

1998

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

**CUSTOMS AND EXCISE LEGISLATION
AMENDMENT BILL (NO. 3) 1997**

SUPPLEMENTARY EXPLANATORY MEMORANDUM
(Amendments to be moved on behalf of the Government)

(Circulated by authority of the Minister for Customs and Consumer Affairs,
The Hon Warren Truss MP)

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OUTLINE

The purpose of this amendment is to remove the proposed reduction in the entry threshold for goods imported through the post. This will have the effect of leaving the postal entry threshold at \$1000.

As part of the legislative amendments associated with cost recovery effected by the *Customs Amendment Act (No. 1) 1997*, the entry threshold of \$1000 for goods imported by the post was to be reduced to \$250 to align with the threshold applying to air and sea cargo. This amendment was originally to take effect from 1 April 1998 to allow importers through the post more time to adjust to the impact of change.

During 1997, a significant number of representations from small business prompted a review of entry thresholds across air, sea and postal importations. The review has been focusing on options to simplify the entry procedures to lessen the burden of Customs requirements for small business once the threshold is reduced and goods become subject to the entry requirements.

As part of this review, Customs also proposed a further deferral of the commencement of the reduced postal threshold to 1 October 1998. This proposed amendment to effect this deferral is contained in item 7 of Schedule 1 of this Bill.

At present, the Joint Committee of Public Accounts (JCPA) is conducting the inquiry into internet commerce. Customs is working closely with the Committee to ensure that all relevant data is available on these issues to enable a full consideration of the implications of adjusting existing entry thresholds.

In light of the reporting timeframe of the JCPA, it is therefore not considered appropriate to proceed with any proposed changes to existing entry thresholds until Government has had sufficient time to consider the Committee's findings on this issue. Therefore, in place of deferring the commencement of the postal threshold reduction, it is proposed to remove the original amendment altogether so that the current \$1000 entry threshold will continue until the Government makes a decision following the JCPA report.

FINANCIAL IMPACT STATEMENT

The removal of the reduction in the threshold value of goods imported through the post (amendment 3) will result in some low value import transactions not becoming subject to the entry processing charge. This is expected to have a minor financial impact overall.

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NOTES ON AMENDMENTS

Amendment (1)

This amendment repeals item 7 of Schedule 1 to the Bill and substitutes new items 7, 7A and 7B. The present item 7 sets out the amendment to the *Customs Amendment Act (No. 1) 1997* (the Amendment Act) to defer the commencement of the reduced entry threshold for goods imported through the post to 1 October 1998. The amendment to the entry threshold is contained in item 12 of Schedule 1 to the Amendment Act.

New item 7 makes a technical amendment to omit the reference to subsection (4) in section 2 of the Amendment Act, which set out the commencement provisions for that Act, due to repeal of subsection (4) by amendment (2) below.

New item 7A makes a technical amendment to section 2 of the Amendment Act to repeal subsection 2(4). This subsection sets out the commencement provision for item 12 of Schedule 1 to that Act which is to be repealed by amendment (3) below.

New item 7B repeals item 12 of Schedule 1 to the Amendment Act. Item 12 of Schedule 1 to that Act sets out the amendment to the *Customs Act 1901* to reduce the entry threshold for goods imported into Australia through the post from \$1,000 to \$250. The effect of this reduction would be that goods imported into Australia through the post of a value of more than \$250 would have to entered in accordance with section 71A of the Customs Act and would be liable to pay import processing charge.

As referred to above, the present item 7 of the Bill defers the commencement of item 12 of Schedule 1 to the Amendment Act to 1 October 1998. For the reasons set out in the Outline, it is proposed to remove the original amendment in place of deferring its commencement. Therefore, item 12 of Schedule 1 to the Amendment Act is to be repealed.

