WETR 2006/1A6 - Addendum - Wine equalisation tax: the operation of the producer rebate for producers of wine in New Zealand

Addendum

Wine Equalisation Tax Ruling

Wine equalisation tax: the operation of the producer rebate for producers of wine in New Zealand

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Wine Equalisation Tax Ruling WETR 2006/1 to:

- reflect amendments made to the *A New Tax System (Wine Equalisation Tax) Act 1999* by the *Treasury Laws Amendment (Supporting Choice in Superannuation and Other Measures) Act 2026* to increase the maximum amount of WET producer rebate from 1 July 2026
- update references to the repealed *A New Tax System (Wine Equalisation Tax) Regulations 2000* to *A New Tax System (Wine Equalisation Tax) Regulations 2019*, and
- update references to the *A New Tax System (Wine Equalisation Tax) (New Zealand Producer Rebate Foreign Exchange Conversion) Determination 2026*.

WETR 2006/1 is amended as follows:

1. Table of contents

Omit table of contents; substitute:

Table of Contents	**Paragraph**

2. Paragraph 3

Omit '*A New Tax System (Wine Equalisation Tax) Regulations 2000* (WET Regulations)'; substitute '*A New Tax System (Wine Equalisation Tax) Regulations 2019*'.

3. Paragraph 10

After 'WETR 2009/1', insert '*Wine equalisation tax: the operation of the wine equalisation tax system*'.

4. Paragraph 14A

(a) Omit 'A$350,000'; substitute 'A$400,000'.

(b) After the paragraph, following the heading, insert new paragraph 14AA:

14AA. Paragraphs 14B and 14C of this Ruling define terms used throughout this Ruling.

5. Paragraph 21

Omit the quote; substitute:

(a) production;

(b) combining parts or ingredients so as to form an article or substance that is commercially distinct from the parts or ingredients; and

(c) applying a treatment to foodstuffs as a process in preparing them for human consumption; …

6. Paragraph 22

In footnote 10, after '*Sales Tax Assessment Act (No. 1) 1930*', insert '(repealed)'.

7. Paragraph 31

Omit '*Chard Pty Ltd*'; substitute '*Chard Co*'.

8. Paragraph 32A

Omit the wording of the paragraph; substitute:

In the wine industry it is a normal part of winemaking to blend wines. In some cases, the wines that are blended may be different varieties of wine, for example, Cabernet Sauvignon and Merlot. In other cases, the blended wines may be the same variety of wine but with each individual blended wine having characteristics that, when combined with the characteristics of the other blended wine, results in a wine with its own commercially distinct characteristics.

9. Paragraphs 32C and 32D

Omit all instances of '*NH Wines Ltd*'; substitute '*NH Wines Co*'.

10. Paragraph 35D

Omit the wording of footnote 12A; substitute:

> Paragraph 1.16 of Explanatory Memorandum to Treasury Laws Amendment (2017 Measures No. 4) Bill 2017.

11. Paragraph 39

Omit 'paragraph 45'; substitute 'paragraph 46'.

12. Paragraph 46

In footnote 17B, omit 'GSTR 2005/2'; substitute 'Goods and Services Tax Ruling GSTR 2005/2 *Goods and services tax: supplies of goods and services in the repair, renovation, modification or treatment of goods from outside Australia whose destination is outside Australia*'.

13. Paragraph 66

Omit the wording of the paragraph; substitute:

> We consider that it is reasonable for you to assume that WET on the wine for which the rebate is being claimed has been remitted to the ATO by the end of the financial year in which the assessable dealing took place, given that you are:
>
> - required to substantiate a claim for the rebate by providing supporting documents to evidence that WET has been included in an assessable dealing with the wine[27], and
> - not eligible to lodge the claim until after the end of the financial year in which the relevant taxable dealing took place.
>
> However, it is not reasonable for you to make this assumption if you are aware, or should reasonably have been aware that the WET has not been paid to the Commissioner in respect of that wine (for example, if the entity that has the liability for WET is in liquidation).

14. Paragraph 71C

Omit 'this Ruling set'; substitute 'this Ruling sets'.

15. Paragraph 71D

Omit the wording of footnote 31B; substitute:

> Paragraph 1.16 of Explanatory Memorandum to Treasury Laws Amendment (2017 Measures No. 4) Bill 2017.

