

MOF 2009 Project on Seizing Unlawful Tobacco and Alcohol

I. Foundation

In order to seize unlawful tobacco & alcohol and prevent tax evasion, this Project is made pursuant to Tobacco and Alcohol Administration Act and relevant regulations.

II. Objectives

To sustain the production/sales order in the alcohol & cigarette market, to lower impacts of unlawful tobacco & alcohol on tax revenue and the market, and to protect legal enterprises and consumer rights.

III. Enforcement

The National Treasury Agency, the Directorate General of Customs, and Taxation Agency of the Ministry of Finance.

IV. Operation

1. To provide staff supporting local government's seizure
 - (1) Timely supervise local governments to increase the staff on seizure: prompt local governments to value operation and prioritize funding the seizure of unlawful cigarette by the tobacco health and welfare surcharge.
 - (2) Supervise the Taiwan Tobacco & Liquor Corporation in assisting the seizure: supervise the Taiwan Tobacco & Liquor Corporation to assist the seizure and protect its tobacco & liquor rights pursuant to "the project the central government supporting local governments to seize

unlawful tobacco & liquor;”the manpower and inspection technique of the said company shall be applied to assist the seizure.

2. Seizure

(1) Highlighted Seizures

- a. Review and examine manufacturing and sales accounts of domestic alcohol producers.
- b. Review and examine manufacturing and sales accounts of domestic ethyl liquor producers.
- c. Review and examine ethyl liquor sellers.
- d. Review and examine flows of imported un-denatured ethyl alcohol.
- e. Randomly check the sanitation of liquors on the market.
- f. Review, examine, and inspect low-priced liquors on the market.
- g. Review, examine, and inspect low-priced tobaccos on the market.
- h. Review and examine accounting statements of low-priced tobacco importers.
- i. Review and examine flows of imported denatured ethyl alcohol.

(2) Examination

a. Regular examination

- (a) Tobacco or alcohol manufacturers: at least one spot check annually for each manufacturer (there are 454

manufacturers by the end of 2008).

- (b) Tobacco or alcohol importers: spot check more than 5% of the importers (there are 2,250 importers by the end of 2008).
 - (c) Sellers: spot check more than 5% of the sellers; if the number of tobacco or alcohol importers and sellers in the jurisdiction exceeds 7,000, then at least 350 shall be spot checked (there are a total of 80,633 by the end of 2008).
- b. Collect information and set a contact desk with designated personnel.
 - c. Regularly summarize inspection results and analyze items to be seized.
 - d. Filter repeated offenders and those who seized a large quantity of contrabands.
 - e. Request the prosecutors and polices to track suspicious enterprises.
 - f. Timely update those seized and the designated contact desk.
 - g. Review seizure results and strategies with supporting staff from time to time.

(3) Special Seizure Projects

- a. The Ankang Project, more than twice a month.
- b. Special seizures prior to traditional festivals, 5 times a year.
- c. Special seizure project targeting low-priced tobacco and alcohol, from time to time.

- d. Seizures targeting elections, from time to time.
- e. Seizures targeting reported cases.

3. Marketing/Promotion

The Directorate General of Customs of the MOF is in charge of promoting the seizure of tobacco & alcohol. The Taxation Agency is in charge of preventing tax evasion regarding tobacco and alcohol. The marketing items and methods are as follows:

(1) Business Information

- a. Release seizure results each month: publish results of unlawful tobacco & alcohol and tax evasion seized by local government and National Tax Administrations in various locations on the newsletters; report them to local governments and relevant authorities in charge.
- b. Produce and play the short clips from time to time: play the short clips, “Don’t be tempted to buy the cheap ones, say no to low-priced tobacco & alcohol” and “purchase and consume legal tobacco & alcohol,” on TTV, CTV, CTS, FTV, HakkaTV, and TITV; these short clips were outsourced by the MOF; request local governments to promote tobacco and alcohol regulations in various occasions.

(2) Multi-Channel Promotion

- a. Integrate all applicable funding in relevant authorizes for the use of promotions; publish advertisements on media/website, posters/DM/tissue packages/relevant

public stationary, in order to promote tobacco & alcohol regulations and prevent tax evasions; enhance public's awareness on tobacco & alcohol consumption and understanding on government's effort through intense and multi-channel promotions.

