



Excise Tax Cooperation in the Southern African Development Community (SADC) Region

With focus on SADC Excise Tax Guidelines

David Hollinrake

Technical adviser: SADC REIS Programme

REIS Programme supported by the European Union



Note

- *This presentation is made with the permission of the SADC Secretariat, however it reflects the views and opinions of the presenter and does not necessarily reflect the policy views or opinions of the SADC Secretariat or of any of the Member States.*
- *Any errors or omissions are the responsibility of the presenter*

Content

- Introduction to SADC
- SADC economic cooperation including tax cooperation
- SADC Excise Tax cooperation:
 - SADC Illicit excise trade study
 - Excise Guidelines development
 - Early implementation activities

Introduction to SADC

15 Member States

- Angola
- **Botswana (host of the Secretariat)**
- Democratic Republic of Congo (DRC)
- Lesotho
- Madagascar
- Malawi
- Mauritius
- Mozambique
- Namibia
- Seychelles
- South Africa
- Swaziland
- United Republic of Tanzania
- Zambia
- Zimbabwe

Introduction to SADC contd.

Vision

- **to further the socio-economic integration** of the Region and thus attain development and economic growth, the alleviation of poverty and an enhanced standard and quality of life;
- **to encourage political co-operation**, evolve common political value systems and institutions; and to promote peace and security;
- **to encourage self-sustaining development** on the basis of collective self-reliance and interdependence of Member States;
- **to advance complementary national and regional strategies** and programmes;
- **to support and maximise productive employment** and utilisation of resources within the Region; and
- **to achieve sustainability of natural resources** and effective protection of the environment.

Introduction to SADC contd.

1. Protocol on Employment and Labour
2. Protocol on the Development of Tourism (1998)
3. Protocol on Science Technology and Innovation (2008)
4. Protocol on Gender and Development (2008)
- 5. Protocol on Finance and Investment (2006)**
6. Protocol on Facilitation of Movement of Persons (2005)
7. Protocol on Mutual Legal Assistance in Criminal Matters (2002)
8. Protocol on Forestry (2002)
9. Protocol on Politics, Defence and Security (2001)
10. Protocol on Fisheries (2006)
11. Protocol on Culture, Information and Sport 2001
12. Protocol on the Control of Firearms, Ammunition and Other Materials (2001)
13. Protocol Against Corruption (2001)
14. Protocol on the Tribunal and Rules thereof (2000)
15. Protocol on Legal Affairs (2000)
16. Protocol on Wildlife Conservation and Law Enforcement (1999)
17. Protocol on Mining (1997)
18. Protocol on Education & Training (1997)
19. Protocol on Transport, Communications and Meteorology (1996)
20. Protocol on Energy (1996)
21. Protocol on Combating Illicit Drug Trafficking 1996
22. Protocol on Trade (1996) + Annex Sanitary and Phyto-sanitary (SPS)

