TITLE 48 - TAXATION
CHAPTER 8 - EXCISE TAX ACT 2025

Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

EXCISE TAX ACT, 2025

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TITLE 48 - TAXATION
CHAPTER 8 - EXCISE TAX ACT 2025

Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

EXCISE TAX ACT, 2025

AN ACT to create a new Chapter under Title 48 of the MIRC in order to provide for the imposition of the Excise Tax and for matters connected therewith.

Commencement:	*October 7, 2025*
Source:	*P.L. 2025-46*

§801. Short title.

This Chapter may be cited as the Excise Tax Act, 2025.

§802. Definitions

(1) In this Act, unless the context otherwise requires:

a. "approved form" has the same meaning as in the Tax Administration Act 2025;

b. "arm's length transaction" means a transaction between persons who are not associates and who are acting in their own interests;

c. "associate" has the same meaning as in the Tax Administration Act, 2025;

d. "authorized officer", in relation to a section in this Chapter, means a Customs officer authorized, in writing by the Secretary, to exercise the powers or perform the functions of an authorized officer under that section;

e. "commencement date" means the date specified in section 843(2);

f. "consumption tax" means the consumption tax imposed under the Consumption Tax Act, 2025;

g. "corporation" has the same meaning as in the Business Corporation Act;

h. "Customs" means the Division of Customs in the Ministry of Finance;

i. "Customs control" has the same meaning as under the Customs legislation or any successor legislation dealing with Customs;

j. "Customs legislation" means the Import Duties Act, 1989 and any successor legislation dealing with Customs;

k. "entity" means a partnership, trust, corporation, foreign corporation, and an unincorporated body or association of persons;

l. "excisable goods" means the goods specified in column 1 in the First Schedule;

m. "excisable value, in relation to excisable goods, has the meaning determined under section 807;

n. "excise tax" means excise tax imposed under section 104;

o. "export", in relation to excisable goods, means the delivery of the goods to, or the making available of the goods at, an address outside the Republic as evidenced by documentary proof acceptable to the Secretary;

p. "fair market value" has the meaning in section 803;

q. "foreign corporation" has the same meaning as in the Business Corporation Act;

r. "import", in relation to excisable goods, means to bring, or cause the goods to be brought, into the Republic from a place outside the Republic;

s. "importer", in relation to excisable goods, means the person who owns the goods, and includes any other person in possession of, or beneficially interested in, the goods at the time of import;

t. "international organization" has the same meaning as in the International Organization Immunities Act 1974;

u. "international traffic", in relation to a ship or aircraft, means any operation of the ship or aircraft except as between two places in the Republic;

v. "licensed factory" means any premises at which a registered manufacturer is licensed under section 818 to manufacture and store excisable goods, but does not include any part of the premises through which excisable goods are sold to the public;

w. "manufacture", in relation to excisable goods, includes any process in the course of manufacturing or producing the goods such as:

(1) filtering, diluting, or blending of excisable goods with other goods;

(2) putting the excisable goods for the first time into a container in which the goods might be presented or from which they might be dispensed; or

(3) labelling or marking, for the first time, of a container filled with excisable goods;

x. "month" means a calendar month;

y. "person" means a natural person, entity, government, political subdivision of a government, or international organization;

z. "prescribed" means prescribed in Regulations;

aa. "raw materials" means goods or materials directly used in the manufacture of excisable goods and physically present in the finished goods but does not include petroleum products;

bb. "registered manufacturer" means a person to whom a Certificate of Registration has been issued under section 816;

cc. "Republic" means the Republic of the Marshall Islands; and

dd. "Secretary" means the Secretary of the Ministry responsible for finance;

ee. "stores" has the same meaning as under the Customs legislation; and

ff. "trust" includes the estate of a deceased person.

(2) The description of goods specified in the First Schedule shall be interpreted in accordance with the rules for interpretation set out in the General Rules for the Interpretation of the Customs Tariff based on the Harmonized Commodity Description and Coding System.

§803. Fair Market Value

(1) The fair market value of excisable goods at the time of removal from Customs control shall be the consideration (excluding excise tax and consumption tax) that a manufacturer of the goods could reasonably expect to fetch for the goods in an open market sale, at wholesale, freely transacted between persons who are not associates.

(2) If the fair market value of excisable goods cannot be determined under subsection (1), the fair market value may be determined using any method approved by the Secretary for calculating an objective approximation of the consideration (excluding excise tax and consumption tax) that a manufacturer of the goods could reasonably expect to fetch for the goods in an open market sale, at wholesale, freely transacted between persons who are not associates.

PART II - IMPOSITION OF TAX

§804. Imposition and Liability for Excise Tax

(1) Subject to the provisions of this Chapter, there is hereby imposed an excise tax at the rates specified in column 2 of the First Schedule, on:

(a) excisable goods removed from Customs control by a registered manufacturer; or

(b) excisable goods imported into the Republic by any person.

(2) The excise tax payable under subsection (1)(a) shall be payable by the registered manufacturer to the Secretary at the time and in the manner specified in section 828.

(3) The excise tax payable under subsection (1)(b) shall be payable by the importer at the time and in the manner specified in section 829.