- b. Take advantage of websites of the Government Information Office of the Executive Yuan and the subordinating institutions of the MOF: upload the short clips on relevant web pages of the Government Information Office of the Executive Yuan or homepages of the subordinating institutions of the MOF, creating a 24-hour marketing channel for the public to view and download.
 - c. Coordinate with consumer protection activities, timely encourage the public to buy quality alcohol with "W" labels and avoid unidentified or low-priced alcohol.
 - d. Monitor local governments to convey policies to town/village residence and encourage them to report unlawful activities.
 - e. Monitor local governments to cooperate with tobacco & alcohol enterprises in the jurisdiction on the promotion.
- (3) Initiate media interviews if needed
- a. Initiate media interviews in case of a seizure or news event, release reports or special reports on material seizure of unlawful tobacco & alcohol and tax evasion cases.
 - b. Timely arrange newspapers, radios, magazines, wireless/cable TV for interviews.

V. Enforcement

1. The National Treasury Agency of the MOF

It shall coordinate seizures or supervise the following authorities to implement and promote the Project.

- (1) The Department of Health of the Executive Yuan, the Coast Guard Administration of the Executive Yuan, the National Police Agency of the Ministry of the Interior, and relevant prosecutors or polices.
- (2) Tobacco or alcohol enterprises.
- (3) Local governments.
- (4) Taiwan Tobacco & Liquor Corporation.

2. The Directorate General of Customs of the MOF.

It shall monitor regional Customs Office and subordinating agencies to enforce the following:

- (1) The tasks shall be divided pursuant to the Customs Anti-smuggling Act and the “Establishment Directions for Central Taskforce Seizing Unlawful Tobacco and Alcohol.”
- (2) Pursuant to the Ankang Protect, conduct market seizures along with local governments at least twice a month.
- (3) Support the “highlighted seizures”
 - a. Use the “Customer Information System for Seizing Smuggling” to filter imported manifests/customs declarations and examine suspicious merchandise.
 - b. Continue to enforce seizures on the sea; for suspicious ships from high-risk areas, strengthen the manifest filter, monitor unloading, check the coastline, and control

entrance at the bay area.

- c. Filter and examine customs declarations regarding denatured ethyl alcohol.
- d. Reinforce examination on imported low-priced tobacco; if suspecting unlawful activities, relevant information shall be forward to the seizure authorities to follow up.

3. The Taxation Agency of the MOF

It shall supervise regional National Tax Administrations and subordinating authorities to implement the following seizures and promotions:

- (1) The tasks shall be divided pursuant to the Customs Anti-smuggling Act and the “Establishment Directions for the Central Taskforce Seizing Unlawful tobacco & Alcohol.”
- (2) Assist tasks related to “highlighted seizures”
 - a. Review and examine manufacturing and sales accounts of domestic alcohol producers.
 - b. Review and examine manufacturing and sales accounts of domestic ethyl liquor producers.
 - c. Review, examine, and inspect low-price liquors on the market.
 - d. Review and examine accounting statements of low-priced tobacco importers.
 - e. Review redirected cases involving unlawful low-priced tobacco and alcohol.

VI. Performance Evaluation and Review

1. The National Treasury Agency shall publish results of unlawful tobacco & alcohol seizure and tax evasion detected by local governments in newsletters, then report them to the local government and relevant authorities in charge.
2. Every six months, the National Treasury Agency, the Directorate General of Customs, and Taxation Agency of the Ministry of Finance shall report the progress of “highlighted seizure” to the “Central Taskforce Committee Seizing Unlawful Tobacco and Alcohol.”
3. Annual Achievement
 - (1) The local governments shall be evaluated pursuant to the “Regulations on the Evaluation of Seizures on Unlawful Tobacco & Alcohol by the Central Government;” rewards and administrative honor will be awarded to those with a great performance.
 - (2) The Taiwan Tobacco & Liquor Corporation shall include seizure and relevant performance into the company’s annual evaluation.
 - (3) The National Treasury Agency will report and award relevant authorizes or those with a great performance in individual seizure on a special basis.
 - (4) Annual evaluation shall be convened to analyze the results of seizures, as a reference to future plans.

VII. Funding

The funding of the Project shall come from budgets of relevant enforcement authorities.

VIII. Expected Benefits

We hope to reach the following goals by building a seizure mechanism, utilizing manpower and resource of the authorities involved.

1. To prevent unlawful tobacco and alcohol from being produced or sold, to protect public health and life.
2. To restore the order to tobacco & alcohol manufacturing/ sales and to improve regulations on tobacco & alcohol.
3. To further enforce seizures on unlawful tobacco & alcohol and protect rights of legal enterprises and consumers.