Australian Customs Notice 1996 35

**AMENDMENTS TO THE TARIFF CONCESSION SYSTEM -**

**Incorrect Use of Treatment Code 506**

Australian Customs Notice (ACN) No.96/28 details changes to the Tariff Concession System, specifically the change in duty rate from "Free" to 3% for all goods except consumption goods.

Initially, COMPILE did not have the facility to check if a quoted Tariff Concession Order (TCO) was keyed to a consumption goods classification. This has now been rectified.

Analysis of import data since the new measures were introduced reveals significant misuse of treatment code

506. Specifically, treatment code 506, which specifies a free rate of duty for the limited class of TCOs which relate to consumption goods, has been used in instances where a free rate of duty does not apply, that is, where the goods in question are not consumption goods, as set out in ACN no. 96/28. The list of consumption goods has now been incorporated in the working tariff.

The Australian Customs Service considers this as serious and is undertaking a comprehensive audit of treatment code 506 usage, with a view to undertaking recovery and possible penalty action in cases of incorrect use.

Recovery action will commence on 30 August 1996.

In the meantime, importers and Customs brokers are advised to check all uses of treatment code 506 with a view to ensuring that the tariff classification quoted correctly identifies the goods imported as consumption goods.

Where an error has occurred, importers or brokers should lodge an amending entry which uses the correct treatment code for Tariff Concession Order goods, that is:

. treatment code 505 - for goods the subject of a TCO and which are now dutiable at 3%; or

. treatment code 506 - for goods the subject of a TCO which are consumption goods as set out in ACN no.96/28 and which remain dutiable at the "free" rate of duty.

The above arrangements also apply to advance entries, lodged before 15 July 1996 for goods arriving on or after this date, which have quoted (old) treatment code 500 and claimed a free rate where the goods are now dutiable at 3% and treatment code 505 applies.

COMPILE users would be aware that advice concerning the detection of incorrect entries and notice of proposed audit action was given on 17 July 1996 via a Broadcast message.

David Widdowson National Manager Compliance Improvement

for CHIEF EXECUTIVE OFFICER CANBERRA ACT 2601

1 August 1996 Contact Officer -

Dan Dawes (06) 275.5928