



**AUSTRALIAN
CUSTOMS SERVICE**

DUTY FREE SHOP OPERATORS GUIDE

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BACKGROUND TO DUTY FREE SHOPS

A licensed warehouse may obtain a permission from Customs to make duty free sales. A duty free permission allows shops to store and display imported and excisable goods on which duty has not been paid, and to sell these goods duty free. Duty and tax-free sales may only be made to persons leaving Australia on, or returning to Australia from, international journeys. Other conditions and rules may also apply to the sale.

Unlike other warehouses, Duty Free Shops are permitted to operate as retail outlets selling customable and excisable goods to international sea and air travellers.

CATEGORIES OF DUTY FREE SHOPS

- Outwards Duty Free Shops ('Off-Airport' and 'On-Airport'); and
- Inwards Duty Free Shops.

'OUTWARDS' DUTY FREE SHOPS

'Outwards' duty-free shops can sell goods duty and tax-free to travellers leaving Australia. These stores are located at international airports and 'off-airport' retail shopping locations. Outwards duty free shops located in the departure areas of international airports, are known as 'on-airport' duty free shops. Outwards duty free shops located 'landside' of the Customs barrier in international airports or in locations (eg city centres) away from the airport are known as 'off-airport' outwards duty free shops.

OFF-AIRPORT 'OUTWARDS' DUTY FREE SHOPS

Travellers can purchase duty and GST-free goods from these stores no earlier than 30 days before departing Australia. Goods are sold in tamper-proof sealed bags and the retailer attaches a copy of the sales invoice to the outside of the bag.

Travellers must sign a declaration indicating their intention to take the goods overseas. They must not tamper with the sealed bag and must present the goods for inspection by authorised collection agents when leaving Australia. The collection agents are stationed beyond Customs and Immigration processing and will check the sealed bag to ensure it contains the goods. The sales invoice will be removed from the outside of the bag.

Travellers with larger goods will have the sales invoice removed by airline baggage check-in staff. These goods can then be checked in with the traveller's baggage.

Some duty free shops may arrange for the goods to be delivered to the traveller at a branch of the store located at the airport beyond Customs and Immigration processing. These goods are delivered in unsealed bags.

Duty free purchases made by travellers and crew on non-cruise ships must be delivered to the vessel by the duty free shop no earlier than twenty-four hours prior to the departure of the vessel.

‘OUTWARDS’ DUTY FREE SHOPS AT THE AIRPORT (‘ON-AIRPORT’)

These shops are located in the departure lounges of international airports, beyond Customs and Immigration processing. Goods sold in these shops are not placed in sealed bags.

‘INWARDS’ DUTY FREE SHOPS

‘Inwards’ duty-free shops are shops licensed by Customs to sell goods duty free only to travellers arriving in Australia on international flights. Travellers arriving at international airports in Australia will find inward duty free shops between disembarkation and Customs and Immigration processing. These shops can only sell a limited range and quantity of goods duty and tax-free. Travellers can purchase:

- 2.250 litres of alcohol;
- 250 grams of tobacco or 250 cigarettes;
- Perfume;
- Cosmetics;
- Confectionery; and
- Photographic film.

It is the duty free shop’s responsibility to ensure that travellers are aware of their passenger concessions and the conditions that apply to the purchase of goods in excess of this concession.

For example, passengers may only bring 1.125 litres of alcohol in free of duty and tax. A further 1.125 litres may be bought ‘free’, outside their personal allowance as Customs will not collect combined duty, wine tax and GST of less than \$50. This concession requires that the passenger have no other goods outside their personal allowance (\$400) that attract duty and GST and that all goods in excess of the passenger concession are declared.

SALES TO TRANSIT PASSENGERS

Inwards stores may sell goods duty and tax-free to travellers who are in transit and who will be proceeding through Customs at an Australian airport other than the one in which the shop is located. The following conditions must be met:

At the time of each sale of goods at the duty free shop, the proprietor shall prepare a sales docket specifying the following particulars:

- Arriving flight number;
- Date and time of arrival;
- Passport Number;
- Quantity, type and value of goods; and

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- If applicable, an endorsement that the purchaser is a relevant traveller in transit.

At the time of each sale of confectionery an advice should be provided to the purchaser with the information below, as well as a sign stating the following must also be displayed:

“The confectionery you have purchased from this outlet has been approved for entry to Australia by Quarantine and does not need to be declared on your incoming passenger card. However, please remember you must declare any other items of food or anything else which you can eat, which you have purchased before arriving in Australia.”

The shop must display signs at all entrances and cash points reading:

ATTENTION IN-BOUND TRANSIT PASSENGERS - YOU CAN BUY

- 2250 millilitres of alcoholic liquor;
- 250 grams of tobacco products or 250 cigarettes;
- Perfume;
- Photographic film;
- Cosmetics;
- Commercially produced confectionery in sealed packaging, except meat, meat-based products, moon cakes, un-popped corn, raw nuts, cheese, honey and honey products.

The minimum size of each sign is to be A4 or equivalent.

The shop will keep records, which clearly identify purchases made by relevant travellers in transit.

The shop will display the following sign in addition to the above sign:

ATTENTION IN-BOUND TRANSIT PASSENGERS **or** **ARRIVING INTERNATIONAL PASSENGERS**

You may purchase up to 2250mls of Alcohol in this shop, **HOWEVER**, you must **declare to Customs any Alcohol over 1125mls** purchased here or obtained overseas. Duty and taxes may have to be paid in some circumstances.

Each sign must be at least A4 size or equivalent. Signs are to be displayed at all cash points and other visible locations.

The shop operator **must** advise all travellers who purchase more than 1125mls of alcohol, of the need to amend their Incoming Passenger Card, and the eligibility criteria for the \$50 by-law.

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Other purchases may require the passenger to amend their Incoming Passenger Card.

Sales receipts for purchases of alcohol in excess of 1125mls must be endorsed with a stamp containing the following:

“The purchaser of this alcohol:

- Has been advised of their responsibility to make a true declaration on the ‘Incoming Passenger Card’; and
- Understands that failure to declare goods in excess of the passenger concession means that duty, tax and a penalty may be payable.”

CUSTOMS CONTROL OVER DUTY FREE SHOPS

The Duty Free Shop must maintain physical and documentary control over goods subject to Customs or Excise legislation.

Customs is responsible for ensuring that these controls are sufficient to protect the revenue. Customs discharges this obligation by conducting analysis of returns, monitoring of purchases from suppliers, audits of operator records and reviews of self-assessed liability.

RECORDING SYSTEMS

All warehouses must have a recording system sufficiently detailed to show the interconnection between the recording of goods into a warehouse, the location of the goods and their subsequent movement and final acquittal.

As a minimum licensees should retain the following records:

- A bond register that records the movement of all goods in and out of the licensed premises.
- A perpetual stock control system that is capable of providing a precise tally of all stock in the licensed premises at any time.
- Records relating to the purchase, receipt and sale of any goods moving into or out of the licensed premises.

All documents relating to the warehouse or the goods in the warehouse must be retained for five (5) years.

OFFSETTING ARRANGEMENTS

Offsetting is a facility that can be approved by Customs, upon application by a licensee, whereby stock shortages may be “off-set” against stock surpluses. Applications should state the reasons for the stock discrepancies and should be accompanied by a stock variation report. Offsetting is only permitted for “like goods” i.e. alcohol for alcohol, or tobacco for tobacco. Duty cannot be offset against GST or vice versa.

