

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio
Budget Estimates 29, 30 & 31 May 2007

Question: bet 6

Topic: Excise & Excise-Equivalent Customs Duty

Hansard Page: Written

Senator EVANS asked:

Excise and excise-equivalent customs duty — enhancing and streamlining eligibility for refunds, remissions and drawbacks

Revenue (\$m)	2007-08	2008-09	2009-10	2010-11
Australian Customs Service	-3.1	-8.7	-9.2	-9.7
Australian Taxation Office	-6.0	-12.0	-15.0	-15.0
Total	-9.1	-20.7	-24.2	-24.7
<i>Related expense (\$m)</i>				
Australian Customs Service	0.2	0.4	0.4	-
<i>Related capital (\$m)</i>				
Australian Customs Service	0.1	-	-	-

The Government will align excise and customs legislation to establish consistent eligibility conditions across excise and equivalent customs product classes for taxpayers seeking a refund, remission or drawback of duty. The measure will have effect from the later of 1 January 2008 or the date of Royal Assent of the enabling legislation.

This measure will allow all excisable and excise-equivalent imported goods — alcohol (other than wine), tobacco and fuel — to be eligible for a refund of duty where they are returned to a place licensed to receive the good, or they are destroyed with the prior approval of the relevant administering authority. Such goods will continue to be eligible for a drawback of duty when they are exported.

The measure will increase the opportunities for manufacturers and importers to access a return of duty and will reduce compliance costs.

The Government will provide the Australian Customs Service with additional resourcing to implement and administer the new arrangements.

(Budget paper no.2, page 13)

1. How will this measure reduce compliance costs?
2. Who benefits from the measure? Do consumers receive any benefit?

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Answer:

1. The measure acts to align the law and administration so that eligibility for taxpayers seeking a refund, remission or drawback of excise or excise-equivalent customs duty will be subject to the same principles regardless of the product class of the good or whether the return of duty is administered by a different agency.

The alignment of the law and the administration for returns of duty is expected, over time, to streamline and simplify situations where such returns are made and remove significant costs for businesses associated with obtaining a return of duty. This should result in a reduction in compliance costs for both taxpayers and regulators per transaction.

2. See answer to question 1.