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**Introduction of the Euro**

From 1 January 1999, eleven members of the European Union (Austria, Belgium, Finland, France, Germany, Luxembourg, Ireland, Italy, the Netherlands, Portugal and Spain) will adopt a single currency, the *euro*, which will be legal tender for non-cash transactions. The Reserve Bank of Australia has advised that on 31 December 1998 there will be a fixing between the *euro* and the national currency units of each of these eleven countries. The resultant rates will become the irrevocable exchange rates that will be used to convert the so called "legacy currencies" to the *euro*. Legacy currencies can still be used during the *euro* transition period which runs from 1 January 1999 to 31 December 2001.

From 4 January 1999, the first working day after the introduction of the *euro*, the Reserve Bank will provide Customs with the exchange rate for the *euro* against the Australian dollar. This rate will be used to determine the ruling rate of exchange for the *euro* against the Australian dollar which will be included in the

weekly *Gazette* notice of ruling rates of exchange published in accordance with section 161J of the *Customs Act1901*.

The ruling rates of exchange for legacy currencies will continue to be published and included in Customs reference files. These rates will be determined taking account of the fixed rates for the legacy currencies against the *euro* and the daily average selling rate of the *euro* against the Australian dollar. The fixed rates to be used for this purpose will be notified in an Australian Customs Notice early in January 1999.

The ruling rates of exchange for the *euro* will be added to Customs reference files from 5 January 1999 and will be denoted as EUR.

For the purpose of lodging entries in COMPILE, importers should continue to enter the value of goods in the currency specified on the commercial invoice. If the invoice is in a legacy currency that currency should be entered - the amount should not be converted into *euros* and then entered. Similarly, where invoices specify a value in *euros* the *euro*amount should be entered.

For EXIT entries, the currency to be quoted in the "Invoice Currency Code" field should continue to be the currency specified on the commercial invoice, including legacy currencies where applicable. The *euro* will be added as a valid currency for this field.

For technical reasons the *euro* cannot be accepted as a valid currency in the "FOB Currency" field in EXIT until changes to the system and to the software of EXIT users have been implemented. It is expected that these changes will be made in early February 1999. This will be the subject of a further Australian Customs Notice.

Any queries on the valuation aspects of this Notice should be directed to Ms Lee Deegan, Director, Valuation on telephone (02) 6275 5610. COMPILE/EDIFICE queries may be referred to Mr Ray Carter on (02) 6275 6423 and EXIT queries to Mr Warren Benson on (02) 6275 6558.

Debbie Bates National Manager

Tariff for Chief Executive Officer 17 December 1998

C98/08938