



PRACTICE STATEMENT

Practice Statement No:	B_PAX03
Published Date:	03 October 2012
Period of Effect:	October / 2012–2015
Review Date:	October 2013
Availability:	Internal only

Title: Passenger and Crew Duty Free Concessions

Purpose: To provide guidance and a policy overview relating to the Passenger and Crew Duty Free Concession Scheme

Owner: National Director Passengers Division

Category: Border

Sub-Category: Passengers

Contact: Director Passenger Policy (02) 6275 5624

Summary of Main Points

Australian Customs and Border Protection Service (Customs and Border Protection) Practice Statements are endorsed policy that all Customs and Border Protection employees must follow. This Practice Statement outlines:

- the policies relating to the procedures carried out by Customs and Border Protection in applying the duty free concession scheme for passengers and crew arriving into Australia, on behalf of a range of Government agencies.

The electronic version published on the Practice Statement Framework SharePoint site, accessible through the Intranet, is the current Practice Statement

Table of Contents

Introduction Statement	3
Scope	3
Policy Statement.....	3
2. Key Roles and Responsibilities	5
3. Related Instruction and Guidelines	5
4. Related Policies and References	5
5. Consultation.....	5
5.1. Internal Consultation.....	5
5.2. External Consultation	6
Endorsement.....	6
Approval	6

Introduction Statement

Goods imported into Australia by passengers and crew members as accompanied baggage are generally subject to Customs Duty, Goods and Services Tax (GST) and/or Wine Equalisation Tax (WET).

However, passengers arriving in Australia from overseas are entitled to a number of concessions provided the goods are intended for personal use and accompany the passenger on arrival.

Policy and legislative responsibility for application of the duty free concession scheme rests with the Australian Customs and Border Protection Service (Customs and Border Protection). The consistent application of these concession arrangements is a vital Customs and Border Protection output, in that it supports the Government's revenue interests while also promoting Australia as an attractive tourist destination.

Scope

This practice statement encompasses all activities performed by Customs and Border Protection in relation to the duty free concession arrangements. Customs and Border Protection activities include the assessing of passenger and crew declarations, collection of all applicable revenue and/or detention of the goods pending payment prior to release of these goods, compliance activity to ensure the ongoing integrity of the arrangements, promoting visibility of the scheme and ad hoc statistical reporting. Activities in this practice statement do not include those activities performed by Customs and Border Protection in relation to on airport and off airport duty free retailers. The Compliance Division and the Australian Taxation Office (ATO) is responsible for the policy governing the licensing of duty-free stores and compliance activities relating to duty-free retailers.

This Practice Statement applies to staff at international airports, seaports and within various Customs and Border Protection Divisions in Canberra.

Policy Statement

- 1.1.1. Customs and Border Protection operations form part of the travel experience for the millions of travellers arriving and departing Australia. For many international travellers, their impressions of Australia will be created by the experience at the primary line. This experience should be as welcoming as possible, in order to enhance the traveller experience.
- 1.1.2. In this regard, Customs and Border Protection, through its presence at airports and seaports, will assist eligible travellers with an opportunity to avail themselves of the duty free concession scheme. It will provide this facility through consistent administration and application of the duty free concession scheme for international passengers and crew. Subject to meeting the duty free eligibility criteria, these parties will be allowed to bring into Australia certain goods free of duty and/or tax. The criteria for eligibility for this concession are:
 - that the goods must be imported
 - the goods must accompany the traveller and arrive on the same aircraft/ship
 - that the goods are not intended for commercial purposes, and
 - that the goods are not in excess of the concessions in any category.

