



## AUSTRALIAN CUSTOMS SERVICE PRACTICE STATEMENT

**FILE NO:** 2008/007525-01

**PRACTICE STATEMENT NO:** PS2008-32

**PUBLISHED DATE:** 24 July 2008

**AVAILABILITY:** Internal and External

**SUBJECT:** Passenger Movement Charge (PMC)

**PURPOSE:** This Practice Statement sets out the policy relating to the collection and remittance of the PMC.

**APPROVING OFFICER:** National Director, Passengers

**CATEGORY:** Operational Procedure (OP)

**CONTACT:** Passenger Policy Phone: 02 6275 8026

### SUMMARY OF MAIN POINTS

Customs Practice Statements are endorsed Customs policy and must be followed by all Customs employees. This Practice Statement outlines:

- The policies relating to the procedures carried out as part of the collection and remittance of the PMC by the Australian Customs Service (Customs), on behalf of the Commonwealth of Australia.

*The electronic version published on the intranet is the current Practice Statement.*

### STATEMENT

#### Introduction Statement:

The Passenger Movement Charge (PMC) was introduced in July 1995 (replacing Departure Tax) as a cost recovery measure to partially off-set the cost of Customs, immigration and quarantine (CIQ) processing of arriving and departing passengers and the cost of issuing short term visas. The PMC will also partially offset some of the costs of national security aviation initiatives from 1 July 2008. The PMC is levied under the *Passenger Movement Charge Act 1978* and collected under the *Passenger Movement Charge Collection Act 1978*. The revenue from the PMC is paid directly into the Commonwealth Consolidated Revenue Fund. The PMC is not provided directly to CIQ agencies.

**BCS CLASSIFICATION:** TVFC Policy

**FILE NUMBER:** 2008/007525-01

The PMC is imposed in respect of the departure of a person from Australia for another country, whether or not the person intends to return to Australia. Customs, on behalf of the Commonwealth, has administrative responsibility to manage PMC collection.

## **Context and Scope**

This practice statement encompasses all activities relating to the collection and remittance of the PMC, including:

- arrangements and agreements with (Regular Public Transport (RPT) operators, Cruise Operators, Air Charter Operators and Shipping Entities);
- administrative responsibilities such as remittance reconciliations;
- administration cost claims;
- refunds;
- debt recovery;
- renewal of arrangements;
- maintenance of carrier records and the responsibilities of Passenger Policy, National Pay and Accounts Centre (NPAC) PMC Unit and carriers.

It does not include reference to the collection of any other charge, levy and tax associated with the cost to the passenger of international airlines tickets.

## **Policy Statement**

Customs is a regulatory agency with a clear mandate that incorporates the collection of Customs and other border related revenue, including the PMC. Customs administers the PMC legislation primarily through formal voluntary Arrangements with carriers including RPT operators, Cruise Operators, Air Charter Operators and Shipping Entities. Other entities with similar responsibilities to carriers include the Australian Defence Force, the Department of Prime Minister and Cabinet and the owners/operators of itinerant flights and yachts.

From the 1 July 2008 the PMC is AU\$47 as determined by the *Passenger Movement Charge Act 1978*. The Australian Government Cost Recovery Guidelines include the PMC.

Customs has a direct interest in improving the compliance level of carriers and through formal Arrangements, carriers agree to collect and remit the PMC for all liable departing passengers, provide passenger data relating to flights departed as per an agreed schedule and agree for Customs to conduct a compliance audit in response to identified risk. To assist carriers with associated costs for the collection and remittance of the PMC, the arrangements also allow for administration costs to be claimed.

## **Procedural Statement**

Formal Arrangements between the Commonwealth and carriers outline the responsibility to collect the PMC from liable passengers at the time of ticket sale and remit the amount to Customs, within an agreed timeframe, after the liable passengers have departed Australia.