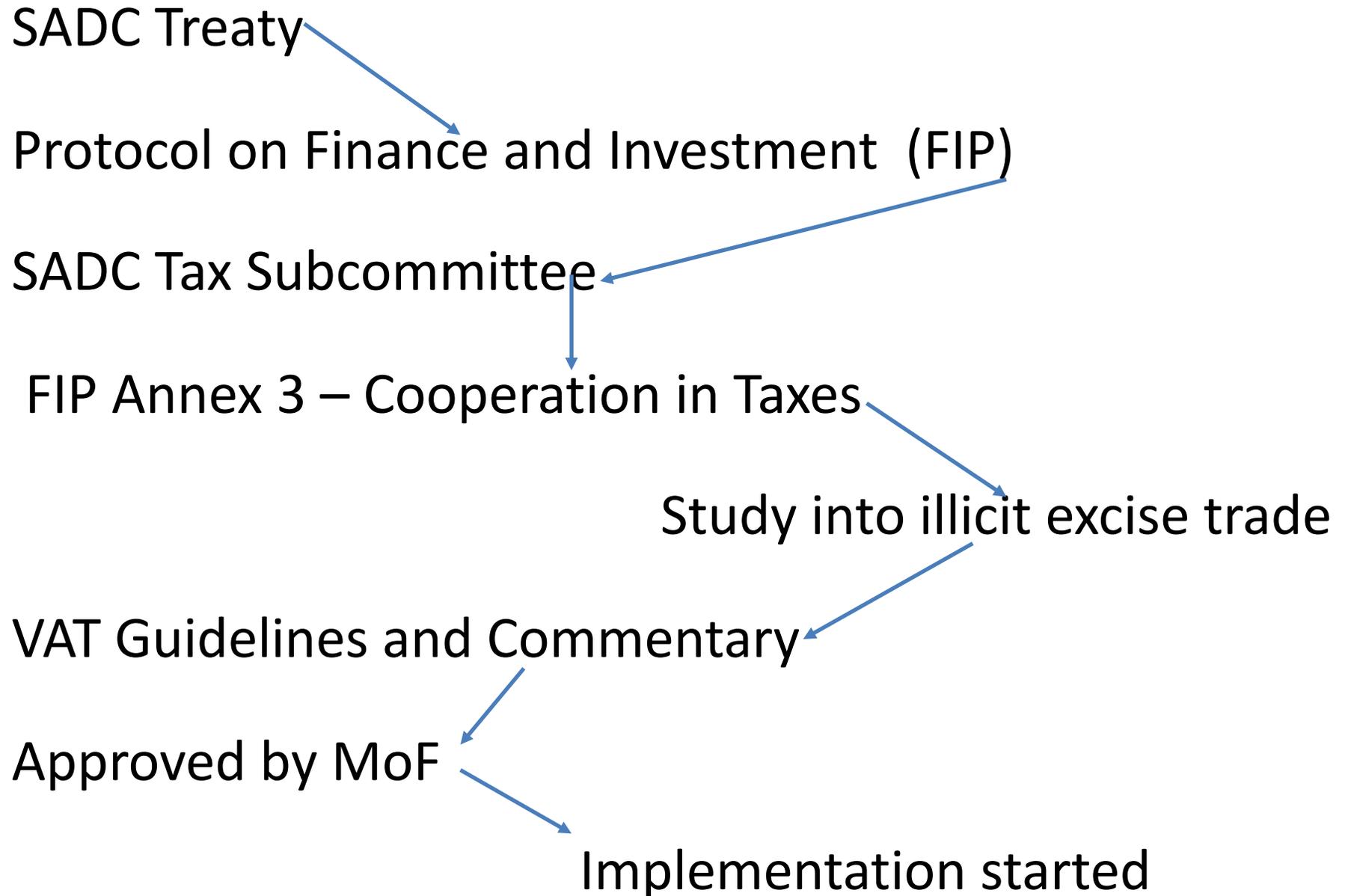
Introduction to SADC contd

SADC framework for Regional integration – The regional Indicative strategic Development Plan - **RISDP**

- RISDP timelines for a **Customs Union by 2010, Common Market by 2015** and a common currency by 2018 - BUT
- RISDP was revised 2015 and adopted by the SADC Council of Ministers in August 2016 – although publication is awaited. **The original timelines for customs union etc. have been put on hold**

SADC Economic Integration Including Tax Cooperation

Mandate for Excise Tax cooperation



SADC Economic Cooperation

- Operationalised through three Protocols –SADC Protocol on Trade, **SADC Protocol on Finance and Investment (FIP)** and SADC Protocol on Trade in Services
- The Protocol on Trade and on Trade in Services under the responsibility of SADC Committee of Ministers of Trade and Industry; FIP falls under the **SADC Committee of Ministers of Finance and Investment (MoF - NB not Commissioners' General)**
- The FIP covers Investment; Macroeconomic Convergence and **Tax Annex 3 “Cooperation in Taxation and Related Matters”** as well as cooperation across the financial sector (PPDF and CCBG)
- Unintended consequence **that tax cooperation does not include customs – as customs cooperation falls within the ambit of the Protocol on Trade which creates a challenge on excise – as excise is a major customs issue and some Member States have domestic excise as part of customs administration**

