



Explanatory Statement

Excise (Volume of Liquid Fuels - Temperature Correction) Determination 2016 (No. 2)

General outline of determination

1. This Explanatory Statement is provided in accordance with sections 15G(4) and 15J of the *Legislation Act 2003* ('**Legislation Act**').
2. Under section 65 of the *Excise Act 1901* ('**Excise Act**') the CEO may make rules for determining the volume of excisable goods.

Revoking of previous instrument

3. *Excise (Volume of Liquid Fuels – Temperature Correction) Determination 2016 (No. 1)* ('**previous instrument**') was registered on 22 February 2016 and is repealed on the commencement of this determination.
4. The new instrument amends directions on the manner of incorporation of the extrinsic materials that are referenced within the determination in accordance with Section 14 of the *Legislation Act*.
5. Aside from the amended directions the circumstances set out in the previous determination remain unchanged.

Date of effect

6. The determination will have effect from the day after it is registered.

What is the determination about?

7. This instrument is made under section 65 of the *Excise Act*. It provides rules for working out the excisable volume of liquid fuel that is being entered for home consumption which will in turn be used for the purposes of working out the amount of excise duty payable on such fuel.

What is the effect of the determination?

8. The determination specifies the methods available for determining the volume of excisable liquid fuel. The determination also specifies the types of fuel and aggregated clearances as factors that permit the use of a particular method.
9. Compliance cost impact: Minor – There will be no or minimal impacts for both implementation and ongoing compliance costs. The legislative instrument is minor or machinery in nature.

Impact of the instrument

10. The volume of liquid fuel must be determined at the time of delivery for home consumption using one of the permissible methods.
11. Pursuant to Method 1, a person who has aggregated clearances of liquid transport fuels exceeding 50,000 litres per accounting period must, depending on the type of fuel, use either the American Society for Testing and Materials (ASTM) volume correction factors or the Practical Alcohol Tables. Both available methods are used to convert the volume of fuel at ambient temperature to volume of fuel at 15° Celsius.

Revised computerised software editions of the above measurement standards installed in metering equipment may also be used to calculate the volume of liquid transport fuels in litres at 15° Celsius during dispensation.

Example: If 1 litre of diesel has a density of 840 kg/m³ at 15° Celsius, then 30,000 litres of diesel at 30° Celsius would need to be adjusted by the volume correction factor of 0.9873 m³ (as per the ASTM Petroleum Measurement Tables) to determine its volume at 15° Celsius. Application of the relevant factor would result in an adjusted volume of 29,619 litres. Excise duty is then calculated on 29,619 litres for a person who has aggregated clearances of transport fuels exceeding 50,000 litres per accounting period.

12. A person who does not have aggregated clearances of liquid transport fuels exceeding 50,000 litres per accounting period and does not have a requirement on their periodic settlement permission to correct to 15° Celsius on all their fuel clearances may either correct the volume of fuel to 15 degrees Celsius (Method 1) or use the measured volume of fuel at ambient temperature (Method 2).

Example: Following on from the example at paragraph 11 if that person's aggregated clearances of liquid transport fuels are less than 50,000 litres per accounting period, that person may either correct the volume of fuel to 15° Celsius (i.e. 29,619 litres) or use the measured volume of fuel at ambient temperature (i.e. 30,000 litres).

13. A person who has clearances of fuels classified to sub-items 10.1, 10.2, 10.3, 10.15, 10.16, 10.25, 10.26, 10.27 and 10.28 of the Schedule to the Tariff Act in any quantity may use either Method 1 or 2.
14. A person must use one Method for the duration of an accounting period, unless authorised in writing by the CEO to do otherwise.
15. Aggregated clearances means the volume of liquid fuel delivered for home consumption in an accounting period of 12 months from all excise licensed establishment/s based on historical data or the volume of liquid fuels reasonably expected to be delivered for home consumption in an accounting period if no historical data is available.
16. The period adopted for the calculation of aggregated clearances is the accounting period adopted for income tax purposes as provided in section 18 of the *Income Tax Assessment Act 1936*.

17. Liquid transport fuels are defined as gasoline (including that used in an aircraft), diesel, kerosene (for use in an aircraft), fuel oil, fuel ethanol, biodiesel and blends consisting primarily of gasoline or diesel.
18. For transport fuels classified as gasoline (including that used in an aircraft), diesel, kerosene (for use in an aircraft), fuel oil, biodiesel and blends consisting primarily of gasoline or diesel, the American Society for Testing and Materials (ASTM) *Petroleum Measurement Tables Volume Correction Factors, Volume VIII* are used to convert the volume of the fuel to 15° Celsius.
19. For transport fuels classified as fuel ethanol, the Practical Alcohol Tables are used to convert the volume of the fuel to 15° Celsius.
20. To convert the volume of the fuel to 15° Celsius a person must use the editions of the American Society for Testing and Materials (ASTM) *Petroleum Measurement Tables Volume Correction Factors, Volume VIII* and the Practical Alcohol Tables, that are current at the time of commencement of the determination.

Consultation

21. Subsection 17(1) of the Legislation Act requires that the CEO undertake an appropriate level of consultation that is reasonably practicable to undertake before making a legislative instrument.
22. Because there is no substantive change to the scope of the previous instrument, representative organisations were notified to invite members to submit comments on the content of this instrument. No substantive feedback was received.

Related Rulings/Determinations:

Previous Rulings/Determinations:

Excise (Volume of Fuels – Temperature Correction) Determination 2009 (No. 1) – F2009L02547

Excise (Volume of Liquid Fuels – Temperature Correction) Determination 2011 (No. 1) – F2011L02373

Excise (Volume of Liquid Fuels – Temperature Correction) Determination 2015 (No. 1) – F2015L01732

Excise (Volume of Liquid Fuels – Temperature Correction) Determination 2016 (No. 1) – F2016L00133

Subject references:

Excise

Excisable goods

Excise Duty

Legislative references:

Excise Act 1901 section 65

Excise Tariff Act 1921 (Schedule)

Legislative Instruments Act 2003 section 26

Income Tax Assessment Act 1936 section 18

Case references:

Other references:

American Society for Testing and Materials (ASTM) Petroleum Measurement Tables Volume Correction Factors Volume VIII (*at the time of publication this reference is available from <http://www.astm.org>*)

Practical Alcohol Tables (PAT) (*at the time of publication this reference is available from <http://bookshop.europa.eu>*)

Statement of Compatibility with Human Rights

This Statement is prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Excise (Volume of Liquid Fuels - Temperature Correction) Determination 2016 (No. 2)

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

Excise (Volume of Liquid Fuels - Temperature Correction) Determination 2016 (No. 2) amends and replaces *Excise (Volume of Liquid Fuels - Temperature Correction) Determination 2016 (No. 1)*. The determination provides rules for working out the excisable volume of liquid fuel that is being delivered for home consumption which is then used for the purposes of working out the amount of excise duty payable on such fuel.

Human rights implications

This legislative instrument does not engage any of the applicable rights or freedoms as it is considered to be minor or machinery in nature. It provides greater certainty in relation to excise obligations around the measurement of liquid fuels.

Conclusion

This legislative instrument is compatible with human rights as it does not raise any human rights issues.