

GUERNSEY STATUTORY INSTRUMENT

2020 No. 62

**The Customs and Excise (Relief for Spirits Used in
Manufacture) (Guernsey and Alderney) Order, 2020**

Made

22nd June, 2020

Coming into operation

1st July, 2020

THE COMMITTEE FOR HOME AFFAIRS, in exercise of the powers conferred on it by sections 23G and 79 of the Customs and Excise (General Provisions) (Bailiwick of Guernsey) Law, 1972^a and all other powers enabling it in that behalf, hereby orders:-

Spirits to be used in manufacture relieved from excise duty.

1. (1) Subject to paragraphs (2) and (3), spirits imported into or produced in the Bailiwick (except Sark), are relieved from excise duty where they are-

- (a) deposited in any premises specified in column 1 of the Schedule, and

^a Ordres en Conseil Vol. XXIII, p. 573; as amended by Vol. XXIV, p. 87; Vol. XXXI, p. 278; Vol. XXXIII, p. 217; Order in Council No. X of 2004 and No. XV of 2012; No. VI of 2019; Ordinance No. XXIX of 2004; Nos. XXXV and XLVIII of 2007; No. VII of 2008; No. XLIII of 2013; Ordinance Nos. IX and XXXI of 2016.

(b) intended for use by the proprietor in the manufacturing process carried out on those premises to produce manufactured goods.

(2) The relief in paragraph (1) is subject to the proprietor's compliance with –

(a) article 2(1) (duties of proprietors),

(b) article 3(1) prohibition on removal of spirits from premises),

(c) article 4(1) (liability to excise duty), and

(d) article 5(2) (samples).

(3) The relief in paragraph (1) commences upon the Chief Officer of Customs and Excise giving written notice to the proprietor that that officer is ready to accept the proprietor's claims for relief under this Order; and the notice must be given no later than the date that is one month from the later of –

(a) the commencement of this Order, or

(b) the date on which the proprietor, the premises, the manufacturing process and the manufactured goods are added to the Schedule.

Duties of proprietors.

2. (1) The proprietor must at all times –

- (a) make any claim for relief under this Order in the form and manner directed by the Chief Officer of Customs and Excise,
- (b) deliver to the Chief Officer of Customs and Excise an entry, in a form and manner and containing particulars required by that officer, when spirits are brought to the premises,
- (c) ensure all spirits kept at the premises are stored safely and securely, in a manner satisfactory to the Chief Officer of Customs and Excise, when not being used in the manufacturing process,
- (d) keep stock records of spirits directed to be kept by the Chief Officer of Customs and Excise, to the satisfaction of that officer,
- (e) furnish to the Chief Officer of Customs and Excise on request any book of account, record, document or other information that that officer requires, and answer any questions required by that officer to be answered, in order to be satisfied of the proprietor's eligibility for relief under this Order or compliance with this Order,
- (f) ensure that the spirits are used in the manufacturing process only –

- (i) at the premises, and
 - (ii) by a responsible person who knows the requirements of this Order and is duly authorised by the proprietor,
- (g) ensure that any spirits recovered (by any means) after use in the manufacturing process are stored, controlled and recorded in the same way as other stores of spirits on the premises,
- (h) provide a banker's guarantee in favour of the States of Guernsey in an amount sufficient at all times to provide for the potential excise duty liability of all the spirits kept on the premises,
- (i) make and carry out any other arrangements relating to the deposit, keeping, movement and any other operation in relation to the spirits and the premises, and relating to any other matter necessary for the administration of any relief under this Order, directed by the Chief Officer of Customs and Excise by notice in writing to the proprietor,
- (j) comply with any direction, instruction or requirement made, given or issued by the Chief Officer of Customs and Excise under this Order,
- (k) manage and control the premises and any spirits

brought onto or kept on the premises,

- (l) supervise all transactions in spirits in and in relation to the premises, and
- (m) ensure that the provisions of this Order are complied with in all respects.

(2) For the avoidance of doubt, stock records directed to be kept under paragraph (1)(d) may include records of the time, date and volume of all or any of the following –

- (a) spirits in storage at any time, including spirits of different strengths,
- (b) spirits removed from storage for use in the manufacturing process,
- (c) spirits recovered after the manufacturing process and returned to storage,
- (d) spirits wasted as a result of the manufacturing process, and
- (e) spirits used in the manufacturing process and remaining on or in the manufactured goods.

Prohibition on removal of spirits from premises.

3. (1) A person must not remove spirits from any premises except in

accordance with –

- (a) a written authorisation issued by the Chief Officer of Customs and Excise, and
 - (b) any instructions given by that officer.
- (2) For the avoidance of doubt, paragraph (1) –
- (a) applies to the removal of the spirits for the purpose of export from the Bailiwick (other than Sark) or for destruction or disposal, but
 - (b) excludes the removal of manufactured goods on or in which any spirits used in the manufacturing process remain.

Liability to excise duty.