SADC Protocol on Finance & Investment (FIP)

- Entered into force on 6th April 2010
- Responsibility for FIP – SADC MoF supported by SADC substructures: For Tax Annex 3:
 - **Secretariat**, Senior Programme Officer
Macroeconomic policies and convergence (TIFI Directorate)
 - **Tax Subcommittee**
 - Tax Technical working groups covering
 - ✓ Tax Incentives
 - ✓ Tax Agreements (SADC model DTAA etc)
 - ✓ **Indirect Taxes including Excise Tax and Excise Sub-Group**

SADC Tax Cooperation

- Tax Subcommittee created 2001
- made up of senior tax officials from all Member States
- Subcommittee covers both tax Policy and Revenue Administration
- **Main drivers for the creation of Subcommittee included:**
 - **domestic revenue enhancement including to -**
 - ✓ **provide fiscal-space for reductions in customs duties in line with international trade agreements;**
 - ✓ **reduced donor dependency; and**
 - **fair equitable and modern tax regimes based on good practice to facilitate investment into the region**

FIP Annex 3 – Cooperation in Taxation

FIP Annex 3 Co-operation in taxation and related matters

Although legally binding, much of the language in the FIP is non-binding in style, consistent with the fact it was first an MoU + SADC's consensus-based approach.

Seven articles:

- 1 Definitions
- 2 SADC Tax Database
- 3 Tax specific Capacity Building
- 4 Application & treatment of tax incentives
- 5 Tax agreements
- 6 Indirect Taxes (VAT and Excise)**
- 7 Settlement of Dispute

Annex 3 of FIP - Article 6 - Indirect Taxes

- Co-operation in harmonisation of the administration of indirect taxes
- Gradually substitute taxes on internationally traded goods and services with broad-based indirect taxes on consumption
- **Collectively explore co-ordination for policy formulation and administration in respect of excise duties** (tobacco products, alcoholic beverages and fuel products etc.)
- **Promote the use of excise duty on *ad valorem* basis** on luxury goods as an alternative to the application of multiple VAT rates
- **Harmonise the application of excise duty rates** to minimise smuggling (tobacco products, alcoholic beverages and fuel products)
- **Exchange information** to engage in programmes of mutual assistance and co-operate to prevent unlawful activities (i.e. smuggling and counterfeit importations)

Article 6 - Indirect Taxes contd.

- **In an effort to combat cross border smuggling activities identify areas of co-operation** and agreement for
 - the protection of tax bases; and
 - addressing the problem of tax leakages and gaps in tax compliance
- **Enter into bilateral agreements** with each other (SADC model tax agreement) to deal with exchange of information on Excise Tax and to make provision for mutual assistance on matters such as effective revenue collection
- Identify and explore areas of possible co-ordination and co-operation in the policy formulation and administration of VAT Harmonise VAT regimes
 - Set minimum standard VAT rates;
 - Application of zero-rating and exemptions.

SADC Excise Tax Cooperation

SADC Excise Tax Cooperation – progress

- Cooperation in Excise Tax in SADC is a challenge as Member State systems vary - different Excise Tax applications + French and Portuguese variations.
- 2005 to 2009 efforts towards developing regional Excise Act (regional model law e.g. Customs) but progress was slow ...
- 2009 South Africa Treasury made a presentation to the Tax Subcommittee on the illicit trade in excisable products as it impacted South Africa & the Region
- The Tax Subcommittee tasked the Secretariat to commission a study into illicit excise trade – this waited for EU Funded FIP Project 2010 for funding.
- Meanwhile ... in 2010 (Livingstone) the Tax Subcommittee agreed to drop the development of Model law and instead **develop Guidelines as a regional framework to implement the FIP** – in keeping with the SADC mandate (also for VAT and Tax Incentives)
- January 2011 MoF approved Guidelines approach

SADC Excise Tax Cooperation contd.

