



Excise Tax

May 2022



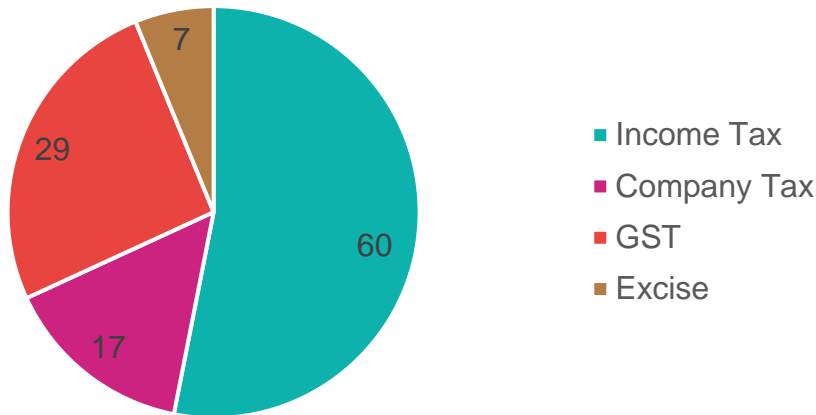
NEW ZEALAND
CUSTOMS SERVICE
TE MANA ĀRAI O AOTEAROA

**Protecting and promoting
New Zealand across borders**

What is Excise Tax?

- Excise taxes are selective consumption taxes levied on targeted products or activities.
- Often referred to as sin taxes
- Well established component of national tax policies

NZ Tax Revenue 2024

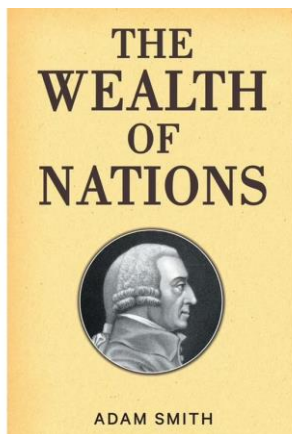


Origins of excise



3000BC the Ancient Egyptians were taxing grain, cattle, cooking oil and beer.

Modern Excise duties originated in the Netherlands in the 15th Century



Adam Smith wrote in his 1776 book The Wealth of Nations, “sugar, rum, and tobacco are commodities which are no where necessaries of life, which are become objects of almost universal consumption, and which are therefore extremely popular subjects of taxation.”

Nature of Excise

- Consumption tax targeted at specific products
- Formerly targeted at products that would produce easy revenue
- Now targeted at products that create social and environmental harm
- Often the revenue raised is used to fund services that ameliorate the social or environmental costs.
- Specific rates of tax, rather than ad valorem
- Tax is levied early in the value chain (usually at producer/manufacturer level)
- Usually, but not always collected by Customs agencies

