

Trade & Transportation Insurance News



Customs + Excise Duty and Marine Insurance

June 2007

Introduction

Customs duty is a tariff or tax on the import or export of goods.

Excise duty is a tax levied on alcohol, tobacco and certain fuel products manufactured in Australia.

Clients may wish to insure these additional costs over and above the value of the goods themselves.

VNM insures both Customs and Excise Duties under our Standard Transit Policy, be it Import/Export or Inland if requested.

This is achieved by the inclusion of the 'Duty Payable' clause in the relevant Policy of Insurance. The details of the Clause are available from any VNM office or our website: veronationalmarine.com.au

Disclaimer

This newsletter is for information purposes only and is not legal advice.

Customs Duty

Customs Duty is levied on many imports into Australia. In some instances this is payable before the Cargo is released following discharge from the vessel or aircraft.

This increases the value of the Cargo, eg:

CIF + 10% Value \$100,000,
Duty payable 20%,
Total \$120,000.

Marine Insurers are willing to insure Duty if it is included in the policy's Basis of Valuation and in the declaration made to the insurer.

These requirements are usually spelled out in a specific clause in the Marine Policy eg: 'Duty Payable Clause'.

The increased sum insured in relation to Duty applies from the time Duty is paid or from the time it becomes due.

Generally speaking, if a loss occurred during the import transit and damage was observed at the time of the Customs' examination, then a refund of Duty would be allowed on that portion of the damaged items.

It is a condition of a Duty Payable Clause that the Insured will make every effort to obtain a refund of prepaid duty on any goods that are lost or damaged.

Customs may require that the damaged goods be surrendered as a condition of refunding Duty. Liability under the Policy would be limited to the total value of the items surrendered, ie. exclusive of Duty.

Excise Duty

Excise duty is similar to Customs Duty but is applied to specified goods produced in Australia. Each commodity has a point at which it becomes excisable (this may be while they are held in Bond even if it does not become payable until the goods leave Bond). If the goods are stolen after that point, the Excise Duty is still payable. If the goods are destroyed and adequate proof can be given then the client may apply for remission of Excise.

If your client is involved in the manufacture or production of excisable goods, it is important to ensure that adequate insurance coverage is in place to cover their Excise liability.

Useful Websites:

www.customs.gov.au

www.dfat.gov.au

www.ato.gov.au

**The Team at
Vero National Marine**