



Bills Digest

No. 108 2000-01

Customs Tariff Amendment Bill (No. 2) 2001

ISSN 1328-8091

© Copyright Commonwealth of Australia 2001

Except to the extent of the uses permitted under the *Copyright Act 1968*, no part of this publication may be reproduced or transmitted in any form or by any means including information storage and retrieval systems, without the prior written consent of the Department of the Parliamentary Library, other than by Senators and Members of the Australian Parliament in the course of their official duties.

This paper has been prepared for general distribution to Senators and Members of the Australian Parliament. While great care is taken to ensure that the paper is accurate and balanced, the paper is written using information publicly available at the time of production. The views expressed are those of the author and should not be attributed to the Information and Research Services (IRS). Advice on legislation or legal policy issues contained in this paper is provided for use in parliamentary debate and for related parliamentary purposes. This paper is not professional legal opinion. Readers are reminded that the paper is not an official parliamentary or Australian government document. IRS staff are available to discuss the paper's contents with Senators and Members and their staff but not with members of the public.

## Inquiries

Members, Senators and Parliamentary staff can obtain further information from the Information and Research Services on (02) 6277 2646.

Information and Research Services publications are available on the ParlInfo database. On the Internet the Department of the Parliamentary Library can be found at:  
<http://www.aph.gov.au/library/>

Published by the Department of the Parliamentary Library, 2001

INFORMATION AND RESEARCH SERVICES

Bills Digest  
No. 108 2000–01

Customs Tariff Amendment Bill (No. 2) 2001

Ian Ireland  
Law and Bills Digest Group  
23 March 2001

# Contents

Purpose . . . . .	1
Background . . . . .	1
Main Provisions . . . . .	1
Aviation Kerosene . . . . .	1
Alcoholic Beverages . . . . .	2
Fuel Tax Reductions . . . . .	3
Endnotes . . . . .	3

# Customs Tariff Amendment Bill (No. 2) 2001

**Date Introduced:** 8 March 2001

**House:** House of Representatives

**Portfolio:** Justice and Customs

**Commencement:** The amendments increasing the rate of customs duty on imports of aviation kerosene are taken to have effect from 13 May 2000. The amendments relating to the customs duty on imports of alcoholic beverages are taken to have effect from 1 July 2000. The amendments relating to the reduction in the customs duty by 1.5 cents per litre on imports of specified petroleum products are taken to have effect 2 March 2001.

## Purpose

The major amendments proposed by the Bill:

- increase the rate of customs duty for imports of kerosene for use as fuel in aircraft
- introduce a new customs tariff structure for beer, wine, vermouth and other wine products, other fermented beverages, undenatured ethyl alcohol and spirits and liqueurs, and
- reduce by 1.5 cents per litre the customs duty for imports of unleaded petrol, leaded petrol, diesel and certain other petroleum products.

## Background

The reader is referred to the Digest for the Excise Tariff Amendment Bill (No. 1) 2001.

## Main Provisions

### Aviation Kerosene

The amendment proposed by **item 1** of **Part 1** of **Schedule 1** substitutes a new rate of customs duty for kerosene used as fuel in aircraft (avtur). The proposed new rate of excise duty will be 2.795 cents per litre.

**Warning:**

*This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.*

*This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.*

The proposed increase in the rate of customs duty will be taken to have effect from 13 May 2000 (Budget night).

## Alcoholic Beverages

**Item 4 of Part 2 of Schedule 1** of the Bill inserts **Additional Notes 3-8** in Chapter 22 of *Customs Tariff Act 1995*. Each of these notes provides a definition of different types of wine production which are subject to the wine equalisation tax. As noted in the Government's explanatory memorandum to the Bill:

As WET [wine equalisation tax] is applied to the same imported wine and wine products as their Australian equivalents, these Additional Notes replicate the definitions for similar locally made products contained in Subdivision 31A of the WET Act to ensure uniform tax treatment.<sup>1</sup>

The principal effect of **items 5-13 of Part 2 of Schedule 1** of the Bill is to introduce a new customs tariff structure for beer, wine, vermouth and other wine products, other fermented beverages, undenatured ethyl alcohol and spirits and liqueurs.

The proposed structure is based on the percentage of alcohol by volume exceeding a customs duty free threshold of 1.15%. The key rates of applicable customs duty are:

- alcohol and alcoholic beverages (excluding beer) containing more than 1.15% by volume of alcohol and not exceeding 10% by volume of alcohol – \$30.46 per litre of alcohol;
- beer exceeding 3% but not exceeding 3.5% by volume of alcohol – \$35.38 per litre of alcohol;
- beer exceeding 3.5% by volume of alcohol – \$30.46 per litre of alcohol;
- beer not exceeding 3% by volume of alcohol – \$41.67 per litre of alcohol;
- brandy made wholly from grape spirit - \$48.17 per litre of alcohol; and
- alcohol and alcoholic beverages (excluding beer and brandy) containing more than 10% by volume of alcohol – \$51.58 per litre of alcohol.

The amendments relating to alcoholic beverages proposed by the Bill give effect to the Government's tax reform measures, particularly the replacement of the whole sales tax with the goods and services tax. As noted in the Government's explanatory memorandum to the Bill:

In this restructure, new tariff subheadings have been provided for each category of beverage classified within these headings, to apply the requisite excise equivalent rate of duty. This procedure has ensured uniform duty treatment for imported and locally produced alcoholic beverages.<sup>2</sup>

### **Warning:**

*This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.*

*This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.*

The amendments have been in effect since 1 July 2000.

## Fuel Tax Reductions

On 1 March 2001, the Prime Minister announced a package of cuts to fuel taxes. As part of this package, a number of legislative changes to the rates of customs duty on imports of certain petroleum products are required. **Items 17-22 of Part 3 of Schedule 1** of the Bill give effect to the relevant changes to the rates of customs duty. Under the proposed amendments:

- the rate of customs duty on imports of unleaded petrol, diesel and other petroleum products that attract the equivalent rate of duty is reduced by 1.5 cents per litre to \$0.38143 cents per litre (**item 17**);
- the rate of customs duty on imports of leaded petrol and other petroleum products that attract the equivalent rate of duty is reduced by 1.5 cents per litre to \$0.40516 cents per litre (**item 21**);
- the rate of customs duty on imports of petroleum products attracting concessional rates of duty is reduced by 0.297 cents per litre to \$0.07557 cents per litre (**item 18**);
- the rate of excise on avtur is reduced by 0.112 cents per litre to \$0.02845 cents per litre (**item 19**); and
- the rate of excise on aviation gasoline is reduced by 0.110 cents per litre to \$0.02808 cents per litre (**item 20**).

Note: The Government's Explanatory Memorandum to the Bill states that:

Rates of customs duty for aviation fuels and those petroleum products attracting concessional rates of duty are reduced by an amount per litre that is proportional to that of the 1.5 cents per litre reduction applying to unleaded petrol and diesel.<sup>3</sup>

## Endnotes

---

- 1 Customs Tariff Amendment Bill (No. 2) 2001, *Explanatory Memorandum*, p. 16.
- 2 Ibid.
- 3 Ibid, p. 34.

### **Warning:**

*This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.*

*This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.*