The Customs and Excise Department (C&ED) is responsible for the protection of the Hong Kong Special Administrative Region against smuggling; the protection and collection of Government revenue on dutiable goods; the detection and deterrence of narcotics trafficking and abuse of controlled drugs; the protection of intellectual property rights; the protection of consumer interests; the regulation of money service operators (MSOs) and dealers in precious metals and stones (DPMS); combating money laundering and counter-financing of terrorism; the protection and facilitation of legitimate trade and the upholding of Hong Kong’s trading integrity.

Organisational Structure: The department is headed by the Commissioner of Customs and Excise with the assistance of two Deputy Commissioners, namely Deputy Commissioner (Control and Enforcement) and Deputy Commissioner (Management and Strategic Development). As at August 1, 2023, the department has an establishment of 7,603 posts, of which 10 are directorate officers, 6,366 are members of the Customs and Excise Service, 550 are Trade Controls Officers and 677 are staff of the General and Common Grades. There are five branches:

The Administration and Human Resource Development Branch is responsible for matters concerning the overall staff management of the Customs and Excise Service; departmental administration; financial management; staff training; and the housekeeping of the Office of Service Administration, the Office of Departmental Administration, the Office of Financial Administration, the Office of Prosecution and Management Support, the Office of Training and Development, the Complaints Investigation Group and the Integrity Management Group.

The Boundary and Ports Branch is responsible for matters relating to import and export controls under the purview of the Security Bureau and the housekeeping of the Airport Command, the Cross-boundary Bridge Command, the Land Boundary Command, the Rail and Ferry Command, and the Ports and Maritime Command.

The Excise and Strategic Support Branch is responsible for matters relating to dutiable commodities under the purview of the Financial Services and the Treasury Bureau; taking forward the Hong Kong Authorized Economic Operator Programme and implementation of Mutual Recognition Arrangements with partner customs administrations; establishing trade relations and coordinating public communication; international customs liaison and cooperation; project planning and equipment procurement; information technology development; operation of the Trade Single Window and the housekeeping of the Office of Dutiable Commodities Administration, the Office of Quality Management and the Internal Audit Division. The Office of Quality Management and the Internal Audit Division are responsible for conducting management reviews and money-related examinations respectively, with a view to enhancing the system integrity, efficiency and effectiveness, service quality and performance standard of the department.

Protection of Revenue: There is no tariff on goods entering Hong Kong but excise duties are charged on four groups of commodities, whether they are imported or manufactured locally, for domestic consumption. These commodities are certain hydrocarbon oil (motor spirit, aircraft spirit and light diesel oil), liquor with alcoholic strength more than 30 per cent by volume, methyl alcohol and tobacco (except smokeless tobacco and alternative smoking products). In 2022, the C&ED collected excise duty amounting to $11.97 billion.
Under the Dutiable Commodities Ordinance, the C&ED controls distilleries, tobacco manufacturers, liquor manufacturers, oil depots, and industrial and commercial establishments dealing in dutiable commodities; and supervises licensed, general bonded and public bonded warehouses. The supply and storage of duty-free ships’ stores and aircraft stores are also under the control of the C&ED. Licences are issued to those who import, export, manufacture or store dutiable commodities. The C&ED also assesses the taxable value of motor vehicles, for the purpose of calculating the first registration tax payable under the Motor Vehicles (First Registration Tax) Ordinance.

The C&ED is committed to fighting against illicit cigarette activities and revenue fraud offences of other dutiable goods. The department will continue its risk assessment and intelligence analysis for interception at source as well as through its multi-pronged enforcement strategy targeting storage, distribution and peddling to combat illicit activities in relation to dutiable goods.

Prevention and Detection of Smuggling: The C&ED prevents and detects smuggling activities under the Import and Export Ordinance; enforces the licensing controls on prohibited articles by inspecting cargoes imported and exported by air, sea and land; processing passengers and their baggage at entry/exit points, and searching aircraft, vessels and vehicles entering and leaving Hong Kong. The Syndicate Crimes Investigation Bureau is specially tasked to combat sophisticated international organised smuggling and other crime activities from a holistic perspective. This formation seeks to trace the command chain of syndicates, and apprehend their masterminds by mounting proactive surveillance operations. Where appropriate, the Organized and Serious Crimes Ordinance will be invoked to achieve enhanced sentences and confiscate assets for greater deterrent effect. On the other hand, the C&ED and the Hong Kong Police Force (HKPF) have been committed to combat smuggling activities in the waters of Hong Kong through the Marine Joint Task Force.

