



AUSTRALIAN CUSTOMS NOTICE NO. 2003/67

Oil and Natural Gas Concession

Item 22 of Schedule 4 to the *Customs Tariff Act 1995*

This Australian Customs Notice (ACN) has been prepared to inform importers and brokers of revised legislative and administrative arrangements for the operation of Item 22 of Schedule 4 to the *Customs Tariff Act 1995* (the Tariff) which relates to goods imported in connection with the exploration for, and development of, oil and natural gas resources. This ACN replaces all previous advices dealing with Item 22.

The terms of the revised Item and the associated by-law are outlined below.

Item 22 of Schedule 4 to the Tariff:

“Goods, as prescribed by by-law, for use in the exploration for oil or natural gas, or in the development of oil or natural gas wells”.

By-law number 0340010:

1. *This by-law may be cited as Customs By-law No.0340010.*
2. *This by-law shall take effect on and from 18 October 2003.*
3. *Item 22 in Part II of Schedule 4 to the Customs Tariff Act 1995 applies to goods that are subject to:*
 - (a) *a Tariff Concession Order (TCO); or*
 - (b) *a letter issued by an Industrial Supplies Office (issued no earlier than twelve months prior to the entry for home consumption of the goods) confirming, that in relation to the specified goods, there are no identified Australian producers of substitutable goods; and**are for use directly in the exploration for oil or natural gas or in the development of oil or natural gas wells from the reservoir up to and including the christmas tree cap.*
4. *For the purposes of this by-law “christmas tree cap” is defined as “the device attached on the top of the christmas tree flange for the purpose of sealing the well”.*
5. *For the purposes of this by-law “goods” includes whole goods and parts and accessories therefor.*
6. *This by-law does not apply to goods that have been declared by the Customs Regulations 1926, under paragraph 269SJ(1)(b) of the Customs Act 1901, to be goods to which a TCO should not extend.*
7. *For the purposes of this by-law goods used in the process of re-entering an existing well, extending the well into a new oil or gas zone or zones and “workovers” for the maintenance of the well are the subject of this by-law providing those processes are part of exploration for oil or natural gas, or in the development of oil or natural gas wells.*
8. *For the purposes of this by-law, the “Customs Regulations 1926” means the Customs Regulations 1926, as amended.*
9. *For the purposes of this by-law, the “Customs Tariff Act 1995” means the Customs Tariff Act 1995, as amended or proposed to be altered.”*

The main changes relating to Item 22 are:

goods for use directly in the exploration for oil or natural gas or in the development of oil or natural gas wells from the reservoir up to and including the christmas tree cap are now eligible for duty-free entry under the item;

goods for use in the process of re-entering an existing well, extending the well into a new oil or natural gas zone or zones, and "workovers" for the maintenance of the well are included, providing those processes, including workovers, are part of exploration for oil or natural gas, or the development of oil or natural gas wells; and

importers are no longer required to lodge security with the Australian Customs Service (Customs).

It should be noted that goods used for controlling, treating, conveying or storing oil or natural gas, after the christmas tree cap, remain excluded from the terms of this Item.

Importers using Item 22 are reminded that, in accordance with subsection 18(1) of the Tariff, goods that have a substantive duty rate of "Free" under Schedule 3 to the Tariff, are ineligible for the concessional item. Therefore, at the time of entry for home consumption, it must be established that the goods are dutiable. In cases where the classification is unclear, a formal Customs Tariff Advice should be sought from Customs.

Information on the policy objectives of Item 22 may be obtained from the Development Section, Offshore Resources Branch, Department of Industry, Tourism and Resources by visiting their website at <http://www.industry.gov.au>, by telephoning (02) 6213 6000, or by facsimile to (02) 6213 7000.

Information on Customs related matters may be obtained by telephoning the Customs Information Centre on 1300 363 263.

Questions concerning this ACN should be directed to the Manager, Tariff Concessions Policy, on (02) 6275 6571 or by facsimile to (02) 6275 6376.

John Arndell
Acting National Manager
Trade
For Chief Executive Officer

October 2003