

In developing countries, the excise officer is a civil-servant appointed by the central tax authorities responsible for supervising factories producing goods (or companies importing goods) on which excise duties are imposed. A one-door control system is designed for these factories. All goods coming in or out of factories will be under the control of excise officer. These factories must have high walls all around them, all activities in the factory after office hours or in Sundays and holidays, although there is no release of goods, must be approved by superior tax authorities, otherwise the factory will be fined according to tax regulations. The excise officer is responsible for supervising all activities of the factory during and after office hours and all inflows and outflows, reporting to superior tax authorities, local Service of Trade and local government thereby ensuring collection of tax and helping the factory director improve business performance.

If the factory transports finished products to a warehouse for packaging before export, the excise officer will issue an order allowing the goods to be moved to the warehouse where another excise officer will be responsible for assessing taxes payable if the goods are to be sold in the home market, or issuing warehouse-keeper's order allowing the goods to be moved to a port for export, and seeing to it that no export duty is payable.

Specific tasks of the excise officer are: gaining complete information about organization, management and operation of the factory; inspecting inventory book and assessing excise duties payable periodically.

The office of the excise officer is built near the



## TO COLLECT EXCISE DUTIES AT PRODUCER'S

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entrance to the factory and next to the factory's control office. The excise officer receives everyday an inventory of raw materials and products finished the day before; inspects the store of raw materials, finished products and goods stored at warehouse at the beginning of the workday; inspects transport vehicles coming out of the entrance after signing, stamping and keeping slips of outgoing invoices; inspects vehicles going into the factory for information about inflows and outflows; supervises transport of finished products to warehouse inside the factory and other activities.

The company warehouse is a building for storing finished goods before selling them. This warehouse could be built inside the factory.

The customs bonded warehouse is used for storing imported goods before selling them in the home market, whereas duty-free warehouses hold duty-free goods before export. These warehouses are usually outside the factory. All goods stored there must be enclosed with outgoing invoices and transport orders.

Payers of excise duties must be under regular or irregular control. Traditionally, large-scale factories are under regular control while small and medium factories or family businesses are under irregular control.

What is the presence of excise officer for? There are many reasons for it: firstly, excise duties are used for directing production and consumption, regulating income distribution and controlling production and consumption of certain products; secondly, it's necessary to collect on time all taxes imposed on producers and consumers; and thirdly, excise duties could help to discourage consumption of certain inessential goods.



The excise duty is a class of indirect taxes paid by consumers and collected by suppliers. The excise officer will help to collect it on time and prevent suppliers, or producers, from delaying tax payments to the government.

In foreign countries, producers paying excise duties are usually under regular or irregular supervision of tax authorities. Being under regular control, the producer has to provide the excise officer with comfortable accommodation. Governments usually make a list of excise duty payers under regular control. All immovable property inside the factory of excise duty payer will be under the regular control of the excise officer who can carry out inspection without search warrant.

Large-scale concerns producing or trading goods on which excise duties are imposed must be under regular control of excise officer who has the rights to inspect all activities and accounts of the concern. The concern owner has to build well-furnished accommodation and office for the excise officer inside the concern. This accommodation must be made of brick or concrete and includes at least two rooms measuring five meters by five meters each. The floor of this accommodation must be at least one meter high. The accommodation must be supplied with power and clean water.

The application to form a factory of this kind must be enclosed with a detailed plan of the office of excise officer and be approved by the central tax authority or other authorized bodies.

In Vietnam today, the Excise Duties Act (Article 17, Clause 2) reads: Local tax agencies have rights to inspect accounts, invoices, documents, warehouses, factory buildings, stores, goods and trans-



port means relating to the collection of excise duties.

Articles 11 and 12 of the Decree 97/CP issued by the Government on Dec. 27, 1995 provide that excise duties are paid by import companies and manufacturing factories that import or produce such goods.

As for making duty payments, it's ruled that factories must make declaration of excise duties, make payments for excise duties after selling (or exporting) goods and receiving notification from tax authorities. Tax agencies must send officials to inspect and remind taxpayers to make payments on time.

If the factory doesn't get payments after selling goods, it could be allowed at most 15 days of grace after the tax notification is issued.

The Point 2a, Part III of the Circular 98TC/TCT issued by the Ministry of Finance on Dec. 30, 1995 rules that the process of making declaration of excise duties by companies that pay VNĐ300 million, or more, in excise duties every month is as follows:

- Based on outgoing invoices made everyday, the company makes a declaration of excise duties and send it to tax authorities the day after.

Tax authorities assess and inform the company of the amount of duties payable.

The Point 2b, Part III of the said Circular also rules that companies paying less than VNĐ300 million a month in excise duties shall make declaration every 5 or 10 days.

According to tax laws and other regulations, companies paying excise

duties could be divided into two groups: companies paying VNĐ300 million, or more, a month will be under regular control and the rest under irregular control. The status of excise officer could be established and the Government could make a list of companies under regular control by issuing a decree.

As stated above, the establishment of the excise officer status aims at collecting duties at source and ensuring regular income for the Treasury. Tax authorities and related bodies must be informed about all delays or embezzlements of duty payments in order to find appropriate solutions.

The release of finished goods from warehouses because of any reason (for sale, for use by the management or for use as samples and gifts in marketing campaigns, etc.) must go through the one-door control system and no single article is exempt from excise duties.

Amounts of raw materials must correspond with amounts of finished products and waste. Factory director is responsible for explaining all damage and waste product by producing reports or statements certified by the excise officer.

With the approval of the central tax authority, documents from the excise office is considered as comparable with factory's documents because the excise officer is responsible for reporting all activities of the factory.

In conclusion, we are of the opinion that the Government had better pay attention to the making of the status of tax agency and tax officials, including excise officers, with a view to ensuring regular budget income and encouraging production effectively in the market mechanism under the socialist orientation.