



Singapore Customs Media Release

Singapore Customs' Annual Enforcement Results 2009 : Steady Improvement In Contraband Cigarettes Situation Fall in supply of illegal cigarettes by almost 40%

Singapore Customs' (SC) annual enforcement results for 2009 have seen steady improvement in the contraband cigarette situation. This is the result of Customs' stepped-up enforcement action against smuggling, peddling and buying of duty-unpaid cigarettes over the past few years. SC's public education programmes and close collaborations with its law enforcement partners have also further curtailed cigarette smuggling activities, as well as other Customs offences such as evasion of duties on motor vehicles and liquors.

Steady Improvement in Contraband Cigarettes Situation

Fall in seizure of illegal cigarettes

2 2009 saw a 37% fall in contraband cigarettes seized compared to 2008 (see Table 1 in Appendix 1). This reflects SC's success in curbing the supply of contraband cigarettes. Syndicates purveying contraband cigarettes had to resort to more elaborate and cunning schemes and methods of concealing their contraband goods. Last year, SC detected that the syndicates had to constantly vary their modus operandi (MO) to bring their illegal cigarettes supplies to Singapore. The quantities brought in were also deliberately kept small to minimise the chances of interdiction and detection.

3 Such risk-spreading and meticulous manner in the illegal groups' planning and execution observed over the past year was a contrast to the tactics carried out the year before. Examples of more elaborate methods of concealment encountered in 2009 include hiding the illegal goods within plastic film rolls and cementing pockets of cigarettes into concrete slabs.

4 Although the cover-ups used by syndicates were increasingly more innovative, Customs officers managed to detect and dismantle key contraband syndicates. In 2009, SC successfully crippled three major contraband cigarettes smuggling syndicates – two in January 2009 and one in December 2009 - which resulted in 13 members from the groups arrested and prosecuted. The previous year saw two syndicates smashed and six members arrested and prosecuted. The eradication of the larger players in the black market resulted in a cut in the illegal cigarette supplies to the local market.

Higher demand for the 'real' stuff

4 Last year, duty collection from cigarettes increased by 13% from \$763 million to \$861 million, on top of a 10% increase in 2008 (see Table 2). The duty collection indicates the level of demand among smokers for legal (duty-paid) cigarettes. The strong and sustained rises in duty collection over the past two years show that smokers are increasingly switching from illegal to legal cigarettes for their smokes. The increase in the quantity of duty-paid cigarettes in 2009 amounted to 122 million packets of cigarettes. The fall in quantity of contraband cigarettes seized was 1.7 million packets (from 4.6 million packets in 2008 to 2.9 million packets in 2009.)

Continued vigilance is necessary

7 The price differentials for legitimate cigarettes in the region remain high. Therefore international syndicates still find it lucrative to take advantage of the large price gaps to carry on with their illegal activities in distributing contraband cigarettes to Singapore. SC will maintain its vigilance and continue with its enforcement efforts to eradicate such organised crimes.

[For more details, please refer to Appendix 1.]

Importation of Motor Vehicles

8 There has been a significant increase in the number of fraudulent motor traders prosecuted over the last two years. In 2009, SC took 14 motor traders to court and the cases involved nearly 5,000 cars (see Table 4). This was a big jump from the three traders prosecuted in 2008, involving 242 cars. The amount of fines meted out to the convicted offenders ranged from \$70,000 to \$10.8 million.

9 Customs will not hesitate to prosecute offenders who under-declare such values and push for hefty deterrent sentences involving fines and/or imprisonment. By increasing industry awareness, SC aims to maintain a level playing field in the motor vehicle industry. This is also in line with SC's roles in facilitating and regulating trade with the world, thereby maintaining the transparency and integrity of the trading system.

Other Customs Offences

Tampered fuel gauges

10 Last year, SC prosecuted 24 persons for tampering with the fuel gauges on their vehicles (see Table 5). All were convicted and sentenced to both fines and imprisonment, except for one case which is currently undergoing court proceedings. In 2008, four motorists were prosecuted for tampering with the fuel gauges on their vehicles.

11 Under the law, Singapore-registered cars must have at least three-quarter tank of petrol when departing Singapore. Motorists are advised against any attempts to infringe the rule given the stringent checks at the checkpoints. Those who tamper with the fuel gauges of their vehicles to give a false reading that the amount of fuel in the fuel tank is three-quarters full or more, shows a deliberate intent to cheat the authorities. Such offenders are liable on conviction to fines not exceeding \$5,000 and/or jail term up to 12 months.

Evasion of liquor duties

12 On the liquor front, SC detected a case where a trading company attempted to evade duties by diverting duty-suspended liquors meant for export to the local market. Customs officers managed to crack the case and eight persons were arrested and subsequently prosecuted (see Table 6).

Advisory from Singapore Customs

13 SC warns that buying, selling, conveying, delivering, storing, keeping, having in possession or dealing with duty-unpaid goods are serious offences under the Customs and GST Acts and will be severely dealt with. Offenders can be fined up to 40 times the amount of duty evaded and/or jailed for up to six years. The vehicles used in the commission of such offence are also liable to be forfeited. The public are strongly advised not to buy duty-unpaid products. For possessing a packet of duty-unpaid cigarettes, buyers may face a minimum fine of \$500 or prosecution in court.

14 Under the Customs Act, it is the responsibility of the importers to ensure the accuracy and completeness of the values and other related costs declared to SC. Under-declaration of the value is a serious offence as it will result in short payment of duty and import GST payable to SC. All cases of revenue evasion and violations of customs regulations are investigated, and action will be taken against the errant importers or any person involved in abetting the fraudulent evasion of duty and GST. Any person who is guilty of fraudulent evasion of duties or GST will be liable on conviction to a fine of up to 20 times the amount of duty and GST evaded or imprisonment, or both. In addition to the penalties meted out by the court, the offenders are also required to make good the duty and GST short-paid to SC.

15 Members of the public with information on smuggling activities or evasion of Customs duty or GST should contact the Singapore Customs Hotline at 1800-2330000 or email to customs_intelligence@customs.gov.sg.

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APPENDIX 1

Table 1	2007	2008	2009
Duty-unpaid Cigarettes Seized (in million packets)	4.4	4.6	2.9

Table 2	2007	2008	2009
Duties Collection for Cigarettes (\$ million)	697	763	861
Duties Collection for Cigarettes (in million packets)	99	108	122

Table 3	Contraband Cigarettes		
	2007	2008	2009
No. of Persons Prosecuted (No. of Peddlers)	1,314 (857)	1,382 (684)	1,174 (635)
No. of Persons Compounded (No. of Buyers)	22,108 (6,012)	18,924 (6,356)	18,642 (7,068)
Total No. of Offenders	23,422	20,306	19,816

Table 4	Evasion of Motor Vehicles Duties	
	2008	2009
No. of Motor Vehicles Offenders Prosecuted	3	14
Vehicles Involved	242	4,932

Table 5	Tampered Fuel Gauge Meter		
	2007	2008	2009
No. of Persons Prosecuted	2	4	24
No. of Persons Jailed	2	4	23

Table 6	Evasion of Liquor Duties		
	2007	2008	2009
No. of Persons Prosecuted	11	9	9
Quantity Involved ('000 litres)	239	400	143
Total duty and GST involved (\$ million)	1.1	6.3	4.4