From 2010 – consecutive process:

- First carry out **“Study into the illicit trade in excisable products with particular reference to alcohol and tobacco products”** 75 Day study for 2 experts was commissioned - Liz Allen and Tony Lester
- <http://www.sadc.int/documents-publications/show/1362>
- Then - develop regional **Excise Guidelines** incorporating the findings of the study
- Excise Guidelines trailed other VAT and Incentives Guidelines by 9 months (VAT Guidelines started February 2011)

Study Into Illicit Excise Trade

- **Terms of reference** “to evaluate the extent of & provide recommendations for solutions for combating the illicit trade in excisable products in the SADC region, with particular emphasis on the illicit trade in alcoholic beverages & tobacco products.”

Export



illicit import ...



Toolkit for Member Countries

- **Strategic approach** recommended including:
 - **Tax Policy & Data Quality**
 - ✓ Clean up data & use it
 - ✓ Follow accepted tax policy principles
 - **Administration Policies** for Excisable Products
 - ✓ Administration policies must support the fight against illicit trade
 - ✓ Limit movements of imports between customs warehouses
 - ✓ Review excise legislation
 - ✓ Ensure that offences & penalties are appropriate & that the judiciary is made aware of the seriousness of excise offences.

Toolkit For Member Countries Continued

- Provide **user friendly guidance** on excise requirements to taxpayers & staff & comprehensive guidance to staff on audit & enforcement
- **Develop supply chain requirements** for track & trace
- Improve excise control & enforcement
- Develop a comprehensive **enforcement strategy** involving all other enforcement agencies
- **Zero tolerance to corruption** in words & actions
- **Measure the extent** of illicit trade & set outcome based targets for reduction across Government
- Focus on developing **one-stop-border posts** at all major customs land boundaries with scanners & facilities to examine tankers.

Toolkit for Member Countries Continued

- Extend the **enforcement strategy to cover demand as well as supply** through a collaborative approach with Ministries of Health, Social Welfare & Education.
- **Provide focus on excise** through appointment of a senior excise manager responsible for national control of excisable goods.
- **Improve control of excise producers** by improving excise capability with specialist or professional training & standards.

Toolkit For Member Countries Continued

- **Develop a database** with up-to-date details of all excise operators to facilitate speedy responses to mutual assistance exchange of information queries
- **Use mutual assistance** provisions to verify suspect entries & declarations.
- **Gain support** of the consumer protection ministry & of VAT officials to check on the payment of duty on alcohol & cigarettes during their inspections at wholesale & retail outlets.

Study aftermath

- **Study findings commended and accepted** by the SADC Tax Subcommittee and published in 2012
- Study recommendations and toolkit are a major resource for the Member States
- Much of the study findings **are reflected in the Excise Guidelines**
- **Challenges:** Because of the parallel process of the Excise Guidelines VAT and Tax incentives monitoring and evaluation of the use of the toolkit has not taken place
 - Excise Working Group will review as part of Guidelines implementation in 2017
 - Re-published on updated SADC Web Site
<http://www.sadc.int/documents-publications/show/1362>

**SADC Guidelines for Co-operation in Excise Taxes - and
Commentary thereto**

Excise Tax Guidelines development

Underlying principles

- Member State focused
 - Design & administer to best suit Member states
 - Destination based principles – zero rate outside jurisdiction
- Regional co-ordination
 - Facilitate common market
 - Deter and detect smuggling, fraud and avoidance
 - Facilitate legitimate business and trade.
- Intended to support:
 - Policy co-operation and co-ordination
 - Administrative co-operation and co-ordination
 - Revenue mobilisation - minimise exemptions and zero-ratings, deter and detect fraud and smuggling

