or designed to give instruction or information relevant to the purposes of a lecture or exhibition. The law also provides for exemption from duty for chargeable entertainments given in rural areas or for charitable or educational purposes.

60. *Betting duties.* These duties which consist of pool betting duty and bookmaker's licence duty were introduced in 1948. Pool betting duty is a tax on all pool betting except betting by means of a Racecourse Betting Control Board totalisator at a

horse race course. It applies to football pools and to totalisators at dog race tracks and is charged at a percentage of the stake money paid. Bookmaker's licence duty is paid by bookmakers at dog race courses where a totalisator is operated and is designed to counter-vail the tax on the totalisator.

61. *Sugar, molasses, glucose and saccharin.* Sugar is normally imported in a semi-manufactured state (raws) for refining here. Such sugar bears Customs duty at full, preferential Commonwealth, or preferential certificated colonial rates depending upon its origin. Sugar produced in the United Kingdom from home-grown sugar beet bears an Excise duty. The rate of Customs or Excise duty is governed by the degree of polarisation of the sugar, this being measured by an instrument, the polarimeter. Imported and home-produced molasses bear duty according to the percentage of sweetening matter they contain. Glucose and saccharin whether imported or home-produced are also subject to duty.

Imported foods and drinks which contain appreciable quantities of added sugar, molasses or glucose are liable to duty in respect of the sweetening matter.

Drawback is payable on the exportation of sugar produced in the United Kingdom and on goods (other than beer) in the manufacture or production of which in the United Kingdom any duty paid sugar, molasses, glucose or saccharin has been used. In addition sugar, molasses, glucose and saccharin may be delivered duty-free or on drawback for use in certain manufactures.

62. *Protective Customs duties chargeable under the Import Duties Act, 1958.* The Import Duties Act, 1958, consolidated all the pre-existing law relating to protective Customs duties and these duties are now chargeable only under that Act. It provides for imported goods to be classified for Customs purposes on the basis of the internationally agreed system known as the Brussels Nomenclature and for a uniform criterion for entitlement to Commonwealth Preference.

XIII. NON-REVENUE WORK

63. In addition to its revenue functions the Department has important responsibilities in connection with the enforcement of national controls e.g. licensing and exchange control, as they apply to the movement of goods, currency notes, etc., in and out of the country. Reference has already been made (in paragraph 20) to

certain of its functions under the Exchange Control Act, 1947. In addition, it is primarily responsible for the enforcement of the prohibitions on the importation of certain classes of securities and on the exportation of sterling bank notes, foreign currency notes, gold and various classes of financial documents. As regards import and export licensing it is concerned with the execution and enforcement of the policy of the Treasury and Board of Trade as to specific and general control of imports and exports.

64. Apart from these major non-revenue functions, the Department also performs a number of other items of work for other Government Departments. These include, on the Customs side, the prevention or control of traffic in e.g. dangerous drugs, and the operation, so far as imports are concerned, of such measures as the Copyright Act and the Merchandise Marks Acts, which protect the rights of individuals. Amongst other services of an agency character the Department undertakes for the Ministry of Transport and Civil Aviation mercantile marine work involving the engagement and discharge of crews, etc., at the smaller ports, the registration of British shipping and wreck salvage work; light dues leviable on ships using British ports are collected for Trinity House, and at certain ports immigration work in connection with the control of aliens is undertaken for the Home Office. An example of non-revenue work on the Excise side of the Service is dealing with applications in certain districts for the grant of Probate or Letters of Administration in cases where the gross value of the estate does not exceed £500.

APPENDIX I

This table shows the approximate yield of the Customs and Excise duties in the financial year 1957-58.

<i>Head of Duty</i>	<i>Revenue</i>		
	Customs £	Excise £	Total £
Tobacco	712,500,000	—	712,500,000
Alcoholic Drinks:			
Beer	15,000,000	246,100,000	421,100,000
Spirits	29,000,000	106,100,000	
Wine and British Wine	21,600,000	3,300,000	
Purchase Tax	—	494,200,000	494,200,000
Oil, etc.	311,500,000	10,300,000	321,800,000
Protective Duties	104,800,000	—	104,800,000
Entertainments Duty	—	26,500,000	26,500,000
Betting	—	30,400,000	30,400,000
Matches and Mechanical Lighters	4,500,000	8,400,000	12,900,000
Sugar, Molasses, Glucose and Saccharin	9,500,000	4,400,000	13,900,000
Revenue (a)	1,207,400,000	942,400,000	2,149,800,000

(a) These totals include other Customs and Excise duties.

	1957-58
Approximate cost of Collection of the Customs and Excise Revenue shown above	£18,100,000
Cost of Collection as percentage of total Customs and Excise Revenue	0.84%
National taxation receipts:	
Inland Revenue	£2,856,200,000
Customs and Excise	£2,149,800,000
Motor Vehicle Duties	£100,700,000
Total	£5,106,700,000
Customs and Excise receipts as percentage of Total	42%

APPENDIX II

CUSTOMS AND EXCISE DEPARTMENT: DISTRIBUTION OF DUTIES IN THE SECRETARIES' OFFICE AND THE
RELATION THERETO OF THE OTHER MAIN DIVISIONS OF STAFF.

