

香港海關
香港中環統一碼頭道
海港政府大樓 7 字樓



CUSTOMS AND EXCISE DEPARTMENT
HONG KONG
7/F, Harbour Building
38 Pier Road, Central
Hong Kong

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28 January 2003

Public Accounts Committee
(Attn : Miss Sandy Chu)
Legislative Council Building
8 Jackson Road, Central
HONG KONG

Dear Miss Chu,

**The Director of Audit's Report on the
result of value for money audits (Report No.39)**

**Chapter 2 : The Customs and Excise Department's efforts
to protect government revenue from dutiable commodities**

Thank you for your letter of 22 January 2003.

I append below the information that you requested:

- (a) Under the revised licence conditions, the licensee is no longer required to inspect a customer's Hong Kong Identity Card during each transaction. However, if the customer asks to purchase more than 3 small packets (i.e. 60 cigarettes), he will be asked to show his travel document;

- (b) Two floor plans showing the locations of the Customs and Excise Duty Payment Office and the Duty Free Shop (DFS) sales outlets at the first and second floors of the Lowu Terminal are attached at Annex ; and
- (c) - (e) When the quantity of cigarettes to be purchased by a customer exceeds the duty-free concession, the DFS will issue the customer with an invoice after receiving payment and inform the customer to proceed, through the Immigration counters, to the Customs and Excise Duty Payment Office at the Customs area for duty payment and collection of the cigarettes. Where necessary, the DFS would supply a map [same as Annex] to the customer showing how he/she could proceed to the Customs & Excise Duty Payment Office;

At the same time, the DFS will arrange for a staff to deliver the cigarettes to the Customs & Excise Duty Payment Office, which is not another DFS sales outlet, and wait for the customer there. When the customer shows up, the DFS staff will present the cigarettes purchased by the customer to the Customs officer at the Customs & Excise Duty Payment Office;

The Customs officer will then assess duty on the cigarettes. Duty will only be levied on the quantity of cigarettes in excess of the duty-free concession. In suspicious cases, the Customs officer may need to inspect the customer's travel document in order to verify whether the customer has met all the requirements for enjoying the duty-free concession. The customer can collect the cigarettes after payment of duty; and

This requirement is a measure for the protection of revenue and the DFS has been consulted before its implementation. As the Customs & Excise Duty Payment Office is away from the DFS sales outlets and such occasions are very rare in practice, this arrangement should not cause any congestion in the arrival halls at the Lowu Terminal.

Yours sincerely,



(K Chow)

for Commissioner of Customs & Excise

c.c. Secretary for Financial Services and the Treasury
Director of Immigration
Director of Audit

***Note by Clerk, PAC:** *Annex not attached.*