§105. Excisable Goods Not Subject to Excise Tax

(1) No excise tax shall be payable in respect of the following:

(a) exempt excisable goods as specified in the Second Schedule;

(b) excisable goods exported from the Republic under Customs control, including as stores on an aircraft or ship going to a place outside the Republic;

(c) excisable goods that a registered manufacturer has destroyed, with the prior written permission of the Secretary and under the supervision of an authorized officer, prior to their removal from the factory in which they were manufactured;

(d) excisable goods that have been destroyed or lost due to an accident or other unavoidable cause that occurs:

(i) during removal of the goods by a registered manufacturer from the manufacturer's factory, including when loading or unloading the goods;

(ii) in the factory of a registered manufacturer in which the goods were manufactured before removal from the factory; or

(iii) on board an aircraft or vessel prior to the import of the goods into the Republic; and

(e) denatured alcohol.

(2) Where excisable goods exported or shipped for use as stores on an aircraft or vessel operating in international traffic are subsequently unloaded in the Republic for home consumption, the importer shall be liable to pay excise tax on the goods at the rate in force at the time of unloading.

(3) Subsection (1)(d)(i) and (ii) shall not apply if the registered manufacturer has been compensated for the loss of the excisable goods and the compensation includes the excise tax payable in respect of the goods.

(4) Where a person imports or purchases exempt excisable goods and the person subsequently disposes of or uses the goods in a manner inconsistent with the exemption, the person shall be liable to pay excise tax on the goods at the rate in force at the time of disposal or inconsistent use.

(5) In this section, "denatured alcohol" means alcohol that has been rendered unfit for human consumption in accordance with the Regulations.

§806. Timing of Liability for Excise Tax on Excisable Goods

(1) The liability of a registered manufacturer for excise tax on excisable goods shall arise at the time the goods are manufacturer's `factory.

(2) For the purposes of subsection (1), excisable goods that are consumed in a registered manufacturer's factory shall be treated as removed from the factory by the manufacturer at the time of consumption.

(3) The liability of an importer for excise tax on excisable goods imported into the Republic shall arise at the time of import.

(4) The excise tax payable by a registered manufacturer or importer shall be calculated by reference to the excise tax rate applicable at the time that the liability for excise tax arises.

(5) An import of excisable goods shall occur:

(a) if the goods are entered under the Customs legislation, on the date on which the excisable goods are so entered; or

(b) in any other case, on the date on which the excisable goods are brought into the Republic.

§807. Excisable Value

(1) This section shall apply where column 2 of Schedule 1 specifies a rate of excise tax payable by reference to the excisable value of excisable goods.

(2) The excisable value of goods imported into the Republic shall be the sum of the following amounts:

(a) the value of the goods for the purposes of import duty as determined under the Customs legislation, whether or not import duty is payable on the goods;

(b) to the extent not included under paragraph (a), the cost of insurance and freight incurred in bringing the goods to the Republic;

(c) the amount of import duty imposed on the goods under the Customs legislation; and

(d) the amount of any other duty, fees, or other charges payable upon the entry of the goods into the Republic.

(3) The excisable value of excisable goods manufactured in the Republic shall be:

(a) for excisable goods sold by the manufacturer in an arm's length transaction, the price payable by the purchaser for the goods, but not including excise or consumption tax; or

(b) for any other case, the fair market value of the goods at the time of removal of the goods from Customs control.

§808. Quantity of Excisable Goods

(1) This section shall apply where column 2 of the First Schedule specifies a rate of excise tax payable by reference to a quantity measured by the volume, quantity, or weight of excisable goods.

(2) Subject to subsection (3), where:

(a) excisable goods are imported into the Republic or removed from the factory of a registered manufacturer in a package intended for sale or of a kind usually sold with the goods in a sale by retail; and

(b) the package is:

(i) marked or labeled as containing a specific quantity of the goods; or

(ii) commonly sold as containing, or is commonly reputed to contain, a specific quantity of the goods,

the package shall be deemed to contain not less than that specific quantity for the purposes of determining the excise tax payable in respect of the goods.

(3) Where a package referred to in subsection (2) contains more than the specific quantity, excise tax shall be calculated based on the actual quantity.

(4) Where:

(a) excisable goods are imported into the Republic, or removed from the factory of a registered manufacturer, in a package intended for sale, or of a kind usually sold, with the goods in a sale by retail;

(b) the package:

(i) is not marked or labeled with a net weight; or

(ii) is not commonly sold as containing, or is not commonly reputed to contain, a specific weight; and

(c) the owner of the goods is unable to satisfy the Secretary of the correct net weight of the package,

the excisable goods shall be liable to excise tax according to the gross weight being the weight of the package and its contents.

(5) The Secretary may determine and specify the allowance for tare or wastage that may be granted and the conditions under which it is granted.

§809. Indexation of Specific Rates of Excise Tax

(1) The specific rates of excise tax on excisable goods specified in the First Schedule shall be adjusted for inflation with effect from the 1st day of October of each year (referred to as the "indexation day").

(2) If the indexation factor for an indexation day is greater than one, each specific rate of excise tax specified in the First Schedule shall be replaced by the rate of excise tax calculated according to the following formula:

A x (1 + B)

where:

A is the rate of excise tax on the day immediately before the indexation day; and

B is the indexation factor for the indexation day.

(3) The indexation factor for an indexation day is the movement in the consumer price index published by the Economic Policy, Planning and Statistics Office for the calendar year immediately preceding the indexation day.

(4) The Secretary shall publish annually updated specific rates of excise tax adjusted for inflation in accordance with this section on the Ministry's website.

