



Explanatory Statement

Excise (Volume of Liquid Fuels – Temperature and Pressure Correction) Determination 2026

General outline of instrument

1. This instrument is made under subsection 65(1) of the *Excise Act 1901* (Excise Act).
2. This instrument sets out rules for working out the volume of liquid fuel that is subject to excise duty. The worked-out volume is then used to calculate the amount of excise duty payable on such fuel.
3. The instrument is a legislative instrument for the purposes of the *Legislation Act 2003*.
4. Under subsection 33(3) of the *Acts Interpretation Act 1901*, where an Act confers a power to make, grant or issue any instrument of a legislative or administrative character (including rules, regulations or by-laws) the power shall be construed as including a power exercisable in the like manner and subject to the like conditions (if any) to repeal, rescind, revoke, amend, or vary any such instrument.

Date of effect

5. This determination commences on the day after it is registered on the Federal Register of Legislation.

Background

6. Excisable goods (that is, goods subject to excise duty) under excise control generally cannot be used or sold domestically until they are released from excise control (that is, 'delivered for home consumption' – see section 61 of the Act). Once released, the goods may be sold, used, or consumed within Australia and excise duty becomes payable (see section 54 of the Act).
7. Under section 65 of the Act, the CEO (that is, the Commissioner of Taxation) can determine rules for working out the volume, weight, alcohol percentage, or energy content of excisable goods delivered for home consumption. The worked-out quantity is then used to calculate the amount of excise duty payable (see section 59 of the Act and section 5 of the *Excise Tariff Act 1921* (Tariff Act)).
8. The *Excise (Volume of Liquid Fuels – Temperature Correction) Determination 2016 (No. 2)* (2016 Determination) was made to provide certainty to manufacturers of liquid fuels by setting out clear rules with methods to work out the volume of excisable fuel delivered for home consumption. These methods accounted for the fluctuations in the measured volume due to temperature variations at the time of delivery. This ensured that the duty on the excisable fuel was calculated on a consistent and comparable volume, regardless of how the fuel was stored or transported.
9. This instrument repeals and replaces the 2016 Determination, which would otherwise sunset on 1 October 2026. This instrument has the same substantive effect as the 2016 Determination.

Effect of this instrument

10. Section 6 sets out the rules, which includes methods, for working out the volume of liquid fuel on which excise duty is payable.

11. 'Liquid fuel' is defined in the instrument to include goods covered by item 10 of the Schedule to the Tariff Act, which covers most excisable petroleum products, biodiesel, ethanol and blends of these products. However, goods listed under subitem 10.19A (liquefied petroleum gas), 10.19B (liquefied natural gas) or 10.19C (compressed natural gas) are specifically excluded. Liquid fuel covers fuels used for both for transportation and other purposes.

12. 'Liquid transport fuel', as defined in the instrument, is a subset of liquid fuel. It includes fuels used for specifically transportation purposes such as gasoline (including that used in an aircraft), diesel, kerosene (for use in an aircraft), fuel oil, fuel ethanol, biodiesel and blends consisting primarily of gasoline or diesel.

13. The methods that a person can choose under section 6 for an accounting period generally depend on their aggregated clearances. 'Aggregated clearances' are defined in the instrument as the total volume of liquid transport fuel that a person expects (based on historical data) to deliver, or reasonably expects (if historical data is not available) to deliver, for home consumption from all excise-licensed premises during an accounting period.

Aggregated clearances of 50,000 litres or more

14. Under subsection 6(1), a person delivering liquid fuel for home consumption during an accounting period must use the standard corrections method for that fuel for the entire accounting period if they have aggregated clearances of 50,000 litres or more during that period. The 'accounting period' is the 12-month period they adopt for income tax purposes or another period that the CEO authorises in writing.

15. The standard corrections method involves using volumetric measurement equipment to measure the volume of the liquid fuel and then correcting that measured volume to what it would be under the standard reference conditions (that is, a temperature of 15 degrees Celsius and a pressure of 101.325 kilopascals (absolute)).

16. In practice, entities engaged in the manufacture, supply, or handling of excisable liquid fuels ordinarily rely on established petroleum measurement standards and calibrated equipment to determine the volume of fuel. This includes the use of ASTM D1250 or American Petroleum Institute (API) *Manual of Petroleum Measurement Standards* volume-correction tables. These standards together with automated metering systems apply the relevant volume correction factors (temperature and pressure) in real time, ensuring that the volume attributed to the fuel reflects the standard reference conditions.

