

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 st of May and 30 th 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 st June and 1 st 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)

TARIFF ITEM	DESCRIPTION	Duty rate from 30/11/12	Remarks
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 st of May and 30 th 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 st June and 1 st 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

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

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

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

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

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

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