

Issue No 1 - August 2001

## Editorial Comment

The current climate in the Australian Automotive Industry is undergoing significant change.

Major impacts have been :

- Tariff phase down to 15% to end of 2004;
- Removal of the Duty Free Allowance;
- Expiry of the EFS scheme 31/12/2000;
- Implementation of GST
- Introduction of \$2 billion ACIS program.

The introduction of ACIS will provide assistance to the automotive industry in the context of trade liberalisation and will encourage investment in plant and equipment and intellectual property by way of innovation.

## What can we do?

Our aim - *the TCF Way* - is to assist clients by providing added-value automotive expertise throughout the entire automotive industry chain, including brokerage of ACIS credits.

Our team is dedicated to ensure that our automotive clients maximise their opportunities and entitlements under the ACIS scheme to achieve a sustainable future in the Australian market as well as overseas.

**Need an ACIS solution or questions answered? Then please feel free to contact our team if we can be of service.**

*Disclaimer - Before relying on the information contained in this newsletter, users should independently verify its currency, completeness and relevance for their purposes, and should obtain any proper professional advice. In particular, users should seek more detailed independent professional advice before making any investment or business decisions.*

## Compliance and Substantiation

Many participants in the Scheme have already, or will be visited by AusIndustry in the near future to gain an understanding of their business and to gauge the knowledge level that participants have of the scheme. Audit activities by AusIndustry will follow shortly. Businesses must ensure audit trails and assumptions used for quarterly claim purposes are able to stand up to audit scrutiny. Methodologies and estimates used should be documented and used to support each claim. Remember, AusIndustry Guidelines represent the minimum records required to comply with the scheme. **Anything less is regarded as non-compliant. Need help?**

## Business Plans: Q3 Update

Business plans lodged as part of the initial registration will be required to be updated in Q3 lodgement. Most participants are now familiar with the requirements of the scheme, so business plan data should be approached carefully, with a sound basis, as this will be used to determine the modulation rate in later quarter claims. Remember, AusIndustry are unable to repay credits at a later date due to modulation reducing the value of credits.

## Feature Articles

Tooling / Plant and Equipment - Isolating the R&D portion.

### ■ In-house built Tooling/P&E used to produce ACIS goods and services:

Wherever possible, identify the design /development/prototype portion and claim this as part of R&D at 45% to maximise benefits. Use of internal work-order requests /project methodologies will also assist in keeping track of this area.

### ■ Externally sourced Tooling/P&E used to produce ACIS goods and services:

Orders placed for supply of tooling / P&E on suppliers and subsequent invoices should identify where possible the design and development cost associated with the tooling or P&E. This will then take the form of contracted R&D under ACIS and will be able to be claimed at 45%. However, the expenditure can only be claimed once, so be sure to check whether the supplying party is registered for ACIS.

## Brokerage

TCF also specialise in the brokerage of credits under the ACIS scheme. Our aim is to maximise the return to the claimant relative to both the application process in achievement of the 5% cap and the brokerage price. Primarily due to an anomaly between the ACIS Administration ACT and the Customs Act, ACIS Duty Credits have not been able to be used for refund purposes against vehicles or automotive parts entered for home consumption as was previously allowed under the prior EFS Scheme. AusIndustry have now advised that a solution to allow refund usage should be in place by end of August. As such, we predict that demand will increase and the transaction turnaround time for the transfers and sale of ACIS Duty Credits will once again occur within 5 working days after receipt of allocation from AusIndustry.

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### Comments? / Feedback?

Is there anyone you would like to add to the mailing list?  
Contact us **by E-Mail: [kristine@tcfservices.com.au](mailto:kristine@tcfservices.com.au)**