

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee on Trade and Development

TROPICAL PRODUCTS - INTERNAL CHARGES AND REVENUE DUTIES

Note by the Secretariat

At the meeting of the Committee on Trade and Development in March 1970, it was suggested that for the next meeting of the Special Group on Trade in Tropical Products, the secretariat should prepare a paper reviewing how the Ministerial Conclusions of May 1963 concerning the removal of internal charges and revenue duties on tropical products had been implemented. Reference was made in this connexion to the terms of reference of the Special Group which provide expressly for an examination of these problems.

Attached for the information of the Committee are provisional schedules which provide a comparison of internal charges on coffee, cocoa and tea in certain import markets in 1962 and 1969. This material, together with information on import duties (pre- and post-Kennedy Round), will be incorporated into more detailed papers concerning these three products for the Special Group. Similar information will also be provided for the other products to be given priority consideration.

The data contained in the annexed tables have been drawn from various sources available to the secretariat. It would be helpful if the information could be verified by the governments concerned.

INTERNAL CHARGES ON COFFEE AND COFFEE PRODUCTS

| Country | | Incidence | Remarks |
|-----------------------|------|---|--|
| Australia | 1962 | - | Exempt from sales tax |
| | 1969 | - | Exempt from sales tax |
| Austria | 1962 | 5.25% | Turnover equalization tax of 5.25% of purchase price |
| | 1969 | 6.25% | Turnover equalization tax on tax paid value |
| Canada | 1962 | - | Exempt from sales tax |
| | 1969 | - | Exempt from sales tax |
| Denmark | 1962 | - | No internal charges on coffee beans. |
| | 1969 | 12.5%; 9%; DKr 5.90/kg. | TVA of 12.5% of selling price exclusive of tax or for imports by registered importers, TVA of 9% on same basis. Excise tax on soluble coffee of DKr 5.90/kg. |
| <u>EEC</u> Belgium | 1962 | 12% | Transmission tax on unroasted coffee |
| | 1969 | 14% | Transmission tax on the duty-paid value |
| France | 1962 | 25% | Turnover tax on coffee extracts, essences, etc. except soluble; internal tax of F 22.5/100 kgs. on raw coffee; uniform tax of F 120/100 kgs. on raw coffee |
| | 1969 | 17.6% | TVA on duty-paid value as from 1 January 1970 |
| Germany, F.R. | 1962 | DM 3.60/kg. net; 4% | Consumption tax of DM 3.60/net kg. and a turnover equalization tax of 4% |
| | 1969 | 3.5%; consumption levies of DM 4.80/kg. on roasted coffee; DM 3.60/kg. on raw coffee; DM 13/kg. on soluble coffee | The import turnover tax of 5.5% was reduced to 3.5% in November 1968 within framework of general monetary policy measures |

| Country | Incidence | Remarks |
|-------------|--|---|
| Italy | 1962 Lit 500/kg. net; Lit 690/kg. net | Consumption tax of Lit 500/kg. on unroasted and Lit 690/kg. on roasted coffee |
| | 1969 1%; 14.4%; consumption tax (excise) Lit 50,000; Lit 69,000/100 kgs. | Administrative tax of 1% on c.i.f. value; turnover tax 14.4% on gross landed value. A consumption tax of Lit 50,000 and Lit 69,000/100 kgs. on unroasted and roasted coffee |
| Netherlands | 1962 - | No sales tax on unroasted coffee. |
| | 1969 4% | TVA. |
| Finland | 1962 n.a. | Turnover tax |
| | 1969 11% | Sales tax on retail sales price |
| Japan | 1962 10% | Commodity tax |
| | 1969 5% | Commodity tax |
| New Zealand | 1962 - | No internal charges on roasted or unroasted coffee |
| | 1969 - | Exempt from sales tax |
| Norway | 1962 - | No internal charges on coffee |
| | 1969 12% | Retail sales tax on the selling price inclusive of tax. Replaced since 1 January 1970 by a TVA of 20% |
| Sweden | 1962 Green coffee SKr 35/100 kgs. | A sales tax. In addition a general sales tax of 6% of sales value was levied on all items when sold to final consumer |
| | 1969 10% | TVA on tax inclusive value |
| Switzerland | 1962 5.4% | Turnover tax on gross wholesale selling price exclusive of tax. |
| | 1969 5.4% | Turnover tax on gross wholesale selling price exclusive of tax. Soluble coffee exempt from turnover tax |

