

**SECOND READING SPEECH**

***EXCISE TARIFF (2013 BUDGET)(AMENDMENT) BILL 2012***

MR SPEAKER,

THE GOVERNMENT HAS RECOGNISED THE INCREASED HEALTH RISKS ASSOCIATED WITH SMOKING TOBACCO AND THE NEED TO CONSOLIDATE ITS GAINS FROM GOVERNMENTS NEW INITIATIVE IN PROVIDING FREE HEALTH CARES TO ALL PAPUA NEW GUINEANS, THIS BILL WILL INCREASE EXCISE ON TOBACCO BY 10 PER CENT TO DISCOURAGE SMOKING AND MINIMISE MEDICAL COST IMPOSED ON THE GOVERNMENT.

THIS BILL WILL ALSO INCREASE EXCISE ON PRE-USED VEHICLES AND IMPOSE A CAP ON THE VALUE OF CERTAIN TYPE OF VEHICLES IMPORTED. THIS IS TO PREVENT UNDERVALUATION, CONGESTION AND TO FULFIL PNG OBLIGATION UNDER THE ROTTERDAM CONVENTION ON OZONE DEPLETION.

MR SPEAKER, I COMMEND THE BILL.

**EXPLANATORY MEMORANDUM**  
*Excise Tariff (2013 Budget)(Amendment) Bill 2012*

The government has recognised the increased health risks associated with smoking tobacco and the need to consolidate its gains from Government's new initiative in providing free health care's to all Papua New Guineans. Therefore, this amendment will increase excise on tobacco by 10 per cent to discourage smoking and minimise medical cost imposed on the Government.

This amendment will also increase excise on pre-used vehicles and impose a cap on the value of certain type of vehicles imported. This is to prevent undervaluation, congestion and to fulfil Papua New Guinea obligation under the Rotterdam Convention on ozone depletion.

Draft of 8/11/12.



No. of 2012.

***Excise Tariff (2013 Budget)(Amendment) Bill 2012,***

**ARRANGEMENT OF CLAUSE.**

Excise Tariff (Amendment of Schedule 1 – Duties On Excise).



A BILL

for

AN ACT

entitled

***Excise Tariff (2013 Budget)(Amendment) Act, 2012,***

Being an Act to amend the *Excise Tariff Act* (Chapter 107),

MADE by the National Parliament to come into operation;-

- (a) in respect of Schedule A – 30 November 2012; and
- (b) in respect of Schedule B – 1 January 2013.

**EXCISE TARIFF (AMENDMENT OF SCHEDULE 1 – DUTIES ON EXCISE).**

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

**SCHEDULE A TOBACCO**

TARIFF ITEM	DESCRIPTION	Duty rate from 30/11/12	Remarks
2402.10.00	Cigars, cheroots and cigarillos, containing tobacco	K232.51 Per Kg	The duty rate for tobacco (and alcohol) products is adjusted at 6 monthly intervals, on 31 <sup>st</sup> of May and 30 <sup>th</sup> November each year. The adjustment is calculated by multiplying the duty rate then applicable, by the lesser of the Consumer Price Index (CPI) movement in the previous 6 month period, or 2.5%. 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 <sup>st</sup> June and 1 <sup>st</sup> December
2402.20.10	Cigarettes of dark fired tobacco without filter (spear and the like)	K232.51 Per 1000	
2402.20.20	Cigarettes of dark fired tobacco with filter (spear and the like)	K116.26 Per 1000	
2402.20.30	Cigarettes of tobacco substitutes with filter containing dark fired tobacco (spear or equivalent)	K145.06 Per 1000	

**Excise Tariff (2013 Budget)(Amendment)**

<b>TARIFF ITEM</b>	<b>DESCRIPTION</b>	<b>Duty rate from 30/11/12</b>	<b>Remarks</b>
2403.11.10	Smoking tobacco	K77.53 Per Kg	The duty rate for tobacco (and alcohol) products is adjusted at 6 monthly intervals, on 31 <sup>st</sup> of May and 30 <sup>th</sup> November each year. The adjustment is calculated by multiplying the duty rate then applicable, by the lesser of the Consumer Price Index (CPI) movement in the previous 6 month period, or 2.5%. 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 <sup>st</sup> June and 1 <sup>st</sup> December
2403.11.30	Chewing tobacco	K77.53 Per Kg	
2403.11.40	Snuff	K77.53 Per Kg	
2403.11.50	Twist or trade tobacco	K77.53 Per Kg	
2403.11.60	Stick tobacco	K77.53 Per Kg	
2403.11.70	Coarse shredded Tobacco for roll your own	K37.48 Per Kg	
2403.91.00	“Homogenised” or “reconstituted” tobacco	K107.68 Per Kg	
2403.99.00	Other	K77.53 Per Kg	

