

AUSTRALIAN CUSTOMS AND BORDER PROTECTION NOTICE 2014/40

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

The Australian Bureau of Statistics released the average weekly ordinary time earnings (AWOTE) amount of June Quarter 2014 on 14 August 2014. In accordance with the indexation provisions in section 19AB of the *Customs Tariff Act 1995* (Customs Tariff), the rates of excise- equivalent customs and excise duties on tobacco and tobacco products will increase on

1 September 2014. 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 June or December quarter that does not precede the December quarter 2012. Therefore, the indexation factor for the second indexation adjustment using AWOTE in September 2014 is determined by dividing the June 2014 AWOTE amount by the December 2013 AWOTE amount.

Accordingly, the June Quarter 2014 index number (1454.10) has been divided by the December Quarter 2013 index number (1437.00) to establish an indexation factor of 1.012. As this factor is greater than one, rates of excise-equivalent customs duty and excise duty are increased by the application of this indexation factor.

On 6 November 2013, the Government announced it would proceed with a series of four 12.5 per cent increases in excise and excise-equivalent customs duty for tobacco and tobacco products. The first increase was applied on 1 December 2013. Further 12.5 per cent increases in excise-equivalent customs duty on tobacco and tobacco products will apply from

1 September 2014, 1 September 2015 and 1 September 2016. This increase is referred to as the “additional factor” in section 19AB of the Customs Tariff. The additional factor for

1 September 2014 is 1.125. This factor is then applied to the new indexed rates of excise- equivalent customs and excise duties. The calculation formula is:

*Tobacco duty rate*

*on the day before ×* ***1.012*** *×* ***1.125***

*1 September 2014*

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 will arrange for the publication of a Notice of Substituted Rates of Customs Duty Notice (No. 5) 2014 in the Commonwealth Gazette on 1 September 2014.

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

|  |  |
| --- | --- |
| for customs duty rates  Manager  Trade Policy and Negotiation 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.44) | 24/5 (R.18) |

Schedule 5 Schedule 6 Schedule 7 Schedule 8 Schedule 9

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 5/3 (R.36) | 6/3 (R.35) | 7/3 (R.19) | 8/3 (R.21) | 9/3 (R.10) |

The above tariff reprint pages will be issued in the week commencing 1 September 2014. Excise Tariff Working Pages are available from the Australian Taxation Office webpage.

http://law.ato.gov.au/atolaw/view.htm?Docid=PAC/BL030002/1&PiT=99991231235 958

(Signed)

Geoff Johannes National Manager Trade Branch

28 August 2014

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

|  |  |  |
| --- | --- | --- |
| **Customs Tariff Subheading** | | **New Rates of Duty Operative from 1 September 2014** |
| 2401.10.00 | | $578.37/kg |
|  | |  |
| 2401.20.00 | 2403.11.00 | $578.37/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 | $0.46268/stick |
| 2402.20.20 |  |

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

|  |  |
| --- | --- |
| **Excise Tariff Item / Subitem** | **New Rates of Duty Operative from 1 September 2014** |
| **5** | **Tobacco, cigars, cigarettes and snuff** |
| 5.1 | $0.46268 per stick |
| 5.5 | $578.37 per kilogram of tobacco content |