



Australian Government

AUSTRALIA'S NEW

TOBACCO

IMPORT LAWS

Combating Illicit Tobacco 2018-19 Tobacco Budget Measures

In the 2018-19 Budget, the Australian Government announced new measures to combat the illegal tobacco trade in Australia as part of the response to the black economy. This has become law, and will take effect from 1 July 2019.

Import prohibition on tobacco

From 1 July 2019, tobacco will become a prohibited import. Importers will be required to have a permit to import certain tobacco products, including cigarettes, shisha/molasses tobacco and loose leaf tobacco for use in pipes or roll-your-own cigarettes. Permits will be issued by the Department of Home Affairs and conditions will apply including a complete prohibition on the above tobacco products sent through the international mail stream.

The new requirement to have a permit does not apply to the following goods:

- Cigars
- Chewing tobacco and snuffs intended for oral use
- Tobacco products imported by passengers or ship/aircraft crew within the duty free allowance

You must have a permit prior to importing tobacco products.

The permit application is available on the Australian Border Force (ABF) website.

The import prohibition on tobacco measure will provide ABF officers with additional enforcement options to seize illicit tobacco and infringe tobacco smugglers.

Permits to import unmanufactured tobacco and tobacco refuse continue to be managed by the Australian Taxation Office (ATO).

Collecting tobacco duties at the border

From 1 July 2019, importers will be required to pay all duty and applicable tax liabilities upon importation. This is a change from the current system, where tobacco can be imported and stored in licensed warehouses prior to tax being paid. From this date, the option to enter tobacco into warehouses licensed under the *Customs Act 1901* will no longer be available. Collecting tobacco duties at the border will prevent tobacco being unlawfully removed from licensed warehouses to the black market without payment of duty.

Transitional arrangements

Special arrangements will apply to tobacco products that are still in warehouses on 1 July 2019. From this date, eligible importers may pay the duty liability on tobacco held in licensed warehouses in instalments over a 12 month period, subject to paying an appropriate security. The ATO will contact affected operators to confirm transitional arrangements.

Movement permissions

Movement permissions to allow the movement of tobacco products to or from underbond warehouses will cease on 1 July 2019. However, movement permissions that do not relate to underbond warehouses will continue to be granted after this date to allow tobacco products to be moved, including between wharves and customs depots. Movement permissions for duty free shops or warehouses exclusively used to supply aircraft's stores or ship's stores will be reissued as required.

Duty free operators

From 1 July 2019, duty free shops and providores will continue to be able to sell tobacco products at a duty free price to customers. The *Customs Regulations 2015* have been amended to provide two new refund circumstances that enable the original importer of tobacco products to apply for a refund of duty.

Home Affairs is currently revising the 'Additional Conditions' for all Customs Depot and Warehouse licence holders. The revision is in direct response to recommendations from the Licensing Review and the new tobacco reform measures. Home Affairs will publish a Notice in the coming months outlining the new conditions and informing all licence holders of their new obligations.

Transshipments

Importers will continue to be able to tranship tobacco products. Transshippers will not be required to obtain a permit and will not need pay duty on tobacco that is transhipped through Australia, provided the tobacco is not entered into home consumption (i.e. the tobacco doesn't leave a customs depot and enter the Australian market).

Illicit Tobacco Taskforce

On 1 July 2018, an ABF-led Illicit Tobacco Taskforce (ITTF) was established. As a multi-agency taskforce, the ITTF protects Commonwealth revenue by utilising a range of options and legislative powers at its disposal to effectively target, disrupt and dismantle serious actors and organised crime syndicates that deal in illicit tobacco.

Further information

Further information on the new measures, FAQs for importers, warehouse operators and duty free store operators, and detail on how to apply for a permit, can be found on the ABF website at: www.abf.gov.au/tobacco