**SCHEDULE B PRE-USED VEHICLES**

<b>TARIFF ITEM</b>	<b>DESCRIPTION</b>	<b>DUTY RATE FROM 1/01/2013</b>
<b>8703.21.00</b>	<b>--Of a cylinder capacity not exceeding 1,000cc</b>	
8703.21.10	---Brand new	60%
8703.21.19	----Used/Recondition with the f.o.b value at US\$ 3,000	80%
<b>8703.22.00</b>	<b>--Of a cylinder capacity exceeding 1,000cc but not exceeding 1,500cc</b>	
8703.22.10	---Brand new	60%
8703.22.19	----Used/Recondition with the f.o.b value at US\$ 3,000	80%

*Excise Tariff (2013 Budget)(Amendment)*

<b>TARIFF ITEM</b>	<b>DESCRITPION</b>	<b>DUTY RATE FROM 1/01/2013</b>
<b>8703.23.00</b>	<b>--Of a cylinder capacity exceeding 1,500cc but not exceeding 3,000cc</b>	
8703.23.10	---Brand new	60%
8703.23.19	----Used/Recondition with the f.o.b value at US\$ 3,000	80%
<b>8703.24.00</b>	<b>--Of a cylinder capacity exceeding 3,000cc</b>	
8703.24.10	---Brand new	60%
8703.24.19	----Used/Recondition with the f.o.b value at US\$ 10,000	80%
<b>8703.24.30</b>	<b>--Three-wheeled light weight vehicles</b>	
8703.24.31	----Brand new	60%
8703.24.39	----Used/Recondition with the f.o.b value at US\$ 3,000	80%
<b>8703.24.50</b>	<b>--Sports and racing cars</b>	
8703.24.51	----Brand new	110%
8703.24.59	----Used/Recondition with the f.o.b value at US\$ 10,000	120%
<b>8703.24.60</b>	<b>--Security Van</b>	
8703.24.61	----Brand new	15%
8703.24.69	----Used/Recondition with the f.o.b value at US\$ 5,000	20%
<b>8703.31.00</b>	<b>--Of a cylinder capacity not exceeding 1,500cc</b>	
8703.31.10	---Brand new	60%
8703.31.19	----Used/Recondition with the f.o.b value at US\$ 5,000	80%

*Excise Tariff (2013 Budget)(Amendment)*

<b>TARIFF ITEM</b>	<b>DESCRIPTION</b>	<b>DUTY RATE FROM 1/01/2013</b>
<b>8703.32.00</b>	<b>--Of a cylinder capacity exceeding 1,500cc but not exceeding 2,500cc</b>	
8703.32.10	---Brand new	60%
8703.32.19	----Used/Recondition with the f.o.b value at US\$ 3,000	80%
<b>8703.33.10</b>	<b>--Of a cylinder capacity exceeding 2,500cc but not exceeding 2,700cc</b>	
8703.33.11	----Brand new	60%
8703.33.19	----Used/Recondition with the f.o.b value at US\$ 3,000	80%
<b>8703.33.90</b>	<b>--Of a cylinder capacity exceeding 2,700cc</b>	
8703.33.91	----Brand new	110%
8703.33.99	----Used/Recondition with the f.o.b value at US\$ 10,000	120%
<b>8703.90.30</b>	<b>--Three-wheeled light weight vehicles</b>	
8703.90.31	----Brand new	60%
8703.90.39	----Used/Recondition with the f.o.b value at US\$ 3,000	80%
<b>8703.90.50</b>	<b>--Sports and racing cars</b>	
8703.90.51	----Brand new	110%
8703.90.59	----Used/Recondition with the f.o.b value at US\$ 10,000	120%
<b>8703.90.60</b>	<b>--Security van</b>	
8703.90.61	----Brand new	15%
8703.90.69	----Used/Recondition with the f.o.b value at US\$ 5,000	20%

