

Legislative Statement: Customs and Excise (Tobacco Products) Amendment Bill – All House Stages

Introduction

1. The Bill amends the Customs and Excise Act 2018 (the Act) and the Excise and Excise-equivalent Duties Table (the EEDT) to combat suspected underdeclaration of tobacco content by importers of water-pipe tobacco and to secure Crown revenue from taxes on water-pipe tobacco. It imposes import controls, changes the statistical unit for calculating duty, and creates a new excise and excise-equivalent duty rate for water-pipe tobacco, which is also known as flavoured tobacco, hookah, shisha, molasses tobacco, and fruit tobacco.
2. The Bill also amends the definition of tobacco product in Schedule 3 of the Act to include new tariff and excise headings as a result of changes made to the Harmonized Commodity Description and Coding System.

Provisions of the Customs and Excise (Tobacco Products) Amendment Bill

3. The Bill imposes import controls in the form of making water-pipe tobacco a prohibited import by removing it from the list of tobacco products in section 95A of the Act to which prohibition does not apply. This brings water-pipe tobacco within the scope of the permitting regime in Schedule 3A of the Act.
4. This means that water-pipe tobacco will be subject to the simplified seizure process under sections 185A and 185B of the Act, with importers able to seek compensation in accordance with Schedule 3B if water-pipe tobacco is disposed of incorrectly.
5. The Bill amends the EEDT to replace the current method of charging per kilogram of tobacco content for water-pipe tobacco with charging based on total weight. It also amends the excise and excise-equivalent duty rate for water-pipe tobacco to \$234.77 per kilogram, based on the current tobacco excise rate and an assumed tobacco content of 15%.
6. The Bill amends the definition of tobacco product in clause 21(6) of Schedule 3 of the Act to enable annual inflation adjustment to goods classified under new tariff heading 24.04 and the corresponding excise heading 99.67. This is a consequential amendment arising from changes to the New Zealand Tariff and the EEDT on 1 January 2022.
7. The Bill amends Schedule 1 of the Act to provide for consignments to enter without import controls and at the pre-amendment rate of duty if the importer provides evidence that the goods were en route to New Zealand before the date on which the Bill takes effect.
8. The commencement clause states that the Amendment Act will come into force on the day after the date of Royal assent, enabling these amendments to commence as soon as possible.