FAQs

- Are the Guidelines specifically mentioned in the FIP?
 - No: but the MoF have mandated that this as the approach to take to facilitate implementation of the FIP
- Are the Guidelines binding on Member States?
 - No: they are good practice frameworks that provide the basis for cooperation/coordination to facilitate implementation of the FIP
- Why not binding?
 - There is no legal basis for binding legislation in SADC
- So how will they be of benefit?
 - The Guidelines are a framework – a best practice benchmark that Member States will report progress against. Also they can be used to inform policy and administration decisions e.g. to assist modernisation, and resist exemption creep e.g. Malawi budget 2016
- Are the Guidelines published? Yes: SADC Web Site
 - Excise <http://www.sadc.int/documents-publications/show/4663>
 - VAT <http://www.sadc.int/documents-publications/show/4662>

Guidelines process

- December 2011 - concept developed by the Secretariat and a Task Force of 6 volunteer Member States met in 2011 Dar es Salaam to develop an outline draft
- Meeting of all MS in Pretoria 2013 took the draft forward – **decision to split into Guidelines and Commentary**
 - **Guidelines** are statements of principle that should be valid for many years,
 - **Commentary** is a wealth of supporting and explanatory material that is likely to be updated at least biannually e.g. Commentary includes exclamations of price elasticities and affordability and revenue risks etc.
- **STE commissioned** to assist with technical content including links with trade (David Child)
- March 2014 meeting in Gaborone to finalise the draft
- Member States identified capacity particularly with regard to oversight and enforcement and the Secretariat were requested to develop **SADC Excise Manual**

Guidelines process contd.

- July 2014 VAT and Excise Guidelines concluded by joint meeting of the Indirect Taxes Working Group.
- March 2015 Tax Subcommittee approved VAT Excise and Tax Incentives Guidelines for referral to MoF
- **August 2015 MoF approved the drafts**
- Feb-July 2016 Three Task Team meetings - Botswana, Malawi, South Africa, Swaziland Zambia, Zimbabwe) to do final polishing before publication (especially the Commentary) and begin implementation work
- “Standard mode of charge” and action plan for implementation developed ready for approval by Tax Subcommittee in Feb 2017

Challenges faced

- **Consensus building** on a voluntary non-binding basis amongst 15 diverse Member States
- **Participation was excellent** (95%) but not 100%
- Contribution was positive but process revealed **capacity limitations**
 - Relatively few excise experts in Member States
 - Difficult to identify them – often part of customs administration
 - Inconsistent attendance
 - Level of expertise and capacity variable in the Member States
- Focus was on leadership by the technically stronger MS with STE help on technicalities
- Fact that it was **parallel with Tax Incentives and VAT Guidelines** stretched resources
- Took 4 years...

Contents

- **CHAPTER 1: COMMON EXCISE TAX DESIGN**
 - Guideline 1: Principles Applicable to Excise Taxes in SADC
 - Guideline 2: Harmonised Application of Excise Tax Rates
 - Guideline 3: Classifications, Exemptions Marking and Standards
 - Guideline 4: Design Considerations for Potentially Harmful Goods
- **CHAPTER 2: EXCISE TAX ADMINISTRATION**
 - Guideline 5: Harmonised Approach to Excise Tax Administration
 - Guideline 6: Registration as an Excise Tax Operator
 - Guideline 7: Excise Tax Points; Returns and Records
 - Guideline 8: Supervision over the Production of High Revenue Risk Goods
 - Guideline 9: Controls over the Movement of High Revenue Risk Goods
 - Guideline 10: Powers of Revenue Administrations
 - Guideline 11: Compliance
- **CHAPTER 3: EXCHANGE OF INFORMATION AND MUTUAL ASSISTANCE**
 - Guideline 12: Exchange of Information and Mutual Assistance
- **DEFINITIONS AND GLOSSARY**

Preamble

- RECOGNISING: the need to take such steps as are necessary to maximise co-operation in taxation matters and to co-ordinate the tax regimes among and between Member States; the objective of establishing a common market in the SADC region;
 - the desirability of facilitating legitimate business and regional trade through fair and efficient tax regimes;
 - the need for Member States to sustain and enhance their domestic tax revenues on an equitable and efficient basis; and
 - that excise taxes are indirect taxes that are:
 - ✓ commonly applied to selected goods and services;
 - ✓ are revenue efficient; and
 - ✓ may be used to influence consumption behaviour or to compensate for the negative effects of consumption of selected goods and services;

Preamble Contd.

