Australian Customs Notice 1998 08

**INCORRECTLY QUOTED SALES TAX RATES ON ALCOHOLIC PRODUCTS**

Customs has adopted a strategy known as Compliance Improvement in the delivery of government assistance measures and revenue collection. In an environment of self assessment, the principal objective of the Compliance Improvement initiative is to maximise levels of voluntary compliance.

Customs has recently undertaken a review of import data in respect of items covered by Schedules 4 and 7 of the Sales Tax (Exemptions and Classifications) Act. These Schedules provide the rates of sales tax on wine, cider and other alcoholic beverages. The sales tax rate applicable to Schedules 4 and 7 are 37% and 41% respectively. Prior to 3.30pm AEST on 6 August 1997 the rates were 22% and 26%.

As a result of the Customs review it has become apparent that there is significant misapplication of the sales tax rates applying to imported goods falling within Schedules 4 and 7. There are many instances where the incorrect sales tax rate has been quoted on an entry for home consumption resulting in short payments of sales tax.

Customs is undertaking a comprehensive compliance assessment of imported goods which fall to Schedules 4 and 7, with a view to implementing action to collect the unpaid tax. Section 76 of the Sales Tax Assessment Act provides that short paid sales tax can be recovered for up to three (3) years after the time when it becomes payable.

Importers and Customs brokers are advised to check all import entries of goods covered by Schedules 4 and 7 which have quoted a sales tax rate to verify that the correct rate has been used. Customs will endeavour to assist brokers to confirm that their client's sales tax liabilities have been complied with in full by providing entry history data in accordance with the procedures set out in ACN 94/3.

Where an error has occurred, importers or brokers should lodge an amending entry using the correct sales tax rate for the goods and tendering sales tax short paid. Voluntary tenders of any tax short paid may result in a reduction of sales tax penalty.

If amending entries have not been lodged by 1 April 1998, Customs will take action to re-assess sales tax liability where appropriate.

Enquires regarding this matter should be directed to Mr Robert Harkins, National Business Centre (Alcohol) on

(02) 9893 4304 or Mr Phil Lane, National Business Centre (Spirits) on (08) 8447 9385.

David Widdowson National Manager Commercial Compliance For Chief Executive Officer

January 1998

(Commercial Compliance C97/10287)