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Offsetting is not to be applied in terms of packages but will apply to the products concerned on a dollar (\$) duty basis.

Example of Offsetting			
<u>Stock Surplus</u>		<u>Stock Shortage</u>	
Scotch Whisky (15 x 750 ml bottles)		Bundaberg Rum (6 x 1.125 litre bottles)	
<i>Origin</i>	UK	<i>Origin</i>	Australia
<i>Strength</i>	43%	<i>Strength</i>	39%
<i>T&I*</i>	\$2.00	<i>T&I</i>	\$2.00
<i>Quantity</i>	15x.75lx43% = 4.83LAL*	<i>Quantity</i>	6x1.125lx39% = 2.63LAL
<i>Tariff Item</i>	2208.30.00	<i>Excise Tariff Item</i>	2F
<i>Rate</i>	5% + \$37.58/LAL	<i>Rate</i>	\$37.58/LAL
<i>Customs value (VFD)*</i>	\$150.00	<i>Customs value (VFD)</i>	\$24.00
<i>Customs Duty</i>	5%x\$150+ \$37.58x4.83 \$189.01	<i>Excise Duty</i>	\$24 x 37.58 \$98.84
<i>GST *</i>	10% of VoTI	<i>GST</i>	10% of VoTI
<i>VoTI *</i>	VFD+Duty+T&I = \$150+189.01+\$2 =\$341.01	<i>VoTI</i>	VFD+Duty+ T&I = \$24+98.84+\$2 = \$124.80
<i>GST</i>	10% x 341.01 =\$31.10	<i>GST</i>	10% x 124.80 =\$12.48
<p style="text-align: center;"> *T&I = Transport and Insurance *LAL = Litres of Alcohol = Volume (in litres) x Strength *VFD = Value For Duty (Customs Value) *VoTI = Value of Taxable Import = VFD + Duty + T&I GST = 10% x VoTI = 10% (VFD + Duty + T&I) </p>			

If the amounts payable on the surplus stock exceed the amounts payable on the stock shortages, offsetting occurs and the amount payable to Customs is nil. Stock records are adjusted to reflect the actual physical stock for each commodity.

GST will be payable on stock take shortages of customable goods as the goods are considered to have entered home consumption. GST is calculated as 10% of the Value of the Taxable Importation (VoTI). GST is not applicable to a demand for duty for unaccountable losses of excisable goods, as there has been no supply, or taxing event as required by Section 9-5 of *A New Tax System (Goods and Services Tax) Act 1999*.

REMISSION OF DUTY

Remission of duty is applicable to underbond stock that is deemed unsaleable for reasons such as breakages, past use by date, damaged etc.

An application for remission of duty must be lodged for the underbond goods on which a remission is sought. The goods in question will normally be inspected by a Customs Officer to determine the bona fides of the claim.

The goods are then destroyed under Customs supervision and the licensee is released from the duty liability that applied to the goods. There is no GST liability as no taxing event has occurred.

DISPLAY AND DEMONSTRATION OF GOODS

Display of goods is permitted in Duty Free Shops provided such display is restricted to the area defined by the warehouse licence. Any damage, deterioration or theft is at the risk of the Duty Free Shop operator.

Demonstration of certain goods is permitted in the licensed area provided Customs can be satisfied that the demonstration will not create an administrative problem. Non-consumables can be demonstrated in the licensed area at the request of the traveller. Under bond consumable products cannot be used for demonstration or testing purposes.

The Duty Free Shop proprietor or their employees are the only persons who may demonstrate the goods. The traveller must request the demonstration. Therefore, underbond sound equipment, for instance, may not be used to provide background music in the licensed premises.

Demonstration of non-consumables is at the commercial risk of the licensee. Non-Consumables taken from underbond stock holdings are at the risk of the licensee should damage, deterioration or theft of these occur. Where goods are taken from stock the record is to be endorsed accordingly and stock counted in stock takes. At the end of the demonstration period the goods are not available for remission or destruction under supervision.

Quantities available for demonstration are subject to reasonable tests of products available. The decision for the sample range will give consideration to the size and nature of the individual Duty Free Shop operation, number of different brands of similar like goods stocked and the need for customer demonstration of different models.

No alteration of goods is allowed. For example, a “try on” facility for underbond clothing apparel is regarded as an allowable demonstration of underbond goods. However this facility is subject to the condition that under no circumstances would the alteration of any item of clothing be permitted within or away from licensed premises while the goods remain under Customs control, i.e. prior to the exportation of those goods from Australia.

Certain goods are not to be drawn from underbond stockholdings. The demonstration of consumable goods, e.g. alcoholic beverages, tobacco products, blank recording tapes, perfume and cosmetics is not permitted except when the demonstrators are obtained from duty-paid stock. Only duty paid goods can be used for demonstrating or testing consumable products.

OFF-AIRPORT DUTY FREE SHOP

REQUIREMENTS FOR DUTY FREE SALES TO AIR AND CRUISE SHIP TRAVELLERS

TRAVEL DOCUMENTS

Legislation provides that goods shall not be sold unless the intending traveller first produces to the Off-Airport Duty Free Shop a ticket, or other approved travel document, as evidence of intending travel.

For this purpose, approved categories of travel documents are:

Organized Groups: Where passengers are travelling as part of an organized tour and tickets are arranged and held by the tour organizer, a list of tour members including full names, nationality and passport numbers on the tour organizers letterhead and signed by the organizer.

Service Personnel: Travel or Movement Orders issued by the relevant service.

Crew: Airline or Shipping company identification as crew travelling overseas.

VIP Flights: Evidence of travel issued by a Government Authority, e.g. Letter of Authority issued by Prime Minister’s Department to members of the press.

Other: An overseas ticket.

Any other travel documents that do not fall into the above categories should be referred to a Regional Director prior to a sale being made.

INTERNET SALES

Duty free goods may be sold to relevant travellers via the Internet, facsimile or the telephone. When shops advertise or offer duty free sales through use of the Internet, facsimile or telephone, the advertisements should clearly stipulate that such offers are in fact “agreements to sell”. The “agreement to sell” must clearly stipulate that where such offers are accepted through the placement of orders by relevant travellers, the sale and transfer of title in the goods will take place in the shop when a specified activity (such as the creation of the sales invoice, or the packing of the goods in the shop) takes place. This is necessary to ensure that such sales comply with the requirements of the Customs Act that sales must take place **in the shop**.

Customs and Excise Regulations require that shop operators must not enter into an “agreement to sell” unless three criteria are met:

- First, the purchaser must be a relevant traveller (that is a person who is about to make an international flight or voyage, as a passenger or crew member);
- Second, the purchaser must provide the shop operator with the details required to complete the duty free sales invoice, a copy of which has to be attached to the goods. Details to be included on the invoice include flight or voyage details, date of departure, port of departure, flight number, name of ship or voyage number, ticket number or other authorised travel document details, etc. The details may be provided orally (over the telephone, or in writing by e-mail or facsimile);
- Third, the sale must take place in the shop. As discussed above, this is to be achieved through conditioning the “agreement to sell” to reflect that the sale will be effected when a specified activity takes place in the shop.

When sales are made using the Internet, facsimile or telephone, Customs and Excise Regulations require that the shop operator must not deliver the goods to the traveller unless and until the traveller shows the operator his or her ticket or other travel documentation that confirms the details the traveller previously provided. The shop operator must also get the traveller to sign the Traveller Declaration, which is a recognition of the traveller’s obligations concerning export of the goods purchased duty free.