Sunset excise taxes



Public health pressure is fast reducing tobacco consumption



Fossil fuels are being replaced by new technologies

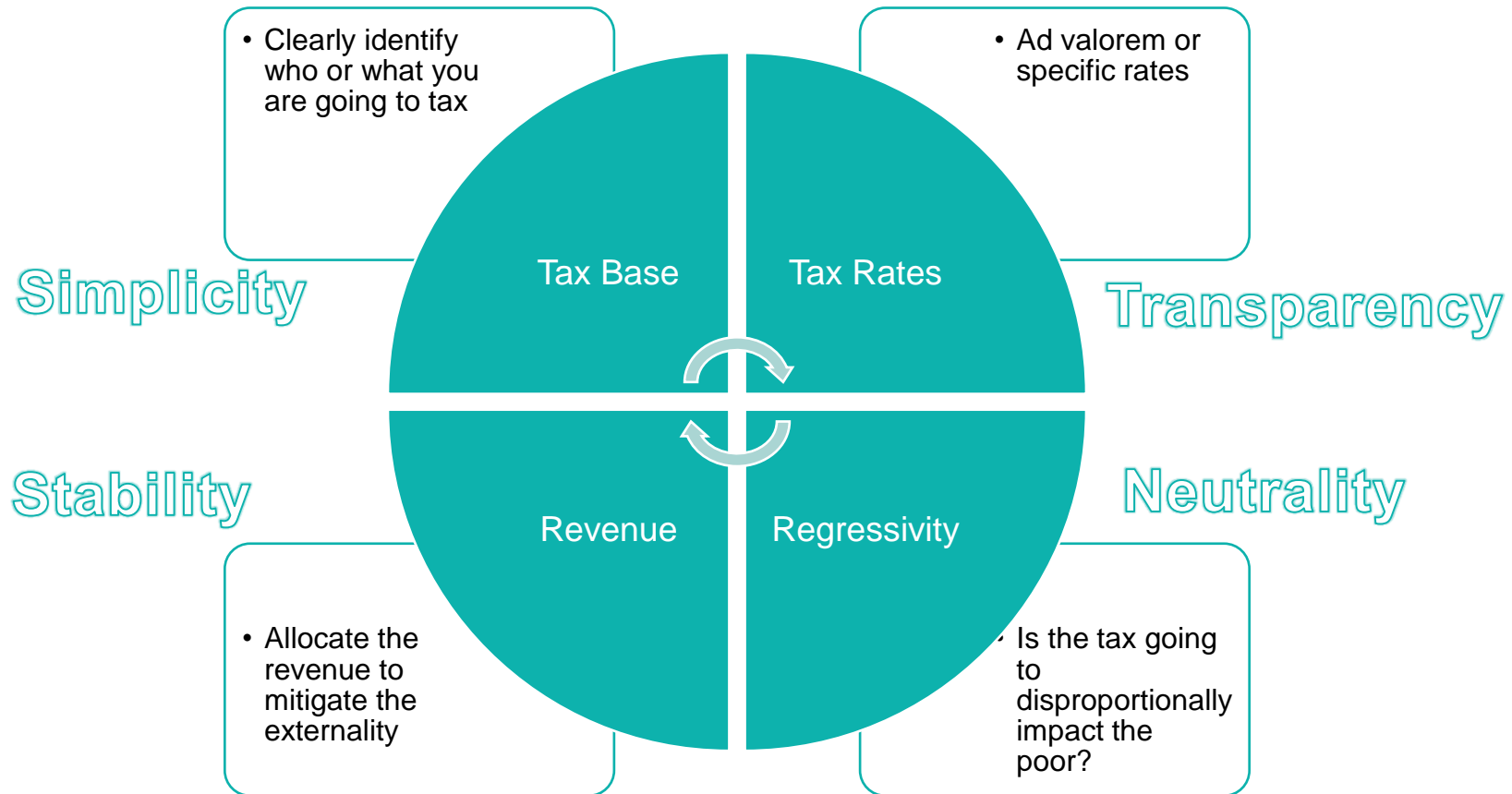


Alcohol is still a strong earner but is subject to public health pressure as well

Emerging excise type taxes

- Sugar and sugary drinks
- High fat foods
- Vapes
- Cannabis
- Carbon tax
- Refrigerants and synthetic greenhouse gases
- Single use plastics
- Road user charges
- Product stewardship fees – tyres, batteries
- Gambling taxes

Excise Tax Best Practice



What we collect in NZ

Duty	Alcohol	Tobacco	Fuel	RUC*	Total
Excise (domestic production)	\$808m	\$2m	\$31m	\$1839m	\$2680m
Excise equivalent (imports)	\$431m	\$1473m	\$2002m	-	\$3906m
	\$1239m	\$1475m	\$2033m	\$1839m	\$6586m

