

AUSTRALIAN CUSTOMS AND BORDER PROTECTION NOTICE 2015/08

**Biannual indexation of certain excise-equivalent customs and excise duty rates for tobacco and tobacco products – 3 March 2015**

The Australian Bureau of Statistics released the average weekly ordinary time earnings (AWOTE) for the December Quarter 2014 on 26 February 2015. In accordance with the indexation provisions in section 19AB of the *Customs Tariff Act 1995* (Customs Tariff), the rates of excise-equivalent customs duty and excise duties on tobacco and tobacco products will increase on 3 March 2015. This Notice sets out the new rates in Tables 1 and 2.

The indexation factor is worked out by dividing the most recent AWOTE number by the highest AWOTE number for a previous June or December Quarter that does not precede the December Quarter 2012.

Accordingly, the December Quarter 2014 number (1477.00) has been divided by the

June Quarter 2014 number (1454.10) to establish an indexation factor of 1.016. 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. The calculation formula is:

*Tobacco duty rate*

*on the day before ×* ***1.016***

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), Schedule 9 (Malaysian originating goods), Schedule 10 (Korean originating goods) and Schedule 11 (Japanese originating goods) in the Customs Tariff.

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 two increases were applied on 1 December 2013 and 1 September 2014, further 12.5 per cent increases in excise-equivalent customs duty on tobacco and tobacco products will apply from 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 does not apply on the indexation of certain excise-equivalent customs and excise duty rates for tobacco and tobacco products for the March Quarter in 2015.

The Australian Customs and Border Protection Service will arrange for the publication of a Notice of Substituted Rates of Customs Duty Notice (No.2) 2015 in the Commonwealth Gazette on or as soon as practical after 3 March 2015.

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

for customs duty rates for excise duty rates

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Customs Tariff pages to be issued in connection with these changes are:

Schedule 3

24/3 (R.45) 24/5 (R.19)

Schedule 5 Schedule 6 Schedule 7 Schedule 8 Schedule 9

5/3 (R.39) 6/3 (R.38) 7/3 (R.22) 8/3 (R.24) 9/3 (R.13)

Schedule 10 Schedule 11 10/3 (R.2) 11/3 (R.2)

The above tariff reprint pages will be issued in the week commencing 9 March 2015.

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=99991231235958

(signed)

Anita Langford

A/g Assistant Secretary Trade Branch

27 February 2015

**TABLE 1: CUSTOMS TARIFF ACT 1995 - TARIFF SUBHEADINGS AFFECTED BY 3 MARCH 2015 AWOTE INDEXATION**

|  |  |  |
| --- | --- | --- |
| **Customs Tariff Subheading** | | **New Rates of Duty Operative from 3 March 2015** |
| 2401.10.00 | | $587.62/kg |
|  | |  |
| 2401.20.00 | 2403.11.00 | $587.62/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  2402.20.20 | 2403.19.10 | $0.47008/stick |

**TABLE 2: EXCISE TARIFF ACT 1921 - EXCISE ITEMS AFFECTED BY 3 MARCH 2015 AWOTE INDEXATION**

|  |  |
| --- | --- |
| **Excise Tariff Item / Subitem** | **New Rates of Duty Operative from 3 March 2015** |
| **5** | **Tobacco, cigars, cigarettes and snuff** |
| 5.1 | $0.47008 per stick |
| 5.5 | $587.62 per kilogram of tobacco content |