



AWOTE adjustments on tobacco products – operative on and from 1 September 2014

The ABS released the June Quarter 2014 adult average weekly ordinary time earnings (AWOTE) amount on 14 August 2014. In accordance with the indexation provisions in section 19AB of the *Customs Tariff Act 1995* (Customs Tariff), the rates of excise-equivalent customs duty on tobacco and tobacco products will increase on 1 September 2014.

The indexation factor is worked out by dividing the most recent AWOTE amount by the highest AWOTE amount for a previous June or December quarter that does not precede the December quarter 2012. Therefore, the indexation factor is determined by dividing the June 2014 AWOTE amount by the December 2013 AWOTE amount.

Accordingly, the June Quarter 2014 index number (1454.10) has been divided by the December Quarter 2013 index number (1437.00) to establish an indexation factor of 1.012. As this factor is greater than one, rates of excise-equivalent customs duty and excise duty are increased by the application of this indexation factor.

On 6 November 2013, the Government announced it would proceed with a series of four 12.5 per cent increases (the additional factor) in excise and excise-equivalent customs duty for tobacco and tobacco products. The first increase was applied on 1 December 2013. Further 12.5 per cent increases in excise-equivalent customs duty on tobacco and tobacco products apply on 1 September 2014, 1 September 2015 and 1 September 2016. The additional factor for 1 September 2014 is 1.125. This factor is then applied to the new indexed rates of excise-equivalent customs and excise duties.

These increased rates also apply to tobacco and tobacco products in Schedule 5 (US originating goods), Schedule 6 (Thai originating goods), Schedule 7 (Chilean originating goods), Schedule 8 (AANZ originating goods) and Schedule 9 (Malaysian originating goods) in the Customs Tariff.

<u>Customs Tariff Subheading</u>	<u>New Rate of Duty Operative from 1 September 2014</u>
2401.10.00	\$578.37/kg
2401.20.00	2403.11.00 \$578.37/kg of tobacco content
2401.30.00	2403.19.90
2402.10.80	2403.91.00
2402.20.80	2403.99.80
2402.10.20	\$0.46268/stick
2402.20.20	
2403.19.10	

The new rates will come into effect on and from 1 September 2014. Equivalent changes will also be made to the Excise Tariff on that date. ACN 2014/40 will be published in connection with these changes. It will be available on the Customs website in the near future and will be distributed in hard copy in the week commencing 1 September 2014. Amended tariff working pages will also be distributed in that week.