Sales through the Internet, facsimile or telephone may be made by outwards and inwards duty free shops. In relation to sales by Inwards duty free shops using these mediums, operators are required to inform travellers of concessional limits, which apply to the entry of alcohol and tobacco products and any other conditions with which travellers must comply.

JOURNEY TO NOWHERE

Passengers on flights or voyages to nowhere do not qualify for duty free purchases. Examples are flights to Antarctica (unless the relevant traveller is disembarking at the nominated destination), joyflights, fundraisers and dinner flights, and cruises that do not leave Australian waters or land at an overseas port.

DUTY FREE SALES INVOICE

At the time of sale the Off-Airport Duty Free Shop is required to prepare a sales invoice. The invoice is to be prepared in triplicate, is to be one of a series of sequentially numbered invoices and is to specify:

- The name and residential address of the traveller;
- The flight or voyage number or other designation of the proposed international trip;
- The date of departure;
- The airport of departure;
- Precise description of the goods including the quantity in words and figures of each item of the goods, and the total number, in words, of items on the invoice;
- The sale value, in figures, of each item or quantity of items; and
- The total sales values of those items and quantities of items.

The sales invoice is to be prepared in such a way as to make it impracticable to add other items to the description. This may be done by ensuring that there are no blank lines left between each item on the invoice and that the invoice is ruled through immediately under the last item.

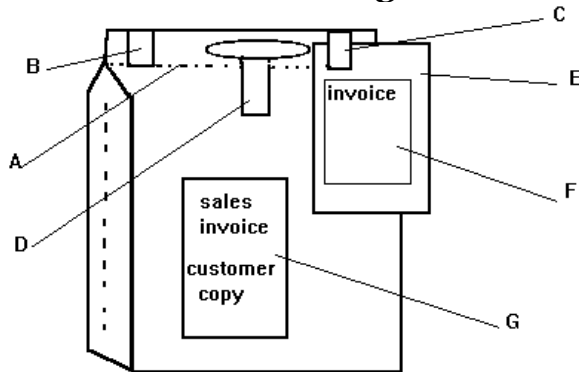
Goods sold in an Off-Airport Duty Free Shop are to be packed in tamper proof sealed packages. Upon preparing the relevant sales invoice, one copy is to be placed with the goods inside the export pack, another copy is to be securely attached to the outside of the export pack in a waterproof envelope and the third copy is to be retained as part of the Off-Airport Duty Free Shop record.

The export package is to be transparent enough for the goods to be easily identified and the sales invoice is to be placed inside the package in a position that the invoice may be read without the package being opened.

SEALED BAG METHOD

Goods that are not intended to accompany the purchaser on the same flight or voyage, as accompanied baggage, must **not** be sold as a duty free sealed bag sale. Such goods must be exported by the Duty Free Shop on behalf of the purchaser, in accordance with normal Customs export procedures.

What is the sealed bag method?



A. Dotted line indicates where staples should be affixed.

B. Non removable seal to cover top opening.

C. Non removable seal to cover top opening.

D. Non removable seal to cover bag access at the handle slot.

E. External waterproof plastic envelope stapled to carry bag containing copy of sales invoice.

F. Copy of sales invoice inserted in outer plastic envelope to retrieved.

G. Customer copy of sales invoice inserted inside the sealed bag so that the details of the invoice are visible (ie facing outwards and visible through the clear side of the bag).

PROOF OF EXPORT

An Off-Airport Outwards Duty Free Shop operator is required to provide Customs with proof of the export of duty free goods sold. This proof must be provided in the following manner:

- An electronic record must be made of the invoice numbers of all retrieved (plucked) invoices; and
- The electronic records must be created within ten (10) working days of the Duty Free Shop after the date of departure of the traveller.

In the case of duty free sales made to travellers departing Australia by cargo ships, and other types of non cruise ships, the copy of a ship's manifest with the purchaser's name and invoice number and sales value must be stamped and signed by a ship's officer. In the case of yachts or other small vessels where there is no ship's officer, the listing or manifest may be signed by the traveller when the goods are delivered on board.

Electronic records of retrieved invoice numbers created later than ten (10) working days after the date of departure of the traveller do not constitute proof of export of the goods specified in the invoices and duty will be liable on such goods.

Each month, Duty Free Shop proprietors are required to produce a computer generated listing of the invoice numbers of dockets retrieved during the month, that have a specified date of departure for the month, and for which electronic records were created within ten (10) days of the date of departure of the traveller. The listing must be prepared within twenty-one (21) working days of the Duty Free Shop after the end of the month in question. This listing is separate to, and should not be confused with, the return of missed dockets.

PROOF THAT GOODS HAVE LEFT AUSTRALIA

Duty Free stores are required to ensure that sales invoices are retrieved from the sealed bags (or from the airline or shipping companies if goods are too large for cabin baggage) after the traveller has passed through the Customs barrier.

A Duty Free operator must provide Customs with evidence of arrangements that its dockets will be plucked and electronic records of the retrieved dockets will be maintained. Failure to have an agreement in place will delay the approval of the licence to operate.

THE DOCKET RETRIEVAL SYSTEM

After passing through the Outwards Customs checkpoints at the departure point the traveller presents the sealed bag to Duty Free Security (DFS) staff who take the invoice from the outside of the bag and compare the details to the physical goods.

At monthly intervals DFS will send out to shops a computer generated listing of the retrieved dockets to be matched against the shop retained copies of invoices raised. Duty is liable for goods on sales invoices that cannot be "matched" with the details and invoice numbers in the computer generated listing.

RETURN OF “MISSED” DOCKETS

The Duty Free Shop is required, not later than twenty-one (21) working days after the end of each month, to lodge with a Regional Director a return setting out:

- The name of the Duty Free Shop;
- The invoice numbers that were prepared in respect of goods that were delivered from the Duty Free Shop and intended to be exported during that month that have not been retrieved from packages delivered from the shop to travellers.

This information can be derived from the monthly reports provided by DFS.

The return is to detail, in relation to each invoice shown, the particulars required to be set out in that invoice and the amount of Customs duty, Excise duty and GST payable in respect of the goods covered by the invoice.

An example illustrating the headings required for monthly returns is shown below:

Docket	Quantity	Description	Customs Value	Duty Rate	Duty Payable	T&I	VoTI	GST Payable	Total Payable
--------	----------	-------------	---------------	-----------	--------------	-----	------	-------------	---------------

In regard to the invoices detailed in the return, the Duty Free Shop is required to pay Customs an amount equal to the aggregate of the amounts specified in the return.

Goods included in a duty free shop sales invoice for which export verification is not obtained (ie. the docket has not been plucked) are considered to have entered home consumption on the day on which the goods were delivered to the relevant traveller.

The failure to export duty free sales means that the goods are deemed to have been entered and delivered into home consumption. This gives rise to two forms of liability under the GST Act:

1. GST is payable as there is a **taxable importation**; AND
2. GST is also payable as there is a **taxable supply**.

More specifically, when a duty free docket is not plucked, the goods are considered to have been entered and delivered into home consumption, under section 13-5 of the GST Act. The imported goods specified on the docket are then considered to be a taxable importation. GST and Wine Equalisation Tax (WET) is payable on taxable importations.

The fact that goods in a non-plucked docket situation have not met the sealed bag rules also makes the sale of the goods involved a taxable supply, and GST is therefore payable.

