



## GST, excise, LCT, WET and PRRT

Learn about GST, excise (on alcohol, tobacco and fuel products) and taxes on luxury cars, wine and petroleum resources.

### **GST**



Explains how goods and services tax (GST) works and what you need to do to meet your GST obligations.

### **Excise equivalent goods (imports)**



Customs duty obligations for importers and warehouse users of alcohol, tobacco, fuel or petroleum products.

### **Excise on alcohol**



Your excise obligations for alcohol (excluding wine).

### **Excise on fuel and petroleum products**



Your excise obligations for fuel and petroleum products that are manufactured or stored in Australia.

### **Excise and excise-equivalent warehouse licences register**



Check which entities hold excise licences or customs excise-equivalent warehouse licences.

### **Tobacco and excise**



Your excise obligations for tobacco that is produced, moved, stored or manufactured in Australia.

### **Luxury car tax**



Explains luxury car tax including payments, importation, adjustments, credits, refunds, and record keeping.

### **Wine equalisation tax**



Explains WET including credits, rebates and how to report and pay WET.

### **Petroleum resource rent tax**



Explains concepts, risks and recordkeeping rules for the tax on profits from selling petroleum commodities.

### **Guide to self assessment for indirect taxes**




A guide to the self-assessment changes for indirect tax laws.

QC 81468

## **Excise and excise-equivalent warehouse licences register**

Check which entities hold excise licences or customs excise-equivalent warehouse licences.

**Last updated** 29 August 2025

The [excise and excise-equivalent warehouse licences register \(XLSX, 122KB\)](#)  contains information relating to entities that hold:

- an excise licence
- a customs excise-equivalent warehouse licence.

You can use this public register to find each licence holder's name, their Australian business number (ABN), and whether they hold a licence that we have issued under the *Excise Act 1901* (Excise Act) or the *Customs Act 1901* (Customs Act).

You may find this information useful to find out if entities you intend to work with hold a licence, or if you want to seek the services of a licence holder to expand or diversify your business.

We update the register periodically – the spreadsheet you download will show when the register was last updated.

You can also contact us for more information about [fuel and petroleum](#) or [alcohol](#) licences and permissions of third parties you deal with.

QC 102801

## Wine equalisation tax (WET)

Explains WET including credits, rebates and how to report and pay WET.

**Last updated** 19 March 2025

**About WET**



Introduction to the Wine Equalisation Tax and how it has changed

## Registering for WET



Who needs to register for wine equalisation tax (WET), how to register and how to cancel your registration.

## Products WET applies to



Explains what wine equalisation tax (WET) does and doesn't apply to.

## When you have to pay WET



Explains at what stage you pay wine equalisation tax (WET) and who doesn't have to pay WET.

## How much to pay



WET is calculated on the taxable value of assessable dealings such as sales, imports and applications to own use.

## Price of wine for WET purposes



How to make sure you pay the right amount of wine equalisation tax or claim the right producer rebate amount.

## WET credits



When you are and aren't entitled to a wine equalisation tax (WET) credit.

## Producer rebate



You may be entitled to a wine producer rebate (or credit).

## Reporting and paying WET



How to report and pay WET, claim credits, correct errors and contact us with your queries.

QC 22734

## About WET

Introduction to the Wine Equalisation Tax and how it has changed over time.

**Published** 19 March 2025

If you make wine, import wine into Australia or sell it by wholesale, you'll generally have to account for wine equalisation tax (WET).

## What is WET?

WET is a tax of 29% of the wholesale value of wine. It is generally only payable if you are registered or required to be registered for GST.

It's designed to be paid on the **last** wholesale sale of wine, which is usually between the wholesaler and retailer. WET may apply in other circumstances – such as cellar door sales or tastings – where there hasn't been a wholesale sale.

WET is also payable on imports of wine (whether or not you are registered for GST).

Watch the below webinar for more information on how the WET system works, including:

- assessable dealings and exemptions
- calculating WET
- WET credits
- producer rebate
- reporting requirements.

**Watch**

**Media:** WET: Back to basics

<https://tv.ato.gov.au/ato-tv/media?v=bd1bdiunqnrtnq>  (Duration: 57:01)


## Changes to WET

From 1 October 2017, the test for whether producers are associated for the purposes of the rebate cap is applied at any time during the financial year.

