

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 29, 30 & 31 May 2007

Question: bet 29

Topic: Return of Excise on Damaged Products - Legislation

Hansard Page: E73/74

Senator SHERRY asked:

Okay. I just want to come back to a couple of more general revenue issues. There is a measure set out in Budget Paper No. 2, page 13, titled 'Excise and Excise Equivalent Customs Duty, Enhancing and Streamlining Eligibility for Refunds, Remissions and Drawbacks'. What does this measure do? It is a little difficult to tell from the measure description contained in the budget paper. It talks about aligning excise and customs legislation to establish consistent eligibility conditions across excise and equivalent customs product classes for taxpayers seeking a refund, remission or draw back of duty. I am just after a more plain English explanation as to what the outcomes are as a consequence.

Mr Callaghan—I can only give it in a very general sense; it is in the circumstances of when you can get duty remitted. You are paying duty on the good at sale when it can be consumed. There has been inconsistency in the law in when duty has been paid and when, if it is damaged product and you want to get your duty back, it is streamlining and making sure there is consistency as to when duty can be remitted.

Senator SHERRY—How is there a lack of consistency when it is a damaged product?

Mr Callaghan—I have not got the details with me at the moment. It is a small item here. Just going on recollection, I know there can be circumstances where, for example, I think it was where beer has been damaged. If it is draught beer as opposed to packaged beer there are inconsistencies. In one instance, you can get the duty back and the other you cannot. But Mr Brown may have more detailed input.

Mr Brown—An example of the inconsistency was that beer that came in kegs—draught beer—was eligible for a return of the excise, but if the beer was bottled beer then it did not qualify.

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Senator SHERRY—So we have had these different excise treatments. Are there any practical issues here? Is it just a matter of simplicity?

Mr Brown—The goods do need to be returned in substantially the same state as they were supplied. If it is beer in a bottle, it needs to be returned in the bottle. There are also issues about just verifying the return and arrangements for that.

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Mr Brown—I think there are arrangements that need to be finalised for that, which I think were mentioned. I think there are some details like that that the legislation will clarify—regulations, basically.

Senator SHERRY—Is there legislation to come to the parliament or regulation in this area?

Mr Callaghan—I am not sure.

Senator SHERRY—Perhaps you can check and let us know. I will have my colleagues pose some suitable questions at the legislative hearing.

Answer:

Legislative amendments are required to the *Excise Act 1901* and the *Customs Act 1901*. There will also be changes to the *Excise Regulations 1925* and *Customs Regulations 1926*.