

# **DETERMINING SPECIAL RELATIONSHIPS FOR TOBACCO PRODUCTS**

Oct 31, 2012

The Directorate General of Customs and Excise issued Regulation No. 39/BC/2012 on Determining Special Relationships for Tobacco Products on 12 July 2012 in order to prevent manufacturers spreading their production among their subsidiaries to avoid moving up into a higher-duty paying class.

A “special relationship” is established when the result of one of three tests is positive. The three tests involve equity capital levels, common management control and a raw material sourcing, respectively.

If a special relationship is established between two manufacturers, their combined production will count as the total production of only one manufacturer. This regulation came into force as of the issuance date.