

# Learn More About Customs



## **SECTION 77G DEPOT**

s.77G depot is licensed by Customs that allows certain activities to be undertaken in relation to goods that are subject to Customs control. These activities include:

- The holding and unpacking of imported goods.
- The holding and packing of goods for export.
- The examination by Customs of imported and exported goods.

Imported goods received at a s.77G depot can be released directly into home consumption once all Customs and Quarantine Legislative requirements are met. This is achieved by an electronically communicated 'release status' being transmitted to the depot operator via Customs Sea Cargo automation systems.

All applicants should note that imported cargo can only be stored at s.77G depots for a defined period of time.

Section 77G depots allow imported to have goods unpacked away from the wharf. Goods are entered (through a nature 10 Customs entry) and can then be released directly into home consumption once Customs and Quarantine requirements have been met. As all s.77G depots are electronically linked to the cargo Sea Automation system, clearance and delivery of goods is quick and efficient compared to a manual system.

Storage of goods subject to Customs in depots is allowable to the end of the following month after month of importation. When this period has elapsed, the goods must be transferred to a licensed s.79 warehouse (General bond), unless special permission is granted. It is the responsibility of the depot operator to enter into a commercial arrangement to with a s.79 warehouse (General bond) to receive cargo that has been at the depot for over two months since date of importation.

## **SECTION 79 WAREHOUSE**

Section 79 warehouses (or Customs bonded stores) allow importers the opportunity to defer payment of Customs duty and/or GST on their goods until these are entered for home consumption. These goods are entered into a licensed warehouse (Nature 20 Customs entry for warehousing) and are stored under strict conditions until they are entered for home consumption (through Nature 30 Customs entry for home consumption) or exported. These goods are usually those that attract a high rate of duty or consist of large quantities of items, such as alcohol, tobacco, textiles, clothing or footwear. There is no time limit on the duration of storage.

S.79 warehouses (general) are also used to store imported goods that have not been delivered into home consumption, transhipped or re-exported after their arrival at a Customs depot within the previously mentioned timeframe. A s.79 warehouse (General bond) receive cargo that has been at the depot for over two months since the date of importation.

## **WHAT IS THE DIFFERENCE BETWEEN A S.77G DEPOT AND A S.79 WAREHOUSE?**

Put simply, the normal unpack of goods for direct delivery to customers (or short-term storage) takes place in a s.77G depot, and longer-term storage of goods subject to Customs

control occurs in a s.79 warehouse.

While the goods are stored in a licensed premises, the licensee is responsible for keeping the goods safely and for accounting for the goods to the satisfaction of customs. Any goods that cannot be accounted for will be subject to a claim for the Customs duty and GST payable on those goods.

## **CUSTOMS DUTY & TAXES**

Goods entering Australia can attract Customs duty. Customs duty rates vary and depend on a number of factors, such as type of goods and country of origin. Rates of duty payable by an importer are determined by the classification of goods within the Customs Tariff Act 1995. In addition to collecting duty on imported goods and cost recovery charges, Customs also collects tax on behalf of the Australian Tax Office (ATO) including:

\* Goods and Services Tax (GST)

Customs is also responsible for calculating and collecting GST on imported goods and for administering all matters concerning taxable importations. Generally, GST is charged at the time of importation. Warehoused goods are not liable for GST until they are entered for home consumption.

\* Luxury Car Tax (LCT)

Luxury Car Tax (LCT) is payable on motor vehicles that have a luxury car tax value that exceeds the luxury car tax threshold. This threshold is re-set by the ATO each financial year. LCT is collected by Customs at the time of importation.

\* Wine Equalisation Tax (WET).

Wine Equalisation Tax (WET) is payable on imported wine at the time of importation.

## **CMR**

In the past, the Customs cost recovery system was based on a 'one size fits all' approach with a complicated system of charges that artificially differentiated between sea, air and post modes of transport. A new cost recovery system has been introduced under Cargo Management Re-engineering (CMR), which:

\* streamlines the existing processes

\* removes the differentiation between the cost of transactions across different modes of transport

\* focuses on the declaration of the goods imported, and

\* encourages electronic lodgement with a substantial cost saving.

## **DECLARATION NATURE TYPES**

### **Nature 10**

Nature 10 import declarations are used for the entry of imported goods for home consumption (section 71A of the Customs Act 1901 refers).

All duty and taxes must be paid on the goods declared on a Nature 10 import declaration before the goods will be cleared by Customs

### **Nature 20**

Nature 20 warehouse declarations are used for the entry of imported goods for warehousing (section 71A of the Customs Act 1901 refers).

Imported goods declared on a Nature 20 warehouse declaration do not require payment of duty or taxes until they are removed from the warehouse. Goods entered on a Nature 20 declaration must be stored in a warehouse licensed by Customs (section 79 of the Customs Act 1901 refers).

A Nature 21 is an amended or updated Nature 20.

**Nature 30**

Nature 30 ex-warehouse declarations are used in cases where goods are being entered into home consumption after the goods have been stored in a warehouse licensed by Customs (section 71A of the Customs Act 1901 refers).

All duty and taxes must be paid on goods entered for home consumption on a Nature 30 exwarehouse declaration before the goods will be cleared by Customs.

**Nature 10/20**

Nature 10/20 combined import/warehouse declarations are used in cases where a single consignment of goods contains items intended for entry into both home consumption and for warehousing. A Nature10/20 declaration offers the convenience of sending the required information to Customs and AQIS in a single electronic communication. Nature 10/20 declarations are treated as two separate declarations for cost recovery purposes. These are very rarely used by Secon

**AUTHORITY TO DEAL**

Goods are available to importers once payment of applicable duty, taxes and charges has been made and an authority to deal has been issued.

Customs will send the importer an authority to enter the goods into home consumption or warehousing (sections 71C and 71D of the Customs Act 1901 refer respectively). Authority to deal occurs once all impediments to either the goods or the import documents have been resolved and all duty, taxes and charges have been paid. An authority to deal is generated by the ICS when the status of both the import documents (import declarations, cargo reports) and the physical goods are set to 'clear' by AQIS and Customs.

Any impediment to the physical or documentary entry of goods prevents the importation from being cleared. When an impediment exists (eg, the goods are red line) the status is set to 'hold'. Held goods may require a physical examination or documentary check. Documents with a 'Held' status are also known as 'red line' declarations

**SECTION 71E MOVEMENT APPLICATIONS.**

Under Section 71E of the Customs Act 1901 approval can be sought from Customs to move goods.

An s71E movement application is made by an owner, or Customs broker acting on behalf of an owner, to move goods that are subject to Customs control, for the purpose of a Customs examination. An advice must have been generated by Customs for the goods covered by the s71E movement application.

In all instances, s71E movement applications will be evaluated. Permission to move the goods may be granted, subject to conditions, or refused. The granting or refusal of the permission is notified to the owner/broker by the same means by which the application was lodged: either through the ICS or by paper document.

S71E movement applications are approved if the stated premises and its physical attributes are suitable to receive the cargo, and if the movement history of the owner (or broker) is acceptable. If an application is rejected, reasons for the rejection accompany the rejection notice.