

14 May 2008

Customs Trade and Transport Law E-alert

Budget 2008-2009 and Consequences for Industry

The Federal Government Budget for 2008-2009 delivered last evening (13 May 2008) includes a number of commitments and comments which may be of interest to those in industry. A preliminary summary of issues of potential interest are set out below.

- The Federal Government has delivered on its election promise regarding the establishment of new container examination facilities. The budget includes an allowance of \$16 million over 4 years to Customs to increase the inspection and examination of containers at regional containers at regional ports in Launceston, Darwin, Townsville and Newcastle to identify potentially dangerous goods and other border risks as well as assist in revenue management. Doubtlessly, Customs will provide more details as to the manner of expenditure and operation of these facilities whether they will entail the construction of new CEF such as those contained in Australia's major ports or whether alternative facilities will be provided.
- Customs will also receive additional funding to augment existing funding for border protection in northern waters.
- The Government intends to address an "unintended" outcome where importers avoid paying excise-equivalent customs duty on certain imported products by obtaining a TCO.
- The Budget includes savings of \$14.907 million from Customs based on an election commitment to apply a one-off 2% efficiency dividend across Government. Industry will be interested as to where this efficiency will be secured.
- The Portfolio Budget Statement includes details on some KPIs for Customs. In relation to revenue and compliance assurance activity this includes the intention to:
 - audit 55% (or more) of import transactions where revenue was adjusted by \$1,000 or more;
 - audit at least 75% of export transactions where the FOB value was adjusted by \$5,000 or more; and
 - undertake compliance visits or checks of at least 60% of licensed premises (including warehouses and CTO).
- Customs anticipate administering collection of \$6.297 billion in customs duty in 2008/2009 being an increase of \$310 million over the corresponding figure in 2007/2008 due to a combination of factors including continued strong import growth for motor vehicles and excise equivalent goods offset by moderating growth in TCF in general imports.
- The Government has announced the replacement of the existing 30% non-final withholding tax applying to distributions of Australian source net income (other than dividends, interest and royalties) by Australian managed investment trusts to foreign residents with a final withholding tax regime. This will reduce most tax down to a final withholding tax of 7.5% in 2010/2011.
- Austrade is to assume responsibility for investment promotion from the DIISR. This will entail the use of Austrade's overseas network of trade and investment commissioners.
- Austrade will also assume responsibility for the delivery of the Global Opportunities Program from DIISR.
- Austrade's priorities will include the following:
 - to continue the focus on maximising export and international business outcomes by provision of services in key markets including China and India;
 - to enhance trade and investment outcomes through sector and industry initiatives with "industry allies and government agencies";
 - to expand and revitalise the EMDG Scheme;
 - to strengthen assistance to the services sector including financial services; and
 - to respond to the Review of Export Policies and Programs scheduled to be completed in August 2008. Clearly, this may deliver additional changes to operations of Austrade and relevant programs.

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