



TARIFF CHANGES FOR 1 JULY 2006

This message summarises tariff, duty rate and statistical code changes that will take effect on 1 July 2006. The ICS computer system will apply these changes automatically from that date.

Fuel Tax Reform and Excise and Duty Rate Changes

The *Customs Tariff Amendment (Fuel Tax Reform and Other Measures) Act 2006* (the Act) received the Royal Assent on 26 June 2006 as act No. 77 of 2006. This Act is part of a package of legislation that will give effect to significant changes to the treatment of goods to which excise equivalent rates of duty apply.

The Act amends the *Customs Tariff Act 1995*, with effect from 1 July 2006, to align customs duties and tariff classifications, in Chapters 15, 24, 27, 29 and 38, with amended excise classifications and rates of duty. Related changes occur in the Tariff Act, the Notes to Chapters 15 (for the classification of biodiesel), 22 (for mead and beer), 27 (for various petroleum products) and 38 (for biodiesel). (Schedules 5 and 6, US and Thai originating goods, are also amended to reflect the changes in Schedule 3).

Certain tariff classifications and statistical codes in the above Chapters change from 1 July 2006 and some existing classifications and statistical codes will not operate from that date. Australian Customs Notices 2006/22, 2006/31 and 2006/33 have been issued to advise Customs clients of those changes.

Chapter 22 (Beverages, spirits etc)

In Chapter 22, there are changes to the definition of mead and a clarification of when different rates of duty apply to different types of beer. These changes do not affect tariff classifications or statistical codes in Chapter 22.

Alkylbenzenes of heading 3817 and Item 50 of Schedule 4 (Goods Subject to Tariff Concession Orders)

Subheadings 3817.00.11 and 3817.00.19 (alkylbenzenes) have been combined into a new subheading 3817.00.10, with a rate of duty of 5% plus \$0.38143/L. Item 50(1) in Schedule 4 is amended to prevent the entry into home consumption of alkylbenzenes subject to a Tariff Concession Order (TCO) without payment of the excise equivalent rate of duty of 38.143 cents per litre.

New item 50(1A) (treatment code 508) will provide the mechanism for the continued use of TCOs for these goods, but imposes the rate of 38.143 cents per litre. Two TCOs applicable to alkylbenzenes will be revoked and re-issued to take account of the amendment to tariff heading 3817 in respect of those goods. (There is no change to the item 50(1) treatment code 505).

Item 44 of Schedule 4 (Concessional Importation of Excise Equivalent Goods)

Item 44 of Schedule 4 to the Customs Tariff which currently allows concessional importation of excise equivalent goods that are for use in the manufacture of excisable goods, will be repealed.

Treatment code 444 will however be retained, but with changes to its operation. For goods imported after 1 July 2006, treatment code 444 will only be available for use on "Excise Returns" - a modified weekly import declaration, ex-warehouse (Nature 30) form. Treatment code 444 and Tariff Rate Number 044 must be quoted on an "Excise Return".

Treatment code 444 may continue to be used, as previously, for refund purposes, for goods imported prior to 1 July 2006.

Refer to Australian Customs Notice 2006/33 for further information on administrative arrangements for imported excise equivalent goods, post July 2006.

Item 67 of Schedule 4 (Concessional Importation for Certain Tobacco Leaf)

Item 67 of Schedule 4, applicable to certain tobacco leaf, is also being repealed (treatment code 467).

Items 118 and 119 of the Supplementary Provisions (Certain Goods Imported Under Customs Regulation 126)

In the Supplementary Provisions, items 118 and 119 applicable to certain goods imported under Customs Regulation 126 (treatment codes 318 and 219), will also be deleted.

Use of Rate Number 001 on Import Declarations

Importers should note that it will be necessary to continue to quote Rate Number 001 on Import Declarations when entering goods (alcohol, tobacco and petroleum products) that have excise equivalent rates of duty.

Information Available Through the Tariff Working Pages, the Customs Website and TAPIN

Tariff working pages to reflect the above changes will be distributed from Tuesday 27 June 2006.

The above mentioned Australian Customs Notices, an associated fact sheet outlining details of the Fuel Tax Reform and Excise and Duty Rate Changes and tariff working pages are available on the Customs website at (www.customs.gov.au). The fact sheet contains a concordance showing movement of goods as a result of the changes.

To access the fact sheet, click on Fuel tax reform scheme under quick links. To access the tariff working pages, click on import export then customs tariff - amendments to tariff classifications and statistical codes are indicated with a "star" and "operative 1/7/06". To access Australian Customs Notices, click on media, publications and forms and then customs notices.

Details of the changes will also be available on the TAPIN System.

Other Changes

Item 31 (aircraft parts) and item 71 (Project By-law Scheme)

Customs Tariff Proposal (No. 1) 2006 was tabled in Parliament on 15 June and expanded the coverage of both these items. There are no changes to the existing treatment codes, 431 and 471, respectively. Australian Customs Notice 2006/30 refers.

Item 73 (Product Diversification Scheme for Certain Clothing and Finished Textiles)

Item 73 commences on 1 July 2006.

Access to item 73 is subject to the importer obtaining an Import Credit Number (ICN) which is issued by AusIndustry, in accordance with the Product Diversification Scheme Terms and Conditions. The ICN must be quoted on Import Declarations.

In addition, treatment code 473 and the relevant by-law (By-law No. 0604883) should also be quoted on Import Declarations.

Customs Tariff pages reflecting changes to items 31, 71 and 73 (and By-law No. 0604883) were issued in the week commencing 26 June 2006.

Statistical Code Changes

Except as set out above, there are no statistical code changes for 1 July 2006.

Melbourne 2006 Commonwealth Games

Item 64 of Schedule 4 (goods for purposes related to the Melbourne 2006 Commonwealth Games, treatment code 464 and related Supplementary Provisions item 111A, treatment code 355) will cease to operate from 1 July 2006. Associated By-laws No. 0540005 and No. 0540006 will also cease to operate from 1 July 2006.

Queries

If Customs clients receive error messages in the ICS when accessing the new tariff classifications and/or statistical codes, they should contact Customs Cargo Systems Support, either by email at cargosupport@customs.gov.au or by phone on 1300 558 099. Other queries, relating to the new administrative arrangements should be addressed to Jeff Stien in Canberra, phone: 02 6275 5752 or for tariff and statistical code changes to Nick Blackaby in Canberra, phone: 02 6275 6506.

END OF MESSAGE
CANBERRA
26 JUNE 2006