



HEALTH TAXES AND EXCISE ADMINISTRATION

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Interdependence between health taxes policy and excise administration

- Higher tax rates  Elevated risk  Excise administration
- Separation of policy (Ministries of Finance and Health) and administration functions (Customs and Excise/Domestic Taxation)
- Continuous cooperation between the two:
 - Informed decisions; prompt reactions; effectiveness and efficiency
 - Policy solutions - impact on administration, achieving objectives and costs
 - Guidance for implementation: interpretation of provisions of law
 - Political support to implementation: legal powers, and operational issues
 - Allocation of required resources to implementation.
- Organization of excise tax administration – issues in shared responsibilities between customs and domestic taxation and in their integration

Achieving effective administration – Building blocks of Excise tax administration 1

- Strengthening **system-based approach** in Customs and embracing **transaction-based controls** in domestic tax administration
- **Strengthened procedures** – registration, licensing, and monitoring of *all* operators in the supply chain; track & trace: close electronic monitoring of production lines, real-time electronic reporting of all transactions, books and inventories; automated payment of tax; facilitation to reliable operators
- Easily accessible and flexible **financial guarantees** tailored to actual risks and securing recovery of all duties and taxes; and parallel **physical control means** (stamps, markers, electronic surveillance of production and movements)
- Fair management of **refunds, exemptions, disputes, and appeals**

Achieving effective administration – Building blocks of Excise tax administration 2

- **Cooperative arrangements**
 - Cooperation and joint interventions between Customs and Taxation
 - Alignment of customs and excise administration rules
 - Cooperation with other government agencies (incl. international)
 - Relationship with excise operators (taxpayer service, IT interface, tax fraud and corruption, costs of compliance, fees for official services)
- **Compliance**
 - Intelligence, exchange of info, data processing & analysis, use of data
 - Methods and systems for managing risks – Risk profiling and targeting
 - Post-declaration control – exemptions and differentiated rates
 - Powers and capacity in inspection, audit, investigation, and prosecution
 - Graduated system of sanctions and penalties that are applied fairly