16. Paragraph 71I

Omit '*Grapey Grapes Ltd*'; substitute '*Grapey Grapes Co*'.

17. Paragraph 71AA

Omit the wording of footnote 31G; substitute:

> Paragraph 1.21 of Explanatory Memorandum to Treasury Laws Amendment (2017 Measures No. 4) Bill 2017.

18. Paragraph 71AB

Omit the wording of footnote 31H; substitute:

> Refer to Appendix 1 to this Ruling.

19. Paragraph 71AE

Omit the wording of footnote 31I; substitute:

> Refer to Goods and Services Tax Ruling GSTR 2003/5 *Goods and Services Tax: Vouchers*.

20. Paragraph 71AG

Omit 'dioxide for example are'; substitute 'dioxide, for example, are'.

21. Paragraph 71AM

(a) After '*Accordingly*', insert a comma.

(b) After '*Therefore*', insert a comma.

22. Paragraph 71AN

Omit the wording of footnote 31J; substitute:

> Paragraph 1.20 of Explanatory Memorandum to Treasury Laws Amendment (2017 Measures No. 4) Bill 2017.

23. Paragraphs 71AO, 71AP, 71AQ and 71AR

Omit all instances of '*WeFortify Ltd*'; substitute '*WeFortify Co*'.

24. Paragraphs 71AS, 71AT and 71AU

Omit all instances of '*OwnGrape Pty Ltd*'; substitute '*OwnGrape Co*'.

25. Paragraph 71AV

Omit '*GWP Ltd*'; substitute '*GWP Co*'.

26. Paragraph 71BH

Omit the wording of footnote 31O; substitute:

> Paragraph 1.68 of Explanatory Memorandum to Treasury Laws Amendment (2017 Measures No. 4) Bill 2017.

27. Paragraph 71BI

Omit the wording of footnote 31P; substitute:

> Subsection 20(5) of the *Treasury Laws Amendment (2017 Measures No. 4) Act 2017*. Refer also to Earlier producer rebate amounts.

28. Paragraph 71BO

Omit the wording of footnote 31Q; substitute:

> Refer also to Earlier producer rebate amounts.

29. Paragraph 71BR

(a) Omit 'characteristics for example will'; substitute 'characteristics, for example, will'.

(b) Omit the wording of footnote 31T; substitute:

> Paragraph 1.75 of Explanatory Memorandum to Treasury Laws Amendment (2017 Measures No. 4) Bill 2017.

30. Paragraph 71BV

Omit the wording of footnote 31U; substitute:

> Subsection 20(5) of the *Treasury Laws Amendment (2017 Measures No. 4) Act 2017*. Refer also to Earlier producer rebate amounts.

31. Paragraph 71BY and 118V

After '*Therefore*', insert a comma.

32. Paragraph 71CC

Omit the wording of footnote 31W; substitute:

> Refer also to Earlier producer rebate amounts.

33. Paragraph 71CE

Omit the wording of footnote 31Z; substitute:

> For example, grape wine labels are governed by the *Wine Australia Act 2013* and Regulations, the *Australia New Zealand Food Standards Code*, *National Trade Measurement Regulations 2009*, the *Competition and Consumer Act 2010* and state consumer laws.

34. Paragraph 71CS

In footnote 31AA, omit '19-5(7)(b)-(f)'; substitute '19-5(7)(b) to (f)'.

35. Paragraph 71DG

Omit the wording of footnote 31AD; substitute:

> For further information refer to New Zealand Intellectual Property Office.

36. Paragraph 71DJ

Omit the wording of footnote 31AE; substitute:

> For further information refer to New Zealand Intellectual Property Office.

37. Paragraph 72

(a) Omit the wording of the paragraph (excluding footnote 33); substitute:

> From 1 July 2018 to 30 June 2026, the maximum amount of producer rebate for a financial year is A$350,000. Where producers are associated, the maximum entitlement for **the group** must not exceed A$350,000 for each financial year.[33]

(b) After the paragraph, insert new paragraph 72A:

> 72A. For each financial year commencing on or after 1 July 2026, the maximum producer rebate entitlement is A$400,000. Where producers are associated, the maximum entitlement for **the group** must not exceed A$400,000 for each financial year.[33AA]

(c) In new paragraph 72A, after 'for each financial year.', insert new footnote 33AA:

> [33AA] Subsections 19-15(2) and (3). Refer to paragraphs 73 to 74C of this Ruling for a discussion about when producers will be associated.

