

Senate Standing Committee on Community Affairs

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Reference: Customs Tariff Amendment (2009 Measures No. 1) Bill 2009;

Excise Tariff Amendment (2009 Measures No. 1) Bill 2009

Wednesday, 11 March 2009

Question: CA52

Topic: Excise – ‘Other excisable beverages’ category

Senator Cormann asked:

Senator CORMANN—I am now asking you for a policy explanation, not an opinion. As best you recall it, why was the category of other excisable beverages not exceeding 10 per cent by volume of alcohol introduced effective 1 July 2000?

Answer:

On 8 March 2001, the then-Minister for the Arts and Centenary of Federation stated in the Second Reading Speech to the *Excise Tariff Amendment Bill (No. 1) 2001* on 8 March 2001 (*Hansard*, page 25415):

Amendments in the bill relating to alcohol incorporate changes to the excise duty on alcoholic beverages arising out of the government’s policies on tax reform for alcohol. These policies were outlined in the document, ‘Tax Reform: not a new tax, a new tax system: The Howard government’s Plan for a New Tax System’.

Three main alterations are proposed, all of which were implemented on 1 July 2000.

...

The last change is to bring to excise those alcoholic beverages, such as designer drinks, coolers and the like, which were previously non-excisable and not subject to the wine equalisation tax.

The relevant text from page 87 of *Tax reform: not a new tax, a new tax system* states:

The Government has decided that, from 1 July 2000:

...

The excise on beer, and other beverages with less than 10 per cent alcohol content, will be increased to make up for the removal of the present 37 per cent wholesale sale tax.

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The Explanatory Memorandum to the *Excise Tariff Amendment Bill (No. 1) 2001* and *Customs Tariff Amendment Bill (No. 2) 2001*, which implemented this policy, stated:

2.7 A definition of ‘other excisable beverage’ has been inserted that will bring within the Excise regime all Australian made alcoholic beverages other than those subject to WET.

...

2.12 A rate for ‘other excisable beverages’ of alcoholic strength by volume not exceeding 10% alcohol by volume is inserted ... to bring designer drinks, alcoholic sodas, coolers and the like into the excise regime.

The rate applied to these products at the time was \$30.46 per litre of alcohol.