§810. Both Ad Valorem and Specific Rates Applying

If the excise tax payable in respect of excisable goods is a combination of ad valorem and specific rates, the excise tax payable shall be the sum of the following amounts:

(a) the amount of excise tax calculated by applying the ad valorem rate to the value of the goods under section 807; and

(b) the amount of excise tax calculated by applying the specific rate to the goods in accordance with section 808.

§811. Temporary Importation

(1) The Secretary may, upon application by an importer, grant permission to the importer for the temporary import of excisable goods without payment of excise tax if:

(a) the goods are imported for temporary use or for a temporary purpose only, or the goods are the bona fide property and are for the exclusive use of a person temporarily in the Republic;

(b) the goods will be exported within three months from the grant of the permission for their temporary import; and

(c) the importer deposits with the Secretary as security an amount equal to the excise tax payable on the goods.

(2) Notwithstanding subsection (1), the Secretary may, if considered appropriate, allow such further period as the Secretary determines for the export of goods referred to in subsection (1).

(3) If goods for which the Secretary has granted permission under subsection (1) are exported within the time specified in subsection (1)(b), or within a further period allowed under subsection (2), the Secretary shall refund the security deposit referred to in subsection (1)(c) to the importer within 45 days of the date of export.

(4) If goods imported in circumstances to which subsection (1) applies are not exported within the period specified in subsection (1)(b), or within such further period allowed under subsection (2), the Secretary shall bring the security deposit placed with the Secretary under subsection (1)(c) to account as excise tax.

§812. Relief for Raw Materials

(1) If the Secretary is satisfied, on the basis of a certificate issued by a registered manufacturer in the approved form, that excisable goods, whether imported into, or manufactured in, the Republic, are intended to be used by the registered manufacturer as raw materials for the manufacture of other excisable goods, the Secretary may, in respect of

such goods, instead of requiring payment of excise tax in full, require that the manufacturer deposit such security as the Secretary thinks fit.

(2) If the Secretary is satisfied that goods to which subsection (1) applies were used as raw materials for the manufacture, in the Republic, of other excisable goods, the Secretary may apply any security deposit given under subsection (1) against any excise tax that becomes payable on the removal of those other excisable goods from Customs control.

(3) If the Secretary is satisfied that goods to which subsection (1) applied were applied to a purpose other than as raw materials for the manufacture of other excisable goods, the Secretary shall apply any security deposit given under subsection (1) as payment of the excise tax liability that would have arisen were it not for the Secretary's decision under subsection (1).

§813. Relief for Damaged or Destroyed Goods

No excise tax shall be payable by a registered manufacturer in respect of excisable goods:

(a) destroyed by fire or other natural cause prior to removal from Customs control; or

(b) that have deteriorated or have been damaged in storage in the manufacturer’s licensed factory and are securely disposed of in a manner approved by the Secretary.

PART III - REGISTRATION OF MANUFACTURERS AND APPROVAL OF LICENSED FACTORIES

§814. Prohibition on Manufacture of Excisable Goods

(1) A person shall not manufacture excisable goods in the Republic unless:

(a) the person is registered under this Chapter for the purpose of manufacturing those goods; and

(b) the excisable goods are manufactured in a licensed factory of the registered manufacturer.

(2) A person who manufactures excisable goods in contravention of subsection (1) shall be liable for excise tax in relation to the goods at the rates specified in column 2 of the First Schedule.

(3) Excise tax payable under subsection (2) shall be payable on demand made by the Secretary and is- in addition to any penalty or sanction imposed on the person for breach of subsection (1).

§815. Application for Registration

(1) A person wishing to carry on the business of manufacturer of excisable goods shall apply to the Secretary for registration.

(2) An application for registration under subsection (1) shall:

(a) be lodged with the Secretary in the approved form and prescribed manner; and

(b) contain the information required by the approved form, including details of:

(i) the excisable goods to be manufactured;

(ii) the factory in which the goods will be manufactured;

(iii) the plant and equipment to be used in manufacturing the goods; and

(iv) the place within the premises of the factory where manufactured goods will be stored before removal.

§816. Registration

(1) The Secretary shall consider an application for registration under section 815and may grant or refuse the application in accordance with this section.

(2) Subject to subsection (3), the Secretary may register an applicant under section 815 if:

(a) the Secretary is satisfied that the applicant will carry on the business of manufacturing excisable goods and will comply with the obligations imposed under this Chapter on registered manufacturers;

(b) the factory, plant, and equipment specified in the application are adequate for the manufacture of excisable goods;

(c) the factory specified in the application is adequate to secure excisable goods;

(d) the applicant has sufficient financial resources for the manufacture of excisable goods; and

(e) the applicant has provided security as required under section 831.

(3) The Secretary may refuse an application under section 815 if any of the following applies:

(a) the applicant was previously registered for excise tax under this Chapter, or is the controller of an entity that was previously registered, and the registration was cancelled for non-compliance;

(b) the applicant was liable for a tax evasion penalty under section 875 of the Tax Administration Act, 2025 or an equivalent penalty or offence under the Customs legislation, or an offence involving fraud;

(c) the applicant:

(i) is or has been declared bankrupt or insolvent at any time in the ten years prior to lodging the application; or

(ii) is in the process of liquidation, receivership, or bankruptcy;

(d) the applicant has not kept proper records as required under any tax law or has otherwise regularly failed to comply with its obligations under a tax law or the Customs legislation; or

(e) any of the preceding paragraphs applies to:

(i) any person involved in the management of the applicant; or

(ii) an associate of the applicant and the Secretary is satisfied that the associate is reasonably expected to be involved in carrying on the activity to which the application relates.