38. Paragraph 73

Omit the first list point; substitute:

> - you are 'connected with' each other (you are connected with each other if you would be 'connected with' each other under section 328-125 of the *Income Tax Assessment Act 1997* (ITAA 1997) if subsection 328-125(8) of the ITAA 1997 were omitted), or[35]

39. Paragraph 73A

Omit the wording of the paragraph (excluding footnote 37); substitute:

> You are an associated producer of another producer if each of you is under an obligation (formal or informal), or might reasonably be expected to, act in accordance with the directions, instructions or wishes of the same third entity in relation to your financial affairs.[37]

40. Paragraph 73B

Omit the wording of the paragraph (excluding footnote 38); substitute:

> Further, you (first producer) are an associated producer of another producer (second producer) if you are under an obligation (formal or informal), or might reasonably be expected, to act in accordance with the directions, instructions or wishes of a third producer and the third producer is under an obligation (formal or informal), or might reasonably be expected, to act in accordance with the directions, instructions or wishes of the second producer in relation to their financial affairs.[38]

41. Paragraph 73C

Omit ‘producer(s)’; substitute ‘producers’.

42. Paragraph 83

(a) Omit the heading; substitute ‘***Example 25 – amount of producer rebate***’.

(b) Omit the wording of the paragraph; substitute:

> *Where the approved selling price = A$225,000, the producer rebate for a New Zealand participant is:*
>
> *A$225,000 × 29% = A$65,250*

43. Paragraphs 84A and 118W

After ‘for example’, insert a comma.

44. Paragraph 85

(a) Omit the wording of footnote 46; substitute:

> Paragraph (a) of the definition of 'approved selling price' in subsection 19-15(1C),

(b) Omit the wording of footnote 47; substitute:

> Paragraph (b) of the definition of 'approved selling price' in subsection 19-15(1C).

45. Paragraph 86

Omit the wording of the paragraph (excluding footnote 48); substitute:

> *Calculation of approved selling price excluding unrelated costs:*

Total selling price of wine as per sales invoice		*A$4,500*
Less producer's expenses unrelated to the production of wine in New Zealand:		
Transportation	*A $220*	
Insurance	*A $115*	
Agent's fees	*A $250*	
Approved selling price	*A$3,915*[48]	

46. Paragraph 93

Omit the wording of footnote 50; substitute:

> *A New Tax System (Wine Equalisation Tax) (New Zealand Producer Rebate Foreign Exchange Conversion) Determination 2026*.

47. Paragraph 94

Omit the wording of the paragraph; substitute:

> The Commissioner's Determination provides you with the following methods for converting to Australian currency any component used to determine the approved selling price, depending on whether the component is expressed in New Zealand currency or a currency other than Australian or New Zealand currency.

48. Paragraph 95

(a) Omit the paragraph, including heading.

(b) After the paragraph, insert new paragraphs 95A and 95B, including heading:

> *Method 1 – average yearly Reserve Bank of New Zealand rate*
>
> 95A. You may convert components of the approved selling price that are expressed in New Zealand currency by using a single average rate of conversion for a financial year. The conversion under this option is calculated by multiplying the value of the component of the approved selling price expressed in New Zealand currency by the average yearly Reserve Bank of New Zealand (RBNZ) rate.
>
> 95B. The *average yearly RBNZ* rate is the total of the RBNZ average monthly exchange rates for the financial year in which the conversion day occurs, divided by twelve. The ATO publishes the average RBNZ rate for each financial year at Producer rebate calculation sheet.

49. Paragraph 96

Omit the paragraph.

50. Paragraph 97

(a) Omit the paragraph.

(b) After the paragraph, insert new paragraphs 97A and 97B including heading:

Method 2 – Reserve Bank of Australia rate

97A. The conversion under this method is calculated by multiplying the value of the component of the approved selling price, expressed in foreign currency, by the inverse of the foreign exchange rate calculated by the Reserve Bank of Australia (RBA) on the conversion day.

