



One of the biggest changes to the Australian Customs Service structure in recent years occurred in February 1999, when more than 200 Customs officers working in excise areas transferred to the staff of the Australian Taxation Office. Gail Batman explains the move.

Pictured above: A group of Melbourne's Excise staff (from left) Rob Saville, Mal Downing, Colin Braithwaite, Mick O'Connor, Andreas Gianello, Vicky Nguyen and Terry Fleming, wave goodbye from the foyer of Customs House, Melbourne.

The big switch was part of the Machinery of Government announcements by the Prime Minister, John Howard, after the federal election in October 1998.

The Administrative Orders under which the transfers were made, provides for Customs to hand over its responsibilities in administering excise laws, the Diesel Fuel Rebate Scheme and legislation to crack down on fuel substitution rackets.

Responsibility for the Excise Act 1901 has been transferred to the Treasury portfolio where it will be administered by the Taxation Office, while the excise functions covered under the Customs Act 1901 will remain with Customs.

This means that Customs will retain responsibility for all imported tobacco, alcohol and petroleum products, while Tax will look after excise on locally manufactured goods. While this distinction is simple enough in terms of legislation and portfolio responsibilities, it could

create practical difficulties for business. Accordingly, Customs Chief Executive Officer, Lionel Woodward, and the Commissioner of Taxation, Michael Carmody, have acted to avoid the possibility for any confusion or extra burden on business.

They agreed that Customs and Tax would work closely together, including undertaking some functions on each other's behalf. For example, Tax will handle all compliance activities for companies that are predominantly excise payers, including compliance aspects of any like excisable goods these companies import. Customs will remain responsible for compliance work concerning companies which are mainly importers, even if they do a small amount of local manufacture. Specific arrangements will be made with companies which have significant amounts of importing and local manufacture.

Customs Investigations Branch will continue to perform prosecutions for

(continued on page 16)

breaches of excise and related laws under a service agreement with Tax. The provision of these services will be reviewed once the excise function has become established at Tax.

Similarly, Customs Legal Services Branch, another group with vast experience and expertise in these matters will continue to provide legal advice and services on excise matters under a similar arrangement, at least for the time being.

Under the Administrative Order, Customs will hand over industry assistance functions to the Department of Industry, Science and Resources. Agreement was reached between the two agencies on the transfer of Ship Bounties, the Textile, Clothing and Footwear Credit Scheme, the Automotive Industry Arrangements, the Tariff Export Concession Scheme (TEXCO), and Project By-law items 45, 46, 56, 57 and 60.

A major revenue source

Customs role in excise means it has been responsible for collecting nearly \$18 billion a year (\$17.9 billion in 1997-98).

This came from charges on petroleum, tobacco, beer, spirits and crude oil as well as from licence fees paid by warehouses and duty-free shops. The Excise Branch was also responsible for administering the Diesel Fuel Rebate Scheme

under which eligible people and companies, mainly in farming and mining, can claim rebate for excise paid. In 1997-98, these rebates totalled \$1.4 billion.

Excise personnel also administered payments under the Petroleum Products Freight Subsidy Scheme (totalling \$2.5 million in 1997-98), which will transfer to the Department of Industry, Science and Resources, and the Marine diesel Fuel Rebate Scheme (\$900 000).

A recent significant new task undertaken by officers among Tax's new excise staff was the so-called Safety Net Arrangements. The Commonwealth introduced these for state governments after a High Court ruling put in doubt the constitutional standing of state and territory business franchise fees levied on sellers of tobacco, alcohol and petroleum products.

To protect revenues, the Commonwealth agreed to collect the equivalent and pass it on, less administrative costs. For tobacco and petroleum, customs and excise duty rates were increased. For alcohol, increases in sales tax were administered by Tax.

Border activities funded from the Safety Net Arrangements, particularly those related to detecting counterfeit and smuggled tobacco will remain with Customs.

Of the over 200 Customs staff who are now on the staff of the Taxation Office, the biggest single group, about 55, are from Victoria. Numbers transferred in other states are: ACT, 44; NSW 45; Queensland, WA, SA, 31 each; and five each in Hobart and Darwin.

Gail Batman was National Manager, Excise Branch at the time of the changeover. She is now Customs National Manager, Passenger Processing.

Customs means business

Bookmark these for handy reference!

Your quick guide to business information on Customs Internet site

Year 2000 Compliance	www.customs.gov.au/corp/y2k/index.htm
Importing goods	www.customs.gov.au/bizlink/imports/index.htm
Exporting goods	www.customs.gov.au/bizlink/exports/index.htm
Exports Newsletter	www.customs.gov.au/corp/reports/expnews.htm
Risk Management	www.customs.gov.au/corp/riskman/rmindex.htm
Customs Service Charters	www.customs.gov.au/corp/charters/index.htm
Australian Customs Notices	www.customs.gov.au/notices/index.htm
Customs Dumping Notices	www.customs.gov.au/notices/index.htm
Dumping investigations	www.customs.gov.au/notices/index.htm

Or visit Customs home page at www.customs.gov.au