From 1 July 2018:

- the [producer rebate](#) cap for each financial year is \$350,000 (reduced from \$500,000)
- tightened eligibility criteria for the producer rebate apply to all wines
- there are reduced circumstances where you can claim a [WET credit](#)
- you must include new information when [buying wine under quote](#).

Some of these changes also applied from 1 January 2018 for 2018 vintage wines.

For more information on how these changes affect your business watch this [webinar](#) .

If these changes mean that you no longer pay WET or can no longer claim WET credits, find out how to [cancel your registration](#).

# Registering for WET

Who needs to register for wine equalisation tax (WET), how to register and how to cancel your registration.

**Last updated** 19 March 2025

## Who needs to register

You need to [register for wine equalisation tax \(WET\)](#) if you are registered or required to be registered for GST and have assessable dealings with wine.

Once you've registered, your business activity statement (BAS) will have labels for you to report WET payable and WET credits for each tax period.

If you are a wine retailer (such as a cafe or restaurant) you don't need to register for WET unless you:

- make wholesale sales
- bottle your own wine.

## Cancelling your registration

If your business changes (or ceases) and you no longer need the WET labels on your BAS, you need to [cancel your WET registration](#).

QC 22765

## Products WET applies to

Explains what wine equalisation tax (WET) does and doesn't apply to.

**Last updated** 19 March 2025

## When WET applies

WET applies to the following beverages when they contain more than 1.15% by volume of ethyl alcohol, regardless of the size of the container in which they're packaged in:

- grape wine (including sparkling and some [fortified wine](#))
- grape wine products (such as marsala)
- fruit wines and vegetable wines
- cider and perry (although, [WET doesn't apply to all cider and perry](#))
- mead
- sake.

For the purposes of WET these products are all referred to as wine.

For more information, see [Wine Equalisation Tax Ruling \(WETR 2009/1\)](#) – *The operation of the wine equalisation tax system* (paragraphs 8 to 36).

## Fortified wine

When wine is fortified, either WET or excise applies, depending on the type of wine and its alcoholic strength.

For wine that can be fortified (such as grape wine, grape wine products and fruit or vegetable wines), WET applies to end products that contain 22% alcohol (or less) by volume. For more information, see [Excise on fortified wine](#).

## Products WET doesn't apply to

WET doesn't apply to the following beverages:

- beer
- spirits
- liqueurs
- pre-mixed spirits
- some flavoured ciders



- ready-to-drink designer drinks.

If these beverages have an alcohol content of more than 1.15% they are subject either to:

- excise duty, if they're manufactured in Australia
- customs duty, if they're imported.

For more information, see [Excise and excise equivalent goods](#).

QC 22736

## When you have to pay WET

Explains at what stage you pay wine equalisation tax (WET) and who doesn't have to pay WET.

**Last updated** 19 March 2025


## Types of transactions

If you make wine, import wine into Australia or sell it by wholesale, you normally have to pay WET. It's a once-off tax on the value of the wine and applies when you sell or deal with wine:

- through [wholesale sales](#)
- through [some retail sales](#) (for example, cellar door sales and retail sales of repackaged bulk wine)
- [for own use](#) where WET has not already been paid
- by [importing into Australia](#).

## WET and GST

With the exception of imports, WET is only payable if you are registered or required to be registered for GST. It is designed to tax the last wholesale sale of wine in Australia, usually this is a sale from a wholesaler to a retailer.

If you import wine, WET is payable directly to the [Department of Home Affairs](#)  at the time of importation.

## Exempt transactions

Transactions are exempt from WET when:

- [the transaction happens 'under quote'](#) (the buyer quotes their ABN to the seller in the approved form)
  - this typically happens when there is an earlier wholesale transaction, such as between a producer and distributor, before the wine reaches the retailer
- [the wine is GST-free](#) – for example, when it's being [exported](#) and WET has not already been paid on the wine.

Watch the below webinar for more information on how the WET system works.

**Media:** WET: Back to basics

<https://tv.ato.gov.au/ato-tv/media?v=bd1bdiunqnrtnq>  (Duration: 57:01)

### Wholesale sales

WET is payable on wholesale sales. Most commonly, these are sales to businesses that will then sell the wine by retail.

### Retail sales

If you haven't already paid WET on wine or have repackaged bulk wine, you need to pay WET when it is sold by retail.

## Wine for own use

If WET hasn't already been paid, it's payable on any wine that you use yourself.

