

1986

PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

EXCISE TARIFF AMENDMENT BILL 1986

EXPLANATORY MEMORANDUM

(Circulated by Authority of the
Minister for Industry, Technology and Commerce,
Senator the Honourable John N. Button)

EXCISE TARIFF AMENDMENT BILL 1986

OUTLINE

This Bill proposes a number of amendments to the Excise Tariff Act 1921 to:-

- (i) incorporate into that Act previously notified excise tariff alterations which-
 - (a) abolish the excise duty on wine produced with added sugar and introduce revised definitions and restructured tariff items dealing with brandy, whisky, rum and liqueurs - clause 3 to have effect from 23 May 1985;
 - (b) increase the excise duty on manufactured tobacco from \$27.60 per kg to \$32.60 per kg - clause 4 to have effect from 8pm on Budget Night 20 August 1985; and
 - (c) increase the excise duty on LPG(N) from \$36.94 per kilolitre to \$50.36 per kilolitre - clause 5 to have effect from 1 October 1985
- (ii) introduce a new item 21 into the Schedule to the Excise Tariff Act 1921 to remove the excise duty on excisable airport shop goods purchased at inwards duty free shops, provided such goods in combination with customable goods do not exceed 1 litre of alcoholic liquor or 250 grms of tobacco products - clause 6 to have effect from 1 May 1986; and
- (iii) alter the excise duty concessions available to vice-regal persons, to limit the duty concessions to articles for the official use of, the Governor-General, a State Governor, or any member of their respective families - clause 7 to have effect from 1 July 1986

Financial Impact Statement

- (i) The changes as set out in clause 3 have no direct financial implications;
- (ii) the increase in the excise duty on manufactured tobacco (Clause 4) is expected to increase revenue by \$3.75 Million in 1985/86 and by \$5 Million in a full year;
- (iii) the increase in the excise duty on LPG(N) (Clause 5) is expected to increase revenue in 1985/86 by \$18 Million;
- (iv) the introduction of inward duty free shops is expected to benefit airport concessions revenue by about \$5 million in a full year; and
- (v) the alterations to the vice-regal concessions will have minimal financial implications.

Excise Tariff Amendment Bill 1986

Notes on Clauses

Short Title

Clause 1 is a formal machinery clause

Commencement

Clause 2 provides for the Act to come into operation on the day on which it receives the Royal Assent (sub-clause (1)), with the exception of:

- . section 3 (relating to the abolition of the duty on wine produced with added sugar and dealing with the new definitions and restructured tariff items for brandy, whisky, rum and liqueurs), which will operate from 23 May 1985 (the day after the related Excise Tariff Proposal was tabled in the Parliament); sub-clause (2));
- . section 4 (increasing the excise duty on manufactured tobacco), which will operate from 8 pm on Budget Night on 20 August 1985 (sub-clause (3));
- . section 5 (increasing the excise duty on LPG(N)), which will operate from 1 October 1985 (the usual 6 monthly alteration to LPG(N)); sub-clause (4));
- . section 6 (relating to inwards duty free shops), which will operate from 1 May 1986 (sub-clause (5)); and
- . section 7 (relating to the changes to vice-regal concessions), which will operate from 1 July 1986 (sub-clause (6)).

Amendments of Schedule having effect from 23 May 1985

- Clause 3
- . inserts new definitions of 'Brandy', 'Fruit Brandy', 'Liqueur', 'Rum', 'Spirituous Beverage' and 'Whisky' and restructures the tariff items dealing with those products as a consequence of the adoption of new standards as recommended by the National Health and Medical Research Council; and
 - . removes item 16 in the Schedule to the tariff dealing with wine produced with added sugar as a consequence of the prohibition on the manufacture of this product by State legislation.

Amendment of Schedule having effect from 8pm on 20 August 1985

- Clause 4
- increases the excise duty on manufactured tobacco from \$27.60 to \$32.60 as provided for in the 1985/86 Budget

Amendment of Schedule having effect from 1 October 1985

- Clause 5 increases the excise duty on LPG(N) from \$36.94 to \$50.36 in accordance with the Governments' policy of 6 monthly adjustments to the excise duty rate

Amendment of Schedule having effect from 1 May 1986

- Clause 6 inserts a new item 21 into the Schedule to the tariff as a consequence of the proposed introduction of inwards duty free shopping at international airports in Australia. The proposed item will have the effect of removing the excise duty on excisable airport shop goods (i.e. alcoholic liquor and tobacco products) purchased by passengers at the shops provided that the quantities of such goods, in combination with customable airport shop goods, do not exceed 1 litre alcoholic liquor or 250 grms of tobacco products.

Amendments of Schedule having effect from 1 July 1986

- Clause 7 alters the excise duty concessions available to vice-regal persons by removing the concessions for the personal use of vice-regal persons or for the personal or official use of staff members who are not Australian citizens. From 1 July 1986 the concessions will only apply to articles for the official use of the Governor-General or State Governors' or members of their respective families.