

1993

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

**CUSTOMS TARIFF (DEFICIT REDUCTION) BILL 1993**

EXPLANATORY MEMORANDUM

(Circulated by the authority of the Minister for Industry, Technology and Regional Development, the Honourable Alan Griffiths MP)

THIS MEMORANDUM TAKES ACCOUNT OF AMENDMENTS MADE BY THE HOUSE OF REPRESENTATIVES TO THE EXCISE TARIFF (DEFICIT REDUCTION) BILL AS INTRODUCED



## CUSTOMS TARIFF (DEFICIT REDUCTION) BILL 1993

### OUTLINE

The main purpose of this Bill is to amend the *Customs Tariff Act 1987* (the Act) to incorporate the Customs Tariff (Deficit Reduction) Proposal 1993 into the Act which:

- i) increases the customs duty payable on tobacco and petroleum products effective from 18 August 1993; and
- ii) proposes further increases in the customs duty on those products to occur at the same time as corresponding increases in the excise duty.

As part of the Government's deficit reduction program, increases in the excise payable on certain commodities have been proposed. The commodities affected by the proposed increases are tobacco and tobacco products and certain petroleum products. These increases will occur in stages according to formulae specified in the Excise Tariff (Deficit Reduction) Bill 1993. To ensure duties of customs and excise are kept at the same level for the same goods, consequential changes to the Act are proposed.

The customs duty for tobacco and tobacco products is to rise by 3% effective from 18 August 1993, with a further 4 rises of 5% in February and August 1994 and February and August 1995.

The customs duty for certain petroleum products (excluding aviation fuels) is to rise by 3 cents per litre effective from 18 August 1993. Those products with a lead content exceeding 13 milligrams per litre will be subject to 2 further increases in February and August 1994 of 2 cents each. Those products with a lead content not exceeding 13 milligrams per litre will only be subject to 2 further increases in February and August 1994 of 1 cent each. This differentiation implements the Government's policy to reduce the consumption of leaded fuel by introducing at least a 2 cent per litre differential by August 1994.

### Financial Impact Statement

The increases in the duty on tobacco and tobacco products are expected to result in increased duty collections (including excise duty) of \$55 million in 1993/94 and \$175 million in 1994/95.

The increases in duty on petroleum products are estimated to result in additional duty collections (including excise duty) of \$790 million for 1993/94 and \$1375 million for 1994/95.

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NOTES ON CLAUSES

**Short title etc.**

- Clause 1 provides for the citation of the Act and identifies the *Customs Tariff Act 1987* as the Principal Act for the purposes of this Act.

**Commencement**

- Clause 2 provides for the Act to commence on the day on which it receives Royal Assent with the exception of clause 3 which is taken to have commenced on 18 August 1993.

**Amendment of Act having effect from 18 August 1993**

- Clause 3 amends the Principal Act with effect from 18 August 1993. The amendments are set out in the Schedule as follows:

**Schedule**

**Amendments of section 26 of the *Customs Tariff Act 1987***

**Subsection 26(1)**

- Item 1 amends subsection 26(1) of the Principal Act to reflect that where section 26 of the Principal Act operates to automatically change duty rates because of changes to the *Excise Tariff Act 1921*, it must also take into account changes made pursuant to the new section 6AAA of that Act.
- Item 2 amends the table in subsection 26(1) to ensure the new classifications in the Schedule to the *Excise Tariff Act 1921* due to the differentiating of leaded and unleaded fuel is properly reflected in the table.

**Amendments of Schedule 3 to the *Customs Tariff Act 1987***

- Item 1 amends Schedule 3 to the Principal Act to reflect a 3% increase in customs duty for certain tobacco products (ie. cigars and cigarettes).
- Item 2 and Item 3 amends Schedule 3 to the Principal Act to reflect a 3% increase in customs duty for tobacco.

- Item 4** amends Schedule 3 to the Principal Act to reflect a 3 cent per litre increase in the customs duty for aromatic hydrocarbon mixtures and also introduces a differentiation in the classification of leaded and unleaded mixtures.
- Item 5** amends Schedule 3 to the Principal Act to reflect a 3 cent per litre increase in the customs duty on crude oil.
- Item 6** amends Schedule 3 to the Principal Act to reflect a 3 cent per litre increase in automotive diesel oil, industrial diesel fuel, marine diesel fuel, fuel oil, heating oil, lighting kerosene and power kerosene.
- Item 7** amends Schedule 3 to the Principal Act to reflect a 3 cent per litre increase in the customs duty for gasoline and also introduces a differentiation in the classification of leaded and unleaded gasoline.