



# Explanatory Statement

## *Excise Act 1901* Excise By-Law 155

### General Outline

1. This Explanatory Statement is provided in accordance with section 26 of the *Legislative Instruments Act 2003*.
2. The Government announced in its May 2008 Budget to remove the exemption of condensate from crude oil excise, effective on and from midnight (by legal time in the Australian Capital Territory) on 13 May 2008. To give effect to the policy change, the *Excise Legislation Amendment (Condensate) Act 2008* and the *Excise Tariff Amendment (Condensate) Act 2008* amended the *Excise Act 1901*, *Excise Tariff Act 1921*, *Petroleum Excise (Prices) Act 1987* and the *Petroleum Revenue Act 1985*.
3. Subitem 20.1 of the Schedule to the *Excise Tariff Act 1921* (the Tariff) imposes a duty rate of 'Free' on stabilised crude petroleum oil as prescribed by by-law. Excise By-Law No. 75 provides for stabilised crude petroleum oil to which subitem 20.1 applies to be stabilised crude petroleum oil for use in the recovery or production or the recovery and production of goods falling within items 20 and 21.
4. Subitem 21.1 of the Tariff has been inserted into the Schedule to the Tariff by the *Excise Tariff Amendment (Condensate) Act 2008* to ensure that condensate as prescribed by a by-law also has a corresponding excise duty rate of 'Free'.
5. Excise By-Law No.155 provides for condensate to which subitem 21.1 applies to be condensate for use in the recovery or production or the recovery and production of goods falling within items 20 and 21.
6. Excise By-Law No.155 is made under section 165 of the *Excise Act 1901*.

### Date of effect

7. This instrument is to commence on and from midnight (by legal time in the Australian Capital Territory) on 13 May 2008. This is to ensure that the by-law applies from the same date as crude oil excise for condensate commenced.

Note: Subparagraph 168(b)(i) of the *Excise Act 1901* provides that a By-Law will take effect, or be deemed to have taken effect from a date specified by the By-Law.

### Effect of the instrument

8. This instrument provides one of the mechanisms required to give effect to the Government's Budget announcement on condensate in that condensate as prescribed by by-law has an excise duty rate of 'Free'.

## Impact of the instrument

9. This instrument provides for the condensate to which subitem 21.1 of the Tariff applies to be effectively free of duty.

## Consultation

10. Section 18 of the *Legislative Instruments Act 2003* specifically provides for circumstances where consultation may not be necessary or appropriate. One of those circumstances is where the instrument gives effect, in terms announced in the Budget, to a decision to repeal, impose or adjust a tax, fee or charge. This instrument falls into that category, and therefore consultation on the development of it has not been undertaken.



**Timothy Dyce,**

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**Deputy Commissioner and Delegate for Commissioner of Taxation (CEO)**  
26 November 2008

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### *Related Rulings/Determinations:*

#### *Subject references:*

Excise  
Excise Tariff  
Excise by-law  
Stabilised crude petroleum oil  
Condensate

#### *Legislative references:*

*Excise Act 1901*  
*Excise Act 1901* section 165  
*Excise Legislation Amendment (Condensate) Act 2008*  
*Excise Tariff Amendment (Condensate) Act 2008*  
*Excise Tariff Act 1921*, the Schedule, subitem 20.1  
*Excise Tariff Act 1921*, the Schedule, subitem 21.1  
*Legislative Instruments Act 2003* section 18  
*Legislative Instruments Act 2003* section 26  
*Petroleum Excise (Prices) Act 1987*  
*Petroleum Revenue Act 1985*  
Excise By-Law No. 75  
Excise By-law No. 155

#### *Other references:*

Budget Papers Treasury, May 2008