

## SUMMARY OF ALTERATIONS

### EXCISE TARIFF PROPOSAL (No. 1) 2008

### CUSTOMS TARIFF PROPOSAL (No. 1) 2008

**Reasons for changes:** To increase the excise rates applying to 'other excisable beverages not exceeding 10 per cent by volume of alcohol' and the excise-equivalent rates of customs duty applying to their imported equivalents, from \$39.36 to \$66.67 per litre of alcohol content.

**Date of effect:** 27 April 2008

#### **Alteration to the Schedule to the Excise Tariff Act 1921 Alterations to the Customs Tariff Act 1995**

Excise is a tax on certain goods produced in Australia including alcohol (other than wine). Imported goods comparable to those subject to excise, known as 'excise-equivalent' goods, attract customs duty that includes a component at the same rate as the excise so that imported goods and locally-produced goods are taxed in an equivalent fashion.

On 26 April 2008, separate notices in the Commonwealth Gazette were published indicating that the Government would increase the excise and excise-equivalent customs duty on 'other excisable beverages not exceeding 10 per cent by volume of alcohol' from \$39.36 per litre of alcohol content to \$66.67 per litre of alcohol content, with effect on and from 27 April 2008 (that is, commencing at midnight 26 April 2008). The *ad valorem* component of the customs duty on these beverages, where applicable, did not change.

Excisable products are defined through the *Excise Tariff Act 1921* and particularly the Schedule which sets out rates of excise. Item 2 of the Schedule currently establishes the excise tax rate for 'other excisable beverages not exceeding 10 per cent by volume of alcohol'. Excise-equivalent products and customs duty rates are defined in the *Customs Tariff Act 1995*. Contained within Section 19 of that Act is a table of Customs sub-headings related to the excise rates applicable to such items. Sub-headings that receive equivalent tax treatment as under item 2 of the Excise Tariff Act are: 2203.00.31; 2204.10.23; 2204.10.83; 2204.21.30; 2204.29.30; 2205.10.30; 2205.90.30; 2206.00.52; 2206.00.62; 2206.00.92; and 2208.90.20.

In relation to changes the preferred approach is to retain the existing classifications of items and subheadings but adjust the rate for item 2 of the Schedule to the *Excise Tariff Act 1921* and related items in the *Customs Tariff Act 1995*. This approach minimises changes in both Acts and maintains a consistent basis for the collection of statistics, especially revenue statistics.