(4) The Secretary may impose such terms, conditions, or restrictions as the Secretary considers appropriate in relation to the registration of a person as a registered manufacturer for the purposes of this Chapter.

(5) The Secretary shall issue each registered manufacturer with a Certificate of Registration containing the information specified in section 817.

(6) Registration shall take effect from the date set out in the manufacturer's Certificate of Registration.

(7) In this section, "associate" and "tax law" have the same meanings as under the Tax Administration Act, 2025.

§817. Contents of a Certificate of Registration

(1) A Certificate of Registration issued under section 816 by the Secretary to a manufacturer of excisable goods shall specify the following:

(a) the class or classes of excisable goods that the manufacturer is licensed to manufacture; and

(b) the factory or factories at which the manufacturer is permitted to manufacture excisable goods.

(2) A factory specified in a Certificate of Registration issued under section 816 shall be used only for the manufacture of the class or classes of excisable goods specified in the Certificate.

(3) Only the person specified as the registered manufacturer in a Certificate of Registration issued under section 816 shall manufacture excisable goods in the factory specified in the Certificate.

(4) A registered manufacturer shall manufacture excisable goods only in the factory or factories specified in the Certificate of Registration.

§818. Approval of Licensed Factory

(1) A registered manufacturer shall apply to the Secretary, in the approved form and prescribed manner, for the approval of a factory as a licensed factory for the purposes of this Chapter.

(2) The Secretary shall approve a registered manufacturer's factory as a licensed factory for the purpose of manufacturing and selling excisable goods only if the factory meets the standards set out in the regulations.

(3) A registered manufacturer can manufacture and sell excisable goods only from a factory approved under this section as a licensed factory.

(4) The rules applicable to licensed warehouses under the Customs legislation shall apply to a licensed factory under this section.

§819. Change in Registration Conditions

(1) The Secretary may, by notice in writing to a registered manufacturer, and for the protection of the revenue or to ensure compliance with this Chapter:

(a) vary or revoke a condition of registration; or

(b) impose an additional condition or conditions of registration.

(2) A notice under subsection (1) shall state the date that the variation or revocation, or imposition of the additional condition, takes effect.

§820. Obligations of Registered Manufacturer

(1) A registered manufacturer shall notify the Secretary, in writing, of any of the following:

(a) subject to section 821, ceasing to carry on the manufacturing activity for which the Certificate of Registration was issued;

(b) any change in the name, address, place of business, constitution, or nature of the principal activity or activities carried on by the manufacturer, including a significant change in the nature or quantity of excisable goods manufactured;

(c) any change in the beneficial owner of the shares or other membership interest in the registered manufacturer;

(d) any period in which the manufacturer closes operations on a temporary basis;

(e) any change in the factory specified in the Certificate of Registration or the plant and equipment used to manufacture excisable goods; and

(f) if any of the matters specified in section 816(3) applies.

(2) A notification under subsection (1) shall begiven to the Secretary no later than seven days after the event requiring notification occurs.

(3) In this section, "beneficial owner" has the same meaning as in the Tax Administration Act, 2025.

§821. Cancellation of Registration

(1) A registered manufacturer who ceases to manufacture excisable goods shall, within seven days of the date of such cessation, notify the Secretary, in writing, of that fact, stating:

(a) the date on which the manufacturer ceased to manufacture excisable goods;

(b) the date on which the manufacturer expects that no excisable goods will remain in the manufacturer's licensed factory; and

(c) whether or not the manufacturer intends to recommence manufacturing excisable goods within twelve months from the date notified under paragraph (b).

(2) If the Secretary receives a notification under subsection(1), the Secretary shall, by notice in writing, cancel the registration of the manufacturer with effect from the first day on which there are no longer excisable goods in the manufacturer's licensed factory unless the Secretary has reasonable grounds to believe that the manufacturer will recommence manufacturing excisable goods at any time within twelve months from the date notified under subsection (1)(b).

(3) Any obligation or liability under this Chapter of a registered manufacturer in respect of anything done or omitted to be done by the manufacturer while registered, including the obligation to pay excise tax and to file excise tax returns, shall not be affected by cancellation of the manufacturer's registration.

(4) A registered manufacturer who sells a business of manufacturing excisable goods as a going concern shall notify the Secretary in writing of that fact at least three days before the earliest of the date on which:

(a) the sale is completed;

(b) the purchaser acquires any legal interest in the assets to be acquired; or

(c) the ownership of the assets of the going concern are transferred.

(5) The Secretary may cancel, by notice in writing, the registration of a manufacturer on the Secretary’s own motion if satisfied that:

(a) any of the matters specified in section 816(3) apply to the registered manufacturer;

(b) the registered manufacturer has not kept proper records as required under this Chapter, or has otherwise failed to comply with obligations under this Chapter or the Customs legislation;

(c) the registered manufacturer has breached a condition of registration;

(d) the registered manufacturer has deliberately made a false or misleading statement to the Secretary;

(e) the factory, or plant or equipment, specified in the Certificate of Registration is no longer adequate to manufacture or secure excisable goods; or

(f) the registered manufacturer has insufficient financial resources to undertake the activity of manufacturing excisable goods.

(6) The cancellation of the registration of a manufacturer under subsection (5) takes effect from the date specified in the notice of cancellation and the manufacturer is liable for excise tax on all excisable goods (including those subject to relief under section 812) on hand at that date.

