

# Customs role in revenue collection

It is not commonly known that Customs is a major tax agency, second only to the Australian Tax Office in revenue collected.

Apart from its collection of Customs duties, Customs also assesses and collects all indirect tax payable on imported goods. The indirect taxes include goods and services tax, wine equalisation tax, luxury car tax and the excise-equivalent customs duties on alcohol, petroleum and tobacco products.

These functions are all carried out on behalf of the Australian Taxation Office (ATO). Customs and the ATO also cooperate in the administration of tax concessions based on the export of goods.

Customs undertakes four main indirect tax functions:

- import processing, revenue collection and refunds
- export processing
- import and export compliance
- Tourist Refund Scheme.

Like the ATO, Customs integrates its tax-collecting functions into its wider activities. For example, import declaration processing integrates Customs responsibility for trade data collection, community protection and revenue collection (comprising the goods and services tax and other revenue streams). This integrated approach is both efficient and effective because it allows importers, exporters and travellers to meet a range of government obligations in one process.

A memorandum of understanding between Customs and the ATO defines the roles and responsibilities of the two organisations in relation to indirect tax administration at the border.

The two agencies meet regularly to ensure ongoing coordination. Recent items of discussion have included goods and services tax deferral and refunds, data transfer, public rulings, cargo examination procedures, compliance, administrative penalties, transition to Customs Integrated Cargo System and warehouse administration.

As part of its duties, Customs provides half-yearly goods and services tax performance and costing reports to a ministerial council comprising Australian Government and State and Territory Treasurers. These reports are required as part of the ATO reporting requirements under the Intergovernmental Agreement. The agreement provides that goods and services tax revenue is distributed to the States and Territories (less a funding allocation to the Commonwealth agencies that administer the GST).

