

AUSTRALIAN CUSTOMS AND BORDER PROTECTION NOTICE NO. 2012/34

Clean Energy and Alternative Fuels Changes for 1 July 2012

This Notice summarises the changes to the *Customs Tariff Act 1995* (Customs Tariff) resulting from clean energy and alternative fuels legislation, operative 1 July 2012.

**Aviation Fuel**

The *Clean Energy (Customs Tariff Amendment) Act 2011* (Clean Energy (CTA) Act) received Royal Assent on 4 December 2011 as Act No. 155 of 2011. This Act amends the Customs Tariff to adjust duty rates for aviation fuel by an amount equivalent to the carbon emission price of the fuel.

Presently the duty applied to aviation fuel is a designated levy to fund the Civil Aviation Safety Authority (CASA). The new legislated rates will include the CASA levy plus an aviation fuel carbon component; the CASA component is not affected. The Act alters rates of duty for aviation gasoline and kerosene as set out in the Table below. The adjusted rates of duty apply to the listed subheadings in Schedule 3 and relevant items in Schedules 5 to 8 of the Customs Tariff, applicable to Australia’s free trade agreements.

|  |  |  |  |
| --- | --- | --- | --- |
| **Fuel** | **Subheading** | **Pre 1 July 2012 Rate** | **Post 1 July 2012 Rate** |
| Aviation gasoline | 2710.12.61 | $0.03556/L | $0.08616/L |
|  | 2710.91.61 |  |  |
|  | 2710.99.61 |  |  |
|  |  |  |  |
| Aviation kerosene | 2710.19.40 | $0.03556/L | $0.09536/L |
|  | 2710.91.40 |  |  |
|  | 2710.99.40 |  |  |

The *Clean Energy (Excise Tariff Legislation Amendment) Act 2011* amends the *Excise Tariff Act 1921* to implement corresponding changes to excise rates for locally produced aviation fuels.

*New Section 19A*

The Clean Energy (CTA) Act inserts new section 19A in the Customs Tariff to give effect to future carbon price adjustments for aviation fuels. Section 19A will link duty rates for aviation fuels to the equivalent items in the *Excise Tariff Act 1921* and will automatically adjust those duty rates when duty rates change in that Act. This is similar to the mechanism in the present section 19 of the Customs Tariff that links changes to customs rates of duty for alcohol and tobacco products to rates of duty in the *Excise Tariff Act 1921*, for the purposes of twice yearly CPI duty rate adjustments.

# CNG

The *Clean Energy (Customs Tariff Amendment) Act 2011* legislated that non-transport compressed natural gas (CNG) would become subject to excise-equivalent customs duty at a rate equivalent to the CNG carbon rate, with effect from 1 July 2012.

The Clean Energy (Customs Tariff Amendment) Bill 2012 was introduced into the House of Representatives on 23 May 2012. When enacted, this Bill will further amend customs legislation relating to CNG.

Customs and Border Protection will provide further information regarding this Bill when it has been enacted.

# LNG and LPG

Presently, liquefied natural gas (LNG) and liquefied petroleum gas (LPG) for non- transport use receive a remission from the excise and excise-equivalent customs duty imposed on gaseous fuels, so that effective tax falls only on gaseous fuels for transport use.

To ensure consistent coverage of non-transport use of gaseous fuels, for example bottled LNG and LPG, an effective carbon price will apply through a reduction in the automatic remission or refund of excise or excise-equivalent customs duty. This will be given effect through the *Customs Regulations 1926* (Customs Regulations).

*Amendments to the Customs Regulations*

Amendments to the Customs Regulations are scheduled to take effect on 1 July 2012, to provide a partial remission of customs duty on LNG and LPG for non-transport purposes. The partial remission would remit the alternative fuel rate less the applicable carbon rates. Similar amendments will be made in the *Excise Regulations 1925*.

These rates will be given effect through changes to items 130 and 131 of the Supplementary Provisions of the Customs Tariff Working Pages. These items provide the mechanism for remission/refund of customs duty on LNG and LPG, respectively, for non-transport purposes.

Customs and Border Protection will provide further information about these regulation amendments as soon as they come into effect.

# Changes Resulting from the Alternative Fuels Legislation

Increases in duty rates for LNG, LPG and CNG from 1 July 2012

The *Customs Tariff Amendment (Taxation of Alternative Fuels) Act 2011* provides increases in rates of duty for LNG, LPG and CNG from 1 July 2012. (Australian Customs and Border Protection Notice No. 2011/47 refers). The increased rates of duty are set out in the current Customs Tariff Working Pages. The Integrated Cargo System will apply these rates automatically from 1 July 2012.

The rate of duty for LNG (subheading 2711.11.00) will increase from $0.0522/kg to $0.1045/kg.

The rate of duty for LPG (subheadings 2711.12.10 and 2711.13.10) will increase from $0.025/L to $0.05/L.

The rate of duty for CNG for transport purposes (subheading 2711.21.10) will increase from $0.0522/kg to $0.1045/kg.

# Customs Tariff Working Pages

Customs Tariff Working Pages to be issued in connection with these changes are listed below. These Working Pages do not include amendments relating to the Customs Regulations or amendments to legislation relating to CNG. Customs and Border Protection will issue further Working Pages when these actions have been finalised.

Customs Tariff Act 1995

|  |  |  |  |
| --- | --- | --- | --- |
| Page 29 (R.1)  Page 31 (R.1)  Schedule 3 |  | | |
| 27/7 (R.24)  27/17 (R.5) | 27/11 (R.10)  27/19 (R.4) | 27/13 (R.10) | 27/15 (R.5) |
| Schedule 5 | Schedule 6 | Schedule 7 | Schedule 8 |
| 5/3 (R.25) | 6/3 (R.24) | 7/5 (R.4) | 8/3 (R.10) |
| 5/5 (R.7) | 6/5 (R.7) | 7/6A (R.2) | 8/5 (R.4) |

Note: Australian Customs and Border Protection Notice No. 2012/31 provides further information about separate Tariff Working Pages relating to statistical code changes on 1 July 2012.

# Enquiries

Enquiries concerning this Notice may be directed to the Manager Tariff Legislation on telephone number 02 6275 6542.

(signed)

Geoff Johannes National Manager

Tariff Policy & Implementation Branch 20 June 2012