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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

**CUSTOMS AMENDMENT BILL (NO. 2) 1996**

SUPPLEMENTARY EXPLANATORY MEMORANDUM  
(Request for amendments to be moved on behalf of the Government)

(Circulated by authority of the Minister for Industry, Science and Tourism, the  
Honourable John Moore, MP)



**Customs Amendment Bill (No. 2) 1996**  
**(Request for amendments to be moved on behalf of the Government)**

**OUTLINE**

The purpose of the schedule of amendments is to:

- (i) defer for a period of 12 months the proposed reduction of the import entry threshold for commercial importations through the post from \$1,000 to \$250, contained in item 12 of Schedule 1 of the Customs Amendment Bill (No. 2) 1996 (the Bill)(amendments nos 2 and 3 refer);
- (ii) effectively extend the periodic settlement period for the new screening charge in new subsection 64ABD(2) of the *Customs Act 1901* (item 10 of the Bill refers) by providing that payment of the charge is to be made within 21 days of the receipt of a liability notice from Customs (amendment no. 4 refers); and
- (iii) amend the transitional provisions under the proposed new customs depot licensing regime that apply to existing places appointed under 17(b) of the Customs Act as a result of the Bill not having the expected 1 January 1997 commencement and now having a proposed commencement of 1 April 1997 (new section 77M of the Customs, item 25 of Schedule 1 to the Bill)(amendment nos 5 to 12 refer).

The Bill is one of three in the legislation package for the implementation of a cost recovery regime for import related services delivered by the Australian Customs Service, which was announced by the Government in the 1996-97 Budget. One of the measures proposed in that package was to address a long standing anomaly in the entry requirements for air cargo imports and importation by post.

Specifically, commercial air cargo imports with a value of \$250 or more have required an entry, whereas requirements for commercial entries in the post environment are for imports with a value of \$1,000 or more. The new arrangements contained in item 12 of the Bill would see this anomaly disappear with a requirement for the lodgement of an entry for ALL commercial cargo over \$250 in value.

Following the introduction of the Bill and representations by various sectors of the industry, the Government has agreed to accept a 12 month deferment of this change, which amendment No. 3 will permit. The Government considers this 12 month grace period will also allow Customs to provide an Internet facility for the lodgment of electronic entries with Customs. This will provide a cost effective solution for low volume but regular importers who will be able to lodge simplified entry documents with Customs without having to present information in person at Customs offices or International Mail Centres.

**Financial Impact Statement**

With the commencement of the cost recovery legislation package and the proposed 12 month deferment of the import entry threshold reduction in this schedule of amendments, a small percentage of import transactions which would have been subject to an import entry fee will now remain exempt for 12 months. This is predicted to have a minor financial impact on projected revenue.

## Customs Amendment Bill (No. 2) 1996

### NOTES ON AMENDMENTS

#### Amendment 1

This is a technical drafting amendment, to add to subclause 2(2) of the Customs Amendment Bill (No. 2) 1996 (the Bill) (dealing with the commencement of the Bill), a cross-reference to the new subsection (4), which is inserted by Amendment No. 3. The effect of these amendments is to allow the 1 year deferment of the commencement of the proposed reduction of the import entry threshold for commercial importations through the post (item 12 of the Bill), by altering the commencement of this item.

#### Amendment 2

This is a technical drafting amendment to add to subclause 2(3) of the Bill (dealing with the standard maximum 6 month time limit for provisions of a Bill to commence, where those provisions are expressed to commence via proclamation), a slight exception to cater for the desired 12 month deferment of the commencement of the import entry threshold reduction. Item 12 of the Bill, which deals with this proposed threshold reduction, is expressly excluded from this subclause, as it is made subject to a special deferment in Amendment No. 3.

#### Amendment 3

This amendment adds a new subclause 2(4) to the commencement provision of the Bill, to expressly provide that the reduction of the import entry threshold for commercial importations through the post (from \$1,000 to \$250, as provided by item 12 of Schedule 1) is now to commence 12 months after the day on which item 10 of the Schedule 1 commences. This implements the 1 year deferment of this proposed change, which the Government has agreed to accept.

#### Amendment 4

This amendment amends proposed subsection 64ABD(2) of the Customs Act (to be inserted by item 10 of Schedule 1 to the Bill) which sets out the arrangements for the payment of screening charge, in relation to goods covered by electronic cargo reports, where special arrangements for its payment are not made under subsection 64ABD (3). Currently, subsection (2) requires the payment of such charges incurred during a month within 21 days after the end of the month ie, monthly settlement.

Since this time limit was inserted, it has come to attention that the amount of the screening charge incurred during a month will only be able to be fully calculated by Customs in the period of 15 to 21 days after the end of each month of the year. Therefore, it is proposed to amend subsection 64ABD (2) to provide that the payment of the screening charge is to be made within 21 days after the notification by Customs of the total amount of all screening charge in relation to goods covered by electronic reports for which a person becomes liable during each respective month. This will

mean that the actual time for payment of charges incurred during a month may now be up to 42 days after the end of that month.

### **Amendments 5 to 12 (inclusive)**

Amendments number 5 amends subsection 77L(3) and amendments numbers 6, 7, 8, 9, 10, 11 and 12 amend proposed section 77M of the Customs Act (to be inserted by item 25 of Schedule 1 to the Bill) as a consequence of the Bill not commencing on 1 January 1997 and its proposed commencement by Proclamation on 1 April 1997.

Section 77M sets out the transitional provisions which will govern the transfer of places currently appointed under paragraph 17(b) of the Customs Act to the new customs depot licensing regime. Under section 77M as currently drafted, a person occupying and controlling such a place may, before 1 April 1997, apply for the depot licence to cover that place (subsection 77M(2)). With the previously proposed 1 January 1997 commencement of the Bill, this meant that a person had three months from the Bill's commencement within which to make that application. As the Bill now has a proposed 1 April 1997 commencement, a person will now have until 1 July 1997 to make the application (Amendment no. 6 refers).

Currently under subsection 77M(3), if the CEO has not made a decision whether or not to grant the licence before 1 July 1997, the CEO is taken to have refused the application. This provision was intended to operate three months after the application was made under subsection 77M(2). Therefore, as a consequence of the proposed 1 April 1997 commencement of the Bill and amendment 6 above, the date in subsection 77M(3) will be changed to 1 October 1997 (Amendment no. 7 refers).

Currently under subsection 77M(4), if a person does not apply for the depot licence before 1 April 1997, the place is taken to be covered by the depot licence for the period from new Part IVA's commencement (which was expected to be 1 January 1997) and ending on 31 March 1997 ie, three months. Therefore, as a consequence of the proposed 1 April 1997 commencement of the Bill (and therefore Part IVA), the date in subsection 77M(4) will be changed to 1 July 1997 (Amendment nos 8 and 9 refer).

Currently, under subsection 77M(5), if a person applies for a depot licence before 1 April 1997 but the licence is refused or taken to have been refused, the place is taken to be covered by the depot licence for the period from new Part IVA's commencement (which was to have been 1 January 1997) to the time of the decision to not grant the licence (including appeal rights). Again, as a consequence of the new proposed 1 April 1997 commencement of the Bill, the dates in subsection 77M(5) will be changed to 1 July 1997 and 1 October 1997 (Amendments nos 10 and 11 refer).

Currently, under subsection 77M(6), if a person applies for licence before 1 April 1997, and the application is successful, the licence must be granted for the period from the Bill's commencement until 30 June 1998. This provision is still current, with the only minor amendment being to the date by which person must apply for a depot licence, changed from 1 April 1997 to 1 July 1997 (Amendment no. 12 refers).