Australian Customs Notice 1996 03

**CUSTOMS TARIFF ACT 1995**

Further to ACN 95/48, the Customs Tariff Bill 1995 was tabled in the House of Representatives on 28 September 1995 and was passed by that House on 19 October 1995 and later by the Senate on 27 November 1995. The Bill received Royal Assent on 16 December 1995. The *Customs Tariff Act 1995* (Act 147 of 1995) will come into force from 1 July 1996. The current Customs Tariff is repealed from that date.

The main purpose of the *Customs Tariff Act 1995* is to put in place a new Customs Tariff (CT96) and to incorporate approximately three hundred and fifty changes proposed by the World Customs Organization (WCO) (formerly the Customs Co-operation Council) to the International Convention on the Harmonized Commodity Description and Coding System (HCDCS). The HCDCS is the international tariff standard to which Australia has been a signatory since 1987. Each four years the WCO agrees to changes to the HCDCS which reflect changing patterns in international trade. The aim of the current round of changes is to regroup like products in the same subheadings, to correct anomalies which have become apparent in the Harmonized System and to reflect technological developments.

In incorporating these changes into the Tariff, the Government decided to maintain the rates of duty which had already been legislated to come into force on 1 July 1996. To achieve this, some two hundred national tariff splits have been created in addition to the changes recommended by the WCO. Extensive negotiations between industry representatives and officers of the Department of Industry, Science and Technology (DIST) and the Australian Customs Service (ACS) have been undertaken to resolve contentious matters raised by the World Customs Organisation (WCO) changes in an attempt to maintain current rates of duty. In only five cases has it not been possible to maintain the rate of duty. Generally this was because the goods which are moving between tariff subheadings cannot be identified to enable new tariff splits to be made. The five commodities are:-

Foodstuffs containing cocoa of headings 1901 and 1904 will now be assessed on a totally defatted basis rather than on a basis of cocoa powder as at present. As a consequence of this change, certain foodstuffs containing cocoa of 1901 and 1904 will transfer to subheading 1806.90.00. The Government has decided to retain that subheading and its rate of duty for the food preparations containing cocoa transferring from Chapter 19;

Tyre cord fabrics of woven glass fibres (7019.20.10 - DCS:4%) and other woven fibres of glass (7019.20.90 - DCS:5%) will be combined in 7019.5. The Government has agreed to impose a DCS rate of 5%;

Graded pearls (7116) are sold, according to accepted international practice, as temporarily strung for transport purposes and are dutiable at 5%. Heading 7101 (Free) has been reworded to delete the word "ungraded" from the description of the goods. The effect of this change will be for pearls "temporarily strung for transport" to transfer from 7116 to 7101. The Government has decided to retain the Free rate of duty for pearls classified in 7101 under the new tariff regime;

Input or output devices for computers, for example printers, keyboards, X-Y co-ordinate input devices, which satisfy the conditions set out in the revised Notes 5(B) and 5(D) to Chapter 84 will be classified in subheading 8471.60.00 and be free of duty. The WCO advise that certain unidentified goods will transfer from subheading 8424.89.90 (Gen:5%) to the new classification. The rate of duty for 8471.60.00 (Free) reflects the rate applicable to 98% of the current total trade of the subject goods; and

All waste and scrap of batteries will be classified under 8548.10.10 and will be free of duty. Currently these goods are classified under a number of subheadings according to their constituent material.

In addition, snowboard boots will be included in the definition of sports footwear in Chapter 64 and specified in subheadings of that Chapter. The ACS, in consultation with the Textiles, Clothing and Footwear Development Authority, DIST and industry representatives, has defined snowboard boots in a new Tariff Precedent 11751000. These changes should not affect the classification or duty rates of any footwear.

Following the implementation of CT96, administrative arrangements will be put in place within DIST/ACS whereby aggrieved parties may raise their concerns if anomalous situations have arisen in the context of the Government's decision to preserve the duty arrangements. The appeals period will extend until one year after the commencement of the new Act - to 30 June 1997. In the first instance, submissions for the review of the new structure and the rates of duty should be sent to the Director, Tariff Classification, Australian Customs Service, Customs House, 5 Constitution Avenue, Canberra ACT 2601. DIST will be consulted on policy aspects.

The C*ustoms Tariff Act 1995* will become available from Australian Government Bookshops early in 1996. Its cost is expected to be about $45.00. Parliamentary documentation associated with the tabling of the Bill, namely the

Ministerial Speeches and the Summary of Amendments may also be purchased from Government Bookshops.