- ACKNOWLEDGING that the following Guidelines represent **a framework for co-operation** in the design and application of excise taxes in the SADC region;
- RECOGNISING the differing levels of economic development in the Region and that the excise tax regimes in Member States are similarly diverse;
- MINDFUL that these Guidelines are **not binding** on Member States and hence do not require Member States to undertake or refrain from any actions; and
- **DETERMINED to cooperate** with each other with regard to indirect taxes;
- THE MEMBER STATES AGREE to these Guidelines and to **endeavour to implement them.**

Chapter 1: Common Excise Tax Design

GUIDELINE 1: PRINCIPLES APPLICABLE TO EXCISE TAXES IN THE SADC REGION – Member States agree to

- tax the consumption of most goods and services by a Value Added Tax (VAT) and not by excise taxes;
- allow for the taxation of non-essential or luxury goods or services by both excise tax and VAT, but to promote the use of excise tax on an *ad valorem* basis on such goods or services as an alternative to taxation by a high VAT rate;
- avoid subjecting any goods or services to more than one national excise tax;
- avoid imposing levies on goods or services that are liable to national excise taxes; and
- refrain from offering discriminatory excise tax treatment that may result in a tax benefit for local producers

Chapter 1: Common Excise Tax Design

GUIDELINE 2: HARMONISED APPLICATION OF EXCISE TAX RATES Member States agree to

- **harmonise the application of excise duty rates** in the SADC region with particular regard to tobacco products, alcoholic beverages and fuel products; and to that end
- develop as a benchmark for the Region, lists of standardised excise rates.

Chapter 1: Common Excise Tax Design

GUIDELINE 3: CLASSIFICATIONS, EXEMPTIONS MARKING AND STANDARDS Member States agree to

- to use common definitions and classifications for the goods or services subject to excise tax;
 - to adopt a co-ordinated approach to excise exemptions, rebates and reliefs;
 - to co-ordinate the marking, labelling, quality standards or other such requirements for excisable goods in the Region; and
 - not to permit the manufacture of excisable goods for export if they do not conform to the marking, labelling, quality standards, or other such requirements of the destination Member State.

Chapter 1: Common Excise Tax Design

GUIDELINE 4: DESIGN CONSIDERATIONS FOR POTENTIALLY HARMFUL GOODS Member States agree to

- **adopt a common approach to the taxation of excisable goods or services that are potentially harmful** either to health, or to the environment, or which carry external social costs;
- **use excise taxation as an appropriate vehicle to curb consumption** or compensate for the negative effects including external social costs of the consumption of goods or services that are environmentally damaging.

Chapter 1: Common Excise Tax Design

GUIDELINE 4: Contd.

- take into consideration, in determining the excise tax rates for tobacco products and alcoholic beverages:
 - the potentially harmful content of the product and, therefore, to:
 - tax tobacco products on size/length/weight rather than on quantity alone as a proxy for harmfulness; and
 - tax alcoholic beverages according to the alcohol content;
 - simplicity, predictability and stability for industry
 - revenue yield and price and cross-price elasticities and affordability for consumers;
 - ease of administration and compliance;
 - the risk of high tax rates encouraging illicit trade; and
 - the risk of double taxation especially with regard to ethanol and alcoholic beverages

Chapter 2: Excise Administration

GUIDELINE 5: HARMONISED APPROACH TO EXCISE TAX ADMINISTRATION - Member States agree to a common approach to

- the **management** of excise taxes;
- **revenue administration** including:
 - registration as an excise operator;
 - excise tax points, returns and records;
 - supervision by revenue administrations over the production of high revenue risk excisable goods;
 - control by revenue administrations over the movement of high revenue risk excisable goods;
 - the powers of revenue administrations; and
 - compliance.

