

Customs and Excise Bill

Overview of policy changes, December 2016

Why change the Act?
It's out-dated, heavily amended, hard to use and prescriptive

Our goal – To reduce costs, increase transparency and certainty, enable future changes in technology and business practices

What's changing? (not a complete list – see the Cabinet papers on our website for all of the policy changes)

Information disclosure

- Standardised process for disclosure of information to other government agencies (and the private sector) based on written, published agreements
- Specific protections for sensitive personal and commercial information

Imports and revenue

- Enable 'provisional value' for imported goods to be declared where the final value is not known until after the goods arrive in New Zealand
- Enable Customs to issue binding rulings on the valuation of imported goods (on a cost recovery basis)
- Create an internal process for appeals over assessments of duty that is simpler and cheaper than going to the Customs Appeal Authority
- Work with Inland Revenue to streamline GST collection, potentially removing the need for importers to pay GST to Customs and collect a refund from Inland Revenue
- Enable business records to be stored offshore or in the cloud

Sanctions

- Reduce maximum administrative penalties to recognise lower levels of offending
- Increase some other penalties in order to maintain relativity with other penalties and so penalties retain their deterrent value
- Create an infringement notice scheme for minor offending to replace petty offences and increase fairness and transparency
- Extend administrative penalties to all export entries to ensure that Customs has accurate information to provide assurance to trading partners
- As a last resort, suspend or cancel the registration of a JBMS user who persistently makes errors in entering information into JBMS

Excise

- Enable offsite storage for all domestic alcohol manufacturers, not just wine
- Expand the definition of tobacco and reduce the personal use allowance to reduce the ability for illicit trade in tobacco
- Confirm the excise collection point for fuel is at existing points and create a new collection point at the gantry to capture increased volume from blending at tank farms
- Simplify the movement of alcohol and fuel between Customs Controlled Areas

Powers

- Examinations of electronic devices will require Customs' officers to meet a statutory threshold
- Travellers will be required to provide access to their electronic devices for these examinations
- People crossing the border will be obliged to make all goods in their possession available for examination

Modernisation of the Act

- The Bill modernises the Customs and Excise Act to make it easier to use
- This means that the entire Act has been re-written in simpler language
- The Act is now organised into 6 parts (down from 18)
- The structure of the Bill is more logical and easier to navigate

Timeframe

NB: TIMEFRAME IS PROVISIONAL ONLY

- December 2016 – Introduction of the Bill into Parliament
- December 2016 – First reading and referral to Select Committee
- February 2017 – Public submissions due
- Mid 2017 – Bill passed by Parliament
- 1 April 2018 or 6 months after Royal Assent – new Act comes into effect

Work still underway

Cabinet has agreed, in principle, to introduce a new regime for additional duty that distinguishes between compensation and penalties, encourages voluntary disclosure, and requires the Crown to pay interest if a Customs' error leads to disadvantage to a client. Work is still underway on this issue.