



Media Release

28 August 2007

BUSINESSES MISSING OUT ON CUSTOMS DUTY SAVINGS ON IMPORTED CAPITAL EQUIPMENT

Around two-thirds of businesses eligible to claim customs duty savings on imported capital equipment under the Enhanced Project By-Law Scheme (EPBS) are failing to do so, according to Brisbane business and corporate advisory firm BDO Kendalls.

BDO Kendalls Partner, David Wilson who leads the Indirect Tax practice as well as the firm's Mining, Energy and Resources sector group, says many businesses are either unaware of the savings available under the scheme, or believe that the paperwork involved is not worth the effort.

"Historically, savings for customs duty has not been well managed by businesses because it is not seen as a tax," Mr Wilson says.

"Often management or the board are unaware of the possible savings available under the scheme and fail to build it into their business plans.

"Businesses are missing an opportunity for significant savings under the scheme."

Mr Wilson says EPBS removes the 5 percent customs duty on eligible goods for significant projects across a number of industries.

"The EPBS concession applies to the mining, resource processing, agriculture, food processing, food packaging, manufacturing, gas supply, water supply and power supply industries," Mr Wilson says.

"To qualify eligible industrial projects must have a total project expenditure on capital goods of \$10 million or greater.

"Broadly, goods that are not produced in Australia or are technologically superior to goods produced in Australia are eligible for a concession under the EPBS."

"We are particularly seeing this in growing and expanding businesses looking to increase production. They may be putting on a new production line or adding new processing facilities. They receive approval to spend money, but there is no control to make sure that any available savings are achieved. That is where we come in."

Mr Wilson says that integral to the EPBS is the adoption of an Australian Industry Participation Plan to encourage the use of Australian industry in projects and global supply chains.

“EPBS applicants must implement a plan to demonstrate that they intend to provide full, fair and reasonable opportunity to Australian industry to participate in all aspects of the project.”

Mr Wilson says that the scheme is prospective and applications must be lodged with AusIndustry before eligible goods are imported.

“The application process involves two stages and applicants must meet the requirements under both stages to obtain the duty free concession,” Mr Wilson says.

“The first stage involves the lodgement of a project acceptance application and the second stage involves lodging an implementation report.”

Under the EBPS, eligible goods can be imported in separate shipments and still be covered by the concession.

For further information please contact:

Helen Pham of BDO Kendall's on 07 3237 5713 or
Kirsty Hetherington of Three Plus Consulting on 0421 203 684.

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