97B. The *conversion day* is the day you use to convert foreign currency into Australian currency. This date is the earlier of:

- the day on which you receive any of the consideration for the supply of the wine, or
- the date the invoice is issued for that supply.

51. Paragraph 98

Omit the paragraph, including heading.

52. Paragraph 99

Omit the paragraph.

53. Paragraph 100

(a) Omit 'foreign exchange rate'; substitute 'method'.

(b) Omit the wording of footnote 55; substitute:

Section 6 of the *A New Tax System (Wine Equalisation Tax) (New Zealand Producer Rebate Foreign Exchange Conversion) Determination 2026*.

54. Paragraph 101

Omit 'Appendix 3 of this Ruling'; substitute 'Appendix 3 to this Ruling'.

55. Paragraph 105

After 'sales invoices', insert a comma.

56. Paragraph 108

Omit 'wholesaler's statement'; substitute 'wholesalers' statement'.

57. Paragraph 118A

Omit the wording of the paragraph; substitute:

This Ruling applies both before and after its date of issue.

58. Paragraph 118B

(a) Omit the headings; substitute:

Appendix 3 – Explanation

This Explanation is provided as information to help you understand how the Commissioner's view has been reached. It does not form part of the binding public ruling.

(b) Omit '*A New Tax System (Wine Equalisation Tax) Regulations 2000*'; substitute '*A New Tax System (Wine Equalisation Tax) Regulations 2019*'.

(c) Omit 'excise/duty regime'; substitute 'excise or duty regime'.

(d) Omit the table; substitute Table 1 including caption:

Table 1: Definitions of alcoholic products for the purposes of the WET Act

<table>
<tr><th>Definitions</th><th>Examples</th></tr>
<tr><td>Grape wine
Grape wine is a beverage that:
• is the product of the complete or partial fermentation of fresh grapes or products derived solely from fresh grapes, and
• does not contain more than 22% of ethyl alcohol by volume.
Note: a beverage does not cease to be the product of the complete or partial fermentation of fresh grapes or products derived solely from fresh grapes merely because grape spirit, brandy, or both grape spirit and brandy have been added to it.</td><td>Grape wine
Grape wine includes:
• table wines (red, white and rosé)
• sparkling wines
• fortified wines, and
• dessert wines.</td></tr>
<tr><td>Grape wine product
Grape wine product is a beverage that:
• contains at least 70% grape wine, and
• has not had added to it any ethyl alcohol from any other source, except
– grape spirit, or
– alcohol used in preparing vegetable extracts (including spices, herbs and grasses) where the alcohol
o is only used to extract flavours from vegetable matter
o is essential to the extraction process, and
o adds no more than one percentage point to the</td><td>Grape wine product
Grape wine products include (but only where they satisfy the requirements in the column on the left):
• vermouth
• marsala
• green ginger wine (except green ginger wine with spirits such as scotch added)
• wine-based cocktails and creams that do not contain the flavour of any alcoholic beverage (other than wine) whether the flavour is natural or artificial, and
• imitation liqueurs (wine based) that do not contain the flavour of any alcoholic beverage (other than wine) whether the flavour is natural or artificial.
Grape wine products do not include:</td></tr>
</table>

Definitions	**Examples**
overall alcoholic strength by volume of the beverage • *has not had added to it the flavour of any alcoholic beverage (other than wine), whether the flavour is natural or artificial, and* • *contains between 8% and 22% (inclusive) of ethyl alcohol by volume.*	• wine coolers (unless they satisfy the requirements in the column on the left) • ready to drink (RTD) or designer drinks that contain a wine base (unless they satisfy the requirements in the column on the left) • RTDs or designer drinks that contain spirits (other than grape spirit), and • spirit-based (other than grape spirit) cocktails, creams and liqueurs.
Fruit or vegetable wine *Fruit or vegetable wine is a beverage that:* • *is the product of the complete or partial fermentation of the juice or must of fruit or vegetables, or products derived solely from fruit or vegetables* • *has not had added to it any ethyl alcohol from any other source except grape spirit or neutral spirit* • *has not had added to it any liquor or substance that gives colour or flavour except grape spirit or neutral spirit, and* • *contains between 8% and 22% (inclusive) of ethyl alcohol by volume or if grape spirit or neutral spirit has been added contains between 15% and 22% (inclusive) of ethyl alcohol by volume.* ***Note:*** *a product is only a fruit or vegetable wine after the addition of grape spirit or neutral spirit if that product met the definition of fruit or vegetable wine before the spirit was added).*	**Fruit or vegetable wine** Fruit or vegetable wines include: • table wine • sparkling wine, and • fortified wine. Fruit or vegetable wines do not include: • RTD or designer drinks that may contain alcohol fermented from fruits such as lemons, oranges etc. (unless they satisfy the requirements in the column on the left).
Cider or perry *Cider or perry is a beverage that:* • *is the product of the complete or partial fermentation of the juice or must of apples or pears* • *has not had added to it any ethyl alcohol from any other source, and* • *has not had added to it any liquor or substance (other than water or the juice or must of apples or pears) that gives colour or flavour.*	**Cider or perry** Cider or perry includes: • traditional cider and perry • draught cider and perry • dry cider and perry, and • sweet cider and perry. Cider or perry does not include: • cider or perry that has had lemon, black currant or other fruit flavourings added, and • cider or perry that has had cola or other flavourings added.

