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## AUSTRALIAN CUSTOMS NOTICE NO. 2006/22

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### Fuel tax reform and excise/duty rate changes

The purpose of this ACN is to provide interested parties with information regarding legislation currently before the Parliament related to the Government's proposed fuel reforms and the interrelated Treasury Review of Excise.

Customs Amendment (Fuel Tax Reform and Other Measures) Bill 2006 and Customs Tariff Amendment (Fuel Tax and Other Measures) Bill 2006 were introduced into the Parliament on 11 May 2006. These Bills are complementary to Excise Laws Amendment (Fuel Tax Reform and Other Measures) Bill 2006 and Excise Tariff Amendment (Fuel Tax Reform and Other Measures) Bill 2006. Details of the four Bills and their Explanatory Memorandums are available on the Parliament of Australia website via the following link: <http://www.aph.gov.au/bills/index.htm#billsnet> Subject to passage of the Bills, changes would come into force from 1 July 2006.

The key Customs Act measures would relate to:

- manufacture using excise equivalent goods to occur at a place licensed under both customs and excise legislation;
- continuation of Customs control of excise-equivalent goods until an excisable liability has been created under the *Excise Act 1901* (Excise Act), or the goods are entered into home consumption and relevant duties paid, or the goods are exported.

The main Customs Tariff Act proposed changes would relate to:

- the rate of duty applicable to burner fuel. The Fuel Tax Bill 2006, which was introduced into the House of Representatives on 29 March 2006, proposed to implement a Fuel Tax Credit Scheme. Eligible businesses may have an entitlement to fuel tax credits in respect of the use, packaging and sale of burner fuels. This scheme would be administered by the Australian Taxation Office (ATO)
- the repeal of items 44 and 67 of Schedule 4 to the Tariff Act. Importers of excise equivalent goods may then enter the goods for home consumption (duty paid), or warehouse their goods. When the goods are used in excise manufacture the liability for customs duties is extinguished, except for ad valorem duty that is payable on certain spirits and petroleum products.
- the removal of a number of redundant provisions from the Tariff Act, including the duty differentials for petroleum products based on container size, sulphur content, and whether a petroleum product contains a fuel marker.

More information will be provided to industry when the legislation process has progressed.

Further information on these proposed amendments, including a concordance of the tariff items to be affected, is available on request from A/g Director Excise and Tax Liaison on telephone number (02) 6275 6511 or fax number (02) 6275 6471. For inquiries concerning warehouse and licensing issues please contact the Director, Cargo Controls on (02) 6275 6564. For more information about fuel tax credits visit [www.ato.gov.au/fuelschemes](http://www.ato.gov.au/fuelschemes) or phone the Tax Office on 132866 between 8.00am and 6.00pm Monday to Friday.

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