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# Addendum

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## Excise Ruling

### Excise: the meaning of the expression 'manufactured or produced' for the purposes of the Excise Acts

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Excise Ruling ER 2012/1 to reflect the legislative changes in the *Energy Grants and Other Legislation Amendment (Ethanol and Biodiesel) Act 2015* on the blending exemption provision and the *Treasury Laws Amendment (2019 Measures No. 1) Act 2019* on the repackaging provisions in the *Excise Act 1901*.

ER 2012/1 is amended as follows:

**1. Paragraph 2**

(a) Omit the paragraph (excluding footnote 1); substitute:

2. The Commissioner has the general administration of the excise regime with its framework principally provided by the *Excise Act 1901* (Excise Act) and the *Excise Tariff Act 1921* (Excise Tariff Act).<sup>1</sup>

(b) Omit the wording of footnote 1; substitute:

<sup>1</sup> See sections 4 (definition of CEO) and 7 of the Excise Act, and sections 1A and 3 (definition of CEO) of the Excise Tariff Act.

**2. Paragraph 11**

After '*Acts Interpretation Act*', insert '*1901 (Acts Interpretation Act)*'.

**3. Paragraph 12**

In the first bullet point, omit the first five dashed points; substitute:

- 'Customs Tariff Act' is a reference to the *Customs Tariff Act 1995*;
- 'Excise Acts' is a reference to the *Excise Act 1901* and *Excise Tariff Act 1921*.

**4. Paragraph 44**

(a) Omit the paragraph (including footnote 16 but excluding footnote 15); substitute:

44. The repackaging of beer is taken to be the manufacture of beer for the purposes of the Excise Acts<sup>14A</sup> if beer that has already been entered for home

consumption under subitems 1.2, 1.6 or 1.11 of the Schedule<sup>15</sup> is then repackaged into sealed individual containers that are:

- less than 8 litres; or
- at least 8 litres but not exceeding 48 litres, where the container is not designed to connect to a pressurised gas or pump delivery system or other prescribed system.

(b) In the first sentence after 'Excise Acts', insert footnote 14A:

<sup>14A</sup> Section 77FC of the Excise Act.

(c) In footnote 15, after '(2001) 49 ATR 114', insert '; (2001) 115 FCR 205'.

## 5. Paragraph 45

(a) After '*has been paid and*', insert '*then*'.

(b) Omit '*repackages it*'; substitute '*repackages the beer*'.

## 6. Paragraph 46

After the paragraph, insert new paragraphs 46A to 46F (including headings):

### **Example 5A: repackaging that is the manufacture of an excisable good**

46A. *Harry's Hotel refills empty containers ('growlers') for their customers. They fill these smaller containers directly from 30 litre, duty paid kegs, using their draught beer system.*

46B. *Depending on their percentage of alcohol by volume, the 30 litre kegs were entered under one of subitems 1.2, 1.6 or 1.11 of the Schedule as they were designed to connect directly to a gas delivery system.*

46C. *As the beer is being repackaged into a container of less than 8 litres, the refilling of the growlers is taken to be manufacture for excise purposes.*

### **Example 5B: repackaging that is the manufacture of an excisable good**

46D. *George's Craft Brewery packages their beer in 50 litre kegs and connects the kegs to their draught beer system. Depending on their percentage of alcohol by volume, the 50 litre kegs were entered under one of subitems 1.2, 1.6 or 1.11 of the Schedule.*

46E. *On occasion they fill 30 litre sealed containers, directly from their draught beer system, for the local restaurant.*

46F. *The 30 litre sealed containers are not designed to be connected to a pressurised gas or pump delivery system or other prescribed system. As such the repackaging is taken to be manufacture for excise purposes.*

**7. Paragraph 88**

- (a) After the heading 'Provision application dates', insert new bullet point:
- Section 77FC of the Excise Act:
    - changes to the repackaging provisions for beer from 1 July 2019.  
See *Treasury Laws Amendment (2019 Measures No. 1) Act 2019*.  
See paragraph 44 of this Ruling.
- (b) In the third bullet point, omit 'paragraphs 56 and 129'; substitute 'paragraphs 56 and 129A'.

**8. Paragraph 95**

In the first sentence, omit 'section 5 of the Schedule'; substitute 'section 5 of the Excise Tariff Act'.