Chapter 2: Excise Administration

GUIDELINE 6: REGISTRATION AS AN EXCISE TAX OPERATOR Member States agree to apply

- **common criteria for the registration** of excise operators and for the criteria to reflect the nature of the excisable goods or services that will be produced, traded or provided;
- **standardised registration information requirements** for all excise tax operators, supplemented by additional information for excise tax operators producing, handling, trading or providing high revenue risk excisable goods or services;
- **a regional excise tax operator and bonded warehouse registration database** (including a common naming and or numbering system);
- **common approval requirements** for bonded warehouses for excisable goods including for warehouses:
 - in which excisable goods are stored after importation and before exportation; and
 - for bulk and finished products and including for production, operations, storage and distribution; and
- **common maximum durations** for the storage of excisable goods in bonded warehouses.

Chapter 2: Excise Administration

GUIDELINE 7: EXCISE TAX POINT, RETURNS AND RECORDS - Standardised requirements:

- **the tax point** for excisable goods or service, with the liability to excise tax arising for goods at the point of manufacture, but providing that payment of the tax may be delayed until the goods become a finished product;
- **the submission of returns** by excise tax operators including:
 - the periods covered; and
 - the goods or services covered including those produced; subjected to operations; rebated; exported; or removed;
- **the records to be retained** by excise tax operators including the type of goods or services being produced; stored; transported; or supplied; and
- **the provision of key minimum data** by transporters for movements of untaxed high revenue risk excisable goods.

Chapter 2: Excise Administration

GUIDELINE 8: SUPERVISION OVER THE PRODUCTION OF HIGH REVENUE RISK GOODS - Member States agree it is best practice:

- **for close administrative supervision** to be exercised over the production and control of high revenue risk excisable goods including:
 - denaturing ethanol for use in producing a non-potable product, before it leaves the production facility;
 - marking untaxed or reduced tax oil products that are capable of being used as road fuels, before they leave the production facility; and
 - marking finished tobacco products as proof of tax payment and to facilitate the tracking and tracing of production;
- **to take a common approach to the use of denaturants and marking** in the Region including:
 - a common list of approved denaturants;
 - common requirements with regard to the quantities of denaturants applied; and
 - a common approach to the use of chemical markers and fiscal markers, including tax stamps.

Chapter 2: Excise Administration

GUIDELINE 9: CONTROL OVER THE MOVEMENT OF HIGH REVENUE RISK PRODUCTS Member States agree that -

- **the movement of untaxed high revenue risk excisable** products including tobacco products, ethanol, alcoholic beverages, and fuel products from one bonded premises to another should be limited to when the product:
 - has to undergo further manufacturing prior to becoming a finished product; or
 - is intended for a non-taxable use; or
 - is intended for export;
- **there should be no more than one tax unpaid movement** of high revenue risk excisable products; either from manufacturing bonded warehouses, or after importation;
- when high revenue risk excisable products are being moved between bonded premises or for removal for export, **specified information is to be provided** in advance of the removal and that sufficient security should be required to cover the tax at risk on each movement;

Chapter 2: Excise Administration

GUIDELINE 9: contd.

- the **SADC Customs transit system** (and the customs systems of Member States) should take account of excise tax requirements
- a **single SADC Customs bond guarantee** system should be put in place and apply to all movements of goods (including excisable products) across the Region
- **standardised Regional requirements** should be adopted for data collection on and for the control of movements of high revenue risk excisable products.

