

EXPLANATORY MEMORANDUM

Excise Tariff (2017 Budget)(Amendment) Bill 2016

This bill proposes an amendment:

1. To increase excise on alcohol from the current biannual capped indexation rate of 2.5 per cent to 5 per cent biannually to restore the real value of excise on alcohol eroded by inflation overtime. This amendment is also intended to minimise social and law and order problems related to alcohol consumption.
2. For a one-off increase of 15 per cent on tobacco excise effective base rate to meet the cost of increased health problems associated to tobacco consumption.
3. To remove tariff item 2402.20.30 for cigarettes of tobacco substitutes with filter containing dark fired tobacco. This amendment is necessary as this product is no longer in the market and will minimise abuse of this tariff item code.
4. To increase diesel excise from 6 toea to 10 toea to support increased road networks and maintenance of existing national road networks in good condition. This measure will ensure NRA receives adequate funding to maintain the existing national road networks.

Excise Tariff (2017 Budget)(Amendment) Bill 2016.

Amendment of Schedule 1 - Duties On Excise.



A BILL

For

AN ACT

entitled

Excise Tariff (2017 Budget)(Amendment) Bill 2016,Being an Act to amend the *Excise Tariff Act* (Chapter 107),

MADE by the National Parliament and to come into operation -

- (a) in respect of Subsection (1) - 1 December 2016; and
 (b) in respect of Subsection (2) - 1 January 2017.

EXCISE TARIFF (AMENDMENT OF SCHEDULE 1 - DUTIES ON EXCISE).

(1) Schedule 1 of the Principal Act is amended by repealing the tariff item, description of goods and rates of excise duty and remarks shown and replacing them with the tariff item, description of goods and rates of excise duty and remarks shown below -

TARIFF ITEM	DESCRIPTION	EXCISE TARIFF RATES FROM 01ST DECEMBER 2016	REMARKS
2203.00.10	Beer or mixed drinks containing beer, not more than 2.5% alcohol by volume.	K60.34	The duty rate for Alcohol products is adjusted at 6 monthly intervals, on 31 st of May and 30 th November each year.
2203.00.20	Beer or mixed drinks containing beer, more than 2.5% and not more than 3.5% alcohol by volume.	K77.88	
2203.00.30	Beer or mixed drinks containing beer, more than 3.5% and not more than 4.5% alcohol by volume.	K88.73	The adjustment is calculated by multiplying the duty rate then applicable, by a percentage amount of 5%. The adjustment as calculated is added to the duty rate then applicable, to give the new duty rate.
2203.00.40	Beer or mixed drinks containing beer, more than 4.5% alcohol by volume.	K103.06	

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2204.00.10	Sparkling wine of fresh grapes: sold in containers holding less than 2 litres	K109.33	The new duly rate after each adjustment will replace the previous duty rate and will apply from the first day of the next month ie. from 1 st June and 1 st December 22.
2204.10.20	Sparkling wine of fresh grapes: sold in containers holding 2 litres or more.	K109.46	
2204.21.00	Wine of fresh grapes, including fortified wines in containers holding 2 litres or less.	K109.46	
2204.29.00	Other.	K109.46	
2204.29.10	Wine of fresh grapes, including fortified wines, grape must; sold in containers holding less than 2 litres.	K109.46	
2204.29.90	Wine of fresh grapes, including fortified wines, grape must; sold in containers holding more than 2 litres.	K109.46	
2205.10.00	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances; sold in containers holding less than 2 litres.	K109.46	
2205.90.00	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances; sold in containers holding 2 litres or more.	K109.46	
2206.00.10	Other fermented beverages (for example cider, perry, mead) mixtures of fermented beverages, made from fruit grown in Papua New Guinea with the volume of alcohol content of up to 10%.	K50.84	
2206.00.90	Other fermented beverages (for example cider, perry, mead) mixtures of fermented beverages and non-alcoholic beverages.	K102.92	
2208.20.10	Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages, containing alcohol by volume not more than 50%.	K109.33	
2208.20.90	Other, undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages.	K109.46	
2208.30.10	Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages, containing alcohol by volume not more than 50%.	K109.33	

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2208.30.20	Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages, containing alcohol by volume more than 50% and less than 80%.	K117.30	
2208.30.90	Other, undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages.	K109.46	
2208.40.10	Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages, containing alcohol by volume not more than 50%.	K109.33	
2208.40.20	Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages, containing alcohol by volume more than 50% and less than 80%.	K117.30	
2208.40.90	Other, undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages.	K109.46	
2208.50.10	Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages, containing alcohol by volume not more than 50%.	K109.33	
2208.50.20	Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages, containing alcohol by volume more than 50% and less than 80%.	K117.30	
2208.50.90	Other, undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages.	K109.46	
2208.60.10	Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverage, containing alcohol by volume not more than 50%.	K109.33	
2208.60.20	Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages, containing alcohol by volume more than 50% and less than 80%.	K117.30	
2208.60.90	Other, undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages.	K109.46	
2208.70.10	Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages, containing alcohol by volume not more than 50%.	K109.33	

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2208.70.20	Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages, containing alcohol by volume more than 50% and less than 80%.	K117.30	
2208.70.90	Other, undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages.	K109.46	
2208.90.20	Mixed drinks of a strength more than 3% alcohol by volume, not for medicinal purposes.	K72.37	
2208.90.30	Mixed drinks of a strength more than 3% and not more than 4.5% alcohol by volume, not for medicinal purposes.	K88.63	
2208.90.40	Mixed drinks more than 4.5% alcohol by volume, not for medicinal purposes.	K102.93	

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(2) Schedule 1 of the Principal Act is amended by repealing the tariff item, description of goods and rates of excise duty and remarks shown and replacing them with the tariff item, description of goods and rates of excise duty and remarks shown below -

TARIFF ITEM	DESCRIPTION	EXCISE TARIFF RATES FROM 01ST DECEMBER 2016	EXCISE TARIFF RATES FROM 01ST JAN 2017	REMARKS
2402.10.00	Cigars, cheroots and cigarillos containing tobacco.	K314.98	K362.23	The duty rate for Tobacco products is adjusted at 6 monthly intervals, on 31 st of May and 30 th November each year.
2402.20.10	Cigarettes of dark fired tobacco without filter (Spear and the like).	K314.98	K362.23	
2402.20.20	Cigarettes of dark fired tobacco with filter (Spear or equivalent).	K157.51	K181.14	The adjustment is calculated by multiplying the duty rate then applicable, by a percentage amount of 5%. The adjustment as calculated is added to the duty rate then applicable, to give the new duty rate. The new duty rate after each adjustment will replace the previous duty rate and will apply from the first day of the next month ie. from 1 st June and 1 st December.
2403.11.10	Smoking tobacco, whether or not containing tobacco substitutes in any proportion.	K105.02	K120.77	
2403.11.30	Chewing tobacco	K105.02	K120.77	
2403.11.40	Snuff.	K105.02	K120.77	
2403.11.50	Twist or trade tobacco.	K105.02	K120.77	
2403.11.60	Stick tobacco.	K105.02	K120.77	
2403.11.70	Coarse Shredded Tobacco for Roll Your Own Cigarettes.	K50.78	K58.39	
2403.91.00	“Homogenised” or “reconstituted” tobacco.	K145.87	K167.75	
2403.99.00	Other.	K105.02	K120.77	
2710.19.10	Diesel	K0.06/Lt	K0.10Lt	

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