

E Excise duty benchmark

E1 Higher rate of excise levied on leaded petrol

Introduced in 1994. Legislative reference: Item 11 of Schedule of *Excise Tariff Act 1921*. 2001 TES reference code: E1.

Leaded petrol is subject to a higher rate of excise than unleaded petrol and diesel. The decline in the value of this tax expenditure to zero in 2001-02 reflects the introduction of lead-replacement petrol, which pays at the unleaded rate.

E2 Higher rate of excise levied on high sulphur diesel

Announced in 1999. 2001 TES reference code: na.

An incentive for the production of ultra low sulphur diesel (ULSD), announced as part of the *Measures for a Better Environment* package, is proposed to be implemented through a diesel sulphur excise differential. Diesel with a sulphur content higher than 50 parts per million will be excised at a higher rate than the ULSD (and unleaded petrol) rate.

E3 Higher rate of excise levied on cigarettes with less than 0.8 grams of tobacco

Introduced in 1999. Legislative reference: Item 8 of Schedule of *Excise Tariff Act 1921*. 2001 TES reference code: E2.

Cigarettes are subject to excise on a per-stick basis. For cigarettes with more than 0.8 grams of tobacco, this treatment is the same as the treatment of loose tobacco and cigars, which are subject to excise per kilogram of tobacco. For cigarettes with 0.8 grams of tobacco per stick, the per stick excise rate represents equivalent treatment to the excise treatment of loose tobacco and cigars. However, for cigarettes with less than 0.8 grams of tobacco, the per stick excise rate is a higher liability than for an equivalent amount of loose tobacco or cigars.

E4 Exemption from excise for 'alternative fuels'

Introduced before 1985. Legislative reference: these products are not dutiable under the *Excise Tariff Act 1921*. 2001 TES reference code: E3.

Alternative fuels for vehicle use, including LPG and compressed natural gas, are exempt from excise duty. The tax expenditure is based on estimates and projections of fuel use published by ABARE in *Australian Energy Consumption and Production* (1997) and actual clearance data. The estimates are calculated on an equivalent unit of energy basis, which adjusts for the different energy content of alternative fuels compared to the energy content of unleaded petrol.

The significant change in this estimate, compared with the *2001 Tax Expenditures Statement*, largely reflects a downward revision in assumed compressed natural gas consumption.

Tax Expenditures Statement

E5 Concessional rate of excise levied on fuel oil, heating oil and kerosene

Introduced before 1985. Legislative reference: Item 11 of Schedule of *Excise Tariff Act 1921*. 2001 TES reference code: E4.

Fuel oil, heating oil and kerosene are subject to a lower rate of excise than unleaded petrol and diesel. The decline in the estimates in the late 1990s is attributable to a reclassification of duty collected on certain fuel oil sales from excise duty to customs duty, and a reduction in use of heating oil due to compliance activity to discourage the substitution of heating oil for diesel.

E6 Concessional rate of excise levied on aviation gasoline and aviation turbine fuel

Introduced before 1985. Legislative reference: Item 11 of Schedule of *Excise Tariff Act 1921*. 2001 TES reference code: E5.

Aviation gasoline and aviation turbine fuel are subject to a lower rate of excise than unleaded petrol and diesel.

E7 Concessional rate of excise levied on brandy

Introduced before 1985. Legislative reference: Item 2A of *Excise Tariff Act 1921*. 2001 TES reference code: E6.

Brandy is subject to a lower rate of excise than other spirits.

E8 No excise-free threshold for excisable alcoholic beverages (other than beer) not exceeding 10 per cent alcohol

Introduced in 2000. Legislative reference: Item 1 of Schedule of *Excise Tariff Act 1921*. 2001 TES reference code: E7.

These beverages do not qualify for the excise-free threshold of 1.15 per cent of alcohol which applies to beer.

E9 Wine equalisation tax (WET) rebate scheme

Introduced in 2000. Legislative reference: Schedule 9A of ITLAA00. 2001 TES reference code: E8.

The Commonwealth is augmenting the States' 15 per cent subsidy schemes for cellar door and mail order wine sales by providing an additional 14 per cent rebate on cellar door, mail order and internet sales up to \$300,000 per annum (wholesale value). This rebate then tapers to zero for sales between \$300,000 and \$580,000.

E10 Concessional rate of excise levied on beer sold in containers greater than 48 litres

Introduced in 2001. Legislative reference: Item 1 of Schedule of *Excise Tariff Act 1921*. 2001 TES reference code: E9.

Appendix A: Description of tax expenditures

Beer packaged in individual containers exceeding 48 litres (a proxy for draught beer) is subject to a lower rate of excise than beer packaged in individual containers not exceeding 48 litres.

E11 Concessional rate of excise levied on beer produced for non-commercial purposes using commercial facilities or equipment

Introduced in 1993. Legislative reference: Item 1 of Schedule of *Excise Tariff Act 1921*. 2001 TES reference code: E10.

Beer produced for non-commercial purposes using commercial facilities or equipment is subject to a lower rate of excise than other beer.

E12 Excise concession for microbreweries

Introduced in 2000. Legislative reference: *Excise Act 1901 Regulation 50(1)(zzd)*. 2001 TES reference code: E11.

Microbreweries producing less than 30,000 litres of product per annum receive excise concessions in the form of a refund of excise paid. The refund paid in any financial year cannot exceed the lesser of \$10,000 or 60 per cent of the excise payable.