From

827 Domestic Excise Clients

*RUC from diesel and EV owners, by NZTA

Wineries breweries distilleries

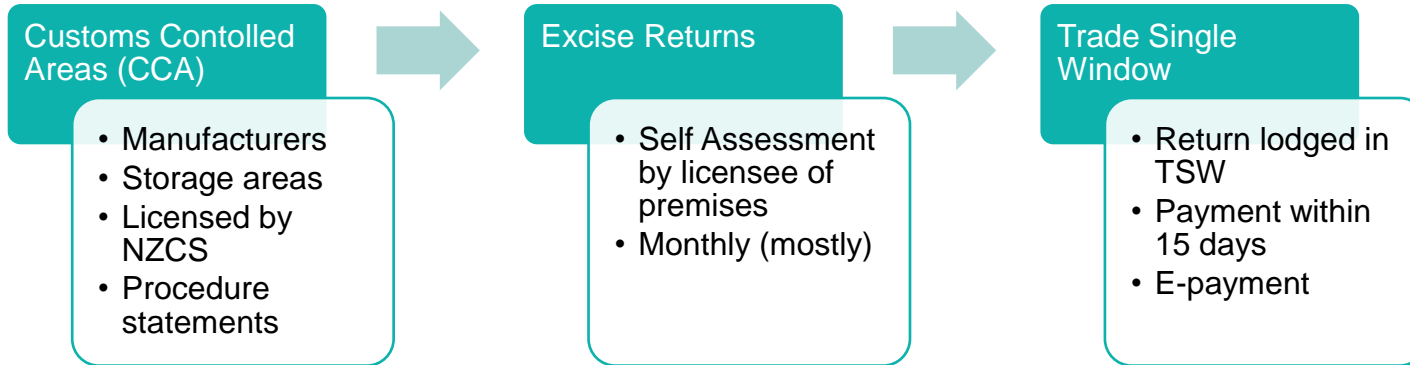
Gasfields

Bottlers and labellers

Refineries and Tank farms

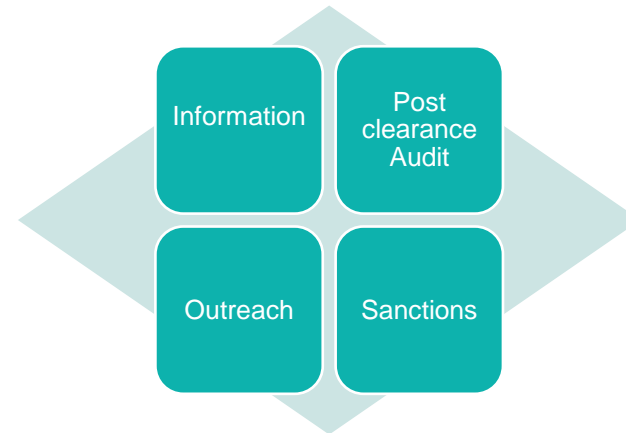
Storage and logistics

How we collect it

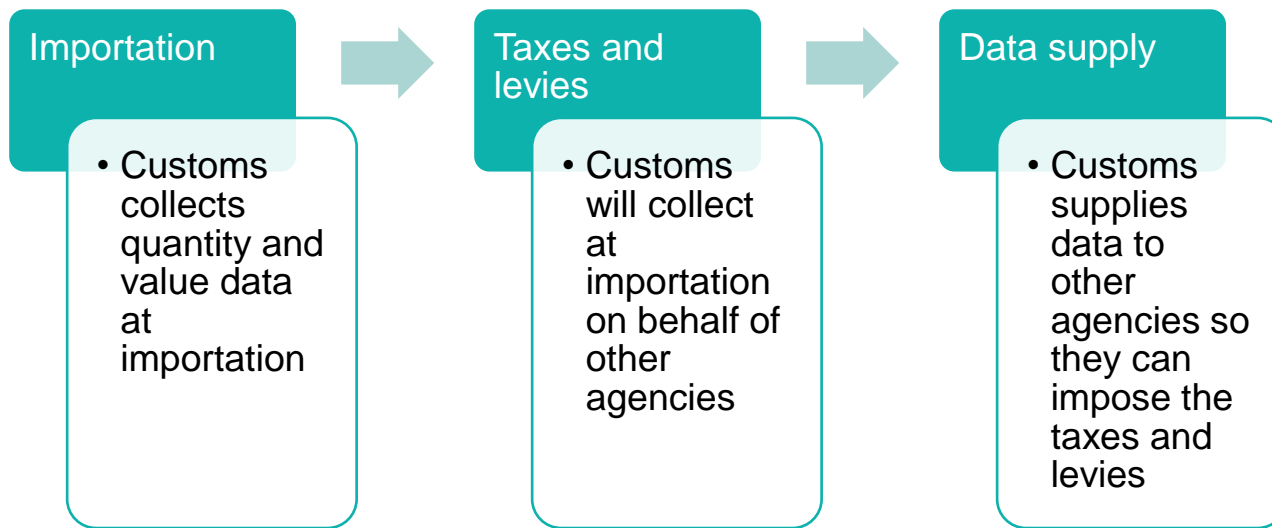


Compliance and Assurance

We provide information and work with clients
We audit them and collect intelligence
We can apply additional duty and other sanctions



How we collect it 2



In NZ Customs collects the 'sunset' excise taxes but newer levies like those on Refrigerants and SGGs are done on behalf of the Ministry of the Environment. For the tyre stewardship scheme Customs supplies data to MFE and they collect the fees from the importers.

Thank you for listening