17. Additionally, entities engaged in the manufacture and supply of denatured ethanol for use as a fuel in an internal combustion engine (fuel ethanol) may use the Practical Alcohol Tables published by the European Commission to correct both the measured percentage ethanol and volume to a standard reference temperature or modern digital alcoholometry software systems to perform the same temperature conversions automatically.

Aggregated clearances of less than 50,000 litres

18. Under subsection 6(2), a person delivering liquid fuel for home consumption during an accounting period can choose either the standard corrections method or the ambient conditions method for that fuel for the entire accounting period if they have aggregated clearances of less than 50,000 litres during that period.

19. The 'ambient conditions method' is where the volume of liquid fuel is measured at the ambient temperature and pressure at the time it is delivered for home consumption.

20. A person must use only one method for the duration of the accounting period.
21. Subsection 6(3) overrides subsection 6(2) such that, if a person is required under a periodic settlement permission to use standard corrections method, they must use that method even if they are otherwise eligible to use the ambient conditions method because they have aggregated clearances of less than 50,000 litres during that period.
22. A periodic settlement permission is a permission given under subsection 61C(1C) of the Act, in certain circumstances, authorising a person to deliver excisable goods for home consumption for an approved period of time.

Any method, if authorised

23. Subsection 6(4) overrides subsections 6(1) and 6(2) and 6(3) such that the CEO can authorise a person to use any of the methods in the instrument for an accounting period even where those subsections would otherwise limit the methods that the person can use.

Example

FuelCo is an excise-licensed distributor that supplies bulk diesel to farmers at their properties. In one instance, FuelCo delivers 30,000 litres of diesel, with the volume measured at the time of delivery at an ambient temperature of 30 degrees Celsius and a pressure of 101.325 kilopascals. As diesel has a density of 840 kg per cubic metre at the standard reference conditions of 15 degrees Celsius and 101.325 kilopascals, the measured volume may be adjusted to its equivalent volume at 15 degrees Celsius using an appropriate volume correction method. One such method is to apply the relevant API volume correction factor of 0.9873, which results in a corrected volume of 29,619 litres at 15 degrees Celsius. Duty is then payable on this corrected volume of 29,619 litres.

If FuelCo's aggregated clearances of liquid transport fuels are below 50,000 litres during the accounting period, they may choose either to submit an excise return and pay the duty on:

- the 15 degrees Celsius corrected volume (that is, 29,619 litres), or*
- the measured ambient volume (that is, 30,000 litres).*

Whichever method is chosen must be applied consistently for all deliveries of all liquid fuels during that accounting period.

Compliance cost assessment

24. Minor – There will be no additional regulatory impacts as the instrument is minor and machinery in nature (OIA26-11918).

Consultation

25. Subsection 17(1) of the *Legislation Act 2003* requires the Commissioner to be satisfied that appropriate and reasonably practicable consultation has been undertaken before they make a legislative instrument.
26. Public consultation was undertaken on drafts of this instrument and explanatory statement for a period of 4 weeks between 11 May 2026 and 5 June 2026.
27. The draft instrument and draft explanatory statement were published to the ATO Legal database. Publication was advertised via the 'What's new' page on that website, and via the 'Open Consultation' page on ato.gov.au. Major tax and superannuation publishers and associations monitor these pages and include the details in the daily and weekly alerts and newsletters to their subscribers and members. This ensures advice of the draft is disseminated widely across the tax

professional community, and that they are in an informed position to provide comments and feedback.

28. As no submissions suggested any changes to the instrument, no amendments were made to this instrument as a result of consultation.

Statement of compatibility with human rights

Prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*

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This legislative instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the legislative instrument

This instrument sets out rules for working out the volume of liquid fuel that is subject to excise duty. The worked-out volume is then used to calculate the amount of excise duty payable on such fuel.

Human rights implications

This legislative instrument does not engage any of the applicable rights or freedoms as it merely provides rules for working out the volume of liquid fuels. It will provide greater certainty in relation to excise obligations around the measurement of liquid fuels.

Conclusion

This legislative instrument is compatible with human rights as it does not raise any human rights issues.