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.