



DEPARTMENT OF IMMIGRATION AND BORDER PROTECTION NOTICE

No.2016/27

Biannual indexation of certain customs duty rates for tobacco and tobacco products – 1 September 2016

This notice sets out the new rates for certain customs duties and excise duties for tobacco and tobacco products, operative from 1 September 2016.

Section 19AB of the *Customs Tariff Act 1995* (Customs Tariff), provides for certain customs duty rates for tobacco and tobacco products to be indexed biannually, in March and September, to the average weekly ordinary time earnings (AWOTE). From 1 September 2016, the new rates are determined by the application of the AWOTE indexation factor and an “additional factor”.

The AWOTE indexation factor is calculated by dividing the most recent AWOTE by the highest AWOTE for a previous June or December quarter that does not precede the 2012 December quarter.

On 6 November 2013, the Government announced a series of four 12.5 per cent increases to excise and excise-equivalent customs duty for tobacco and tobacco products. This increase is referred to as the “additional factor” in section 19AB of the Customs Tariff. The additional factor for 1 September 2016 is 1.125. The excise-equivalent customs duty rates are first indexed by the AWOTE indexation factor and then by the additional factor.

On 18 August 2016, the Australian Bureau of Statistics released the AWOTE for the June Quarter 2016 (1516.00).

The figures used to calculate the indexation factor for September 2016 are set out in the table below:

Most recent AWOTE	Highest previous June or December Quarter AWOTE	Indexation factor (AWOTE)	Additional factor
June Quarter 2016	December Quarter 2015		
1516.00	1500.00	1.010	1.125

As the AWOTE indexation factor for August 2016 (1.010) is greater than one, customs duty rates for tobacco and tobacco products, in Schedule 3 to the Customs Tariff, will be increased by the application of the indexation factor and additional factor.

The customs duty rates for tobacco and tobacco products, operative from 1 September 2016, are set out in Table 1 and supersede the rates outlined in the Department of Immigration and Border Protection Notice 2016/05.

The rates referenced above also apply to goods subject to indexation in:

- Schedule 5 (US originating goods)
- Schedule 6 (Thai originating goods)
- Schedule 7 (Chilean originating goods)
- Schedule 8 (ASEAN-Australia-New Zealand originating goods)
- Schedule 9 (Malaysian originating goods)
- Schedule 10 (Korean originating goods)
- Schedule 11 (Japanese originating goods) and
- Schedule 12 (Chinese originating goods) in the Customs Tariff.

The Department of Immigration and Border Protection (the Department) will arrange for the publication of a Notice of Substituted Rates of Customs Duty Notice for excise-equivalent goods (No.4) 2016 in the *Gazette*.

The Australian Taxation Office (ATO) will make equivalent changes to the rates of duty on excise goods outlined in Table 2. Further information can be found on the ATO website at: <http://law.ato.gov.au/atolaw/view.htm?Docid=PAC/BL030002/1&PiT=99991231235958>.

Please direct any inquiries about these matters to the following contacts:

for customs duty rates

Assistant Director
Trade Policy
Department of Immigration and Border
Protection
5 Chan Street
BELCONNEN ACT 2615
Ph: (02) 6264 2143

for excise duty rates

Senior Director
Indirect Tax, Revenue Performance,
Intelligence and Effectiveness
Australian Taxation Office
21 Genge Street
CANBERRA ACT 2600
Ph: (02) 6216 1397

Customs Tariff Working pages to be issued in connection with the AWOTE changes are:

Schedule 3

24/3 (R.48) 24/5 (R.22)

Schedule 5

5/3 (R.46)

Schedule 6

6/3 (R.45)

Schedule 7

7/3 (R.29)

Schedule 8

8/3 (R.30)

Schedule 9

9/3 (R.20)

Schedule 10

10/3 (R.9)

Schedule 11

11/3 (R.9)

Schedule 12

12/3 (R.4)

The Customs Tariff Working pages will be updated and published on the Department's website before the commencement of the new rates. The Department will issue the above pages in hard copy in the week commencing 5 September 2016.

(signed)

Jane McClintock

Acting Assistant Secretary

Trade and Customs Branch

25 August 2016

TABLE 1: CUSTOMS TARIFF ACT 1995 - TARIFF SUBHEADINGS AFFECTED BY 1 SEPTEMBER 2016 AWOTE INDEXATION

<u>Customs Tariff Subheading</u>	<u>New Rates of Duty Operative from 1 September 2016</u>
2401.10.00	\$763.20/kg
2401.20.00 2403.11.00 2401.30.00 2403.19.90 2402.10.80 2403.91.00 2402.20.80 2403.99.80	\$763.20/kg of tobacco content
2402.10.20 2403.19.10 2402.20.20	\$0.61054/stick

TABLE 2: EXCISE TARIFF ACT 1921 - EXCISE ITEMS AFFECTED BY 1 SEPTEMBER 2016 AWOTE INDEXATION

<u>Excise Tariff Item / Subitem</u>	<u>New Rates of Duty Operative from 1 September 2016</u>
5	Tobacco, cigars, cigarettes and snuff
5.1	\$0.61054 per stick
5.5	\$763.20 per kilogram of tobacco content