(7) The Secretary may suspend the registration of a registered manufacturer, and the notice of suspension shall specify the reason for the suspension and the measures that need to be taken to ensure compliance with this Chapter.

(8) During the period of suspension of registration, the manufacturer shall not, without written permission from the Secretary:

(a) manufacture excisable goods; or

(b) keep, store, or remove excisable goods.

§822. Removal of Goods on Cancellation of Registration

(1) If the registration of a manufacturer has been cancelled, the manufacturer shall not, without written permission from the Secretary, remove any excisable goods from the manufacturer's factory in respect of which excise tax has not been paid.

(2) If the registration of a manufacturer has been cancelled, the Secretary may cause any excisable goods at the manufacturer's factory in respect of which excise tax has not been paid to be removed to such place as the Secretary may determine at the manufacturer's expense.

(3) The Secretary may dispose of any goods to which subsection (2) applies if, after one month following removal, the excise tax, removal expenses, storage rent, and other storage charges (if any) in respect of the goods have not been paid by the manufacturer.

(4) The excise tax payable on disposal of excisable goods under subsection (3) shall be calculated by reference to the excise tax rate applicable to the goods at the time of their disposal.

PART IV–EXCISE STAMPS

§823. Excise Stamps

(1) Subject to subsection (2), manufactured and imported alcoholic spirits and tobacco products shall be marked by the importer or registered manufacturer with an excise stamp as prescribed prior to their removal from a Customs licensed warehouse or a factory as evidence that excise tax has been paid on the goods.

(2) Subsection (1) shall not apply to alcoholic beverages sold in containers not exceeding 50 milliliters.

(3) Imported alcoholic spirits and tobacco products shall be marked by the importer or registered manufacturer with an excise stamp as prescribed within seven days of entry into the Republic.

(4) Any alcoholic spirits or tobacco products that are supplied without an excise stamp as prescribed shall be liable to be seized by the Secretary.

(5) Where excisable goods are manufactured for export, or for delivery to persons listed in paragraph (1)(d), (e), or (f) of the Second Schedule, the goods shall be marked with such inscriptions as the Secretary may specify to facilitate the tracking and tracing of the goods.

(6) A person shall not remove excisable goods specified in subsection (1) from the place designated for affixing stamps unless the goods have been affixed with excise stamps in accordance with the Regulations.

(7) A person shall import excisable goods requiring an excise stamp only if licensed to do so under the Regulations.

(8) No person shall manufacture or print excise stamps unless licensed to do so by the Secretary in accordance with the Regulations.

PART V – CUSTOMS CONTROL

§824. Excisable Goods under Customs Control

(1) Excisable goods stored in the licensed factory of a registered manufacturer shall be subject to Customs control until the earlier of:

(a) the removal of the goods from the factory for consumption in the Republic;

(b) the export of the goods from the Republic; or

(c) the destruction or disposal of the goods in accordance with subsection (5) or section 5(1)(c).

(2) An authorized officer may, at any time, examine or monitor goods under Customs control.

(3) A registered manufacturer shall provide all reasonable facilities and assistance to enable an authorized officer to exercise their powers under this Chapter.

(4) No person shall, except with the written authority of the Secretary, remove goods under Customs control from a factory or otherwise interfere in any way with the goods while they are under Customs control.

(5) Where goods are subject to Customs control, the Secretary may permit the owner of the goods to forfeit them to the Government and, on such forfeiture, the goods may, at the expense of the owner, be destroyed or otherwise disposed of as the Secretary may direct.

§825. Obligations of Registered Manufacturer in Relation to Excisable Goods under Customs Control

(1) For the purposes of ensuring proper accounting of excisable goods under Customs control, a registered manufacturer shall:

(a) keep and maintain at the manufacturer's factory metering and measuring devices and such other equipment as may be necessary to enable the Secretary to take an account of, or check by weight, gauge, or measure, all excisable goods or materials in the factory;

(b) store excisable goods in the manufacturer's factory in such manner as to facilitate the taking of a full account of the goods;

(c) keep a materials account in the approved form and enter therein the particulars of all raw materials received at the manufacturer's factory for use in manufacturing, and balance the account at the end of each month;

(d) keep a finished goods account in the approved form and enter therein particulars of all excisable goods manufactured in the manufacturer's factory and removed therefrom and balance the account at the end of each month;

(e) ensure that excise tax is paid on any excisable goods consumed at the manufacturer's factory; and

(f) comply with any other requirements as may be specified in the Regulations.

(2) For the purpose of subsection (1)(a), the Secretary shall, by notice in writing to a registered manufacturer, specify the requirements of measuring or metering devices and such other equipment as may be required in a factory.

(3) The Secretary:

(a) may, at any time, take samples of excisable goods free of charge for such purposes of this Chapter as the Secretary may deem necessary, and any such samples shall be disposed of and accounted for in such manner as the Secretary may direct; or

(b) may permit the owner of excisable goods to take samples which are of no commercial value without payment of the excise tax thereon, subject to such written conditions as the Secretary may specify.

§826. Deemed Removal of Excisable Goods

(1) A registered manufacturer that cannot account to the satisfaction of the Secretary for any quantity of excisable goods manufactured or warehoused by the manufacturer shall be deemed to have removed those goods from Customs control in the month in which the discrepancy arose.

(2) A registered manufacturer shall notify the Secretary of any discrepancies between the manufacturer's actual and recorded inventory as soon as the manufacturer becomes aware of the discrepancy.