| Country | Incidence | Remarks |
|---------------------|-----------|--|
| United Kingdom 1962 | 10% | Special surcharge of 10% of the amount of duty otherwise payable |
| 1969 | - | Exempt from purchase tax |
| United States 1962 | - | No internal charges |
| 1969 | - | No internal charges |

Source: Plantation Crops 1969 - Commonwealth Secretariat. GLTT documents W(62)2 of 3 December 1962; Spec(68)88 and Addenda; Spec(68)134 and Addenda; Spec(69)49, etc.

INTERNAL CHARGES ON COCOA AND COCOA PRODUCTS

| Country | | Incidence | Remarks |
|------------|------|---|--|
| Australia | 1962 | 12½% cocoa butter, paste and chocolate | Sales tax. Cocoa beans and powder exempt |
| | 1969 | n.a. | Sales tax on cocoa products |
| Austria | 1962 | 5.25% | Turnover equalization tax on cocoa beans and cocoa products |
| | 1969 | Cocoa beans - Free Cocoa paste and butter - 7.75% Cocoa powder - 10.6% Chocolate - 13% | Turnover equalization tax |
| Canada | 1962 | 11% | A sales tax except on cocoa powder and bases for food beverages which were exempt |
| | 1969 | 12% | Sales tax |
| Denmark | 1962 | 50% of dutiable values + 400 øre/kg. on beans. 150 øre/kg. + 1/3% of wholesale price on powder, butter and paste | Raw material tax (for cocoa beans never effective in practice) Transfer tax |
| | 1969 | 9%; 12.5%; excise duty of DKr 6/kg. on chocolate and confectionery | TVL of 9% on importation; 12.5% on further transactions within Denmark; additional excise duty at varying rates on imported raw materials for chocolate production |
| <u>EEC</u> | | | |
| Belgium | 1962 | 12% on beans, paste and butter | Transmission tax |
| | 1969 | 7% on beans, paste and butter | Transmission tax |
| France | 1962 | 6% on beans, paste and butter 25% on powder | Turnover equalization tax; also internal tax - beans F 0.07/kg., others F 0.085/kg. |
| | 1969 | 7.5% - cocoa beans, paste and butter 17.6% on powder and cocoa preparations | TVL as at 1 January 1970 on tax-free values |

| Country | | Incidence | Remarks |
|------------------|------|--|---|
| Germany, F.R. | 1962 | Nil - cocoa beans 6% - powder 4% - butter and paste | Turnover equalization tax |
| | 1969 | 11% on cocoa beans, paste and butter 5.5% on cocoa powder and chocolate | TVA on duty-paid value. Any subsequent transaction in Germany is taxable at internal turnover rate |
| Italy | 1962 | Lit 250/kg. - cocoa beans unroasted Lit 312.5/kg. - cocoa beans roasted | Consumption taxes. In addition trading and administrative tax totalling 3½% on gross landed value and a compensation tax of 1% |
| | 1969 | 4% - cocoa beans and paste 4.2% - cocoa beans and paste | General turnover tax on gross landed value. Compensatory tax on gross-landed value. Also administrative fee of 1% on c.i.f. value |
| Netherlands | 1962 | 5.26% - beans, paste and powder 8.69% - cocoa butter | Turnover tax |
| | 1969 | 12% - beans, paste, powder, cocoa butter 4% - chocolate and confectionery for use as sandwich spread | TVA |
| Finland | 1962 | n.a. | Cocoa powder for retail was subject to turnover tax. Cocoa butter and paste were exempt from tax |
| | 1969 | 12.4% | Turnover tax |
| Japan | 1962 | 10% - cocoa powder and cocoa cake | Commodity tax. Cocoa beans and cocoa butter exempt |
| | 1969 | 5% | Commodity tax |
| New Zealand | 1962 | - | Exempt from sales tax |
| | 1969 | - | Exempt from sales tax |

