

Customs (Valuation) Amendment Bill 1987

Date Introduced: 29 April 1987

House: House of Representatives

Presented by: Hon. Barry Jones, M.P., Minister Representing the Minister for Industry, Technology and Commerce

Digest of Bill

Purpose

To tighten the provisions of *Customs Act 1901* (the Principal Act) concerning the valuation of imports for duty purposes.

Background

The Minister announced plans to 'cut fraud and avoidance of import duty' in a news release dated 21 April 1987. The moves follow an examination conducted by the Australian Customs Service in 1986 which found evidence of importers under-valuing imported goods to reduce the duty payable. While there are a number of schemes operating to reduce the duty payable, one of the more common involves the payment of part of the actual price to a third party for 'services' performed. While the sum will find its way back to the seller, the price of the good for the purposes of duty will be decreased by the amount paid to the third party.

As announced by the Minister in the press release of 21 April 1987, the amendments in this area will be implemented in two stages. This Bill will implement the first stage, while the second stage is expected to be introduced in the 1987 Budget-sittings.

Main Provisions

The Bill will commence on 1 July 1987 (clause 2).

Clause 4 will substitute new definitions of 'price', 'relevant transaction' and insert a new definition of 'associate' in relation to a vendor of goods, into section 154 of the Principal Act. The new definition of 'price' includes all payments, whether direct or indirect, and the value of any goods or services supplied, to the vendor, an associate of the vendor or otherwise for the direct or indirect benefit of the vendor. The definition of 'relevant transaction' (i.e. generally the contract or contracts for sale) will be widened to include any other contract, agreement or arrangement relating to the contract of sale. The definition of 'associate' in relation to a vendor will be wide and include a person who substantially influences the business operation of the vendor; whose business is substantially influenced by the vendor; who substantially influences the business operations of a person whose business operations are substantially influenced by the vendor; and one whose business operations are substantially influenced by a person who substantially influences the business operations of the vendor.

Clause 5 will insert new sub-sections 8, 9, 10 and 11 into section 158 of the Principal Act which deals with circumstances when the customs value of goods cannot be determined. Where the customs value cannot be determined, the transaction price of similar goods will be used. Under the proposed sub-sections, where a Collector is satisfied that the price is different to the normal price of identical goods, the Collector is to issue a notice to the owner specifying the opinion and the owner will have a minimum period of 28 days to satisfy the Collector that difference is not designed to avoid or reduce duty. If, at the end of the period, the Collector has not been so satisfied, the Collector is to determine that the transaction value of the goods cannot be determined.

Clause 9 will amend section 161D of the Principal Act to remove the need for reviews of determinations or decisions to be made within 12 months of the original determination or decision. This amendment will only apply to determinations or decisions made after the commencement of this Bill (clause 3).

For further information, if required, contact the Economics and Commerce group.

29 July 1987

Bills Digest Service
Legislative Research Service

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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