<table>
<tr><th>Definitions</th><th>Examples</th></tr>
<tr><td>

Mead

Mead is a beverage that:

- *is the product of the complete or partial fermentation of honey*
- *has not had added any ethyl alcohol from any other source, except grape spirit or neutral spirit*
- *has not had added to it any liquor or substance that gives colour or flavour other than:*
  - *grape spirit or neutral spirit*
  - *honey, herbs and spices, all of which can be added at any time*
  - *caramel, provided it is added after the fermentation process is complete*
  - *fruit or product derived entirely from fruit, provided*
    - *the fruit or product has not been fermented*
    - *the fruit or product is added to the mead before fermentation of the mead*
    - *after the addition of the fruit or product and before fermentation the mead contains not less than 14% by volume of honey and not more than 30% by volume of the fruit or product*
- *if fruit or product is added the mead contains between 8% and 22% (inclusive) of ethyl alcohol by volume, and if grape spirit or neutral spirit has been added contains between 15% and 22% (inclusive) of ethyl alcohol by volume. However, grape spirit or neutral spirit can only be added if the beverage meets the definition of mead before the grape spirit or neutral spirit is added.*

***Note:** if fruit or product derived from fruit is added and it contains concentrated fruit juice or fruit pulp, the proportion of fruit or product in the mead is worked out by assuming that it has been reconstituted according to the recommendations of the*

</td><td>

Mead

Mead includes:

- honey mead
- fortified mead
- liqueur mead, and
- spiced mead.

</td></tr>
</table>

Definitions	Examples
manufacturer of the concentrated fruit juice or pulp.	
Sake *Sake is a beverage that:* • *is the product of the complete or partial fermentation of rice* • *has not had added to it any ethyl alcohol from any other source, and* • *has not had added to it any liquor or substance that gives colour or flavour.*	**Sake** Sake includes: • fermented sake, and • rice wine. Distilled sake does not satisfy the definition and is not included.

59. Paragraph 118M

(a) Omit 'Australian Taxation Office'; substitute 'ATO'.

(b) Omit 'New Zealand Inland Revenue, or its website www.ird.govt.nz'; substitute 'New Zealand Inland Revenue'.

60. Paragraph 118R

Omit 'Schedule 1 to the TAA'; substitute 'Schedule 1 to the *Taxation Administration Act 1953* (TAA)'.

61. Paragraph 118Z

(a) After 'for example', insert a comma.

(b) Omit 'further'.

62. Paragraph 118AD

Omit 'Appendix 2 of'.

63. Paragraph 118AG

(a) Omit the headings; substitute:

Appendix 3 – Conversion of foreign currency

This Appendix provides further information on converting foreign currency amounts to Australian currency. It does not form part of the binding public ruling.

Example 28 – calculation of approved selling price in Australian currency where the components that make up the approved selling price are expressed in New Zealand currency

(b) Omit '2017–18'; substitute '2025–26'.