Duty free shops should pay Customs any duty, GST and WET (where applicable) for the **taxable importations** stemming from non-plucked dockets. Shop operators will be able to immediately claim an input tax credit for the GST involved. However, as the sale of the goods involved is also a **taxable supply**, a GST and WET liability still remains. The duty free operators should pay the GST and WET on the **taxable supply** through their Business Activity Statement. (Note that a WET credit can be claimed by the shop operator on their Business Activity Statement so that WET is only paid once.)

Where the invoices detailed in the return relate to goods subject only to GST, responsibility for the collection of that GST rests with the Australian Taxation Office. Details of such invoices are forwarded to the respective State Headquarters of the Australian Taxation Office.

Off-Airport Duty Free Shop operators should be aware of their obligation to pay GST on such invoices.

CALCULATION OF DUTY, GST AND WET AMOUNTS OWING

All calculations for payment of duty on stock shortages and missed dockets are to be at two decimal places of a litre of alcohol or litre of product for wine or beer. The final quantity for each generic type may be truncated to one decimal place for calculation of duty or excise amounts payable.

NOTE: The duty rates specified in the example below are for illustrative purposes only and do not represent current rates. Duty rates can change bi-annually as a consequence of movements in the Consumer Price Index.

Customable Goods

For imported goods, the GST is calculated in the following manner:

- The duty free operator will need to determine the Value of Taxable Importation (VoTI) for each imported good in the invoice and then apply the GST rate of 10% to the VoTI.
- $\text{VoTI} = \text{Customs value plus the amounts paid or payable for international transport of the goods to Australia and to insure the goods for transport, plus Customs duty and any WET payable.}$

EXAMPLE: Calculating Duty and GST (imports)

Product:

- 1.125 litre of Brandy (40% alcohol per volume)
- Customs value = \$40
- Transport and insurance for this item = \$1

Duty Rate:

- 5% and \$48.99 per litre of alcohol (LAL)

Total Duty:

- 5% of \$40 = \$2.00
- Plus $(1.125 \times 40\%) \times \48.99
- Equals $450\text{mls} \times \$48.99 = \22.04
- $\$2.00 + \$22.04 = \$24.04$

GST Calculation:

- 10% of (Customs value + international insurance & freight + Customs duty)
- $10\% \times (40 + 1 + 24.04)$
- Equals \$6.50

The duty free operator would need to submit \$24.04 duty and \$6.50 GST making a total of \$30.54.

The duty and GST liability on the taxable importation is accounted for on the Misplucked Dockets return to Customs, commonly provided by duty free shop operators using a spreadsheet format.

Where GST is paid on imported goods to Customs, the GST paid in relation to the taxable importation may be claimed as an input tax credit on the Business Activity Statement (BAS) submitted to the ATO, subject to normal eligibility criteria. The taxable supply liability is accounted for through the BAS.

Example: Calculating duty, GST and WET (imports)

Product:

- One 750ml bottle of wine (8% alcohol per volume)
- Customs value = \$10
- Transport and insurance = \$1.

Duty rate:

- 5% and \$30.98 per litre of alcohol.

Total Duty:

- 5% of \$10 = \$0.50
- Plus $(0.750 \times 8\%) \times \30.98
- Equals $0.006 \times \$30.98 = \1.85
- $\$0.50 + \$1.85 = \$2.35$

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WET:

- 29% of (Customs value + international insurance & freight + Customs Duty)
- Equals 29% of (10 + 1 + 2.35 + 3.87)
- Equals \$3.87

GST:

- 10% of (Customs value + international insurance & freight + Customs duty + WET)
- 10% of (10 + 1 + 2.35 + 3.87)
- Equals \$1.72

The duty free operator would need to submit \$2.35 duty and \$3.87 WET and \$1.72 GST making a total of \$7.94 payable to Customs.

EXAMPLE: Calculating excise and GST (domestic goods)

Product:

- One carton of cigarettes 25/200 (that is, 200 cigarettes)
- Sold to the traveller for \$20.

Excise Rate:

- \$0.18872 per stick (in weight 0.8 grams per stick actual tobacco content)

Total Duty: = excise rate x number of sticks
= \$0.18872 x 200
= \$37.74

GST: = 10% of [(10/11 x sale price) + excise]
= 10% of [(10/11 x 20) + \$37.74]
= 10% of (\$18.18 + \$37.74)
= 10% of 55.92
= \$5.59

The duty free operator would pay \$37.74 in excise to the ACS and the \$5.59 in GST is accounted for in an operator's Business Activity Statement because it relates to a taxable supply.

SALES TO TRAVELLERS DEPARTING ON CARGO SHIPS OR OTHER NON-CRUISE SHIPS

Sales can be made to travellers and crew departing on ships other than cruise ships. Travellers would have to produce approved documentation in support of their travel abroad. Sales to travellers on cargo and other non-cruise ships must be invoiced and packaged in the same manner as sales to air and cruise ship travellers. However, the goods must **not** be delivered to the traveller at the time of sale. Instead, shop operators are required to deliver the purchases to the traveller on board the vessel, no earlier than twenty-four (24) hours before the departure of the vessel.

Proof of export is achieved through the shop operator having a copy of the invoice or a manifest containing the purchaser's name, the invoice number and sales value over stamped with the ship stamp and signed by an officer from the ship. The stamped and signed invoice manifest is to be attached to the shop copy of the sales invoice and filed in the Duty Free Shop's records as evidence of export.

Shop operators may be liable for payment of duty on goods sold that are not included in invoices or manifest lists signed and stamped by a ships officer.

At the time of the sale, all details are to be faxed to the boarding section of Customs in the Region by the operator so that Customs may take action to board the craft prior to departure.

SALES TO PASSENGERS ON YACHTS AND ITINERANT CRAFT

For sales to travellers or crew of itinerant yachts and small craft the sale must be made after sighting proof that the customer is to depart Australia on board the particular vessel. Contact should be made with the Clearing Clerk at the Regional Customs Office to determine if the vessel is in port, has notified of arrival and a departure date.

Information required would be travellers name, name of craft, registration number and call sign.

The goods sold must be invoiced and packaged in transparent bags as is required for sales to cargo and other non-cruise ships. Similarly, the goods must not be handed to the customer but delivered by the shop operator to the craft not more than twenty-four (24) hours before departure. The goods are to be listed on a manifest and signed by the person in charge. Note this may be the customer on a one or two person craft. A copy of the signed manifest is to be retained with the shop copy of the invoice as proof of export.

At the time of the sale, all details are to be faxed to the boarding section of Customs in the Region by the operator to allow a decision on Customs action for Boarding of the craft prior to departure.

SALES TO PERSONS OTHER THAN RELEVANT TRAVELLERS

EXPORT GIFT SALES SCHEME

Non-travellers can purchase items from Duty Free stores that are registered under the Gift Export Scheme for delivery overseas. The store must arrange the export of the goods direct and the purchaser cannot receive possession of the item/s. The store must make normal export underbond arrangements including packaging and shipping and records of the purchaser, goods and export documentation must be maintained.

RETAIL SALES

Duty Free Shops may sell to non-travellers who are not going to leave Australia but only from duty paid stocks. Prior to making the sale the operator is required to lodge an Entry for Home Consumption directly with Customs or through a Customs Broker and pay the duty and other charges.

On payment, a receipt and delivery advice will be made available from Customs and the goods can then be entered into the records as “duty paid stock”. Records are to be maintained for review during a compliance assessment. Alternatively stores can maintain some duty paid stocks of popular, fast selling items.

NOTE: Sales of alcohol and tobacco of a retail nature can only be conducted by premises licensed with the relevant State Authority.

