



AUSTRALIAN CUSTOMS SERVICE PRACTICE STATEMENT

FILE NO: 2008/007525-01

PRACTICE STATEMENT NO: PS2008-31

PUBLISHED DATE: 24 July 2008

AVAILABILITY: Internal and External

SUBJECT: Passenger and crew duty free concessions

PURPOSE: This practice statement sets out the policy relating to the passenger and crew duty free concession arrangements

APPROVING OFFICER: National Director Passengers

CATEGORY: Operational Procedures (OP)

CONTACT: Passenger Policy Ph: (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 by Customs in applying the duty free concession arrangements for incoming passengers and crew to Australia, on behalf of a range of Government agencies.

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

STATEMENT

Introduction Statement:

Goods imported into Australia by passengers and crew members as accompanied baggage are generally subject to Customs Duty. Goods and Services Tax (GST) and Wine Equalisation Tax (WET) may also be applicable.

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However, passengers arriving in Australia from overseas are entitled to a number of concessions provided the goods are intended for personal use and accompany the passenger on arrival.

Policy and legislative responsibility for application of the duty free concession arrangements rests with Australian Customs Service (Customs). The consistent application of these concession arrangements is a vital Customs output, in that it supports the Government's revenue interests while also promoting Australia as an attractive tourist destination.

The current passenger and crew duty free concession arrangements have been in existence since 1 February 2005.

Context and Scope

This practice statement encompasses all activities performed by Customs in relation to the duty free concession arrangements for passengers and crew, both at international airports and seaports, and within various Customs Divisions in Canberra. Customs activities include the assessing of passenger and crew declarations, collection of all applicable revenue and/or detention of the goods pending payment prior to release of these goods, compliance activity to ensure the ongoing integrity of the scheme, promoting visibility of the scheme and ad hoc statistical reporting. Activities in this practice statement do not include those activities performed by Customs in relation to on airport and off airport duty free retailers. The Compliance Division is responsible for the policy governing the licensing of duty-free stores and compliance activities relating to duty-free retailers.

Policy Statement

Customs operations form part of the travel experience for the millions of travellers entering and leaving Australia every year. For many international travellers, their impressions of Australia will be created by their experience at primary line processing and assessment of their passenger card declaration. This experience should be as welcoming as possible, in order to enhance the traveller experience.

In this regard Customs, through its presence at airports and seaports, will assist eligible travellers with an opportunity to avail themselves of the duty free concession arrangements. It will provide this facility through consistent administration of the duty free concession scheme for international passengers and crew. Subject to meeting the duty free eligibility criteria, these parties will be allowed to bring into Australia certain goods free of duty and/or tax. The criteria for eligibility for this concession are:

- that the goods must be imported;
- the goods must accompany the traveller through Customs;
- that the goods are not intended for commercial purposes; and
- that the goods are not in excess of the concessions in any category.

Customs is also committed to protecting the revenue interests of the Government. In this regard we will work cooperatively with Government and industry stakeholders to ensure the integrity of the scheme is maintained via the consistent application of the

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concession arrangements, and all appropriate duties and/or taxes are collected. Attention to detail and accuracy will be essential in ensuring the effectiveness of these activities.

Legislation governing Customs administration of passenger and crew duty free concessions is detailed in:

- *Customs Tariff Act 1995* (Item 15 Schedule 4)
- Customs By-law 0540001 (*Customs Tariff Act 1995*).

Procedural Statement

Passengers are entitled to import the following goods free of duty and/or tax:

- personal clothing and footwear (not including fur apparel);
- articles for personal hygiene or grooming (not including perfume concentrate);
- goods imported by residents that were taken out of Australia on departure but not including goods purchased on a duty or tax free basis or for which a refund was given under the Tourist Refund Scheme;
- goods imported by visitors that are to be taken out of Australia on departure;
- personal effects (including fur apparel), that have been owned and in use by the passenger for the 12 months preceding importation;
- other articles up to a total purchase price not exceeding \$A900 per adult and \$A450 per child. (Alcohol and tobacco products cannot be included in this \$A900 concession.)
- 2.25 litres of alcoholic beverage per passenger 18 years or older;
- 250 cigarettes or 250 grams of cigars or tobacco products for each passenger 18 years or older;
- one opened packet containing 25 cigarettes or less is allowed.

Passengers in the same family may pool their concessions. This assumes the family arrives together on the same flight and all members are processed at the same time.

Pooling may also be granted in the case of joint ownership.

Crew members are eligible for the following concessions:

- items of clothing, personal hygiene and grooming such as toiletries (not including fur apparel and perfume concentrate);
- goods imported by crew members that are to be taken out of Australia on departure;
- other articles up to a total purchase price not exceeding \$A450;
- 2.25 litres of alcoholic beverage per passenger 18 years or older;
- 250 cigarettes or 250 grams of cigars or tobacco products for each passenger 18 years or older;
- one opened packet containing 25 cigarettes or less is allowed.

If a passenger or crew member exceeds any of the concession limits set out above, the passenger or crew member will be charged duty and/or tax on the entire value of the goods within the group of items.

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If the passenger or crew member decides not to pay the duty and/or tax Customs will hold the goods for not more than 120 days. If the duty and/or tax has not been paid within this time Customs will deem the goods to be abandoned and dealt with accordingly.

The procedures relating to the implementation of this Practice Statement are set out in the Instructions and Guidelines specified hereunder.

RELATED INSTRUCTIONS AND GUIDELINES

Personal and Crew Concessions
Valuation and Depreciation Guidelines
Alcohol and Tobacco
Dutiable and GST-Payable Goods
Calculating Duty / Use of DutyCalc
Undeclared Dutiable Goods
Re-exportation of Goods Subject to Duty and/or Tax
Revenue goods held on B390 – Payment on Collection

RELATED POLICIES AND REFERENCES

A New Tax System (Goods and Services Tax) Act 1999
Customs Act 1901
Customs Tariff Act 1995 (Part 1 of Schedule 4)
By-Law No. 0540001

KEY ROLES AND RESPONSIBILITIES

Policy and legislative responsibility for the application of the passenger and crew duty free concession arrangements rests with Customs.

Any amendments to concessional limits, or other eligibility criteria governing the arrangements, may have (potential) impacts upon the amounts of duty and/or tax collected on behalf of the Australian Government. With this in mind, Customs also has a responsibility to engage with a number of government departments/agencies when considering amendments to the arrangements.

Administrative responsibility within Customs rests with Passengers Division, primarily the result of their physical presence at Australian international airports. The Director Passenger Policy, with the support of Airport Operations North and South branches, is responsible for delivering customs policy responsibilities to the traveller and to government.

CONSULTATION

Industry Consultation

Department of Treasury (Treasury)

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Department of Finance and Deregulation (DoFD)
Department of Resources, Energy and Tourism (RET)
Australian Taxation Office (ATO).

Internal Consultation

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

Airport Operations North Branch
Airport Operations South Branch
Strategic Development Passengers
Trade Services Branch
Compliance Division

APPROVAL

Approved on 18 June 2008 by:

Jan Dorrington
National Director Passengers

ENDORSED

Endorsed on 23 July 2008 by:

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A/g DCEO Passengers and Trade Facilitation