Chapter 2: Excise Administration

GUIDELINE 10: POWERS OF REVENUE ADMINISTRATIONS - Member States agree it is best practice for revenue administrations to have powers to:

- **determine whether or not an applicant should be registered** as an excise tax operator and have clear and transparent criteria for the application of powers to amend, suspend or cancel/revoke licences or approvals;
- **inspect records, equipment**, plant and vehicles at business premises for audit and administration; to make such inspections at any time announced or unannounced; and to require CCTV or other appropriate technology to enable manufacture, storage and movements to be monitored;
- **be able to access the records of third parties** including suppliers, customers and contractors;
- **enter/inspect/search premises**, equipment and vehicles; to take goods as evidence; and to seize bank accounts and freeze assets;
- **arrest, either** directly or in collaboration with another government agency, persons suspected of fraud;
- **detain illicit products** and or any equipment used to produce illicit goods including vehicles used to transport illicit goods; and for them to be forfeited to the State; and
- **close down premises**

Chapter 2: Excise Administration

GUIDELINE 10: Contd.

- to ensure that revenue administration officials comply with legislation including instituting:
 - safeguards and sanctions against improper actions by officials;
 - procedures governing requests for re-consideration and appeals;
 - accessible and independent complaints procedures;
 - and
- to ensure that all legal powers, and procedures governing complaints, requests for re-consideration and appeals, are clear and transparent and **published, including to industry.**

Chapter 2: Excise Administration

GUIDELINE 11: COMPLIANCE - Member States agree to

- it is best practice for revenue administrations to have an **excise tax compliance strategy** that:
 - includes the promotion of voluntary compliance; and
 - describes how the administration will enforce compliance;
- best practice for revenue administrations to **encourage excise tax operator compliance** by:
 - reducing compliance costs including by simplifying laws, policies, and administrative procedures;
 - providing quality services to taxpayers;
 - promoting and facilitating voluntary tax compliance;
 - safeguarding the revenue through requirements for security to cover all tax at risk;
 - undertaking inspections and audits of excise tax operators;
 - utilising information and intelligence for excise tax enforcement; and
 - providing and supporting capacity-building for officials in revenue administrations.

Chapter 2: Excise Administration

GUIDELINE 11: Contd.

- in addressing non-compliance, best practice is for administrations to:
 - **partner with legitimate business** and other stakeholders in countering the illicit trade, especially for high revenue risk excisable goods;
 - **implement effective customs and anti-smuggling controls** to deter and prevent the movement of illicit excisable goods across borders;
 - put in place **standardised and effective penalties** and sanctions to discourage non-compliance.

Chapter 3 Exchange of Information And Mutual Assistance

GUIDELINE 12: EXCHANGE OF INFORMATION AND MUTUAL ASSISTANCE Member States agree to

- use existing agreements and mutual assistance channels, or enter into agreements, for mutual assistance or sharing of information between and amongst Member States and to use these arrangements to share information and intelligence regarding excise taxes and about illicit trade;
- establish standardised excise databases and make standardised arrangements for the:
 - routine transfer of data between revenue administrations;
 - interrogation of a movements database by authorised officials in respect of individual transactions or movements of goods; and
 - verification of specific excise tax movements.

Guidelines implementation and way forward

- Task Team made up of MS - Botswana, Malawi, South Africa, Swaziland, Zambia, Zimbabwe met 3 times between February and July 2016 to begin implementation:
 - Final “polishing” of Guidelines and prior to publication
 - Standardised mode of Charge (common nomenclature) as a precursor to harmonisation of rates
 - Common approach prioritisation of Guideline
- Outputs Will be reported to the SADC Tax Subcommittee – February 2017
- Big question is what is the way forward after REIS programme ends – will MS commit? will Secretariat facilitate? If it what Member States want they may need to promote and push

Contacts

SADC Secretariat:

Sadwick Mtonakutha

Senior programme Officer

Macroeconomic policies and convergence

SADC Secretariat

Gaborone

Botswana

sntonakutha@sadc.int

Chairperson Indirect Taxes Working Group:

Crispin Kulemeka

Director Tax Policy

Ministry of Finance

Lilongwe

Malawi

cckulemeka@finance.gov.mw