SALES TO DIPLOMATS

Essentially, Diplomatic or Consular representatives may purchase duty free goods with the presentation to the Duty Free Shop of an approved “*Application For Release Of Goods From Customs Control To Diplomatic And Consular Personnel*” - Form B615. Sales are made using the sales docket system.

However, it is also necessary to lodge a *Nature 30 Entry* for Customable goods or a *Nature 40 Entry* for Excisable goods. Lodgement of the entry should occur on the first Customs working day following the accounting week. The original of the Form B615 must be attached to the relevant entry.

Following processing by Customs, the entry will be returned to the store together with the original of the Form B615.

The Form B615 should include the following important endorsements:

- Title Page - Date Stamp, Australian Customs Service, Canberra;
- Part B – Official Stamp of Mission or Post;
- Part C – Validity date and Port Stamp.

In order to substantiate the permission given to the diplomat to purchase duty free goods, shops are required to retain the sales invoice, together with the approved entry and the relevant Form B615.

SALES TO LONG-TERM FOREIGN STUDENTS

Sales to foreign students on a duty free basis cannot be made where the student is going to use the goods in Australia. Foreign students can only purchase items duty free where the student has a ticket to depart Australia within thirty (30) days and is taking those goods with them.

SALES OF BULKY ITEMS THAT DO NOT TRAVEL AS ACCOMPANIED BAGGAGE

Regarding sales of bulky items that DO NOT travel with the traveller as accompanied baggage normal export provisions apply, i.e. lodgement of an Export Clearance Application by the Duty Free Shop and delivery to place of export by the shop not the purchaser.

SALES OF DUTY FREE GOODS FOR EXPORT IN LIFT VANS

Sales of goods from Duty Free Shops to be exported in containers of household effects are not part of the docket retrieval system. Normal export requirements apply. The operator is to apply for an Export Clearance Number (ECN) and the goods are to be delivered to the packing place for inclusion into the container. The goods are not to be released to the purchaser. It is the responsibility of the Shop operator to deliver the goods.

SALES TO PROVIDORES

Generally sales are made underbond to relevant travellers. Sales may be made to other parties including providores, providing the legislative requirements and conditions are met. The conditions would include Order, Invoice, Export Permission Number and a form of acknowledgment that the vessel received the goods, i.e. Form 43 "*Application for Permission to take on Board Ship's or Aircraft Stores*". Failure to have proof of export may lead to the licensee facing a request for payment of the duty.

SALES OF SHIP'S AND AIRCRAFT STORES

Sales of goods as ship and aircraft stores do not fall under the sealed bag docket retrieval system. Such sales should only be made upon receipt of an "*Application For Permission to Take on Board Ship's or Aircraft Stores*" (Form 43) that has been approved by Customs.

Where a Duty Free Shop wishes to make such sales in response to a direct order from a ship's captain or a shipping company, it is the responsibility of the shop to lodge a Stores Application (Form 43) as well as an Application for an Export Clearance Number in the case of spirituous and tobacco products. After approval from Customs the sale and delivery of the goods may take place.

INFORMATION FOR TRAVELLERS

RESPONSIBILITY TO INFORM TRAVELLERS

It is a responsibility of the Off-Airport Duty Free Shop to ensure that travellers to whom goods are delivered are aware of the conditions with which they are required to comply.

At the time of buying duty free goods at an “Off-Airport” Duty Free Shop, a relevant traveller must sign a recognition, on an approved form, of the traveller’s obligations concerning the export of the goods.

RESPONSIBILITY OF TRAVELLERS

The traveller cannot use the goods before leaving Australia

The traveller has a responsibility after signing the declaration to take possession of the goods in the sealed bag, keep them safe and take the goods in their sealed bags with them to the port of departure. The goods cannot be used for any purpose in Australia until past the point of departure. Should the traveller be an Australian resident the goods can be returned with the passenger for use in Australia. The goods should be declared as part of the self-assessment for the passenger’s concession.

GLOSSARY OF TERMS

TERM	DEFINITION
Bond	Another name for an Australian Customs Licensed Warehouse
Bond Register	A real time register of stock on hand, showing goods received and sales. Can be manual or in electronic format
Continuing Permission	An approval given by Customs to allow for the frequently occurring movement of goods from suppliers to warehouses. The usual invoices raised in the sale of the goods are used as the transfer dockets.
Commercial Compliance	The Branch of Customs that conducts the evaluation of records and practices in your shop to assess the accuracy of information supplied under the self-assessment philosophy.
Commercial Quantities	A term to describe quantities of goods over and above what a traveller would use. (Personal use is determined by type of goods, time to exhaust the stock and general norms)
Customs Duty	A levy imposed on goods imported into Australia
Customable	A description of imported goods for which Customs duty has not been paid (also known as underbond)
Customs Warehouse	Premises licensed under the Customs Act to store under bond imported goods. An annual licence fee is payable and a security to cover payment of an amount equal to the duty liability is required.
Duty Free Shop	A licensed warehouse in which underbond goods are held for sale to relevant travellers departing for overseas.
Docket Retrieval	A term used for the collection of dockets from travellers as they enter the departure points of Airports.
Excise Duty	A levy imposed on goods made in Australia (mainly Tobacco products and alcohol products).
Excisable	A term for Australian manufactured goods subject to Excise duty that has not yet been paid (also known as underbond)
Exportation - Meaning Of	(1) Exportation is regarded as having occurred

Duty Free Shop Operators Guide

TERM	DEFINITION
	<p>when:</p> <p>(a) Goods situated within the Commonwealth of Australia are placed on board a ship or aircraft for consignment to a place beyond the Commonwealth; and</p> <p>(b) The voyage to that place actually commences.</p> <p>(2) In this context the Commonwealth of Australia:</p> <p>(a) Includes:</p> <ul style="list-style-type: none"> - Australia's States and mainland Territories - Australia's coastal islands - Australia's offshore islands (Lord Howe and Macquarie Islands) - offshore islands that are legally "Internal Territories" of Australia (Ashmore and Cartier Islands) - offshore "installations" deemed part of Australia under the Sea Installations Act. <p>(b) does not include Australia's "External Territories" viz:</p> <ul style="list-style-type: none"> - Australian Antarctic Territory - Christmas Island (Indian Ocean) - Cocos (Keeling) Islands - Coral Sea Islands (including Willis Island) - Heard Islands - McDonald Island - Norfolk Island. (Arrangements for Docket Plucking are to be directed to Customs Office Lord Howe Island Phone 065632071)
	<p>In reference to "External Territories" listed in (2)(b) relevant travellers must disembark at the destination nominated as per travel documents. (See also - JOURNEYS TO NOWHERE)</p>
Licensed Area	That part of the premises that has been approved to store, display and sell goods to travellers. Usually indicated on a plan by red outline.
Missed Dockets Return	A monthly reconciliation showing Customs which dockets or invoices have not been retrieved from travellers at point of departure from Australia.
Missed Docket Payment	An amount calculated by the Duty Free Shop Licensee (Operator) to be the Excise and Duty on goods sold where no proof of export was obtained.

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TERM	DEFINITION
Movement Application - Single Transaction (STP)	A Customs authorised document when registered and numbered provides approval to move underbond goods from one bond to another. Copies are retained at the sending and receiving points.
Relevant Traveller	Means a person <ul style="list-style-type: none">- Who intends to make an international flight, whether as a passenger on, or- As a pilot or member of the crew of, an aircraft; OR- Who intends to make an international voyage, whether as a passenger on, as the master or member of the crew of, a ship.
Underbond	Goods that are subject to control of Customs that have not had Customs duty, Excise and GST paid on them.