PART VI - PROCEDURE

§827. Excise Tax Returns

A registered manufacturer shall file an excise tax return, in the approved form and in the prescribed manner for each calendar month within 21 days after the end of the month, whether or not any excise tax is due for that month.

§828. Due Date for Payment of Excise Tax by a Registered Manufacturer

(1) The excise tax payable by a registered manufacturer for a calendar month shall be payable by the due date for filing the manufacturer's excise tax return for that month.

(2) A registered manufacturer may not remove excisable goods from Customs control if the removal would result in the amount of excise tax payable by the manufacturer but not yet paid (including excise tax that has not been paid because the time allowed for payment under subsection (1) has not expired) exceeding the amount of security given under section 816(2)(e), unless:

(a) the Secretary, on application in writing by the manufacturer, gives permission for the removal;

(b) the manufacturer, with the agreement of the Secretary, increases the amount of the security given under section 831 prior to removal; or

(c) in any other case, the manufacturer pays the excise tax payable on the goods before the excisable goods are removed from Customs control.

(3) If a registered manufacturer pays excise tax to the Secretary under subsection (2)(c), the manufacturer shall include the excise tax in its excise tax return for the month following the making of the payment but is entitled to a credit for the amount paid.

(4) If the excise tax payable by a registered manufacturer in respect of the removal of excisable goods from Customs control is not paid by the due date for payment, the Secretary may recover the unpaid excise tax from the registered manufacturer prior to the subsequent release of excisable goods of the manufacturer from Customs control.

§829. Payment of Excise Tax by Importers

(1) The excise tax payable on an import of excisable goods into the Republic shall be payable by the importer to the Secretary at the time of import as determined under section 806(5).

(2) For the purposes of subsection (1):

(a) a passenger who imports baggage for which no entry is required is treated as having entered the baggage for use within

the Republic at the time the baggage is delivered to the passenger in the Republic; and

(b) the addressee of goods imported by post for which no entry is required is treated as having entered the goods for use within the Republic at the time the goods are delivered to the addressee.

(3) For the purpose of collecting and enforcing the payment of excise tax on the import of goods into Republic, and for the warehousing of imported excisable goods, the Customs legislation shall apply as if the excise tax is import duty.

§830. Records

(1) A registered manufacturer shall keep such accounts, documents, and records as enable the calculation of the excise tax payable on the removal of excisable goods manufactured by the manufacturer.

(2) Records under subsection (1) shall be maintained by a registered manufacturer, in English or Marshallese, at the factory in which manufacture of excisable goods is undertaken.

(3) A person importing or exporting excisable goods shall keep Customs documentation relating to imports or exports of excisable goods.

(4) The documentation required to be maintained by a person under this section shall be retained by the person for five years from the end of the month to which the records relate.

§831. Security

(1) The Secretary shall, for the purposes of securing payment of any excise tax that is or may become due by a registered manufacturer under this Chapter or to otherwise secure compliance with the terms of this Chapter and, subject to subsection (2), require the registered manufacturer to provide security in such amount and on such conditions as the Secretary determines.

(2) The amount of security required to be provided by a registered manufacturer should at least be equal to the expected monthly excise tax liability of the manufacturer.

(3) The Secretary may require security to be provided by way of a bond, guarantee, cash deposit, or in any other form as the Secretary determines.

(4) If the Secretary requires a registered manufacturer to provide security by way of a cash deposit, the Secretary shall hold the deposit in a separate trust account until the deposit is either applied against the manufacturer's excise tax liability or returned to the manufacturer.

(5) The Secretary shall serve the registered manufacturer with a notice in writing setting out the following:

(a) the amount of the security to be provided;

(b) the form in which security is to be provided; and

(c) the due date for providing the security.

PART VII – POWERS OF AUTHORIZED OFFICERS

§832. Access to Factories and Vehicles

(1) An authorized officer shall at all times have access to a factory of a registered manufacturer and may:

(a) examine any excisable goods, containers, plant, equipment, and records in the factory; and

(b) weigh, mark, or seal any excisable goods in the factory.

(2) Where an authorized officer reasonably believes that a vehicle is carrying excisable goods, the authorized officer may:

(a) require the vehicle to stop; and

(b) inspect the vehicle to establish whether there is appropriate documentation authorizing the removal of excisable goods from a factory.

(3) For the purposes of subsection (2), an authorized officer may do any of the following:

(a) question any person in the vehicle concerning the goods in the vehicle;

(b) direct that goods are unloaded from the vehicle; and

(c) direct that the vehicle is moved to a particular place for further examination.

(4) In this section. "vehicle" means any form of transportation by land, water, or air.

§133. Search and Seizure

The Secretary may use the search and seizure powers in the Customs legislation for the purposes of this Chapter.

PART VIII – ADMINISTRATIVE PENALTIES, OFFENCES, AND FORFEITURE

§834. Penalty

(1) A person who manufactures excisable goods without being registered shall be liable to:

(a) the excise tax that would have been payable if the person were registered; and

(b) a penalty equal to the higher of:

(i) double the amount referred to in paragraph (a); or

(ii) $1,000.

(2) A registered manufacturer who manufactures excisable goods in premises that are not specified on the manufacturer's Certificate of Registration as a licensed factory in which the manufacturer is permitted to manufacture the goods shall be liable to a penalty equal to double the excise tax payable on those goods.

