



DEPARTMENT OF IMMIGRATION AND BORDER PROTECTION NOTICE

No.2016/05

Biannual indexation of customs duty rates for certain tobacco and tobacco products – 1 March 2016

The Australian Bureau of Statistics released the average weekly ordinary time earnings (AWOTE) amount for the December Quarter 2015 on 25 February 2016. In accordance with the indexation provisions in section 19AB of the *Customs Tariff Act 1995* (the Tariff Act), the customs duty rates on certain tobacco and tobacco products, in Schedule 3 of the Tariff Act, will increase on 1 March 2016. This Notice sets out the new customs duty rates for excise-equivalent goods (Table 1) and excise duty rates (Table 2).

The new customs duty rates for excise-equivalent goods and excise duty rates are calculated by multiplying the previous rates by an indexation factor. The indexation factor is calculated by dividing the most recent AWOTE amount, i.e. the December Quarter 2015 amount, by the previous highest June or December Quarter that does not precede the December Quarter 2012.

Accordingly, the December Quarter 2015 amount (1500.50) has been divided by the June Quarter 2015 amount (1483.10) 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.

$$\textit{Tobacco duty rate on the day} \times \mathbf{1.012}$$

before the indexation day

The rates referenced above also apply to goods subject to indexation in Schedule 5 (US originating goods), Schedule 6 (Thai originating goods), Schedule 7 (Chilean originating goods), Schedule 8 (ASEAN-Australia-New Zealand originating goods), Schedule 9 (Malaysian originating goods), Schedule 10 (Korean originating goods), Schedule 11 (Japanese originating goods) and Schedule 12 (Chinese originating goods) in the Tariff Act.

The Department of Immigration and Border Protection will arrange for the publication of a Notice of Substituted Rates of Customs Duty for Excise-Equivalent Goods Notice (No. 2) 2016 in the *Commonwealth Gazette* on 1 March 2016.

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

for customs duty rates

Assistant Director
Trade Policy
Department of Immigration and Border
Protection
5 Chan Street
BELCONNEN ACT 2616
Ph: (02) 6264 2143

for excise duty rates

Senior Director
Indirect Tax, Revenue Performance,
Intelligence and Effectiveness
Australian Taxation Office
21 Genge Street
CANBERRA ACT 2600
Ph: (02) 6216 1397

The Tariff Working Pages to be issued in connection with these changes are:

<u>Schedule 3</u> 24/3 (R.47) 24/5 (R.21)	<u>Schedule 5</u> 5/3 (R.44)	<u>Schedule 6</u> 6/3 (R.43)	<u>Schedule 7</u> 7/3 (R.27)	<u>Schedule 8</u> 8/3 (R.28)
<u>Schedule 9</u> 9/3 (R.18)	<u>Schedule 10</u> 10/3 (R.7)	<u>Schedule 11</u> 11/3 (R.7)	<u>Schedule 12</u> 12/3 (R.2)	

These Tariff Working Pages will be issued in the week commencing 29 February 2016 and published on the Department's website before the commencement of the new duty rates.

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)
Andrew Chandler
Assistant Secretary
Traveller, Customs and Industry Policy Division
25th February 2016

TABLE 1: CUSTOMS TARIFF ACT 1995 - TARIFF SUBHEADINGS AFFECTED BY 1 MARCH 2016 AWOTE INDEXATION

<u>Customs Tariff Subheading</u>	<u>New Customs Duty Rate on Excise-Equivalent Goods operative from 1 March 2016</u>
2401.10.00	\$671.68/kg
2401.20.00 2403.11.00 2401.30.00 2403.19.90 2402.10.80 2403.91.00 2402.20.80 2403.99.80	\$671.68/kg of tobacco content
2402.10.20 2403.19.10 2402.20.20	\$0.53733/stick

TABLE 2: EXCISE TARIFF ACT 1921 - EXCISE ITEMS AFFECTED BY 1 MARCH 2016 AWOTE INDEXATION

<u>Excise Tariff Item / Sub-item</u>	<u>New Rates of Excise Duty operative from 1 March 2016</u>
5	Tobacco, cigars, cigarettes and snuff
5.1	\$0.53733 per stick
5.5	\$671.68 per kilogram of tobacco content