

AUSTRALIAN CUSTOMS AND BORDER PROTECTION NOTICE NO. 2012/39

Amendments to the Customs Tariff in connection with Clean Energy Legislation for 1 July 2012

Australian Customs and Border Protection Notice 2012/34 advised of amendments to the *Customs Tariff Act 1995* (Customs Tariff) resulting from the *Clean Energy (Customs Tariff Amendment) Act 2011*. Notice 2012/34 also advised of pending changes to the *Customs Regulations 1926* (Customs Regulations) to provide a partial remission of customs duty on liquefied natural gas (LNG) and liquefied petroleum gas (LPG) for non-transport purposes.

This Notice, 2012/39, summarises those additional changes that will occur on 1 July 2012.

# Partial remission/refund for LNG and LPG - 1 July 2012 to 30 June 2013

Prior to 1 July 2012, the Customs Regulations provided for the automatic remission, or refund, of customs duty for LNG and LPG for non-transport use. The automatic remission is given effect through items 130 and 131 of the Supplementary Provisions of the Customs Tariff Working Pages and their associated treatment codes 130 and 131.

Amendments to the Customs Regulations, effective on 1 July 2012, will provide for a partial remission of customs duty on LNG and LPG for non-transport purposes. The partial remission will remit the alternative fuel rate less the applicable carbon rates, according to the formula:

**Partial remission = fuel tax less carbon price**

For LNG (Supplementary Provisions Item 130)

Partial remission (3.78 cents per kg) = fuel tax (10.45 cents per kg) less carbon price (6.67 cents per kg)

Consequently, an effective carbon price of 6.67 cents per kilogram (or $0.0667/kg) is applied to item 130.

For LPG (Supplementary Provisions Item 131)

Partial remission (1.32 cents per litre) = fuel tax (5.00 cents per litre) less carbon price (3.68 cents per litre)

Consequently, an effective carbon price of 3.68 cents per litre (or $0.0368/L) is applied to item 131.

The new rates apply to LNG and LPG imported from all sources.

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The reduced remission will apply to LNG and LPG which are imported for non-transport use and for which the time for working out the rate of duty occurs in the period

1 July 2012 to 30 June 2013. The amended regulations also provide for the reinstatement of the full automatic remission on LNG and LPG for non-transport use from 1 July 2013 when non-transport use of these fuels becomes directly subject to the carbon pricing mechanism.

The Integrated Cargo System will apply the new rates of duty automatically on import declarations from 1 July 2012.

Tariff Reprint Pages

The following Customs Tariff Working Pages, to reflect this change, will be issued in the week commencing 9 July 2012.

Supplementary Provisions

SP 5/6 (R.11) SP 7/8 (R.0)

These Tariff Reprint Pages will be available on the Australian Customs and Border Protection Service website from 29 June 2012. The website address is:

[www.customs.gov.au](http://www.customs.gov.au/)

(Select ‘tariff’ then ‘working tariff current’).

# CNG

The *Clean Energy (Customs Tariff Amendment) Act 2011* legislated that non-transport compressed natural gas (CNG) would become subject to 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. This Bill contains further amendments to the Customs Tariff to provide that CNG used for non-transport purposes will not be subject to the effective carbon price through the fuel tax system, so that it can be covered by the carbon pricing mechanism. This Bill was passed by the Senate on

25 June 2012 and is expected to receive Royal Assent in the near future. Consequently, the amendments to the Customs Tariff, relating to CNG, contained in the *Clean Energy (Customs Tariff Amendment) Act 2011* will not proceed.

No further Tariff Working Pages are issued in connection with CNG.

# 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 28 June 2012