(3) Where section 826(1) applies to deem a registered manufacturer to have removed excisable goods from Customs control, the manufacturer shall be liable to pay a penalty equal to double the excise tax payable on those goods.

(4) A registered manufacturer who fails to file an excise tax return by the due date shall be liable for a penalty equal to $10 for each day or part day the return remains unfiled.

(5) A registered manufacturer who fails to pay excise tax by the due date shall be liable for a penalty equal to $10 for each day or part day the excise tax remains unpaid.

(6) The provisions in Part VI of the Tax Administration Act, 2025 shall apply for the purposes of collecting an amount payable under this section as if the amount is unpaid tax.

§835. Offences

(1) A person who:

(a) contravenes section 814;

(b) manufactures excisable goods in premises that are not a licensed factory;

(c) fails to comply with section 820;

(d) fails to notify the Secretary under section 821(5);

(e) contravenes section 824(3) or (4);

(f) fails to comply with section 826(2);

(g) without authorization, enters a place where there are excisable goods under Customs control;

(h) is involved in the unauthorized removal, alteration, or interference with excisable goods that are subject to Customs control;

(i) fails to provide an authorized officer with access as required under section 832(1);

(j) fails to answer a question asked by an authorized officer in accordance with section 832(3)(a); or

(k) fails to comply with a direction of an authorized officer under section 832(3)(b) or (c),

shall be guilty of an offence and upon conviction shall be liable to a fine not exceeding $5,000 or imprisonment for a term not exceeding 2 years, or to both affine and imprisonment.

(2) A person who:

(a) imports excisable goods requiring an excise stamp, other than exempt excisable goods, without being licensed to import the goods;

(b) marks alcoholic spirits or tobacco products with an excise stamp knowing that the excise tax in respect of the alcoholic spirits or tobacco products has not been paid;

(c) fails to mark excisable goods as required under section 823 and Regulations made under that section;

(d) fraudulently appropriates excise stamps belonging to a registered manufacturer; or

(e) manufactures excise stamps when not being the lawful holder of a license to manufacture such stamps,

shall be guilty of an offence and upon conviction shall be liable to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 3 years, or to both a fine and imprisonment.

(3) A person involved in the unauthorized removal, alteration, or interference with goods subject to excise tax that are under Customs control shall be guilty of an offence and upon conviction shall be liable to a fine not exceeding $5,000 or to imprisonment for a term not exceeding 2 years, or to both a fine and imprisonment.

(4) A person who:

(a) knowingly smuggles, unlawfully conveys, or has in the person's possession any smuggled goods subject to excise tax;

(b) knowingly offers for sale smuggled or unlawfully imported goods subject to excise tax; or

(c) receives goods subject to excise tax knowing or believing the goods to have been smuggled or to have been unlawfully imported,

shall be guilty of an offence and upon conviction shall be liable to a fine not exceeding $100,000 or to imprisonment for a term not exceeding 10 years, or to both a fine and imprisonment.

(5) A person who, in relation to excise tax:

(a) maintains fraudulent records;

(b) deliberately or recklessly makes a false or misleading statement to an authorized officer; or

(c) files or lodges a fraudulent document with the Secretary,

commits an offence and upon conviction shall be liable to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 3 years, or to both a fine and imprisonment.

(6) A person shall not be liable for an administrative penalty and prosecuted for an offence for the same act or omission.

PART IX – MISCELLANEOUS PROVISIONS

§836. Tax a Debt Due to the State

(1) Excise tax is a debt due to the Republic and is payable to the Secretary on behalf of the Republic.

(2) Part VI of the Tax Administration Act, 2025 applies for the purposes of recovering any unpaid excise tax in relation to excisable goods manufactured in the republic as if it is unpaid tax

§837. Secrecy

Section 67 of the Tax Administration Act, 2025 shall apply for the purposes of this Chapter.

§838. Tax Avoidance Schemes

(1) Notwithstanding anything in this Act, if the Secretary is satisfied that:

(a) a scheme has been entered into or carried out;

(b) a person has obtained a tax benefit in connection with the scheme; and

(c) having regard to the substance of the scheme, it would be concluded that a person, or one of the persons, who entered into or carried out the scheme did so for the sole or dominant purpose of enabling the person referred to in paragraph (b) to obtain the tax benefit,

the Secretary may determine the excise tax liability of the person who obtained the tax benefit, and any other person connected with the scheme, as if the scheme had not been entered into or carried out, or on such other basis as in the circumstances the Secretary considers appropriate for the prevention of, or reduction in, the tax benefit.

(2) The Secretary shall serve a notice of a tax assessment on any person whose excise tax liability is adjusted as a result of the determination so as to give effect to the determination.

(3) A notice of a tax assessment under subsection (2) shall be served on a person within three years from last of the month to which the determination relates.

(4) In this section:

"scheme" includes:

(a) an agreement, arrangement, or promise, whether express or implied, and whether or not legally enforceable; and

(b) any undertaking, plan, proposal, course of action, or course of conduct whether undertaken unilaterally or by 2 or more persons; and

"tax benefit" means:

(a) a reduction in the liability of a person to pay excise tax;

(b) an entitlement to a refund of excise tax;

(c) a postponement of a liability for the payment of excise tax; or

(d) any other advantage arising because of a delay in payment of excise tax.

§839. Currency Translation

(1) An amount taken into account under this Act shall be expressed in United States dollars.

