

EXPLANATORY STATEMENT

Tariff Concession Instrument No. 1043174

Customs Act 1901

Background

Part XVA of the *Customs Act 1901* (the Act) sets out a scheme under which Tariff Concession Orders (TCOs) may be made by the Chief Executive Officer of Customs (the CEO). A lower rate of customs duty applies to goods that are the subject of a TCO.

Under section 269F of the Act, a person may apply to the CEO for a TCO in respect of goods. If the CEO is satisfied that the application is not in respect of goods specified in section 269SJ of the Act, which sets out those goods that cannot be subject to a TCO, the CEO must decide whether the application meets the core criteria.

Section 269C of the Act provides that a TCO application meets the core criteria if, on the day on which the application was lodged, no substitutable goods were produced in Australia in the ordinary course of business. Section 269B of the Act provides that 'goods produced in Australia' has the meaning given by section 269D, 'ordinary course of business' has the meaning given by section 269E and 'substitutable goods' in respect of goods the subject of a TCO application, means goods produced in Australia that are put, or are capable of being put, to a use that corresponds with a use (including a design use) to which the goods the subject of the application can be put.

Subsection 269P(3) of the Act provides that if the CEO is satisfied that a TCO application meets the core criteria, the CEO must make a written order (a TCO) declaring that the goods the subject of the TCO application are goods to which a prescribed item of Schedule 4 to the *Customs Tariff Act 1995* (the Tariff) specified in the order applies.

Waratah Thoroughbreds applied for a TCO in respect of certain salt water horse walker prefabricated buildings on 21 September 2010.

Instrument

TCO No 1043174 was made on 06 December 2010. It declares that those certain salt water horse walker prefabricated buildings are goods to which item 50 of Schedule 4 to the Tariff applies since the CEO was satisfied that no substitutable goods were produced in Australia. The general rate of duty on these goods is 5%. The rate of duty for the goods subject to the TCO is free.

Consultation

Subsection 269K(1) of the Act provides in part that as soon as practicable after accepting a TCO application as a valid application, the CEO must publish a notice in the Gazette which includes an invitation to any person who considers that there are reasons why the TCO should not be made to lodge a submission with the CEO. The CEO did not receive any submissions in response to this invitation.

Commencement

Subsection 269S(1) relevantly provides that a TCO is to be taken to have come into force on the day on which the application for the TCO was lodged. TCO No. 1043174 is taken to have come into force on 21 September 2010.

The TCO does not affect the rights of a person (other than the Commonwealth) as at the date of registration so as to disadvantage that person or impose liabilities on a person (other than the Commonwealth) in respect of anything done or omitted to be done before the date of registration. The rights of importers will be beneficially affected. Under paragraph 126(1)(r) of the Regulations, importers of such goods will be able to apply for a refund of duty on goods imported since the day on which the TCO is taken to have come into force. The TCO does not impose any liabilities on any person.