64. Paragraph 118AH

Omit the table; substitute Table 2 and caption:

Table 2: Kiwi Wines invoice

Invoice date	Invoice amount (NZ$) including transport costs	Transport costs to shipping dock	Invoice amount (NZ$) excluding transport costs	Date payment received
21 July 2025	$26,500	$500	$26,000	21 Aug 2025
15 Sept 2025	$69,000	$1,000	$68,000	21 Oct 2025
4 Dec 2025	$126,000	$2,000	$124,000	21 Jan 2025
7 April 2026	$22,500	$500	$22,000	21 May 2026

65. Paragraph 118AI

After the paragraph, insert new paragraph 118AIA including, heading, Table 3 and caption.

Method 1 – average yearly RBNZ rate

118AIA. *Assume the **average yearly RBNZ rate** for a unit of Australian currency per New Zealand dollar is calculated to be $0.8630 for the 2025–26 financial year.*

Table 3: Amounts in NZ$ for conversion to Australian currency

Invoice date	*Invoice amount (NZ$) excluding transport costs*
21 July 2025	*$26,000*
15 Sept 2025	*$68,000*
4 Dec 2025	*$124,000*
7 April 2026	*$22,000*

Note 1: *The total invoice amount excluding transport costs is NZ$240,000. At a conversion rate of 0.8630, the total invoice amount is **A$207,120**.*

66. Paragraph 118AJ

Omit the wording of the paragraph, including headings and table; substitute:

Method 2 – the RBA rate

Assume the following RBA exchange rate for a unit of New Zealand currency per Australian dollar:

- *21 July 2025: 1.0937*
- *15 Sept 2025: 1.1178*
- *4 Dec 2025: 1.1459*
- *7 April 2026: 1.2129*

Table 4: Conversion to Australian currency

Invoice date	***Invoice amount (NZ$) excluding transport costs***	***Conversion rate***	***Invoice amount (A$)***
21 July 2025	*$26,000*	*1.0937*	*$23,773*
15 Sept 2025	*$68,000*	*1.1178*	*$60,834*
4 Dec 2025	*$124,000*	*1.1459*	*$108,212*
7 April 2026	*$22,000*	*1.2129*	*$18,138*

Note 1: *The total invoice amount is **A$210,957**.*

Note 2: *In this example Kiwi Wines may wish to use the **RBA rate** to maximise its rebate claim.*

67. Paragraph 118AK

Omit the paragraph.

68. Paragraph 118AL

Omit the paragraph.

69. Paragraph 118AM

(a) Omit the heading; substitute:

Appendix 4 – Wholesalers' statement

This example statement is provided as information only. It does not form part of the binding public ruling.

(b) Omit 'Set out below is an examples of a wholesaler's statement.'; substitute: 'This paragraph provides an example of a wholesalers' statement:'.

(c) Omit the statement; substitute:

Figure 1: Example of a wholesalers' statement

Statement for sales of New Zealand wine for the purposes of the *A New Tax System (Wine Equalisation Tax) Act 1999*.

Name of entity making statement:

Australian Business Number:

Address:

Shipment details of New Zealand wine to Australia (* if known)

New Zealand producer's name:

Address:

Shipment or order number: *

New Zealand export permit number: *

Australian customs import entry number: *

Date of receipt of shipment:

Details of wine imported or purchased

Description			
Quantity imported (cases)			

Statement

(Insert name of entity making statement)…………hereby states that:

1. the following sales of the New Zealand wine detailed above have been sold into the Australian domestic market at a price that includes wine equalisation tax; and
2. the wine has not been exported from Australia.

Sales of wine for the period ……….. in respect of the financial year ended 30 June………..

Tax invoice no	Invoice date	Description of wine	Quantity sold (cases)

Signature details

Name of person authorised to make this statement:……………………

Signature of person authorised to make this statement:……………..

Date:……

70. Paragraph 119

Omit the paragraph, including heading.

This Addendum applies from 1 October 2019 (in relation to changes that reference *A New Tax System (Wine Equalisation Tax) Regulations 2019)*, from 1 July 2026 (in relation to changes made by the *A New Tax System (Wine Equalisation Tax) Act 1999* by the *Treasury Laws Amendment (Supporting Choice in Superannuation and Other Measures) Act 2026)* and from 12 August 2026 (in relation to changes that reference *A New Tax System (Wine Equalisation Tax) (New Zealand Foreign Exchange Conversion) Determination 2026)*.

Commissioner of Taxation
26 August 2026

ATO references

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