

REMISSION OF EXCISE FOR APPROVED LICENSEES

INTRODUCTION

To reflect advances in stock management systems and streamline the process for remissions, amendments to the Customs and Excise Regulations 1996 (the Regulations) have been made to provide for Customs to approve a licensee to reconcile certain types of remissions in their business records rather than needing to submit a separate application.

Approved licensees need to be able to produce records when requested by Customs to verify that any remissions claimed in an excise entry meet the criteria for remission. If during an audit, it is not clear whether a particular remission meets the criteria, Customs can request further evidence. If this evidence is not satisfactory then duty will be payable and penalties will apply.

USING BUSINESS RECORDS TO RECONCILE REMISSIONS

In order to be approved to claim remissions in their excise entry, a licensee's records must be assessed as able to verify the damage, deterioration, pillage, loss, or faulty manufacture, how it occurred, and that the goods were destroyed while subject to the control of Customs.

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An approved licensee may reconcile remissions in their business records for goods which, prior to their release from the control of Customs were:

- » damaged or deteriorated in condition (under Regulation 60)
- » destroyed, pillaged or lost (under Regulation 61)
- » of faulty manufacture (under Regulation 63)

A licensee cannot be approved to reconcile remissions in their business records for goods that have diminished in value while stored in an export warehouse (Regulation 62). It is also not possible for a licensee to be approved to reconcile refunds in their excise entry. In both these circumstances, licensees must apply to Customs for the remission or refund.

When reconciling remissions using business records, a licensee must claim the remission in their excise entry (Customs (Excisable Goods Entry) Rules 1997).

An approved licensee must enter the following details for any remissions claimed for the relevant entry period in either the C6 form 'Remarks' field or the 'Remarks' field in Schedule 2:

- a. the total value of the remission(s) for the entry period i.e. the amount of excise duty to be remitted,
- b. a description of the remission(s) with reference to regulations 60, 61 and/or 63, and
- c. the total volume of losses by litre for the entry period.

REQUIRED RECORDS

To claim remission in their excise entry, approved licensees must keep evidence that:

- » the goods have been damaged, destroyed, pillaged, lost, deteriorated in condition or are of faulty manufacture; and
- » the loss occurred prior to the release of those goods from the control of Customs.

The following table provides examples of the type of evidence that an approved licensee will need to keep of each type of loss or defect. Please note that the examples in this table are not exhaustive and no single piece of evidence will be definitive.

Type of product loss, and acceptable evidence

| Type and definition | Examples of evidence | Relevant legislation |
|---|--|---|
| <p>Damaged or deteriorated in condition</p> <p>The condition of the product is altered in a way that reduces its value or prevents it from being used as intended.</p> <p>Example: Goods have passed their use by date and are still subject to the control of Customs.</p> | <ul style="list-style-type: none"> • Notification of damage/deterioration from the party responsible for the goods. • A note from the party accepting responsibility for the damage or deterioration. • A sample of the damaged or deteriorated goods. • Technical analysis report on the product, and samples or photographs showing the difference between before and after the damage or deterioration. • Accident reports from the CCA. • Insurance claims showing when, where and how the damage or deterioration occurred and reports from insurance assessors. • Any other documentation which demonstrates that the remission meets the criteria. | <p>Section 145, Customs and Excise Act 2018</p> <p>Regulation 60, Customs and Excise Regulations 1996</p> |

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|---|--|---|
| <p>Destroyed, pillaged or lost</p> <p>The goods are no longer in existence or no longer in the possession of the licensee:</p> <ul style="list-style-type: none"> Goods are destroyed when they cease to exist as a result of an action or event, or they are completely useless for their intended purpose and they no longer have any value. <p>Example: Goods destroyed by fire.</p> <ul style="list-style-type: none"> Goods are pillaged when they are removed unlawfully. <p>Example: Goods are stolen.</p> <ul style="list-style-type: none"> Goods are lost when they are gone from the place they were stored but cannot be recovered. This is different from pillage as there has been no intention or attempt to steal the goods. <p>Example: An equipment fault causes the product to leak down a drain.</p> | <ul style="list-style-type: none"> Pillage report from Customs Inspections. Insurance claim, or insurance assessor's report. Accident reports from the Customs controlled area. Police report. EWPs (Exception Without Prejudice notes – acknowledge damage/loss has occurred without admitting liability). Devanning sheets (record of unsealing and unloading import containers). Outturn reports (record of any variations between actual and reported imported cargo). Any other documentation which demonstrates that the remission meets the criteria. | <p>Section 145, Customs and Excise Act 2018</p> <p>Regulation 61, Customs and Excise Regulations 1996</p> |
| <p>Faulty manufacture</p> <p>The product developed a fault during its manufacture which prevents, or is likely to prevent, it from being used for the purpose for which it was designed.</p> | <ul style="list-style-type: none"> Notification or credit note from the supplier. Technical information showing that the composition of the goods is not as originally ordered. Reports from independent authorities. A sample of the goods in question. Any other documentation which demonstrates that the remission meets the criteria. | <p>Section 145, Customs and Excise Act 2018</p> <p>Regulation 63, Customs and Excise Regulations 1996</p> |