

AUSTRALIAN CUSTOMS BORDER PROTECTION NOTICE NO. 2013/58

**Increase in excise equivalent customs duty on tobacco and tobacco products on 1 December 2013, and changes to tobacco indexation**

*Changes to excise equivalent customs duty*

On 6 November 2013, the Government announced it would proceed with a series of four 12.5 per cent increases in excise and excise equivalent customs duty for tobacco and tobacco products. The first increase will apply on and from 1 December 2013.

The rates on tobacco and tobacco products will rise from $0.35731 to $0.40197 per stick not exceeding 0.8 grams actual tobacco content in weight, and from $446.65 to $502.48 per kilogram of tobacco content for other tobacco.

Further 12.5 per cent increases in excise equivalent customs duty on tobacco and tobacco products will apply from 1 September 2014, 1 September 2015 and 1 September 2016.

*Changes to tobacco indexation*

On 6 November, the Government also announced that the basis for indexation of tobacco excise and excise equivalent customs duty rates would change from Consumer Price Index (CPI) to average weekly ordinary time earnings (AWOTE).

At present, excise equivalent customs duty on tobacco and tobacco products is indexed using CPI on 1 February and 1 August. However, the dates will move to 1 March and 1 September, and the basis for indexation will change to AWOTE on 1 March 2014. Tobacco and tobacco products will continue to be indexed bi-annually. As a result, there will be no 1 February 2014 CPI indexation of tobacco. However, the 1 February CPI indexation of alcohol will remain.

Tariff classifications in Schedule 3 of the Customs Tariff affected by the increase are set out in the Table below. These rate increases apply to goods imported from all countries of origin, including under Australia’s Free Trade Agreements: Schedule 5 (US originating goods), Schedule 6 (Thai originating goods), Schedule 7 (Chilean originating goods), Schedule 8 (AANZ originating goods) and Schedule 9 (Malaysian originating goods) of the Customs Tariff.

The following Customs Tariff pages will be re-printed and issued in the week commencing 2 December 2013. Customs Tariff pages to be issued in connection with these changes are Schedule 3 Chapter 24/3 (R.42),24/5 (R.16), Schedule 5 5/3 (R.29), Schedule 6 6/3 (R.28), Schedule 7 7/3 (R.15), Schedule 8 8/3 (R.14) and Schedule 9 (R.3).

Please direct any enquiries to the Manager Tariff Legislation telephone (02) 6275 6542.

[Signed] Alison Neil

A/g National Manager

Trade, Policy and Implementation 27 November 2013

**Table**

**Increased Rates of Customs Duty for Tobacco Products**

|  |  |  |
| --- | --- | --- |
| Customs Tariff Subheading | | New Rate of Duty Operative from 1 December 2013 |
| 2401.10.00 |  | $502.48/kg |
|  |  |  |
| 2401.20.00 |  | $502.48/kg of tobacco content |
| 2401.30.00 |  |  |
| 2402.10.80 |  |  |
| 2402.20.80 |  |  |
| 2403.11.00 |  |  |
| 2403.19.90 |  |  |
| 2403.91.00 |  |  |
| 2403.99.80 |  |  |
|  |  |  |
| 2402.10.20 |  | $0.40197/stick |
| 2402.20.20 |  |  |
| 2403.19.10 |  |  |