



DELIVERING THE FUTURE



5th Mar, 2003

Trade Management Bulletin

AUSTRALIAN MADE GOODS LIABLE TO DUTY IN NZ

In the last few weeks we have received a number of requests for assistance to determine whether specific goods produced in Australia that have been entered into NZ free of duty under the ANZCERTA provisions are in fact eligible for this duty concession.

Some of these requests are as a result of the exporter being asked by NZ Customs to provide evidence of eligibility to support the claim for duty free admission.

In our discussions with exporters there appears to be a general lack of understanding of the eligibility criteria for duty free admission which in some cases have resulted in claims by NZ Customs for the payment of duties and the threat of possible penalty action.

There appears to be two common misconceptions. How the cost of the goods on which the local content is calculated and the place at which those costs are calculated.

For goods to be eligible for duty free admission under ANZCERTA, not less than 50% of the total factory or works cost of the goods must be represented by labour, materials and factory overheads of Australia and/or NZ.

The total factory and works costs of the goods is not the selling price of the goods to NZ, it is the cost to produce the goods, so does not include any local profit margins.

The legislation also provides that the factory and works costs are those incurred at the factory that undertakes the last process of manufacture of the goods. This provides particular difficulties for textile exporters who subcontract the Cut, Make & Trim (CMT) as the CMT house is deemed by the legislation to be the place where the factory and works costs are calculated.

Given the apparent increased activity of NZ Customs in verifying preferential duty claims, it would be prudent for all exporters of Australian produced goods claiming duty free entry into NZ to ask the following question.

Are 50% or more of the costs incurred to produce the goods by the factory that undertakes that last process of manufacture, costs related to labour, materials or factory overheads of Australia and/or NZ?

If there is any doubt to the answer to this question a more detailed review should be undertaken and where necessary a ruling obtained from NZ Customs.

For more information please make an appointment with one of our International Trade Advisors.

TCF Trade Management Pty Ltd

Sydney

Phone: +61 2 8219 4900

Fax: +61 2 8219 4999

Melbourne

Phone: +61 3 9379 0022

Fax: +61 3 9379 0991

email: info@tcfservices.com.au

Postal Address:

PO Box 141, Surry Hills, Sydney NSW 2010