**BCS CLASSIFICATION:** TVFC Policy

**FILE NUMBER:** 2008/007525-01

The Arrangements allow carriers to assess and report their PMC liability on either a monthly or bi-monthly basis. The carriers remit the funds to Customs according to the agreed schedule of payment dates. NPAC PMC Unit reconcile the payments through the use of the PMC Management System (a database that interfaces with PACE to download passenger movement data). In order for NPAC PMC Unit to accurately reconcile remittances, carriers agree to provide in the Remittance Report the number of passengers exempt from liability as per s5 of the *Passenger Movement Charge Collection Act 1978* as well as the details of codeshare passengers. The NPAC PMC Unit apply risk identification and analysis, to identify high risk carriers and audit activity may be undertaken in response.

In certain circumstances, carriers may not engage in formal Arrangements with the Commonwealth, however, agree to collect and remit PMC in accordance with the legislation. Such adhoc collections of the PMC are either remitted to or invoiced by NPAC PMC Unit. Customs may also collect and remit the PMC on behalf of passengers departing Australia on small or itinerant air and sea craft.

Carriers may claim administration costs associated with the collection and remittance of the PMC. Administration costs represent the ongoing costs incurred directly and solely as a result of the obligations under the Arrangement. Such claims are assessed and processed by NPAC PMC Unit.

Provisions are made under s9 of the *Passenger Movement Charge Collection Act 1978* for the refund of the PMC in certain circumstances. Refunds of the PMC may be made for the following reasons: a passenger has paid the PMC but was eligible for an exemption (for example: child under twelve years of age) under s5 of the *Passenger Movement Charge Collection Act 1978*; or a person has paid the PMC more than once in error. Such claims are assessed and processed by either NPAC PMC Unit (if the passenger has departed Australia) or the carrier (if the passenger has not/did not depart Australia).

## **RELATED INSTRUCTIONS AND GUIDELINES**

Instructions and Guidelines – PMC

Instructions and Guidelines – NPAC PMC Unit

CEI 6.1 – Recovery of Debts

CEI 6.2 – Repayments of Debts by Instalment and Deferral of Repayments of Debts

CEI 6.3 – Waiver of Recovery of Debts due to the Commonwealth

CEI 6.4 – Non-Recovery of Debts

## **RELATED POLICIES AND REFERENCES**

*Passenger Movement Charge Act 1978*

*Passenger Movement Charge Collection Act 1978*

Department of Finance and Deregulation (DOFD)

- Australian Government Cost Recovery Guidelines;
- *Financial Management and Accountability Act 1997*

Australian National Audit Office (ANAO)

Customs Internal Audit Charter

Customs Risk Management Policy

**BCS CLASSIFICATION:** TVFC Policy

**FILE NUMBER:** 2008/007525-01

Customs Fraud Control Plan  
Customs Audit Philosophy  
Service Level Agreement NPAC/Passenger Clearance

#### **KEY ROLES AND RESPONSIBILITIES**

Customs policy responsibility rests with the Passenger Policy Section of the Passenger Operations Branch, Passengers Division.

Responsibilities for the administration of the PMC are defined in a Service Level Agreement between Passenger Clearance and the NPAC PMC Unit.

The role of Passenger Policy is one of policy oversight which includes responding to policy related queries and assuming responsibility for PMC debt after an agreed time frame.

NPAC PMC Unit is responsible for facilitating the day to day administrative functions which includes processing PMC payments and claims, liaising with and identifying new carriers, referral of debts and providing monthly reports to Passenger Policy.

#### **CONSULTATION**

##### **Industry Consultation**

Nil

##### **Internal Consultation**

The following internal stakeholders have been consulted in the development of this Practice Statement:

NPAC PMC Unit  
Customs Financial Services Division (FSD)  
Enforcement Operations  
Airport Operations North  
Airport Operations South

#### **APPROVAL**

Approved on 18 June 2008 by:

Jan Dorrington  
National Director Passengers

#### **ENDORSED**

Endorsed on 23 July 2008 by:

Sue Pitman  
A/g DCEO Passengers and Trade Facilitation

**BCS CLASSIFICATION:** TVFC Policy

**FILE NUMBER:** 2008/007525-01