4. (1) The proprietor must pay on demand all excise duties charged under section 23A of the Law on any spirits that are not accounted to the satisfaction of the Chief Officer of Customs and Excise as being –

- (a) stored at the premises,
- (b) used in, and wasted as a result of, the manufacturing process,
- (c) used in the manufacturing process and remaining on or in any manufactured goods,

- (d) lost due to natural waste or other legitimate cause, or
- (e) removed from the premises in accordance with a written authorisation and any instructions under article 3(1).

(2) For the avoidance of doubt, all spirits, including spirits that have been used or are contaminated (even very heavily), remain liable to excise duties unless they are accounted for in accordance with paragraph (1).

Samples.

5. (1) The Chief Officer of Customs and Excise may inspect and take samples of the contents of any drum, storage tank, container or appliance on, or proposed to be brought onto, any premises in order to determine whether or not –

- (a) any spirits are eligible for relief from excise duty under this Order, or
- (b) there has been a contravention of, or failure to comply with, any provision of this Order.

(2) The proprietor of the premises must facilitate and cooperate with any inspection or sampling under paragraph (1).

Effect of non-compliance.

6. (1) In the event of a proprietor contravening or failing to comply with any provision of this Order, the Committee may revoke or amend the listing of the proprietor in Schedule 1.

- (2) Nothing in paragraph (1) limits –
- (a) the Committee's power to amend this Order for any reason it considers appropriate,
 - (b) the effect of article 1(2) (spirits to be used in manufacture relieved from excise duty), or
 - (c) the offences created under section 23H of the Law, including the offence of contravening any provision of this Order or any requirement or direction made under it.

Interpretation.

7. In this Order, unless the context requires otherwise –

"**the Law**" means the Customs and Excise (General Provisions) (Bailiwick of Guernsey) Law, 1972,

"**manufactured goods**" –

- (a) means goods specified in column 4 of the Schedule, and
- (b) in relation to any premises, proprietor or manufacturing process, means the manufactured goods specified in column 4 of the Schedule in relation to the premises, proprietor or manufacturing process concerned, but

- (c) excludes any goods intended for human consumption containing potable spirits of a strength exceeding 1.2 per cent volume,

"manufacturing process" –

- (a) means a process specified in column 3 of the Schedule, and
- (b) in relation to any premises, proprietor or manufactured goods, means the manufacturing process specified in column 3 of the Schedule in relation to the premises, proprietor or manufactured goods concerned,

"this Order" includes the Law as it applies in respect of this Order,

"premises" –

- (a) means premises specified in column 1 of the Schedule, and
- (b) in relation to any proprietor, manufacturing process or manufactured goods, means the premises specified in column 1 of the Schedule in relation to the proprietor, manufacturing process or manufactured goods concerned, and

"proprietor" –

- (a) means a proprietor specified in column 2 of the Schedule, and
- (b) in relation to any premises, manufacturing process or manufactured goods, means the proprietor specified in column 2 of the Schedule in relation to the premises, manufacturing process or manufactured goods concerned.

Citation and commencement.

8. This Order may be cited as the Customs and Excise (Relief for Spirits Used in Manufacture) (Guernsey and Alderney) Order, 2020 and comes into force on the 1st July, 2020.

Dated this 22nd day of June, 2020

A handwritten signature in blue ink that reads "Mary Lowe". The signature is written in a cursive style with a long, sweeping underline.

Deputy Mary Lowe
President of the Committee for Home Affairs
For and on behalf of the Committee

SCHEDULE

Articles 1(1) and 7

PREMISES, PROPRIETORS, MANUFACTURING PROCESSES AND
MANUFACTURED GOODS SPECIFIED FOR RELIEF

| Column 1: Premises | Column 2: Proprietor | Column 3: Manufacturing process | Column 4: Manufactured goods |
|---|---------------------------------|---|--|
| The House of Green, Ocean's Yard, Route de la Garenne, St Peter Port, Guernsey GY1 1XR | The House of Green Limited | Ethanol extraction of cannabinoids from cannabis or hemp biomass. | Bulk cannabidiol oil, tinctures, and salves. |

EXPLANATORY NOTE

(This note is not part of the Order)

This Order provides for spirits used in the production of certain manufactured goods to be relieved from excise duty under the Customs and Excise (General Provisions) (Bailiwick of Guernsey) Law, 1972.

Spirits are relieved from excise duty where they are deposited in premises for use by a proprietor in the manufacturing process carried out on those premises to produce manufactured goods. The premises, proprietor, manufacturing process and manufactured goods concerned must be listed in the Schedule in order to be eligible for the relief.

Relief is subject to the provisions of this Order, including commencement of the relief by written notice given to the proprietor by the Chief Officer of Customs and Excise (article 1(3)), the proprietor carrying out specified duties (article 2), a prohibition on removing spirits from the premises (article 3), payment of all excise duties charged on unaccounted spirits (article 4) and the taking of samples (article 5).

This Order comes into force on the 1st July, 2020.