## Imported wine

WET is payable on wine imported into Australia.

## Exemptions

A wine transaction is exempt from WET if it is a GST-free supply or if the purchaser quoted their ABN.

QC 22739

# Wholesale sales

WET is payable on wholesale sales. Most commonly, these are sales to businesses that will then sell the wine by retail.

**Last updated** 19 March 2025

WET applies to all wholesale sales of wine in Australia but is generally paid only on the last wholesale sale – such as a sale from a winery or distributor to a restaurant or bottle shop.

If there's an earlier wholesale sale before the wine reaches the retailer – for example, a sale from a winery to a distributor – it's exempt from WET if the sale is [GST-free](#) or the transaction happens [under quote](#).

If you're selling wine wholesale and registered or required to be registered for GST then you must both:

- charge WET on the sale
- show the amount of WET on the invoice.

The exception is when either:

- you receive a valid ABN quotation from the buyer at or before the time of sale
- the sale is GST-free.

If you regularly sell wine to buyers who are entitled to quote their ABN, they can provide you with a periodic quote to cover their eligible wine purchases for up to one year. This means they don't need to provide you with a quote every time they buy wine.

You should monitor the dates on these periodic quotes to ensure the quotes are still valid.

QC 22742

## Retail sales

If you haven't already paid WET on wine or have repackaged bulk wine, you need to pay WET when it is sold by retail.

**Last updated** 19 March 2025

## When WET applies to retail sales

WET usually doesn't apply to retail sales. However, you generally have to pay WET on a retail sale if there hasn't already been a wholesale sale where WET was payable. Examples can include:

- you're a wine producer who makes retail sales
- you bottle bulk wine and make retail sales of it
- you're a wholesaler who also makes retail sales and you bought the wine under quote.

## Definition of retail sales

Retail sales are sales made directly to the consumer and include:

- sales through the internet (including internet auctions)

- mail order
- wine clubs
- cellar doors
- bottle shops
- hotels
- restaurants and cafes.

## Re-packaging wine for retail sale

If you purchase bulk wine at a price that includes WET, and then repackage the wine for retail sale, you'll be liable for WET.

Where you become liable for WET on the sale of the re-packaged wine, you can claim a [credit](#) for any WET you paid on the bulk wine you purchased.

QC 22744

## Wine for own use

If WET hasn't already been paid, it's payable on any wine that you use yourself.

**Last updated** 19 March 2025

You have to pay WET on wine that you use yourself if WET hasn't already been paid on the wine.

For example, you need to pay WET if you're a wine producer or you obtain wine under quote, and you:

- consume the wine yourself
- give the wine away (for example, wine used for tastings or promotional purposes)
- transfer ownership of the wine under a contract other than a contract of sale (for example, wine used to pay off a debt in kind or donated to charity)

- grant any right or permission to use the wine (for example, a winery that allows a retail store to use its wine for promotional tastings).

QC 47421

## Imported wine

WET is payable on wine imported into Australia.


**Last updated** 19 March 2025

The Department of Home Affairs (Home Affairs) administers and collects WET payable on wine imported into Australia, including wine that is part of your personal effects and wine sent to you as a gift from overseas.

WET is payable at the time of importation, unless:

- you're entitled to defer the WET by quoting your ABN
- certain other import-related exemptions apply.

For enquiries about:

- calculating WET at importation – contact [Home Affairs](#) 
- quoting your ABN to defer WET payments on imported wine – [contact us about WET](#).

If you export wine and then re-import the same wine without paying tax on the importation, and you later sell that wine by retail sale or use it yourself, you'll need to repay any previously claimed [WET credits](#).

QC 22747

## Exemptions

A wine transaction is exempt from WET if it is a GST-free supply or if the purchaser quoted their ABN.

Last updated 19 March 2025

## GST-free supplies

Wine is normally exempt from WET if the supply of the wine is GST-free.

## Buying under quote

In certain circumstances you can quote your ABN when you buy wine and WET will not be payable by the supplier.

QC 22741

# GST-free supplies

Wine is normally exempt from WET if the supply of the wine is GST-free.

Last updated 19 March 2025

Wine is exempt from WET if the:

- transaction is a GST-free supply
- purchaser [quotes at or before the time of the sale](#) in the approved form.

