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**Customs Tariff Proposal No. 3 (2002) - Ethanol**

Customs Tariff Proposal No. 3 (2002) was tabled in Parliament on 16 September 2002. The Proposal increases the rate of duty on denatured ethyl alcohol (ethanol) for use as fuel in internal combustion engines.

The additional duty is equal to that currently applying to petrol (38.143 cents per litre).

The Prime Minister announced these measures on 12 September 2002 in his media release entitled "Government Promotes Renewable Energy". These changes reflect the Government's view that Australia should move towards increased use of biofuels.

The Proposal creates a new tariff subheading 2207.20.10 to separately identify ethanol for use as fuel in internal combustion engines. The new Customs rates of duty will be the existing rates (5 per cent General) plus 38.143 cents per litre. Other denatured ethyl alcohol will be classified in tariff subheading 2207.20.90 and retain the duty rates of the former 2207.20.00 (5 per cent General).

Equivalent changes are also being made to the Excise Tariff Act 1921. The changes take effect on and from 18 September 2002.

The following Tariff reprint pages to reflect the changes will be issued in the week commencing 23 September 2002:

Schedule 3: Chapter 22/17 (R.7); and Schedule 4/21 (R.5).

Any queries relating to Customs Tariff Proposal No. 3 (2002) should be directed to Manager, Tariff Legislation and External Review on 02 6275 6486.

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for

Chief Executive Officer September 2002