CONTACT POINTS FOR MORE INFORMATION

NEW SOUTH WALES (INCLUDING AUSTRALIAN CAPITAL TERRITORY)

Licensing

Senior Licensing Officer	Tel	02 9213 2496
Licensing Officers	Tel	02 9213 2939, 2452
	Fax	02 9213 4016
		L3, 477 Pitt Street
		Sydney NSW 2000

Compliance

Senior Compliance Officer	Tel	02 9213 2663
Compliance Officers	Tel	02 9213 2901
	Fax	02 9213 4140, 4045
		L3, 477 Pitt Street
		Sydney NSW 2000

VICTORIA

Licensing

Senior Licensing Officer	Tel	03 9244 8350
	Fax	03 9244 8358
		Warehouse Licensing
		GPO Box 2809AA
		Melbourne VIC 3001

Compliance

Customs Manager	Tel	03 9244 8647
Customs Supervisor	Tel	03 9244 8583
	Fax	03 9244 8581
Street Address		12 th Floor Customs House
		414 La Trobe Street
		Melbourne VIC 3000

SOUTH AUSTRALIA

Licensing

Licensing Officer	Tel	08 8447 9331
	Fax	08 8447 9227

Compliance

Manager Compliance	Tel	08 8447 9321
Senior Compliance Officer	Tel	08 8447 9311
	Fax	08 8447 9227
Postal Address		PO Box 50
		Port Adelaide SA 5015
Street Address		Customs House
		220 Commercial Road
		Port Adelaide SA 5015

WESTERN AUSTRALIA

Licensing

Licensing Officer	Tel	09 430 1522
	Fax	09 430 1391

Compliance

Customs Supervisor	Tel	08 9430 1748
Senior Customs Officer	Tel	08 9430 1532
	Fax	08 9430 1734
Postal Address		PO Box 396
		Fremantle WA 6160
Street Address		2 Henry Street
		Fremantle WA 6160

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QUEENSLAND

Licensing

Supervisor Excise & Warehouse Processing	Tel	07 3835 3188
	Fax	07 3835 3493

Compliance

Senior Compliance Officer	Tel	07 3835 3049
	Fax	07 3835 3494
Postal Address		GPO Box 1464 Brisbane QLD 4001
Street Address		22 nd Floor, Terrica Place 140 Creek St Brisbane QLD

TASMANIA

Licensing

Licensing Officer	Tel	03 6230 1232
	Fax	03 6230 1261

Compliance

Senior Compliance Officer	Tel	03 62 301275
	Fax	03 62 301261
Postal Address		GPO Box 148B Hobart TAS 7001
Street Address		2 nd Floor, 25 Argyle Street Hobart TASMANIA

NORTHERN TERRITORY

Licensing

Supervisor Import/Export	Tel	08 8946 9851
	Fax	08 8946 9953

Compliance

Supervisor Compliance	Tel	08 8946 9850
	Fax	08 8946 9953
Postal Address		Box 210
		Darwin NT 0801
Street Address		Customs House
		21 Lindsay Street
		Darwin NT

APPENDIX 1 MESSAGE TO BE PRINTED ON PLASTIC CARRY BAGS

WARNING

Customs Duty and GST has not been paid on the goods contained in this bag. You must observe the following rules:

1. You must take this sealed bag with you when you leave Australia. It must not be left at home or given to any other person.
2. You must carry this bag by hand in full view at the airport. The bag must not be packed in a suitcase or in hand luggage.
3. You must ensure that the invoice attached to the bag is collected by Authorised Collection Officers after you have passed through Customs at the airport.
4. This bag must not be tampered with or opened. It must remain sealed until the invoice has been collected.
5. If you do not take the goods out of Australia within thirty (30) days of obtaining them, you must immediately return the sealed bag containing the unused goods to the store from which you purchased them.

Failure to observe these rules may result in penalties of up to \$50,000
Section 33 of Customs Act.
and / or \$5,000 and/or 12 months imprisonment
THE TAXATION ADMINISTRATION ACT 1953

Duty Free Shop Operators Guide

EXPORT SALES – DUTY/GST FREE - SEALED BAG DECLARATION

To the Commissioner of Taxation and/or the Chief Executive Officer of Customs under *A New Tax System (Tax Administration) Act 1999* and the *Customs Regulations 1926*.

Traveller Details

Full Name:
Full residential Address:
.....
.....Post Code.....
Telephone Number (home) (work)

Purchasing Details

Invoice Number:
Date of Invoice :

Date of Taking Possession of the Goods

.....
(if different from the invoice date)

Travel Details

Ticket number
Passport Number

Approved Documents details

.....
(if no ticket no. is available)
Flight Number/Ship's Name
(voyage number, if known)
Point of Departure from Australia.....

Date of Departure

TRAVELLER STATEMENTS - ALL TRAVELLERS

I will take these goods with me when I depart from Australia on a journey to a foreign country.

If I do not take the goods out of Australia on the flight/voyage, specified above, I will notify the proprietor of the store where the goods were purchased by noon the next working day that the goods were not exported; and

- If the goods are to be exported on a subsequent flight/voyage within 48 hours of the flight/voyage specified above, I will notify the proprietor of that intention and the new flight/voyage details; but
- If not so exported within 48 hours, I will return the sealed bag containing the unused goods to the store.

I am aware that if I bring the goods back with me on my return to Australia I will declare the goods to Customs if the total value of the declarable goods in my possession exceeds the passenger concessional limits.

If the goods are packed in a sealed bag for carriage as cabin or hold luggage on an aircraft or cruise vessel:

- I will carry them in full view at the airport or wharf departure area and not pack them in my luggage;
- I will not remove or alter any invoice attached to the outside of the sealed bag, or other sealed package;
- I will surrender the sealed bag for examination and for invoice detachment to an authorised collection officer after passing through Customs;
- Where the sealed package is to be stored in the hold of an aircraft or cruise vessel, I will surrender the sealed package to the authorised collection officer at the baggage check-in counter, to allow for invoice detachment;
- I will not interfere with or break the seals of the bag or other package until the invoices attached to the outside have been detached by authorised collection officers (or airline or shipping personnel); and
- I will not give a sealed bag or other sealed package to any other person to carry onto the aircraft or cruise vessel for me.

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If the goods are packed in a sealed bag and are delivered by the Duty Free Shop to a non-cruise vessel (including cargo ship), yacht and itinerant craft:

- I will not remove or alter any invoice attached to the outside of the sealed bag, or other sealed package or break the seals of the bag or other package until departure from Australia;
- I am aware that the *Taxation Administration Act 1953* may provide for penalties of up to \$5000.00 and/or imprisonment for up to 12 months where a person makes a false or misleading statement in this declaration, and that the *Customs Act 1901* and the *Excise Act 1901* provides for severe penalties if sealed bags are interfered with or not exported; and
- I declare that the information given by me in this form is true and correct and I will undertake to comply with the conditions in the declaration.

WARNING

You must ensure that all information in this statement is correct. The *Taxation Administration Act 1953*, the *Customs Act 1901* and the *Excise Act 1901* provide for severe penalties for persons who make statements to officers, which are false or misleading in a material way.

Signature of TravellerDate:.....