## Types of GST free supplies

The most common GST-free supplies are:

- exports from Australia, including
  - wine exported under a contract of sale
  - duty-free wine sales to travellers under the sealed bag system

- wine to be consumed on international flights and voyages
- wine supplied in hospitals, religious services or educational courses to end users.

## Exporting wine on behalf of a buyer

If you export wine on behalf of a buyer (including overseas travellers), you're exempt from paying WET and GST as long as you export the wine from Australia either within 60 days of providing the invoice or receiving payment, whichever occurs first.

You need to keep any evidence of this export in your records so you can explain why you treated the wine as exempt.

Until 30 June 2018, you could claim a credit for WET you've already paid on 2017 and earlier vintage wine that you export GST-free.

You can't claim a credit in these circumstances for:

- 2018 and later vintage wine from 1 January 2018
- 2017 and earlier vintage wine from 1 July 2018.

## Purchases made under quote

A sale to hospitals, churches or educational institutions to enable them to provide wine to end users is not GST-free. However, these purchases may be made [under quote](#).

The hospital, church or educational institution normally makes the GST-free supply to the end user.

[GST Act 1999: Division 38 \(GST-free supplies\)](#) details the requirements that hospitals, religious services or educational courses need to meet.

QC 22743

## Buying under quote



In certain circumstances you can quote your ABN when you buy wine and WET will not be payable by the supplier.

**Last updated** 19 March 2025

In certain circumstances you can quote your ABN when you buy wine and the sale is then exempt from wine equalisation tax (WET). This is known as buying wine 'under quote'.

## Entitlement to quote

You're only entitled to buy wine under quote if you're registered for GST and meet one of the following conditions:

- You intend to sell the wine by [wholesale](#) or indirect marketing sale while the wine is in Australia.
- You are mainly a wholesaler and intend to sell the wine by any kind of sale in Australia. You are defined as mainly a wholesaler if your wholesale sales in the last 12 months (or expected sales in the next 12 months) will be more than half of all your wine sales.
- You intend to use the wine in manufacture or other treatment or processing, for example, in the manufacture of cakes.
- You intend to supply the wine [GST-free](#), for example, by exporting it.

If you're buying wine in circumstances other than the above, but you believe you should be able to quote, you can [contact us](#) for advice.

## How to quote

Your quote must be in the [approved form](#) so it contains all the information required. You can quote your ABN on the order form for the wine, or on any other document that the supplier will keep that identifies the particular wine (such as a delivery slip, acknowledgment of receipt or duplicate invoice).

Whatever format you use, you must tell the producer on your quote if you:

- intend to have a taxable dealing with the wine
- intend to

- sell the wine GST-free
- sell the wine under quote
- use the wine as an input into manufacture or other treatment or processing.

If your quote indicates your intention to have a taxable dealing with the wine and you subsequently do not, you will have to pay WET on the later dealing.

If you buy wine for a price that included WET and then on-sell the wine, any quote that the purchaser provides you when you sell the wine is ineffective. The sale will **not** be exempt from WET. You will be [liable for WET](#) on the sale, but you can claim a [credit](#) for WET you previously paid on the wine.

**Note:** a quote will only be effective if it is provided at or before the time of the dealing it relates to.

## Providing a periodic quote

If you regularly buy wine from certain suppliers, you can provide a periodic quote to each supplier to cover your wine purchases for up to a year. Once a periodic quote is in place you don't need to provide the supplier with a new quote every time you buy some wine.

The periodic quote must:

- contain the information required for the quote to be in the [approved form](#)
- specify the period it covers (no more than one year)
- be provided to the seller at or before the time of the first dealing to be covered by the quote.

If you have a periodic quote in place you must notify the supplier at or before the time you purchase wine if you:

- make a purchase from the supplier that you are not entitled to quote for
- intend to deal with the wine you purchase from the supplier differently from what you stated in your periodic quote.

If you're importing wine, periodic quoting is **not** available. You can quote your ABN to the Department of Home Affairs or authorise your customs broker to do this for each importation.

For more information, see [WETR 2009/1](#) *Wine equalisation tax: The operation of the wine equalisation tax system (Appendix 1)*.

QC 47422

## How much to pay

WET is calculated on the taxable value of assessable dealings such as sales, imports and applications to own use.

**Last updated** 19 March 2025

WET is 29% of the taxable value of 'assessable dealings', such as sales, imports and own use of wine.

