CUSTOMS TARIFF AMENDMENT BILL (NO. 2) 1984

Date Introduced: 21 August 1984
House: House of Representatives
Presented by: Hon. J.J. Brown, M.P., Minister Assisting the Minister for Industry and Commerce

Short Digest of Bill

Purpose

Following imposition of sales tax on locally-produced wine and alcoholic cider and low-alcohol beer, to restore levels of assistance accorded to local production by adjustment of the customs duties levied on imports.

Background

The 1984-85 Budget announced a sales tax of 10 per cent on wine and alcoholic cider. The tax is expected to yield $49m in 1984-85 and $62m in a full year. The new 10 per cent sales tax applies both to Australian wines and alcoholic cider, previously exempt, and to imports, previously liable to sales tax at 20 per cent. The degree of assistance to local producers is to be continued to some extent by an upward adjustment in some customs duties. In respect of alcoholic cider, the 20 per cent margin is preserved by an increase in customs duty of 23 per cent of value. In general, the mark-up between customs clearance and the last wholesale implies that a 20 per cent change in sales tax is equivalent in effect to a larger change in customs duty.

In the case of grape wines, Australia is subject to obligations under the General Agreement on Tariffs and Trade not to increase customs duties above certain bound levels. Customs duties for these items are increased by slightly more than 10 per cent, corresponding to an approximate 10 per cent increase in sales tax. The change is consistent with Australia's obligations under GATT and partly preserves the relative position of imported wines following imposition of a 10 per cent sales tax on domestic production [see Bills Digest for Sales Tax (Exemptions and Classifications) Amendment Bill 1984].
Main Provisions

The Bill is to be deemed to have commenced at 8 p.m. on (Budget Night 21 August, 1984). The Customs Tariff Act 1982 in section 18 imposes duties on goods "imported into Australia". The new rates apply to goods entered for home consumption on or after the date of commencement.

Clause 3 amends Schedules 3 and 5 of the Customs Tariff Act 1982. Schedule 3 sets out the General Tariff rate and is amended to increase to a varying extent the customs duties levied on wines and ciders of alcohol content 1.15 per cent or greater.

Schedule 5 specifies duty rates applicable in respect of New Zealand and is amended consequentially to preserve existing rates, as previously set out by reference to Schedule 3. The rates for certain wine items are to be reduced after 30 June 1986. Australia's obligations in respect of wine imports from New Zealand are set out in Part II of Annex C to the Australia-New Zealand Closer Economic Relations Trade Agreement.[1]

For further information, if required, contact:

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30 August 1984

Reference