| Country | Incidence | Remarks |
|---------------------|-----------|--|
| Norway 1962 | 10% | Sales tax on products manufactured from cocoa |
| 1969 | 20% | TV4 on tax-free selling price (1 January 1970). Excise duty of 66 1/3% on chocolate |
| Sweden 1962 | 6% | Purchase tax on sales value. |
| 1969 | 11.11% | TV4 exclusive of tax |
| Switzerland 1962 | 5.4% | Turnover tax |
| 1969 | 5.4% | Turnover tax of 5.4%; - cocoa beans and paste exempted. There is a statistical tax of 3% of the amount of custom charges |
| United Kingdom 1962 | 6.8% | Revenue duty on beans. Also revenue duties on cocoa products. Special surcharge of 10% of the amount of duty otherwise payable |
| 1969 | - | No internal consumption taxes. No excise duties. General 16.5% purchase tax on confectionery |
| United States 1962 | - | No Federal or State sales taxes. |
| 1969 | - | No Federal or State sales taxes. |

Source: Commonwealth Secretariat - Plantation Crops - A review - London 1969.
GATT documents - W(62)2 of 3 December 1962; Spec(68)88 and Addenda;
Spec(68)134 and Addenda; Spec(69)49.

INTERNAL CHARGES ON TEA

| Country | Incidence | Remarks |
|---------------|-------------------------------------|---|
| Australia | 1962 - | Exempt from sales tax |
| | 1969 - | Exempt from sales tax |
| Austria | 1962 5 1/4% | Turnover tax on duty-paid value |
| | 1969 6 1/4% | Turnover tax on duty-paid value |
| Canada | 1962 - | Exempt from sales tax |
| | 1969 - | Exempt from sales tax |
| Denmark | 1962 - | No internal charges |
| | 1969 12 1/2% | TVA on c.i.f. valuation |
| Belgium | 1962 12% | Transmission tax on duty-paid value |
| | 1969 14% | Transmission tax on duty-paid value |
| France | 1962 F 23/100 kgs. F 60/100 kgs. | Internal tax Uniform tax |
| | 1970 17.6% | TVA on duty-paid value |
| Germany, F.R. | 1962 4% DM 4.15/kg. | Turnover tax Special excise tax |
| | 1969 5.5% DM 4.15/kg. | TVA on duty-paid value Special excise tax |
| Italy | 1962 13% | Turnover tax on gross landed value |
| | 1969 14.4% | Turnover tax on gross landed value |
| Netherlands | 1962 - | Exempt from turnover tax |
| | 1969 4% | TVA on duty-paid value |
| Finland | 1962 n.a. | Turnover tax |
| | 1969 12.4% | Turnover tax on gross landed value |
| Japan | 1962 10% | Commodity tax on duty-paid value (certain types) |
| | 1969 5% | Commodity tax on duty-paid value (certain types) |

| Country | | Incidence | Remarks |
|----------------|------|-----------|---|
| New Zealand | 1962 | - | Exempt from sales tax |
| | 1969 | - | Exempt from sales tax |
| Norway | 1962 | - | Bulk tea exempt from sales tax |
| | 1969 | 20% | TVA on duty-paid value (1 January 1970) |
| Sweden | 1962 | 6% | Sales tax on retail price |
| | 1969 | 11.11% | TVA on duty-paid value |
| Switzerland | 1962 | 5.4% | Turnover tax on duty-paid value |
| | 1969 | - | Exempt from sales tax |
| United Kingdom | 1962 | - | Exempt from purchase tax |
| | 1969 | - | Exempt from purchase tax |
| United States | 1962 | - | No Federal internal taxes on tea |
| | 1969 | - | No Federal internal taxes on tea |

Source: W(62)2, December 1962; L/3125, November 1968; Spec(69)49, April 1969; Spec(70)23, March 1970; Spec(70)40, April 1970; Plantation Crops 1969, Commonwealth Secretariat.