- 1.1.3. Customs and Border Protection is also committed to protecting the revenue interests of the Government. In this regard we will work cooperatively with Government and industry stakeholders to ensure the integrity of the duty free concession scheme is maintained via the consistent application of the concession arrangement, and all appropriate duties and/or taxes are collected. Attention to detail and accuracy will be essential in ensuring the effectiveness of these activities.
- 1.1.4. Legislation governing Customs and Border Protection administration of passenger and crew duty free concessions is detailed in:
 - Customs Tariff Act 1995 (Item 15 Schedule 4) Customs By Law No. 1228133.
- 1.1.5. Passengers are entitled to import the following goods free of duty and/or tax:
 - personal clothing and footwear (not including fur apparel)
 - articles of personal hygiene or grooming (not including perfume concentrate)
 - goods imported by residents that were taken out of Australia on departure but not including goods purchased on a duty or tax free basis or for which a refund was given under the Tourist Refund Scheme
 - goods imported by visitors that will be taken out of Australia on departure
 - personal goods (including fur apparel), that have been owned and in use by the passenger for the 12 months preceding importation
 - other articles up to a total purchase price not exceeding A\$900 per adult and A\$450 per child. (Alcohol and tobacco products are not included in this A\$900 concession)
 - 2.25 litres of alcoholic beverage per passenger 18 years or older
 - 50 cigarettes or 50 grams of cigars and tobacco products for each passenger 18 years or older, and
 - one opened packet containing 25 cigarettes or less is allowed.
- 1.1.6. Passengers in the same family may pool their concession, on the proviso that the family arrives on the same flight/voyage and all members are processed at the same time within the Secondary Examination area. Pooling of the duty free concession allowances may also be granted in the case of joint ownership.
- 1.1.7. Crew members are eligible for the following concessions:
 - items of clothing, personal hygiene and grooming such as toiletries (not including fur apparel and perfume concentrate)
 - goods imported by crew members that are to be taken out of Australia on departure
 - other articles up to a total purchase price not exceeding A\$450
 - 2.25 litres of alcoholic beverage per crew member 18 years or older
 - 50 cigarettes or 50 grams of cigars or tobacco products for each crew member 18 years or older, and
 - one opened packet containing 25 cigarettes or less is allowed.
- 1.1.8. If a passenger or crew member exceeds any of the concession limits for general goods they will be charged duty and/or tax on all items of that type.

1.1.9. The traveller who declares alcohol or tobacco above the duty – free concession is able to keep all goods up to the duty-free concession amount without paying duty, and abandon the remainder. If the traveller wants to keep all of the tobacco or alcohol, duty is payable on the total amount and the concession is forfeited.

1.1.10. This arrangement enables the **compliant traveller** to:

- import the alcohol and tobacco allowance free of duty and abandon the alcohol and tobacco in excess of the concession, or
- pay duty/GST on the total amount and keep it.

1.1.11. This arrangement enables the **non – compliant traveller** to:

- abandon alcohol and all tobacco products, or
- pay duty/GST on the total amount

2. Key Roles and Responsibilities

2.1.1. Policy and legislative responsibility for the application of the passenger and crew duty free concession scheme rests with Customs and Border Protection.

2.1.2. Any amendments to concession limits, or other eligibility criteria governing the scheme, may have (potential) impacts upon the amounts of duty and/or tax collected on behalf of the Australian Government. With this in mind, Customs and Border Protection also has a responsibility to engage with a number of government departments/agencies when considering amendments to the scheme.

2.1.3. Administrative responsibility within Customs and Border Protection rests with the Passengers Division, primarily the result of their physical presence at Australian international airports. The Director Passenger Policy, with the support of Airport Operations North and South branches and the Director Maritime Policy and Planning are responsible for delivering Customs and Border Protection policy responsibilities to the traveller and to government.

3. Related Instruction and Guidelines

- Passenger and Crew Duty Free Concessions
- Customs Valuation
- Tourist Refund Scheme
- Detained Goods Management

4. Related Policies and References

- *A New Tax System (Goods and Services Tax) Act 1999*
- *Customs Act 1901*
- Customs Tariff Act 1995 (Item 15, Part 1 of Schedule 4) By Law No. 1228133
- *A New Tax System (Wine Equalisation Tax) Act 1999*

5. Consultation

5.1. Internal Consultation

5.1.1. The following internal stakeholders have been consulted in the development of this Practice Statement:

- Airport Operations North
- Airport Operations South
- Maritime Policy and Planning
- Trade Policy and Regulation.

5.2. External Consultation

5.2.1. The following external stakeholders have been consulted in the development of this Practice Statement:

- Australian Taxation Office
- Department of Resources, Energy and Tourism
- The Treasury.

Endorsement

Endorsed on	29 August 2012	
By	Dean Church A/g National Manager Passengers Division	

Approval

Approved on	24 September 2012		
By	Marion Grant Deputy Chief Executive Officer Border Management		
Period of Effect	October / 2012–2015	Review Date	October 2013