APPENDIX 2 LEGISLATION

CUSTOMS ACT & REGULATIONS

CUSTOMS ACT 1901	
Definitions	
Section 4	Definitions of terms including: <i>goods, documents, owner, warehouse and warehoused goods.</i>
Unauthorised Removal	
Section 33	Persons are not to move goods subject to Customs control without authority.
Requirement to Keep Goods Safe	
Section 35A	Section 35A states that where Customs does not believe a person has taken adequate steps to protect dutiable goods or has failed to keep dutiable goods safe, Customs may take steps to recover the money owed to the Commonwealth on those goods. This section also states that the licence holder must be able to account for the goods at all times. If unable to do so, the licence holder will be held accountable for the duty and GST owed.
Right to Require Security	
Section 42	Under this section, Customs may require and take a security to ensure compliance with the Act or other associated regulations and protect the revenue.
Like Customable Goods	
Section 69	Where a person imports like customable goods, written permission must be sought from Customs to either enter these into home consumption or enter these for warehousing.
Movement Permission	
Section 71E	Application must be made to Customs to seek permission to move goods subject to Customs control.
Interpretation	
Section 78	Additional definitions relating to Part V – Warehouses of the Customs Act.
Warehouse Licences	
Section 79	Provides for Customs to grant a warehouse licence. This licence can be for a place for warehousing goods generally, a specified class of goods. Customs may or authorise an activity to be carried out in a warehouse.
Applications for Warehouse Licences	
Section 80	This section requires that an application for a warehouse licence be made in writing and the information requirements for the application.
Requirements for the Grant of a Warehouse Licence	
Section 81	Stipulates requirements for the grant of a warehouse licence. For example, the applicant must be a fit and proper person and keep adequate records of the goods to be kept.
Conditions of Warehouse Licences	
Section 82	A warehouse licence may stipulate certain conditions that the applicant must comply with. Customs must be informed if a change to the warehouse occurs, for example with respect to staff or specified goods.
Duration of the Warehouse Licence	
Section 83	A warehouse licence comes into force on the day that it is

Duty Free Shop Operators Guide

CUSTOMS ACT 1901	
	issued or the date specified on the licence. The licence remains valid until the end of the financial year (30 June) at which time it may be renewed for a further year.
Renewal of a Warehouse Licence	
Section 84	A warehouse licence that has been renewed remains in force for 12 months and then may be subsequently renewed. Customs may refuse to renew a licence.
Fees for Warehouse Licences	
Section 85	Fees are payable for warehouse licences.
Suspension of Warehouse Licences	
Section 86	Stipulates the circumstances under which Customs can suspend a warehouse licence.
Cancellation of Warehouse Licences	
Section 87	Customs may cancel a warehouse licence if any of the circumstances in section 86 are present, or if Customs believes that there is a significant risk to the revenue.
Service of Notices	
Section 88	Documentation sent by post to the address of the warehouse, or the owner of the warehouse licence is deemed to have been served to that person.
Death of a Licence Holder	
Section 89	Stipulates that when a licence holder dies, the licence is transferred to that person's legal representative.
Obligations of Holders of Warehouse Licences	
Section 90	Stipulates that holders of warehouse licences must provide ready access and assistance to Customs.
Access to Warehouses	
Section 91	Customs may have access to the warehouse at any time.
Repacking in Warehouse	
Section 92	Customs may allow goods to be repacked in the warehouse.
Regauging of Goods	
Section 93	Allows for the decrease in the volume or weight of goods whilst in the warehouse and stipulates that the volume or weight on measurement will be taken to be the correct measurement.
Goods not worth Duty may be destroyed	
Section 94	Customs may allow the destruction of goods when the value of the warehoused goods is less than the amount of duty payable for those goods.
Revaluation	
Section 95	Customs may review the value of goods where those goods have deteriorated due to accidental damage.
Arrears of Warehouse Charges	
Section 96	Where rent or charges in respect of warehoused goods has or have been in arrears for a period of time, Customs may sell the goods.

Duty Free Shop Operators Guide

CUSTOMS ACT 1901	
Outwards Duty Free Shops	
Section 96A	<p>Provides definitions relating to this section of the legislation, including the terms <i>international flight</i>, <i>international voyage</i>, <i>proprietor</i> and <i>relevant traveller</i>.</p> <p>This section provides the legislative basis for the operation of duty free shops and authorises goods sold to relevant travellers in an outwards duty free shop to be exported by the traveller without an entry. The goods must accompany the traveller on the relevant flight or voyage.</p> <p>This section also specifies the conditions and restrictions related to the sale of goods at outwards duty free shops.</p>
Inwards Duty Free Shops	
Section 96B	<p>Provides definitions relating to this section of the legislation, including the terms <i>international flight</i>, <i>inwards duty free shop</i>, <i>proprietor</i> and <i>relevant traveller</i>.</p> <p>This section provides the legislative basis for the operation of inwards duty free shops. It specifies that this type of warehouse licence must be issued to premises that is/are located <i>at an airport somewhere between the aircraft and the Customs barrier</i>.</p> <p>This section imposes conditions and restrictions in respect to the sale of goods at inwards duty free shops.</p>
Goods for public exhibition	
Section 97	Customs may authorise certain warehoused goods to be taken out of the warehouse and used for public exhibition or testing. Permission to take these goods out of the warehouse may not be granted unless security has been given.
Goods blended or packaged in warehouse	
Section 98	Customs may authorise a warehouse to blend or package certain goods, as specified in the conditions of the licence, so that they are ready for home consumption.
Entry of warehoused goods	
Section 99	<p>Warehoused goods must be reported to Customs through either an import entry or an export entry.</p> <p>Subject to the provisions of sections 69 & 70, warehoused goods must not be <i>delivered</i> into home consumption <i>unless</i> they have been <i>entered</i> for home consumption and an Authority to Deal has been issued for the goods.</p> <p>Subject to the provisions of section 96A, warehoused goods must not be taken from the warehouse, unless an export entry has been lodged and an Authority to Deal has been issued for the goods.</p>
Constructive warehousing	
Section 100	Goods that have been entered as though going to a warehouse, and are subsequently entered either for home consumption or export will be treated as though they had actually been warehoused.
Delivery of warehousing authority	
Section 101	Where Customs gives permission for goods to be delivered

Duty Free Shop Operators Guide

CUSTOMS ACT 1901	
	and stored at a warehouse, the owner of the goods must provide this written authority to the holder of the warehouse licence prior to the goods arriving there.
Holder of licence to inform Collector of certain matters	
Section 102	Where goods delivered to a warehouse are not those specified in the documentation accompanying those goods, or where the documentation does not contain sufficient information to make a record, the licence holder must inform Customs that the goods were not delivered or that the documentation was incorrect. <i>Where documents related to goods to be warehoused are delivered to the warehouse, but the goods are not delivered to the warehouse within 7 days after the delivery of the documents, the licence holder should inform Customs of the non-delivery as soon as possible.</i>
Bulk Customable Beverage	
Section 104	All bulk containers of customable beverage must initially be entered for warehousing or for transhipment (see section 68).
Certain Bulk Customable Beverages	
Section 105	This section prevents customable beverage from being entered for home consumption unless it has been repackaged into smaller containers or the CEO of Customs grants written permission.

