

1988

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

CUSTOMS TARIFF (RATE ALTERATION) BILL 1988

EXPLANATORY MEMORANDUM

(Circulated by the Authority of the Minister for Industry,  
Technology and Commerce, Senator The Honourable John N. Button)

## CUSTOMS TARIFF (RATE ALTERATION) BILL 1988

### GENERAL OUTLINE

The Customs Tariff (Rate Alteration) Bill makes provision for the alteration of rates of duty imposed by the Customs Tariff Act 1987 in accordance with the Government's proposal to reduce certain duties from 1 July 1988.

The main purposes of the Bill are:

- (1) to remove the 2% Revenue duty currently imposed across the Tariff
- (2) to implement the first stage of the progressive reduction of most duties in excess of 15% to that level
- (3) to implement the first stage of the progressive reduction of most rates currently above 10% but less than 15% to 10%.

### FINANCIAL IMPACT

Revenue implications are difficult to isolate accurately. However, it is anticipated that the tariff cuts covered by this Bill, tariffs which are already phasing, the changes to the Passenger Motor Vehicle Plan and the abolition of the 2 per cent revenue duty will result in revenue decreases of \$460 million in 1988-89 increasing to \$900 million in 1992-93.

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NOTES ON CLAUSES

A Bill for an Act to make provision for the alteration of rates of duty imposed by the Customs Tariff Act 1987

Claus 1 - Citation - Customs Tariff (Rate Alteration) Act 1988

Claus 2 - Date of Commencement - 1 July 1988

Claus 3 - Interpretation - Defines a number of words and phrases for the purposes of the legislation

Claus 4 - Provides for the substitution of the rate of duty of "FREE" for the ad valorem rate of duty of "2%" (ie the removal of 2% Revenue duty)

Clause 5 - Provides for the reduction of general ad valorem rates of duty

- . Covers - reduction of rates specified in Column 1 of Schedule 1 to those rates set out opposite in Column 2

- rates not covered include:

- . those general rates of duty which are currently reducing progressively to 15% or less;

- . those rates of duty that are not to phase as covered by classifications set out in Schedule 2 (ie, those covered by the Textiles, Clothing and Footwear Plan and the Chemicals and Plastics Industries);

- . certain rates covered by four classifications which could not, for technical reasons, be reduced by the general approach of this clause (see clause 6); and

- . non-ad valorem rates (see clause 7)

Claus 6 - Provides for the reduction of general ad valorem rates of duty in special cases as set out in Schedule 3

- . Covers - four classifications to which a rate of duty not specified in Schedule 1 applies. The Schedule provides for a rate of duty of 35% to be applied from 1 July 1988

Clause 7 - Provides for the alteration of rates of duty other than ad valorem rates in special cases as set out in Schedule 4

- . Covers - those tariff classifications covered by the policy initiatives announced by the Minister for Primary Industries and Energy;
- certain tariff classifications with current non-ad valorem rates of duty; and
- those tariff classifications containing an Excise Tariff Act 1921 rate component in which the Customs component in the rate of duty exceeds 10%.

Clause 8 - Provides for the concurrent reduction of preferential rates of duty