

Review of Customs and Excise Act

After nearly twenty years since its enactment, the Customs and Excise Act is finally being reviewed. Business needs to engage to make the most of this opportunity.

The [Customs and Excise Act Review](#) discussion paper covers a wide variety of areas. Some of the areas that the discussion paper seeks feedback on include:

- **A fresh approach to legislation** – moving to a principles-based Customs and Excise Act.
- **Information** – a new framework for collecting, using, storing, sharing and disposing of information.
- **Duties and GST** – various proposals on excise and excise-equivalent duty, refunds, managing the payment and recovery of import GST, and the valuation and reassessment of duty.
- **Sanctions** – the appropriateness of the current Customs and excise penalty structure.
- **Customs Controlled Areas** – proposals to ensure these are “designed and operated in ways that support effective Customs operations without interfering with efficient business practices.”

Submissions are due by 1 May 2015.

KPMG comment

It's about time! Since its passage in 1996, there have been significant advances in technology and trade which the current Act does not cater for. We therefore welcome the review of the Customs and Excise legislation.

KPMG supports the aim of the review to simplify compliance, ensure high levels of assurance but with a “light touch” approach, and to support New Zealand's international competitiveness. We also acknowledge the “business friendly” proposals put forward, including:

- allowing businesses to store records outside New Zealand;
- removing the need to get permits to move products between different Customs Controlled Areas; and
- giving NZ Customs discretion in collecting revenue.

However, we believe that more can and should be done as part of the review. For example, KPMG has previously submitted that:

- **NZ Customs should be able to issue valuation rulings.** Similar to how business can request a tax ruling or Advance Pricing Agreement on transfer pricing matters, from Inland Revenue, they would benefit from being able to get certainty from NZ Customs on the value for duty and GST.
- **Guidance is needed on how business can efficiently meet both transfer pricing and Customs requirements.** This is a key bugbear for business as the need to comply with different sets of rules imposes additional compliance and monetary costs. Business should consider how requirements can be streamlined to minimise additional costs and submit accordingly.

This is a golden opportunity for business to be heard and to influence change that adds value, improves the facilitation of trade, and enhances NZ Customs' operational effectiveness.

The danger here lies in keeping silent and hoping that positive change will occur naturally.

While not part of the Customs review, we note that GST on low value imports and digital downloads is being considered in parallel. This remains a highly topical issue. The international trend is to apply GST (or equivalent) to these cross-border transactions. There are recent suggestions that New Zealand could follow this trend.

A wide variety of businesses will be impacted by the Customs review including importers, exporters, freight forwarders, brokers, excisable goods manufacturers to list a few. This is a golden opportunity for business to be heard and to influence change that adds value, improves the facilitation of trade, and enhances NZ Customs' operational effectiveness. The danger here lies in keeping silent and hoping that positive change will occur naturally.

We therefore strongly encourage affected businesses to make submissions, not only on the areas covered in the discussion paper, but also on issues that are not addressed.

Further information

If you would like to discuss how the Customs and Excise Act review may impact your business, or need assistance in preparing a submission on the discussion paper, please contact your regular KPMG advisor or:

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