CUSTOMS REGULATIONS 1926	
Like Customable Goods – Definition	
Regulation 32	This regulation stipulates that like customable goods include tobacco, beverages and spirits specified in the listed tariff items.
Security for Compliance with Act	
Regulation 49	Before a warehouse licence is granted, a security must be provided to Customs.
Limitations of Certain Words	
Regulation 49A	This regulation states that no person shall imply through any language that his business is a warehouse unless that person holds a warehouse licence. For example, words such as <i>Bonded Warehouse, Bonded Store, Bond, Duty Free Shop or Duty Free</i> or any word that may deceive, cannot be used by businesses who do not operate a Customs warehouse.
Warehouse Licence Fees	
Regulation 50	This regulation specifies that the warehouse licence year begins on 1 July. It also outlines the warehouse licence fee, the renewal fee and how to determine the appropriate fee if a licence comes into effect on a day other than 1 July.
Surrender of Licences	
Regulation 51	This regulation states that if a licence is surrendered, then the licence holder is entitled to a refund of a proportion of the fee paid.
Application to sort, bottle, pack or repack goods	
Regulation 63	If a licence holder wishes to sort, bottle, pack or re-pack goods in a warehouse, they must apply to Customs in writing for permission, specifying the goods and the manner in which the activity is to be undertaken. Customs may grant permission for specified activity to be undertaken.
Manufacturing in Bond (MiB)	

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CUSTOMS REGULATIONS 1926	
Regulation 70	This regulation states that regulations 71 to 74G deal with giving approval to use goods in a manufacturing warehouse for the manufacture of other goods. This regulation also provides definitions for terms used in conjunction with MiB.
Application for Approval to MiB	
Regulation 71	States that a person must apply to the Dept of Industry, Tourism and Resources (DITR) to gain approval to MiB. The applicant must provide a business plan with the approved form.
Decisions about Applications	
Regulation 72	The Secretary of DITR either approves or refuses the application. If insufficient information is provided the Secretary may request additional information before making a decision.
Criteria for Decisions	
Regulation 73	In making the decision regarding the application, the Secretary of DITR will consider such things as the applicant's business plan, the likelihood of increased overseas sales, overseas contracts, market research etc.
Approval subject to Conditions	
Regulation 74	The Secretary of DITR may approve the application subject to conditions. The approval may be revoked if a condition is not met.
Reassessment of Decisions	
Regulation 74A	The Secretary of DITR may at any time reassess an approval. In doing so, the Secretary must provide notice of the reassessment and allow for additional information to be provided. At the conclusion of this process, the Secretary may revoke the approval, condition the approval or change the conditions of the approval.
Telling Affected Person of Decision	
Regulation 74B	The Secretary of DITR must inform, in writing, the decision regarding the application or the reassessment within 28 days. The applicant may make application to the Administrative Appeals Tribunal (AAT) if dissatisfied with the decision.
Review of Decisions	
Regulation 74C	Application may be made to the AAT for a review of a decision made.
Telling Customs of Decisions	
Regulation 74D	The Secretary of DITR must tell Customs in writing of the decision made.
Getting Information from Customs	
Regulation 74E	The Secretary of DITR may request, in writing, information from Customs to assist in considering an application or reassessment. Customs must comply with this request as soon as practicable.
Authorisation to Make Decisions	
Regulation 74F	The Secretary of DITR may, in writing, authorise an officer of DITR to make decisions on his behalf.
Requirements for MiB	
Regulation 74G	This regulation outlines the requirements for MiB, including but not limited to: The holder of the approval to MiB must comply with any requirements set out by Customs; Goods manufactured are subject to Customs control until entered for home consumption or exported; This regulation and its requirements are in addition to the

Duty Free Shop Operators Guide

CUSTOMS REGULATIONS 1926	
	conditions set out by the warehouse licence.
Reducing & Bottling of Spirits in Bond	
Regulation 75	This regulation specifies under what conditions spirits may be reduced or bottled while in a warehouse. For example, Customs may allow spirits that have been imported in bulk to be reduced in strength, blended, bottled or canned in the warehouse prior to entry into home consumption or exportation.
Delivery from Warehouse	
Regulation 80	Warehoused goods, subject to section 99 of the Act, may be delivered at the quantity and strength at which they were imported.
Duty-paid or Free Goods in Warehouses	
Regulation 92	Goods on which the duty and tax have been paid may remain in the warehouse at the risk of the owner. Goods on which duty and tax have already been paid must not be placed into a warehouse without the permission of Customs.
Outwards Duty Free Shops	
Regulation 93	<p>This regulation outlines the information required for an application to conduct an outwards duty free shop. It also outlines the conditions under which goods may be sold duty and tax-free in an outwards duty free shop. These include but are not limited to:</p> <p>The requirements that these goods only be sold to relevant travellers;</p> <p>The goods not be sold more than 30 days prior to departure; and</p> <p>That the goods must be enclosed in a sealed package with the invoice.</p>
Declaration of Airport Shop Goods	
Regulation 94	This regulation specifies the certain classes of goods that must be declared as per section 96B of the Act.
Inwards Duty Free Shops	
Regulation 95	<p>This regulation outlines the information required for an application to conduct an inwards duty free shop. It also outlines the conditions under which goods may be sold duty and tax-free in an inwards duty free shop. These include but are not limited to:</p> <p>The requirements that these goods only be sold to relevant travellers;</p> <p>The requirement to inform travellers of the amounts of tobacco & alcohol that may be bought;</p> <p>That certain signage must be displayed.</p>
Customable Beverages	
Regulation 95A	This regulation outlines which tariff items constitute a customable beverage.
Volume for Containers of Whisky	
Regulation 96	This regulation specifies the volume of the containers of customable beverage that relate to section 105 of the Act – 300 litres.

PERMISSION

Duty Free Shop Operators Guide

Section 96A of the Customs Act and section 61D of the Excise Act provide that a Regional Director may give permission for goods that are sold to a relevant traveller to be delivered to the traveller personally for export by that traveller when making an international flight.

Section 96A(5) of the Customs Act and section 61D(5) of the Excise Act allow the prescribing of circumstances in which the permission may be given.

Customs Regulation 93(3) and (4), Excise Regulations 79(3) and (4) prescribe circumstances applicable to the giving of a permission.

Matters to be taken into account by a Regional Director when deciding whether to give permission are outlined in Customs Regulation 93(5) and Excise Regulation 79(5).

Conditions to which the permission is to be subject. ? The Acts further provides (section 96A(7) *Customs Act*, section 61D(7) *Excise Act*) that a condition may be a condition to be complied with by the Duty Free Shop or by the traveller to whom goods are sold.

Customs Regulation 93(7) and Excise Regulation 79(7) prescribe conditions to which the permission is subject.

APPLICATION FOR A PERMISSION

Customs Regulation 93(4) and Excise Regulation 79(4) require that an Application for Permission, under sub-section 96A(2) of the Customs Act or sub-section 61D(2) of the *Excise Act*, is made in writing; relates only to a single Duty Free Shop; and specifies:

- The name of the proprietor of the Duty Free Shop;
- The name of the Duty Free Shop;
- The physical address of the Duty Free Shop.

The application is to be lodged with the Regional Director responsible for the area in which the Duty Free Shop is located.

GRANT OF A PERMISSION

Legislative provisions impose conditions that require:

- If directed, the Duty Free Shop to provide a Regional Director with a facsimile advice of intending exports; and
- An agent to be situated at a designated export point at the airport of departure to examine Duty Free Shop goods and obtain evidence of the presentation of those goods.

Provision of information in relation to sales from the Duty Free Shop - Customs Regulations 93(7)(g), (h) and (j), and Excise Regulations 79(7)(g), (h) and (j) refer.

Before a permission can be issued a Regional Director is to take into account whether the applicant is likely to be able to comply with the above conditions.

Customs Regulation 93(5) and Excise Regulation 79(5) refer.

A Regional Director is not limited to consideration only of these few matters in the grant of a permission, and may take into account any matter considered pertinent to the protection of the revenue or to ensure compliance with legislation.