Harbour: Hong Kong is one of the busiest container ports in the world. It handled 16.7 million TEUs (20-foot equivalent units) in 2022, of these, 12.9 million TEUs were handled at the Kwai Chung-Tsing Yi Container Terminals. In 2022, 16 735 ocean-going vessels and 50 055 river-trade vessels arrived in Hong Kong. All vessels entering or leaving the waters of Hong Kong are subject to customs inspection. Cargoes may either be examined on board or after off-loading.

In 2022, in response to the COVID-19 epidemic situation, the SAR Government continued the measures to reduce the flow of people - including Hong Kong residents - travelling between Hong Kong and the Mainland or between Hong Kong and other places by only providing regular services at control points at the Hong Kong International Airport, Shenzhen Bay and the Hong Kong-Zhuhai-Macao Bridge.

The Kai Tak Cruise Terminal, located at the site of Hong Kong’s former airport, has the capacity for processing 3 000 passengers per hour and is designed to have two berths. Both berths are able to accommodate world-class cruise vessels.

Five Customs Sector Patrol Launches are deployed to conduct round-the-clock maritime patrol in the territorial waters whereas four High Speed Pursuit Craft and two Shallow Water Craft are tasked to carry out interception of smuggling activities at sea.

Airport: The Hong Kong International Airport is one of the busiest airports in the world. In 2022, the airport handled around 380 daily flight movements. The throughput of air passengers was 5.64 million whereas the throughput of air cargoes was about 4.17 million tonnes.

Land Boundary: During the days in which the control points provided services in 2022, a total of 566 100 passengers arrived from the Mainland and Macao by land and they were processed at Shenzhen Bay and Hong Kong-Zhuhai-Macao Bridge Hong Kong Port control points. Goods imported by road are checked at Man Kam To, Sha Tau Kok, Lok Ma Chau, Heung Yuen Wai, Shenzhen Bay and Hong Kong-Zhuhai-Macao Bridge Hong Kong Port. In 2022, about 6.9 million tonnes of cargoes were imported through the land boundary control points.

Anti-Narcotics Operations: The C&ED and the HKPF are responsible for anti-narcotics law enforcement. Both have achieved encouraging results in recent years. Seizures of illicit drugs by both departments in 2022 included 308 kilograms of heroin, 2 521 kilograms of cannabis buds and herbal cannabis, 64 kilograms of cannabis resin, 2 198 kilograms of cocaine, 3 805 kilograms of methamphetamine, 9 332 tablets and 128 kilograms of ecstasy-type tablets (MDMA, etc.), 716 kilograms of ketamine, and substantial quantities of various narcotics, analgesics and tranquillizers. A total of 3 953 persons were arrested for drug offences, of whom 2 062 were arrested for major offences, such as drug trafficking and manufacturing, and the remaining 1 891 persons were arrested for minor offences, such as possession of illicit drugs.

Apart from intercepting the smuggling of drugs at the control points, the C&ED launches proactive investigations and surveillance operations on syndicated drug trafficking activities throughout Hong Kong. The department also deploys drug detector dogs and makes use of advanced technology, such as Mobile X-ray Vehicle Scanning Systems and Vehicle X-ray Inspection Systems, to enhance enforcement effectiveness. In addition, the department closely monitors the trend of drug abuse and cross-boundary drug crime.

The department also enforces a licensing system to control the import, export and dealing of 36 specific precursor chemicals which can be used for the manufacture of dangerous drugs. It exchanges intelligence and cooperates closely with the HKPF and various drug enforcement agencies in the Mainland and overseas in the fight against drug traffickers both locally and at the international level.
Trade Controls and Consumer Protection: The C&ED safeguards the certification and licensing systems which are of vital importance to Hong Kong’s trading integrity. The department deters and investigates offences of origin fraud. It also investigates cases of import and export of strategic commodities and other prohibited articles, which are not in accordance with the licence requirement. The department carries out cargo examination at the control points, factory inspections and consignment checks. The department is a member of the Hong Kong Compliance Office set up to assist the Central People's Government in implementing the Chemical Weapons Convention in Hong Kong.