The taxable value of a wholesale sale is the price for which the wine is sold, before WET and GST are applied.

Depending on individual contracts of sale, the price for which the wine is sold may:

- include amounts such as freight costs
- be decreased by settlement discounts or volume rebates.

### Wholesale sales



How to calculate WET and GST on wholesale sales.

### Retail sales and own use



Check which method works for your circumstances to calculate WET on retail sales and applications to own use of wine.

## Non-arm's length sales



A wine's taxable value must be based on prices that would be used if the transaction was at arm's length.

## Imported wine



The Department of Home Affairs collects WET on wine imported into Australia.

QC 22749

# Wholesale sales

How to calculate WET and GST on wholesale sales.

**Last updated** 19 March 2025

There are 2 steps to calculate WET for wholesale sales:

1. Apply the 29% WET rate to the sale price of the wine (excluding GST).
2. Calculate the GST on the WET-inclusive price.

If you sell wine by wholesale for a price that includes WET you must show the amount of WET on the invoice given to the buyer. For more information, see:

- [Invoices with a combined wine equalisation tax-goods and services \(WEG\) label](#)
- [GST – issuing tax invoices.](#)

## Example: how to work out the wholesale price

Alison has a winemaking business. She sells grape wine to a bottle shop for \$120 a dozen bottles before tax.

Alison works out the total wholesale selling price as follows:

1 dozen wine bottles	\$120.00
<b>Plus</b> WET at 29% $\$120.00 \times 0.29$	\$34.80
<i>Sub-total</i>	\$154.80
<b>Plus</b> GST at 10% $\$154.80 \times 0.1$	\$15.48
<b>Total wholesale selling price</b> $\$120.00 + \$34.80 + \$15.48$	<b>\$170.28</b>

Some wine sellers use commission agents to facilitate their wine sales. Where the agent deducts a fee from the proceeds of sale, this fee doesn't reduce the selling price of the wine.

QC 22750

## Retail sales and own use

Check which method works for your circumstances to calculate WET on retail sales and applications to own use of wine.

**Last updated** 19 March 2025

For taxable retail sales and own use of wine you use a notional wholesale selling price to calculate the amount of WET to pay.

There are 2 ways to calculate the notional wholesale price:

- [half retail price](#)
- [average wholesale price](#).

For grape wine you can use either method. For wine other than grape wine you must use the half retail price method.

## Half retail price method

To calculate the notional wholesale selling price:

- work out 50% of the retail value
  - for retail sales this is 50% of the sale price, including WET and GST
  - for own use of wine, this is 50% of what the price, including WET and GST, would have been if you sold the wine by retail
- multiply that amount by 29% to work out the WET payable.

### Example: half retail price method

Happy Valley Wines makes a retail sale of one dozen bottles of grape wine at the cellar door for \$140, including WET and GST. A bottle of the same wine is used for tastings at the cellar door.

The value is worked out as follows:

- Value of a dozen bottles =  $\$140.00 \times 50\% = \$70.00$
- WET payable per dozen =  $\$70.00 \times 29\% = \$20.30$
- Taxable value of one bottle of this wine =  $\$70.00 \div 12 = \$5.83$
- WET payable on the bottle used for tasting =  $\$5.83 \times 29\% = \$1.69$

## Average wholesale price method

This method is only for grape wine. You can only use this method if, during the relevant tax period, at least 10% by value of all your sales of grape wine are wholesale sales of grape wine that is:

- of the same vintage as the grape wine to which the retail sale or own use relates

- produced from the same grape varieties or blends of grape varieties as the grape wine to which the dealing relates.

To work out the average wholesale price you use the weighted average of the prices of the wholesale sales (including exports) of wine that fall into this category for each tax period.

By using the weighted average you take into account the relative proportion of each type of wine you sell, and also any discounts, incentives or similar that may reduce the wine's selling price.

### Example: average wholesale price method

Good Wines Winery produces a variety of wine which they sell by wholesale and directly to customers at the cellar door.

In the first week of September, they sell a dozen bottles of their 2014 Verdelho to a cellar door customer for \$190 (inclusive of WET and GST).

During the rest of September, they sell additional bottles of the 2014 Verdelho, including some to distributors.

In preparation for their September BAS, they work out that more than 10% of their sales of the 2014 Verdelho are wholesale sales to distributors.

