

AUSTRALIAN CUSTOMS AND BORDER PROTECTION NOTICE 2014/12

**Indexation of certain customs and excise duty rates for tobacco and tobacco products – 1 March 2014**

On 1 March 2014 excise duty and customs duty on tobacco and tobacco products will be indexed according to average weekly ordinary time earnings (AWOTE) instead of the Consumer Price Index (CPI). AWOTE adjustments still occur biannually, but are scheduled for 1 March and 1 September each year, to align with the release of AWOTE data from the Australian Bureau of Statistics (ABS).

The last CPI indexation of tobacco products occurred on 1 August 2013 and the first AWOTE indexation is scheduled for 1 March 2014.

The ABS released the December Quarter 2013 AWOTE amount on 20 February 2014 and this Notice sets out the new rates in Tables 1 and 2.

The indexation factor is worked out by dividing the most recent AWOTE amount by the highest AWOTE amount for a previous quarter that does not precede the June quarter 2013. Therefore, the indexation factor for the first indexation adjustment using AWOTE in March 2014 is determined by dividing the December 2013 AWOTE amount by the June 2013 AWOTE amount.

Accordingly, the December Quarter 2013 index number (1437.00) has been divided by the June Quarter 2013 index number (1420.90) to establish an indexation factor of 1.011. As this factor is greater than one, rates of customs duty and excise duty are increased by the application of this factor.

These increased rates also apply to tobacco and tobacco products in 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) in the Customs Tariff.

The Australian Customs and Border Protection Service (ACBPS) will arrange for the publication of a Notice of Substituted Rates of Customs Duty Notice (No. 2) 2014 in the Commonwealth Gazette on 3 March 2014.

Please direct any inquiries concerning these matters to the following contacts:

|  |  |
| --- | --- |
| for customs duty rates  Manager  Trade Policy and Advice Australian Customs and Border Protection Service  5 Constitution Avenue  CANBERRA ACT 2601  Ph: (02) 6275 6542 | for excise duty rates  Senior Director  Indirect Tax, Revenue Performance, Intelligence and Effectiveness Australian Taxation Office  21 Genge Street  CANBERRA ACT 2600  (02) 6216 2572 |

Customs Tariff pages to be issued in connection with these changes are:

Schedule 3

|  |  |
| --- | --- |
| 24/3 (R.43) | 24/5 (R.17) |

Schedule 5 Schedule 6 Schedule 7 Schedule 8 Schedule 9

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 5/3 (R.31) | 6/3 (R.30) | 7/3 (R.17) | 8/3 (R.16) | 9/3 (R.5) |

ACBPS will issue the above tariff reprint pages in the week commencing 3 March 2014. Excise Tariff Working Pages are available from the ATO webpage.

http://law.ato.gov.au/atolaw/view.htm?Docid=PAC/BL030002/1&PiT=9999123123 5958

(signed) Alison Neil

A/g National Manager Trade Branch

26th February 2014

**TABLE 1: CUSTOMS TARIFF ACT 1995 - TARIFF SUBHEADINGS AFFECTED BY 1 MARCH 2014 AWOTE INDEXATION**

|  |  |  |
| --- | --- | --- |
| **Customs Tariff Subheading** | | **New Rates of Duty Operative from 1 March 2014** |
| 2401.10.00 | | $508.01/kg |
|  | |  |
| 2401.20.00 | 2403.11.00 | $508.01/kg of tobacco content |
| 2401.30.00 | 2403.19.90 |
| 2402.10.80 | 2403.91.00 |
| 2402.20.80 | 2403.99.80 |
|  | |  |
| 2402.10.20 | 2403.19.10 | $0.40639/stick |
| 2402.20.20 |  |

**TABLE 2: EXCISE TARIFF ACT 1921 - EXCISE ITEMS AFFECTED BY 1 MARCH 2014 AWOTE INDEXATION**

|  |  |
| --- | --- |
| **Excise Tariff Item / Subitem** | **New Rates of Duty Operative from 1 March 2014** |
| **5** | **Tobacco, cigars, cigarettes and snuff** |
| 5.1 | $0.40639 per stick |
| 5.5 | $508.01 per kilogram of tobacco content |