(2) If an import of excisable goods is subject to an ad valorem rate and the excisable value of the import is expressed in a currency other than United States dollars, the excisable value must be translated into United States dollars at the same exchange rate applicable under the Customs legislation for the purposes of calculating import duty on the import of the goods.

§840. Application of Chapter

(1) This Chapter shall bind the Republic.

(2) Notwithstanding any other Act or Agreement made before or after the commencement of this Act, an exemption from tax for any person shall not to be construed as an exemption from the payment of excise tax under this Chapter.

PART X – FINAL PROVISIONS

§841. Regulations

(1) The Minister responsible for finance may make regulations pursuant to the Marshall Islands Administrative Procedures Act, 1979:

(a) prescribing all matters that are by this Chapter to be prescribed or convenient to be prescribed to give effect to this Chapter;

(b) forms, fees, or other matters as required under this Chapter.

(2) Without limiting the general effect of subsection (1), the regulations made under that subsection may:

(a) contain provisions of a saving or transitional nature consequent on the making of this Chapter; or

(b) prescribe penalties for the contravention of the regulations.

§842. Transitional

(1) A person may apply for registration under section 815 or licensing of a factory under section 818 before the commencement date.

(2) If the Secretary registers a person who has applied, or approves a factory, before the commencement date, the registration or approval shall take effect from the commencement date.

(3) If, prior to the commencement date:

(a) a person purported to lodge an application for registration under this Chapter;

(b) the Secretary purported to register a person under this Chapter; or

(c) the Secretary purported to issue a Certificate of Registration under this Chapter,

the application, registration, or certificate, as applicable, shall be treated for all purposes of this Chapter and the Tax Administration Act, 2025 as if it were made on the commencement date.

(4) If a registered manufacturer concluded a contract to supply excisable goods before the commencement date, the manufacturer shall be entitled to recover from the purchaser all excise tax payable on

excisable goods supplied by the manufacturer pursuant to the contract after the commencement date notwithstanding that the contract contained no provision relating to increasing the price because of the imposition of excise tax.

§843. Effective Date

(1) This Act shall take effect on the date of certification in accordance with Article IV of the Constitution and the Rules and Procedures of the Nitijela.

(2) This Chapter shall apply to imports or removals of excisable goods made on or after October 1, 2026.

FIRST SCHEDULE
Excisable Goods and Rates of Excise Tax

Excisable Goods	Excise Tax Rate
Gasoline	$0.50per gallon
Jet A-1	$0.30per gallon
Diesel	$0.30per gallon
Liquified petroleum gas (LPG)	$0.12 per pound
Motor vehicles	Provided that in no case shall the mileage be more than 100,000 miles or 160934.4 km.: New motor vehicles - $2,500 per vehicle Used motor vehicles - $2,000 per vehicle For the purpose of this Schedule, every buyer of an imported used motor vehicle shall obtain from an authorized dealer or a self-importer a certificate to confirm the mileage of the import used motor vehicle before it is imported to the Republic.
Public transport vehicles	5% of excisable value
Tobacco and cigarettes	$2.00per pack of 20 rolls
Cigars	151% of excisable value
Other tobacco (Copenhagen)	$5.00 per 34.02 grams or every 1.2 ounce

Beer and Mixed Drinks	$0.55per every 12 ounce unit
Wine	$13.00 per gallon
Spirits	$40.00 per gallon
Soft drinks – carbonated beverages	$0.28 per every 12 ounce
Soft drinks – non-carbonated and artificially flavored beverages	$0.12 per every 12 ounce

In this Schedule:

"new motor vehicle" means a motor vehicle that:

(a) has not previously been sold to any person except a distributor, wholesaler, or dealer for resale, except where the vehicle has not left the dealer's possession after the sale to a consumer;

(b) has not been previously registered or titled in the name of a consumer except where the vehicle has not left the dealer's possession after the sale to a consumer; and

(c) has not been driven more than two thousand (2000) miles,

provided that where a sale, registration, entitlement, or transfer of title of a motor vehicle, or the accrual of mileage thereon, is primarily for the purpose of evading this provision, the motor vehicle shall be deemed a new motor vehicle for the purpose of this Act;and

"used motor vehicle" means a motor vehicle other than a new motor vehicle.

SECOND SCHEDULE

Exempt Excisable Goods

(1) The following goods are exempt from excise tax:

(a) the following goods imported by a passenger or a member of the crew of a ship or aircraft, being:

(i) not more than three hundred (300) cigarettes, seventy-five (75) cigars, or eight (8) oz. of smoking tobacco for personal consumption and not for resale; or

(ii) not more than two (2) liters of distilled alcoholic beverages for personal consumption and not for resale;

(b) bona fide stores of a ship or aircraft, being goods required for the use of the passengers and crew of the ship or aircraft while on board and while the ship or aircraft is in international traffic in such quantities as approved by the Secretary;

(c) goods carried across the Republic in transit;

(d) an import of goods by a diplomatic or consular mission, or by a diplomat or consular official, or a member of the diplomat's or consular official's family forming part of their household in the Republic, to the extent provided for in the Diplomatic Privileges and Immunities Act 1988 [MIRC Title 43 Chapter 7];

(e) an import of goods by an international organization to the extent provided for in the International Organization Immunities Act 1974 [MIRC Title 43 Chapter 3];

(f) an import of excisable goods by a foreign government to the extent provided for in an agreement between the Government and a foreign government for the provision of financial, technical, humanitarian, or administrative assistance to the Government.