A concordance of tariff items is attached (Attachment A) for information and should be read in conjunction with the Parliamentary documentation. The concordance displays the current tariff subheadings, the new subheadings from 1 July 1996 and a brief description of goods affected by the changes.

As a result of the passage of this Bill, it is necessary to completely reprint the working Customs Tariff. The release date of the new document is expected to be 1 June 1996. In the interim, the CT96 will be progressively loaded into the TAPIN system. The exercise is expected to be completed by 31 March 1996.

The legal provisions of the current Act have been amended to cater for changes to the tariff treatment accorded goods from certain preference countries and for other purposes. Section 14(1) of CT96 details the rates of duty applicable to categories of countries. The new working Tariff will display rates of duty in the same way as previously except for:

. The method of displaying the rate of duty for Hong Kong, Republic of Korea, Singapore and Taiwan Province with a diamond will end. The rate of duty for those countries will now be prefixed with the symbol "DCT";

. The symbol "DCS" covers the same list of developing countries as previously. These countries will appear in Part 2 of Schedule 1 to CT96;

. If a "DCT" rate of duty **is not shown** in Schedule 3 or Schedule 4 and a "DCS" rate is shown, then the "DCS" rate of duty also applies to the "DCT" countries;

. If **no** "DCS" or "DCT" rate is shown, then the General rate of duty applies to those countries.

A draft copy of a tariff page in its post-1 July 1996 format is attached (Attachment B) to clarify this explanation.

Queries on the above information should be directed to Ray Banvill (06) 275 6516 or Nick Blackaby on (06) 275 6506.

Because of the WCO changes, associated Customs computer systems, Tariff Advices and Tariff Concessions Order will be updated.

**TARIFF ADVICES - (TAs) - AND THE TAPIN SYSTEM**

As previously advised it has been agreed that, because of the large number of classification changes caused by CT96, all current TAs will be voided on 1 July 1996.

This decision will have a significant impact on TA processing and on the TAPIN system. To ensure a smooth changeover to the new system on 1 July 1996, an interim TAPIN system has been developed and will be implemented on 2 January 1996. Details of the new system "the DUAL TAPIN system" have been forwarded to the importing community via the Brokers bulletin (AT&amp;T) network, by COMPILE message and via documentation available from the Customs Brokers Council of Australia and State Tariff Officers. Additional information will be published fortnightly on the TAPIN Broadcast screen and through amendments to the TAPIN manuals.

As mentioned above, the DUAL TAPIN system will commence on 2 January 1996 and will run until 30 June 1996. On 1 July 1996, it is proposed to "switch off" the DUAL TAPIN and convert to CT96. (Note: The six months period may be extended if required). DUAL TAPIN will accommodate both the current harmonized tariff and CT96. Users will be able to:

. input advices that reference both the old and new tariffs;

. research both the old and new tariffs and databases; and

. convert advices that reference the old tariff to advices that reference CT96.

As CT96 is progressively input in TAPIN, users will be regularly notified via the TAPIN Broadcast screen when Chapters become available.

As particular Chapters become available, Brokers will be asked to consider the conversion of their current TAs to the new Tariff. (Note: Not all TAs will require conversion. It is up to the Brokers' discretion whether they want to convert TAs or not, or to apply for a new TA via NTBI - Brokers Post Change TA Input session).

Three options will be available:

1. Convert an existing TA to a TA referencing the new Tariff Item. (Note: pre-1991 TAs will not be convertible - new TAs will be required).

- the existing TAs will remain in force until 30 June 1996 and on 1 July 1996 the new TAs will automatically become available.

1. Creation of a new TA for CT96 only.
2. Applying for a new TA resulting in two TAs - one relating to the current Tariff and one relating to CT96.

(Note: Applicants for "converted" TAs will not need to relodge descriptive material (IDM). IDM will only be required if specifically requested by Tariff Officers).

TAs relating to CT96 will not be available for use until 1 July 1996. As mentioned above all TAs relating to the current Tariff will be voided after 30 June 1996.

At present, the ACS is having some difficulty obtaining a 1996 version of the Chemical Register. Information on the Chemical Register and when it will be available in TAPIN will be advised as soon as possible.

Queries regarding TAPIN should be directed to Cheryl Hartas on (06) 275 6534. Tariff Advice queries should be directed to the Tariff Officer in your State.

(L. B. WOODWARD

CHIEF EXECUTIVE OFFICER CANBERRA ACT

2 January 1996

(Tariff Legislation - C95/7291)