



DEPARTMENT OF HOME AFFAIRS NOTICE

No. 2018/35

Amendments to the *Customs Act 1901* – Collecting tobacco duties at the border

The Australian Government introduced a set of measures to combat the illicit tobacco trade as part of the 2018-19 Budget 'Black Economy Package – combatting illicit tobacco'. The package includes a measure removing the option for importers to enter tobacco products into a licensed warehouse. Legislation enabling this measure has passed Parliament and will take effect from 1 July 2019.

Specific legislative changes include:

- From 1 July 2019, importers will be required to pay import duty on tobacco products upon importation into Australia – no exceptions will be available. From that date, the option to enter tobacco products into a licensed warehouse without the payment of import duties will no longer be available.
- From 1 July 2019, it will no longer be possible for duty to be paid on tobacco products on a weekly or monthly basis in accordance with permissions granted under section 69 of the *Customs Act 1901*. Any such permissions that are in force prior to 1 July 2019 will have no effect in respect of periods after 1 July 2019.
- Movement permissions to allow the movement of tobacco products to or from warehouses will cease on 1 July 2019. However, movement permissions that do not relate to warehouses will continue to be granted after this date to allow tobacco products to be moved, including between wharves and customs depots. Movement permissions for duty free stores or warehouses exclusively used to supply aircraft's stores or ship's stores will be reissued as required.
- Special arrangements will apply to tobacco products that are still in warehouses on 1 July 2019. Owners of these tobacco products will be required to enter them for home consumption on that date and pay the outstanding duties. Arrangements may be available, provided a security is issued, to pay the outstanding duty over the following 12 months (final payment by 30 June 2020). Owners of tobacco products who do neither of these things may have their tobacco products disposed of.
 - The value of security that will be required is currently being assessed and will be communicated to importers closer to 1 July 2019. The value of the security will be based on anticipated stock levels at 1 July 2019.
- Tobacco products intended for export that are in duty free stores or warehouses exclusively used to supply aircraft's stores or ship's stores on 1 July 2019 will be exempt from these transitional arrangements.
 - From 1 July 2019, tobacco importers may on-sell imported tobacco to duty free operators. Importers may apply for a refund from the Department of Home Affairs (Home Affairs) for duties and taxes paid at the border.

Permits

The Government is also introducing a prohibited import control for tobacco from 1 July 2019. This measure will strengthen border controls by prohibiting importation of tobacco without a permit or in contravention of permit conditions. It will also provide the Australian Border Force with new enforcement options to seize illicit tobacco and infringe importers of illicit tobacco.

People who wish to import tobacco products will be able to apply to Home Affairs for a permit to import tobacco products into Australia.

Further information about the tobacco import permit, including how to apply and any permit conditions that an importer will be required to meet, will be available on the Home Affairs website in the first half of 2019.

Further information

The Australian Taxation Office (ATO) and Home Affairs will continue to provide information to help you through this change. This will include eligibility to enter transitional arrangements.

Further information for tobacco importers and warehouse operators is available on the ATO website at: www.ato.gov.au/tobaccotaxpoint

The *Customs Amendment (Collecting Tobacco Duties at the Border) Act 2018* is available at: www.legislation.gov.au/Details/C2018A00131

Enquiries

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[Signed]

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15 November 2018