

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 2013

5 June 2013

Question: BET 52

Topic: Wine equalisation tax

Hansard Page: Wednesday 5 June 2013, Page 74-75

Senator EDWARDS asked:

Senator EDWARDS: That is my next question. Of the total collections under that 40 per cent tax that you collect, what is from countries other than Australia and New Zealand?

Mr Quigley: I do not appear to have that figure, so I will need to take that on notice.

Senator EDWARDS: Do you have an intuitive feel?

Mr Quigley: No, I do not, sorry.

Senator EDWARDS: When you say you will take it on notice, when do you reckon you would know? Would it be easy to flush out? I am trying to get an idea of what contribution Australia and New Zealand makes to the total revenue collected, and what contribution Spain, Argentina, France make. I mean, there has been an explosion of French wine coming into this country by virtue of the currency strength. I just want to see what the French are contributing to our taxes.

Mr Quigley: I just have not—

Senator EDWARDS: You can take that on notice. You could get that to me in a week or so, probably?

Mr Quigley: I have just been advised that we will be able to get it back to you very quickly.

Senator EDWARDS: I love the way it works! In that, and probably along the same lines, would you be able to tell me what contribution New Zealand made to the total revenue collected and, under the Closer Economic Relations agreement, how much we rebate to them? I will give your people time to send the message.

Mr Quigley: We do not have a breakdown by country was the message.

Senator EDWARDS: How come you cannot do that?

Mr Quigley: I do not know. I will need to follow through on that.

Senator EDWARDS: It would be interesting, wouldn't it, to see where the revenue is being generated. The point I am coming to—and you will see where I am going with this—is that New Zealand is responsible for audits of New Zealand producers. How many audits do they do annually in New Zealand of the transactions which are afforded a 29 per cent rebate?

Mr Quigley: I do have that figure, but I will be able to—

Senator EDWARDS: I am sure you will in 30 seconds.

Mr Quigley: Maybe, maybe not.

Senator EDWARDS: Is it the New Zealanders' responsibility and, more particular, the responsibility of the New Zealand Inland Revenue Department to conduct those audits under the Closer Economic Relations agreement that we struck in 2006?

Mr Quigley: It certainly is. The IRD in New Zealand do undertake those audits and my understanding is that there is quite a quality control—

Senator EDWARDS: But we do not actually know whether they do any audits, do we?

Mr Quigley: I do not know. I would need to get back to you on that.

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Senator EDWARDS: But you would know if they are doing audits. As shown in answers to question on notice, we are doing 379 audits this year, which is double the number you have done over previous years. So you are very active in this space, yet I am not seeing any action in New Zealand. It would appear to me that, if you have issues in Australia, you may well have them in New Zealand. Would you briefly explain why we afforded them a competitive advantage over this country? What was it in the Closer Economic Relations that they nailed us on in 2006?

Mr Quigley: That is not a question for the tax office, I do not think.

Senator EDWARDS: It is a strange mix, I do agree, Minister! You have doubled your commitment to Australian WET audits over the last 12 months, which was a decision made by whom?

Mr Quigley: We have some answers to previous questions for you now.

Senator EDWARDS: Okay, hit me with those.

Mr Quigley: These answers are answers that we provided to you previously. This one says:

In relation to wine rebate claims from New Zealand producers, the ATO does not undertake audits of claims for the Wine Producer Rebates. Unlike Australian claimants, New Zealand producers who claim the rebate are subject to a 100% verification of their claims by the New Zealand Inland Revenue Department, prior to passing to the ATO for payment.

Senator EDWARDS: No worries. Have they ever given you any money back after they have done an audit and found that it was paid incorrectly?

Mr Quigley: That is not here. I can get back to you.

Answer:

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- (a) The ATO is unable to advise the amounts of Wine Equalisation Tax (WET) collected on wine by country of origin. Imported wine is reported at the border to the Australian Customs and Border Protection Service in the same way as all other imports. In most instances the WET is not collected at the border by the Australian Customs and Border Protection Service. As the WET is designed to fall on the last wholesale sale of wine in Australia, the law allows for WET to be deferred at the border. The last wholesale sale of imported wine generally occurs in Australia by a business that is in the tax system (registered for GST). Therefore, the liability for WET (which is calculated on the value of last wholesale sale in Australia), is reported on the BAS at label 1C. There is no information provided as part of BAS reporting regarding the country of origin of the wine. Information regarding volumes of imported wine should be sought from the Australian Customs and Border Protection Service.
- (b) No. All claims are fully verified and adjusted, if required, by the New Zealand Inland Revenue Department prior to payment being made - therefore no amounts need to be given back.