



AUSTRALIAN CUSTOMS NOTICE NO. 2006/31

Customs Tariff Amendments Resulting from the Government's Fuel Tax Reform and Review of Excise

This notice updates some of the information contained in ACN No 2006/22 of 18 May 2006. The *Customs Tariff Amendment (Fuel Tax Reform and Other Measures) Act 2006* – No. 77 of 2006 – received the Royal Assent on 26 June 2006. That Act amends the *Customs Tariff Act 1995* (the Customs Tariff), with effect from **1 July 2006**, to implement changes that are complementary to amendments contained in the *Customs Amendment (Fuel Tax Reform and Other Measures) Act 2006* – No 76 of 2006.

These measures are designed to strengthen Customs control over certain goods that are used in the manufacture of excisable goods. This will ensure that imported excise equivalent goods (certain alcohol, tobacco and petroleum products) are subject to customs duty at the same rate as the excise duty imposed under the *Excise Tariff Act 1921* for the same products when they are manufactured or produced in Australia.

The *Customs Tariff Amendment (Fuel Tax Reform and Other Measures) Act 2006* amends the Customs Tariff by:

- incorporating in the Customs Tariff, alterations contained in Customs Tariff Proposal (No. 5) 2005, which reduced customs duty rates for avgas and aviation kerosene to \$0.02854 per litre, effective from 1 November 2005;
- amending Schedules 3, 5 and 6 of the Customs Tariff to align customs duties with amended excise classifications and rates of duty;
- changing the definition of mead to conform with the definition in the *A New Tax System (Wine Equalisation Tax) Act 1999*;
- aligning the snuff tobacco rate with the ordinary tobacco rate of \$290.74/kg;
- changing the tobacco (not stemmed or stripped) rate from Free to \$290.74/kg. This rate will be subject to indexation. This provision is designed to protect the revenue should any imported leaf be unaccounted for before excise manufacture;
- repealing items 44 and 67 of Schedule 4 to the Customs Tariff, that currently allow concessional importation, for excise equivalent goods that are for use in the manufacture of excisable goods; and
- reclassifying biodiesel from Chapter 15 to Chapter 38 of the Customs Tariff.

The *Customs Tariff Amendment (Fuel Tax Reform and Other Measures) Act 2006* also implements minor consequential amendments to the Customs Tariff including:

- clarifying when the different rates of customs duty apply for different types of beer;
- attaching a rate of customs duty of \$0.38143/L for enriched crude not used as oil refinery feedstock. This will provide consistency with the rate of excise duty for this product imposed under the *Excise Tariff Act 1921*;
- repealing Tariff subheadings for petroleum products in packages not exceeding

210 litres and for petroleum products containing the marker specified under section 5C of the *Excise Act 1901*. Goods previously classified to these subheadings have their rate of customs duty increased from Free to \$0.38143/L;

- amending the rate of customs duty for petroleum products to which the 'burner fuel rate' applies from \$0.07557/L to \$0.38143/L in line with the Government's fuel tax reform measures; and
- amending item 50(1) to Schedule 4 so as 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) 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 for alkylbenzenes will be revoked and reissued to take account of the amendment to Tariff heading 3817 in respect of these goods.

The *Excise Tariff Amendment (Fuel Tax Reform and Other Measures) Act 2006* implements equivalent changes in the *Excise Tariff Act 1921*.

Customs Tariff pages to be issued in connection with these changes are:

Customs Tariff Act

Page 9 (R.7) Page 19 (R.2)

Schedule 3 – tariff classifications and applicable rates of duty

15/1 (R.4)	15/7 (R.3)	22/3 (R.9)	22/5 (R.23)
22/7 (R.24)	22/9 (R.24)	22/11 (R.14)	22/13 (R.13)
22/15 (R.14)	22/17 (R.16)	22/19 (R.16)	22/21 (R.15)
24/3 (R.24)	27/1 (R.6)	27/3 (R.18)	27/5 (R.23)
27/7 (R.19)	27/9 (R.17)	27/11 (R.6)	27/13 (R.7)
29/7 (R.13)	34/3 (R.12)	34/5 (R.11)	38/3 (R.6)
38/9 (R.9)	38/13 (R.5)		

Schedule 4 - concessional rates of duty

4/21 (R.12)	4/25 (R.13)	4/33 (R.8)
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Schedule 5 – classifications and duty rates for US-originating goods not entitled to a free rate

5/1 (R.4)	5/3 (R.5)	5/5 (R.2)	5/7 (R.1)
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Schedule 6 – classifications and duty rates for Thai-originating goods not entitled to a free rate.

6/1 (R.4)	6/3 (R.5)	6/5 (R.2)	6/7 (R.1)
6/9 (R.1)			

Any enquiries concerning these matters may be directed to the Manager, Tariff Legislation, on (02) 6275 6486.

Philomena Carnell,
National Manager
Trade for
Chief Executive Officer
27 June 2006