AUSTRALIAN CUSTOMS NOTICE NO. 2005/18

Tariff Concession Orders – Changes to duty rates

The Government has announced the removal of the three percent customs duty that previously applied to business inputs imported under a Tariff Concession Order (TCO). The measure will take effect from 11 May 2005 and applies to all imported goods, subject to a TCO, and entered for home consumption on, or after, 11 May 2005.

# Legislation

In order to implement the change, Customs Tariff Proposal No. 2 (2005) (the Proposal) was tabled in Parliament on 10 May 2005. The Proposal amended the *Customs Tariff Act 1995* (Customs Tariff), to remove the three percent customs duty on goods that are business inputs and are subject to a TCO. In summary, the Proposal:

* Amended Item 50 to Schedule 4 of the Customs Tariff, to provide that goods, subject to a TCO, and entered for home consumption on, or after, 11 May 2005, will attract a free rate of duty;
* Also amended provisions within Item 50 that apply to goods imported under tariff classification 3819.00.00;
* Removed Item 50A to Schedule 4 of the Customs Tariff, which previously provided for the importation of consumption goods, subject to a TCO, at a free rate of duty; and
* Amended Item 19 to Schedule 4 of the Customs Tariff, to apply a free rate of duty to the cost of materials, labour and other charges associated with goods, subject to a TCO, that are repaired overseas and subsequently returned to Australia.

# Transitional Arrangements

There are currently decisions pending on a number of applications for TCO. In addition, Customs has on-hand a number of requests for the revocation of TCOs and TCO decisions subject to internal review. Where the result of the relevant decision is that a TCO will have applicability both before and after 11 May 2005, different rates of duty will apply.

The three percent customs duty will apply to all goods subject to a TCO, if they are entered for home consumption before 11 May 2005. Goods, subject to a TCO and entered for home consumption on, or after, 11 May 2005, will attract a free rate of duty.

# Further Information

Customs has issued a COMPILE Broadcast Message in relation to these changes. Inquiries concerning this notice may be directed to Director, Tariff Concessions on telephone number (02) 6275 6095 or fax number (02) 6275 6376.

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11 May 2005

