

Petroleum Excise (Prices) Amendment Regulations 2000 (No. 1)

2000 No. 23

EXPLANATORY STATEMENT

STATUTORY RULES 2000 No. 23

Issued by the authority of the Minister for Industry, Science and Resources

Petroleum Excise (Prices) Act 1987

Petroleum Excise (Prices) Amendment Regulations 2000 (No. 1)

Section 14 of the Petroleum Excise (Prices) Act 1987 (the Act) provides that the Governor-General may make regulations for the purposes of the Act. The Act provides the legislative basis for the calculation of the monthly crude oil excise price base. The purpose of the Act, expressed in Section 7, is to ensure that the crude oil excise is based on the average unit price obtained for crude oil sales by the producers from each excisable crude oil producing region.

The purpose of the Petroleum Excise (Prices) Regulations 1988 (the Principal Regulations) is to provide for the manner in which transaction prices for quantities of crude petroleum oil are to be calculated for the purposes of determining the volume weighted average of realised (VOLWARE) prices for a month and an oil producing region.

As of 1 July 2000 the introduction of the Goods and Service Tax will impose an additional tax component to the 'Price' of domestically marketed crude oil. The Government has decided that secondary taxation would not impose a 'tax on a tax'. The purpose of these new Regulations is to remove the GST added component of the transaction prices and the GST component of eligible deductions from the calculation of the monthly excise price base.

Details of the new Regulations are set out below:

Regulation 1 brings the citation of the Regulations into line with current practices.

Regulations 2, 3 and 4 define the appropriate GST terminology.

Regulations 5 to 11 describe the information that is required to be submitted by the producers to separate the GST component of sales prices and deductions.

Regulations 12 to 14 allow for the exclusion from the excise price base calculation of the GST component from the contract prices and allowable deductions.

The proposed Regulations would commence on commencement of the *A New Tax System (Goods and Services Tax) Act 1999*. That Act commences on 1 July 2000.