The department enforces licensing control on rice and consumer protection legislations relating to weights and measures, the safety of toys, children’s products and consumer goods and enforces the Trade Descriptions Ordinance to tackle illegal activities pertaining to goods and services with false trade descriptions and unfair trade practices. Besides, the department also verifies import and export declarations to ensure accurate trade statistics; and assesses and collects declaration charges and clothing industry training levy. In 2022, the department collected $454 million in declaration related charges and $156,000 in clothing industry training levy.

Intellectual Property Rights Protection: The C&ED has the mission to protect the interests of intellectual property rights owners and legitimate traders through stringent enforcement of the Copyright Ordinance, the Trade Descriptions Ordinance, the Prevention of Copyright Piracy Ordinance and the Trade Marks Ordinance. The department investigates and prosecutes copyright offences relating to literary, dramatic, musical or artistic works, sound recordings, films, broadcasts, cable programmes, and the typographical arrangement of published editions. Apart from clamping down cross-boundary and local copyright infringement activities, the department spares no efforts in combating online piracy and technology crimes including the online sale of circumvention devices, pirated electronic games and the provision of infringing karaoke songs to customers by party room and restaurant operators in the course of business, etc. Moreover, dedicated Anti-Internet Piracy Teams have been established to fight against piracy activities on the Internet. The Customs Computer Forensic Laboratory offers professional assistance in collecting, preserving, analysing, and presenting digital evidence to law court in piracy cases. It has been awarded ISO 9001 on quality management and ISO 27001 on information security. In 2022, the department seized pirated goods worth about $3.1 million and arrested 72 persons under the Copyright Ordinance.

The department also takes enforcement action against counterfeit activities at the manufacture, storage, retail, import/export levels and on the internet under the Trade Descriptions Ordinance. In 2022, counterfeit goods worth about $177 million were seized and 304 persons were arrested.

At the manufacture level, the Prevention of Copyright Piracy Ordinance requires local optical disc and stamper manufacturers to obtain licences from the department and mark on all their products specific identification codes. Besides, the Import and Export Ordinance imposes licensing controls on the import and export of optical disc mastering and replication equipment.

Anti-Money Laundering and Counter-financing of Terrorism: The C&ED is one of the law enforcement agencies responsible for combating money laundering and terrorist financing. The Customs Financial Investigation Bureau is chartered to investigate, and initiates applications for freezing and confiscating crime proceeds derived from drug trafficking, smuggling, piracy, counterfeiting and other offences related to the C&ED.

The C&ED takes charge of the enforcement works of the Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Ordinance, which came into operation on July 16, 2018. The Ordinance established a declaration and disclosure system to detect the cross-boundary movement of a large quantity of physical currency and bearer negotiable instruments into or out of Hong Kong. The department conducts intelligence analysis and risk assessment of the information collected under the declaration and disclosure system to identify suspicious cross-boundary cash movements for combating money laundering and terrorist financing activities.

Supervision of MSOs and DPMS: The C&ED is one of the regulatory bodies under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO). Since April 1, 2012, the department regulates the business of MSOs (i.e. remittance agents and money changers) through the issue of licences and conducting compliance checks to ensure the licensed MSOs to comply with the requirements under the AMLO. The AMLO (Cap. 615) was amended in 2022 to introduce a regulatory regime for DPMS for commencement on April 1, 2023. The department takes charge of the regime to enforce the registration requirements and supervise the anti-money laundering and counter-terrorist financing conduct of registrants.

Customs Cooperation: The C&ED is an active member of the World Customs Organization (WCO) and the Asia Pacific Economic Cooperation (APEC). It exchanges intelligence and works closely with overseas Customs administrations and law enforcement agencies. The department has also entered into bilateral Cooperative Arrangements with other Customs authorities on administrative assistance. At the working level, the department and the Mainland Customs have each established designated liaison officers to facilitate the exchange of intelligence through direct telephone hotlines.

Seizures and Prosecutions: In 2022, the C&ED seized a total of $7.147 billion worth of goods. They included illicit drugs valued at $3.576 billion; infringing goods worth $3.1...
million; counterfeit goods worth $177 million; smuggled merchandises worth $1.472 billion; and dutiable commodities worth $2.065 billion etc.

In 2022, the C&ED prosecuted 1,725 persons and firms under various laws enforced by the department. Fines amounted to $12 million and 283 custodial sentences were imposed on convicted persons.

Among the prosecutions, 180 were cases relating to unlawful commercial malpractices such as violation of licensing controls of powdered formula, strategic commodities and reserved commodities, contravention of consumer protection legislations and unlicensed operation of money service.