



AUSTRALIAN CUSTOMS NOTICE NO. 2008/31

Customs Tariff Amendment (Tobacco Content) Act 2008

This ACN replaces ACN 2008/29.

The *Customs Tariff Amendment (Tobacco Content) Act 2008* amends the *Customs Tariff Act 1995* (the Customs Tariff) to clarify the existing references to 'tobacco content' found within the Customs Tariff. The amendment confirms that the customs duty payable on loose tobacco products classified in Chapter 24 of the Customs Tariff is based on the total weight of the goods.

The customs duty rate for imported loose tobacco products (including bulk, pouch and tinned tobacco), classified in Chapter 24 of the Customs Tariff, is based on a dollar per kilogram rate of "tobacco content". In practice, Customs calculates duty liability for loose tobacco based on the total weight of the loose tobacco, including moisture content and other additives. However, in respect of molasses tobacco products, Customs has previously assessed duty liability on the tobacco leaf content.

The amendment to the Customs Tariff inserts a definition of 'tobacco content' to include 'any thing (including moisture) added to the tobacco leaf during manufacturing or processing'. The definition applies to the calculation of the customs duty payable on molasses tobacco products.

The amendment commenced on 24 June 2008 and applies to goods imported into Australia on or after 1 November 1999, and also to goods that were imported before that date but on which the time for working out the rate of import duty on those goods had not occurred before that date. For example, goods that were warehoused on importation before 1 November 1999 and not entered into home consumption until on or after 1 November 1999.

Application of amendment to molasses tobacco products

Customs will apply the amendment to molasses tobacco products shipped after 24 June 2008. This means that for goods shipped after 24 June 2008 the amount of duty payable on molasses tobacco products will be calculated on the total weight of the tobacco product not the tobacco leaf content.

Customs will also allow a reasonable period of time where no action will be taken under the Infringement Notice Scheme (INS) for non-compliance. After that period has expired, normal compliance management actions will apply.

For molasses tobacco shipments made after 24 June 2008, from 24 June 2008 – 24 September 2008 a record of non-compliance will not be made and no action will be taken under the Infringement Notice Scheme (INS) if the amount identified in the quantity field of a statement is based on the tobacco leaf content as opposed to the total weight of the molasses tobacco product.

However, it is expected that declarations lodged during this period for shipments made after 24 June 2008 will be reviewed by the owner of the goods or the owner's agent and that any errors will be corrected and any customs duty owing will be paid.

After the end of this period any false or misleading statements made to Customs, including any statements made in the period 24 June 2008 – 24 September 2008 for shipments made after

24 June 2008 that have not been corrected to take account of the definition of tobacco content, may be subject to action under the INS in accordance with the Infringement Notice Scheme Guidelines.

Inquiries concerning this notice may be directed to Manager Tariff Legislation on telephone number (02) 62756486 or Manager Compliance Policy on telephone (02) 62793458.

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