*Excise Tariff (2013 Budget)(Amendment)*

<b>TARIFF ITEM</b>	<b>DESCRITPION</b>	<b>DUTY RATE FROM 1/01/2013</b>
<b>8704.10.00</b>	<b>--Dumpers designed for off-highway use</b>	
8704.10.10	---Brand new	15%
8704.10.19	----Used/Recondition with the f.o.b value at US\$ 5,000	20%
<b>8704.21.10</b>	<b>--Utility trucks (double cab vehicles with a separate open back), G.V.W not exceeding 3.5 tonnes</b>	
8703.21.11	---Brand new	40%
8703.21.19	----Used/Recondition with the f.o.b value at US\$ 2,500	60%
<b>8704.21.90</b>	<b>--G.V.W not exceeding 5 tonnes (other than subheading 8704.21.10)</b>	
8704.21.91	----Brand new	15%
8704.21.99	----Used/Recondition with the f.o.b value at US\$ 2,500	20%
<b>8704.22.00</b>	<b>--G.V.W exceeding 5 tonnes but not exceeding 20 tonnes</b>	
8704.22.10	---Brand new	15%
8704.22.19	----Used/Recondition with the f.o.b value at US\$ 2,500	20%
<b>8704.23.10</b>	<b>--Delivery trucks and vans of all kinds</b>	
8704.23.11	----Brand new	15%
8704.23.19	----Used/Recondition with the f.o.b value at US\$ 2,500	20%
<b>8704.23.20</b>	<b>--Refrigerated or insulated lorries</b>	
8703.23.21	---Brand new	15%
8703.23.29	----Used/Recondition with the f.o.b value at US\$ 2,500	20%



**Excise Tariff (2013 Budget)(Amendment)**

<b>TARIFF ITEM</b>	<b>DESCRITPTION</b>	<b>DUTY RATE FROM 1/01/2013</b>
<b>8704.23.30</b>	<b>--Refuse Collectors</b>	
8704.23.31	----Brand new	15%
8704.23.39	----Used/Recondition with the f.o.b value at US\$ 2,500	20%
<b>8704.23.90</b>	<b>--G.V.W exceeding 20 tonnes</b>	
8704.23.91	----Brand new	15%
8704.23.99	----Used/Recondition with the f.o.b value at US\$ 2,500	20%
<b>8704.31.10</b>	<b>--Utility trucks (double cab vehicles with a separate open back), G.V.W not exceeding 3.5 tonnes</b>	
8704.31.11	----Brand new	40%
8704.31.19	----Used/Recondition with the f.o.b value at US\$ 2,500	60%
<b>8704.31.90</b>	<b>--G.V.W not exceeding 5 tonnes (other than subheading 8704.21.10)</b>	
8704.31.91	---Brand new	15%
8704.31.99	----Used/Recondition with the f.o.b value at US\$ 2,500	20%
<b>8704.32.00</b>	<b>--G.V.W exceeding 5 tonnes</b>	
8704.32.10	----Brand new	15%
8704.32.19	----Used/Recondition with the f.o.b value at US\$ 2,500	20%
<b>8704.90.10</b>	<b>--Delivery trucks and vans of all kinds</b>	
8704.90.11	----Brand new	15%
8704.90.19	----Used/Recondition with the f.o.b value at US\$ 2,500	20%

*Excise Tariff (2013 Budget)(Amendment)*

<b>TARIFF ITEM</b>	<b>DESCRITPION</b>	<b>DUTY RATE FROM 1/01/2013</b>
<b>8704.90.20</b>	<b>--Refrigerated or insulated lorries</b>	
8704.90.21	----Brand new	15%
8704.90.29	----Used/Recondition with the f.o.b value at US\$ 2,500	20%
<b>8704.90.30</b>	<b>--Refuse Collectors</b>	
8704.90.31	---Brand new	15%
8704.90.39	----Used/Recondition with the f.o.b value at US\$ 2,500	20%