



Communication about changes to the Customs and Excise Regulations 1996 that affect the Alcohol Industry

Over the last eighteen months Customs has worked with industry representatives from beer, wine and spirits around proposed changes to the excise system as part of the Review of the Customs and Excise Act 1996. Cabinet has agreed to a number of changes to the Customs and Excise Regulations 1996 that will streamline, modernise and improve assurance over the collection of excise. These changes are likely to come into effect on 1 February 2017.

We thought you would appreciate a brief update of what is changing. **Further communication that will explain these changes in more detail will be provided once the amendment Regulations have been approved and Gazetted. You will also be provided with a point of contact to answer any questions you may have.**

The main proposed changes affect Offsite Storage, Remissions, and Payment periods. Offsite storage and remissions were identified during the review as creating particular costs and barriers for business.

Offsite Storage: Ministers have agreed with industry feedback that this should be extended to all alcohol manufacturers. As with wine now, this will require manufacturers to apply to Customs for offsite storage and demonstrate that they have insufficient storage in their Licenced Manufacturing Area (LMA). The requirement to have offsite storage in the same geographical location has been removed.

Remissions: During the review Customs heard from industry that the current remissions process creates unnecessary compliance and administration costs. Most businesses have modern data collection systems that can be used for compliance in conjunction with Customs auditing.

If Customs is satisfied that our customers have adequate record keeping systems in place, they will no longer have to apply for remission for goods not released for home consumption. Excise liability still applies to unaccounted loss and theft. Customers will need to record their remissions on their excise entry. Customs will work with those who we do not have sufficient information about to give this authorisation.

Payment periods: All new licensees will commence on a monthly payment period for a minimum of six months. This is to assist with compliance and enable new licensees to establish effective record keeping and reporting of any excise required to be paid. Once Customs is satisfied that there are correct systems in place this will be reviewed.

Customs will also have the ability to review the payment period of those licensees who are not compliant with their entry and payment periods. Non-compliant licensees will be required to make monthly entry and payment until such time (minimum six months) as they provide Customs with evidence which includes systems in place to enter and pay on time. This will assist licensees who are having difficulty in meeting their excise commitments to not incur an unmanageable debt.

Refunds and remissions claiming drawback

The Regulations will clarify that product exported claiming drawback cannot claim remission or refund if imported for destruction. This does not affect the current drawback provisions.

Other upcoming changes

Alcohol Excise Plan (AEP): This will replace the current Procedure Statement and will contain the terms and conditions that are required to be met in order for manufacturers to have their licence. It will be very similar to the current Procedure Statement. Alcohol Excise Plans will gradually be transitioned in from 1st February 2017.

Permits: Once Customs is satisfied as to the adequacy of a licensee's record keeping, they may be granted an ongoing authorisation to move goods excise unpaid between specific CCAs without the requirement of multiple permits.

Online entries: Customs is looking to introduce electronic excise entries from early-mid 2017. Further information on how this will happen and what licensee's will need to do will be made available early next year.