Australian Customs Notice 1998 67

**NEW CUSTOMS AND EXCISE REGULATIONS - CONCESSIONAL DUTY ARRANGEMENTS FOR CERTAIN PETROLEUM PRODUCTS AND PAYMENTS TO CERTAIN SHALE OIL NAPHTHA PRODUCERS**

The *Excise Regulations 1925* ("the Excise Regulations") have been amended to provide for new concessional duty arrangements for certain petroleum products and to clarify the scope of two existing provisions. Where identical considerations apply to imported product, the *Customs Regulations 1926* ("the Customs Regulations") have been amended similarly. The Excise Regulations have also been amended to provide for payments to certain shale oil naphtha producers.

Details of the amendments follow. **Recycled products**

Statutory Rules 1998 No. 274 amended the Excise Regulations and introduced the following new regulations:

New Excise Regulations 50(1)(zk) and (zl) provide for a remission/refund of excise duty on unmarked dutiable recycled waste oil where it is blended with an unmarked petroleum product having characteristics specified in Excise Regulation 50(4A), on which a remission of excise duty is payable or has been paid, where the blend is for use, or has been used as a fuel otherwise than in an internal combustion engine.

New Excise Regulations 50(1)(zm) and (zn) provide for a remission/refund of excise duty on unmarked dutiable recycled waste oil where it is blended with fuel oil where the blend is for use, or has been used as a fuel otherwise than in an internal combustion engine.

New Excise Regulations 176(2)(w) and (x) are consequential amendments to Excise Regulation 176 to ensure that the above blends do not become subject to the provisions of the *Excise Act 1901* ("the Act") and

the *Excise Tariff Act 1921* ("the Tariff Act") which impose excise duty on blends of petroleum products which do not contain the chemical marker.

# Packaging of duty paid petroleum products for use as a solvent

Statutory Rules 1998 No. 277 amended the Excise Regulations and introduced the following new regulation:

New Excise Regulation 50(1)(zo) provides a new refund circumstance where duty has been paid on a petroleum product that:

is a clean fuel (which has the meaning given to it by subsection 4(1) of the Act); and is classified to item 11 or 12 of the Schedule to the Tariff Act; and

has been packaged, after delivery into home consumption, into a package of not more than 210 litres capacity; and

has been sold, so packaged, for use as a solvent.

New Customs Regulation 126(1)(mc) introduced by Statutory Rules 1998 No 278 provides a refund circumstance complementary to Excise Regulation 50(1)(zo) where duty has been paid on imported petroleum products that fall within a classification in heading 2707, 2709 or 2710 of Schedule 3 to the *Customs Tariff Act 1995* ("the Customs Tariff Act") (these classifications relate to hydrocarbon products that can or could be used as solvents).

# Exemption from blending duty in certain circumstances

Statutory Rules 1998 No. 277 also amended Regulation 176 of the Excise Regulations by modifying two of the unmarked blends, which are exempt from the blending legislation.

Excise Regulation 176(2)(h) has been amended to exclude from the exemption blends of petroleum products and octane enhancing products which fall within a classification in item 11 or 12 of the Schedule to the Tariff Act, if locally produced, or to heading 2707, 2709, 2710 or 2902 of Schedule 3 to the Customs Tariff Act, if

imported.

Excise Regulation 176(2)(i) has been amended by restricting the exemption to blends of petroleum products and prepared additives packaged into packages of not more than 10 litres capacity.

# Production of naphtha from shale

Statutory Rules 1998 No. 275 amended the Excise Regulations by introducing new Regulation 52AAAA. Subsection 78AAAA(1) of the Act provides that:

*"A person who produces naphtha from shale mined in Australia may, subject to this section and to the regulations, apply in writing to the CEO for payment of amounts in respect of the naphtha so produced worked out by reference to the amount of excise duty payable on the volume of unleaded gasoline that can be obtained from that naphtha."*

Excise Regulation 52AAAA prescribes, in accordance with subsection 78AAAA(1): conditions for the approval of a plant producing naphtha;

the manner of calculating the volume of unleaded gasoline that can be obtained from naphtha; the manner of applying for a payment; and

the conditions and restrictions to which a payment is subject.

# Date of effect

All of the above Statutory Rules were notified in Commonwealth Gazette No. S435 of 1 September 1998 and all amendments to the Excise Regulations and Customs Regulations operate from that date.

Any enquiries regarding this notice should be directed to Mr Jeff Ashauer, Assistant Director Petroleum Policy and Initiatives, Excise Branch, Canberra (02) 6275 6101.

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2 September 1998 Excise: C96/01832