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Customs Amendment (2007 Harmonized System Changes) Bill 2006

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Customs Amendment (2007 Harmonized System Changes) Bill 2006

Date introduced: 7 September 2006

House: House of Representatives

Portfolio: Justice and Customs

Commencement: On Royal Assent.

Purpose

To amend the powers of the Chief Executive Officer of the Australian Customs Service under the *Customs Act 1901* in order to facilitate the introduction of agreed changes to the international Harmonized Commodity Description and Coding System.

Background

This is a companion Bill to the Customs Tariff Amendment (2007 Harmonized System Changes) Bill 2006. Both Bills are designed to implement revised Australian customs tariff classifications resulting from agreed changes to the international Harmonized Commodity Description and Coding System (the Harmonized System). Background to the Harmonized System and the rationale for the changes are contained in the [Digest](#) for the Customs Tariff Amendment (2007 Harmonized System Changes) Bill 2006.¹

This Bill deals with the ability of the Chief Executive Officer of the Australian Customs Service (Customs CEO) to issue Tariff Concession Orders, or TCOs, under the *Customs Act 1901*. A TCO may be issued on imported goods if equivalent ('substitutable') goods are not produced in Australia. Substitutable goods are Australian-made goods which have a use corresponding to a use of the imported goods. A TCO can be granted to allow the duty-free entry of goods into Australia.²

Section 269SD of the *Customs Act 1901* deals with the revocation of TCOs at the 'initiative' of Customs. In case of changes to tariff classifications, the drafting of subsection 269SD(2) currently allows the Customs CEO to revoke a TCO, and issue a replacement TCO, only *after* the classification change has come into force. In respect of the changes discussed in the Digest to Customs Tariff Amendment (2007 Harmonized System Changes) Bill 2006, the Explanatory Memorandum to this Bill comments:

This means that the CEO could only exercise this power after 1 January 2007. Therefore, in order to ensure the seamless application of TCOs to goods before and after 1 January 2007, and to avoid any uncertainty as to the application of TCOs to goods, it is proposed to amend the Customs Act to give the CEO the power to revoke a TCO, and make a replacement TCO, as a result of a tariff classification change prior

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to the tariff classification change taking effect. Current TCOs would be revoked with effect from 1 January 2007 and the new TCOs would also take effect from that day.³

The number of TCOs that will have to be revoked and replaced is around 700.⁴

Financial implications

The Bill will have no financial impact on the Commonwealth.

Main provisions

Schedule 1 - Amendments

Item 1 inserts a **new subsection 269SD(2)** into the *Customs Act 1901* to allow the Customs CEO to revoke a TCO, and issue a replacement TCO, before the relevant tariff classification change takes effect. The replacement TCO would only come into force on the day of the tariff classification change taking effect.

Endnotes

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1. No. 24, 2006-07.
 2. See http://www.customs.gov.au/webdata/resources/files/FS_tariffConSys_050927.pdf
 3. Explanatory Memorandum p. 5.
 4. *ibid.*

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