**9. Paragraph 114**

Omit the paragraph; substitute:

114. Section 77FC of the Excise Act states:

If:

- (a) beer classified to subitem 1.2, 1.6 or 1.11 of the Schedule to the *Excise Tariff Act 1921* is entered for home consumption; and
- (b) the beer is repackaged into sealed individual containers:
  - (i) of less than 8 litres; or
  - (ii) of at least 8 litres but not exceeding 48 litres and not designed to connect to a pressurised gas delivery system, pump delivery system or other system prescribed for the purposes of subitem 1.1, 1.5 or 1.10 of that Schedule (if any);

then, for the purposes of this Act, that repackaging is taken to be the manufacture of beer.

**10. Paragraph 115**

Omit the paragraph; substitute:

115. Under section 77FC of the Excise Act, the repackaging of duty paid beer that was entered at a concessional rate (that is, beer that was entered under subitem 1.2, 1.6 or 1.11) is taken to be the manufacture of beer where it is repackaged into sealed individual containers that are:

- less than 8 litres; or
- of at least 8 litres but not exceeding 48 litres, where the container is not designed to connect to a pressurised gas delivery system, pump delivery system or other prescribed system.

**11. Paragraph 127**

(a) Omit the paragraph (excluding footnote 68); substitute:

127. Subsection 77H(1) of the Excise Act excludes from paragraph 10(g) a blend of one or more eligible goods (goods covered by paragraphs 10(a) to 10(f) of the Schedule) (with or without other substances) where either the:

- applicable excise duty or a duty of Customs has been paid on all products and other substances (if any) included in the blend, and the rate of duty paid on all products and other substances in the blend is the same (apart from denatured ethanol for use in an internal combustion engine or biodiesel, which must have been duty paid at their applicable duty rates); or
- goods have been covered by a determination in force under subsection 95-5(1) of the Fuel Tax Act.<sup>68</sup>

(b) In footnote 68, omit '*Fuel Tax (Fuel Blends) Determination 2006 (No. 3)*'; substitute '*Fuel Tax (Fuel Blends) Determination 2016 (No. 1)*'.

**12. Paragraph 128**

(a) Omit the paragraph (excluding footnote 69); substitute:

128. However, subsection 77H(1) of the Excise Act does not apply if any of the eligible goods or other substances on which excise duty or a duty of Customs has been paid are taxable fuel for which an entity has been entitled to a fuel tax credit under the Fuel Tax Act.<sup>69</sup>

128A. Subsection 77H(2AA) of the Excise Act ensures that for the purposes of paragraph 77H(1)(a) of that Act, when determining whether eligible goods and other substances have been duty paid at the same rate, differences in rate due to any of the following should be disregarded:

- any indexation of rates under section 6A of the Excise Tariff Act; and
- any indexation of rates under section 19 of the Customs Tariff Act; and
- any changes of rates under the Excise Tariff Act as a result of amendments of that Act by Part 1 of Schedule 1 to the *Excise Tariff Amendment (Fuel Indexation) Act 2015*; and
- the effect of sections 19AAB and 19AAC of the Customs Tariff Act.<sup>69A</sup>

(b) At the end of paragraph 128A, insert new footnote 69A:

<sup>69A</sup> Subsection 77H(2AA) of the Excise Act.

**13. Paragraph 129**

Omit the paragraph (excluding footnotes 70 and 71); substitute:

129. Subsection 77H(2A) of the Excise Act excludes blends of one kind of relevant fuel from paragraph 10(g) of the Schedule where both of the following apply:

- none of the amounts of the relevant fuel are subject to a remission (either in full or in part) of excise duty or a duty of Customs; and

- the excise duty or a duty of Customs that is payable on the amounts of the relevant fuel has been paid.<sup>70</sup>

129A. Subsection 77H(2B) of the Excise Act excludes from paragraph 10(g) of the Schedule goods that are the product of the blending of amounts of one kind of relevant fuel that is either liquefied petroleum gas or liquefied natural gas if, for each amount in the blend, either of the following applies to the amount:

- the amount is subject to a remission (whether in full or in part) of excise duty or a duty of Customs on the grounds that the amount is not used, or intended for use, in an internal combustion engine in either a motor vehicle or a vessel; or
- the amount is not subject to excise duty or a duty of Customs because the amount was manufactured, produced or imported before 1 December 2011.<sup>71</sup>

#### 14. Paragraph 130

In footnote 73, omit '2012 (No.2)'; substitute '2014 (No. 1)'.

#### 15. Paragraph 132

In footnote 75, omit 'produced n Australia'; substitute 'produced in Australia'.

#### 16. Paragraph 147

Omit the paragraph and detailed contents list; substitute:

147. The following is a detailed contents list for this Ruling:

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This Addendum applies on and from 3 February 2021.

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**Commissioner of Taxation**

3 February 2021

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