Good Wines Winery chooses to use the average wholesale price method to calculate the taxable value and the WET payable for their retail sales of this wine in September.

The break up for the different wholesale prices for their 2014 Verdelho sales is:

- 70% at \$80 per dozen (excluding WET and GST)
- 30% at \$90 per dozen (excluding WET and GST).

The calculation of the WET payable on a dozen of the 2014 Verdelho sold at the cellar door during the tax period involves 2 steps:

- **Step 1** – Work out the weighted average price of the wholesale sales of 2014 Verdelho. The calculation is  
 $((70\% \times \$80) + (30\% \times \$90)) = (\$56 + \$27) = \$83$

- **Step 2** – Multiply the weighted average price by the WET percentage (29%). The calculation is  $(\$83 \times 29\%) = \$24.07$ .

The amount of WET payable for the cellar door sale of a dozen 2014 Verdelho is \$24.07.

The GST calculation is unaffected by the difference between retail and wholesale sales. GST is calculated on the retail price of the dozen bottles of 2014 Verdelho. The GST amount is calculated as  $(\$190 \div 11) = \$17.27$ .

QC 22751

## Non-arm's length sales

A wine's taxable value must be based on prices that would be used if the transaction was at arm's length.

**Last updated** 19 March 2025

Non-arm's length transactions may occur where a relationship exists between the parties to the transaction – for example, a transaction that involves:

- an associated company
- staff or shareholders
- suppliers (such as grape growers who supply grapes to wine producers).

If you have a non-arm's length transaction, your liability to WET (or entitlement to a [WET credit](#)) is taken to be the amount that it would have been if the transaction was at arm's length.

QC 22754




# Imported wine

The Department of Home Affairs collects WET on wine imported into Australia.

**Last updated** 19 March 2025

The Department of Home Affairs administers and collects WET payable on wine imported into Australia.

The taxable value of imported wine is the GST importation value. This is the customs value plus the costs of transport, insurance and duty (if any).

[Home Affairs](#)  can help you calculate WET at importation.

For more information, see [When you have to pay WET – Imported wine](#).

QC 22753

## Price of wine for WET purposes

How to make sure you pay the right amount of wine equalisation tax or claim the right producer rebate amount.

**Last updated** 19 March 2025

To make sure you pay the right amount of WET or claim the right producer rebate amount, it is important that you correctly determine the price you sell your wine for.

## Correctly determine the price

Price has the same meaning for WET and GST. It is the amount payable for the supply. Ordinarily, the price will be the amount you specify on the invoice you give to the purchaser.

However, when you make payments to a purchaser of your wine, the price will be affected by amounts you pay to the purchaser. This

includes amounts:

- paid prior to the sale of the wine
- offset against the price of the wine (reducing the amount you receive from the purchaser of the wine)
- paid at some later point in time.

When working out whether the amounts you pay to a purchaser of your wine affect the selling price of the wine, you need to determine:

- what the payments are for
- if you are receiving specific services in exchange for them.

You will need to do this regardless of how the payments are described in invoices or other documentation.

Determining the price of wine when working out how much WET to pay or how much rebate you can claim can be complex.

Sometimes the arrangement between you and the purchaser of your wine may involve some payments which:

- [will reduce the selling price](#)
- [won't reduce the selling price.](#)

If you're unsure about how payments made to purchasers of your wine should be treated, you should [contact us](#) for advice.

For more information, see:

- [WETR 2009/1](#) *Wine Equalisation Tax: The operation of the wine equalisation tax system*
- [GSTR 2000/19](#) *Goods and services tax: making adjustments under Division 19 for adjustment events*

## Payments that reduce the selling price

If you pay an amount to a purchaser that **relates** to the sale and selling price of the wine, the payment will reduce the price. Types of payments that reduce the selling price include:

- trade discounts
- volume rebates

- deferred credits
- settlement discounts
- distributor margin payments.

### **Example 1: payment that reduces the selling price**

ABC Winery sells wine by the case to a distributor for \$100. Under the terms of the sales agreement, the distributor invoices ABC Winery an amount of \$10 per carton, described on the invoice as a 'distributor margin'. This payment covers the distributor's general costs like freight, administration, storage, invoicing, sales monitoring, debt collection, wastage and internet costs.

The \$10 fee charged by the distributor is not for specific services being provided to ABC Winery. Rather, the amount charged by the distributor discounts the price of the wine that ABC Winery has sold to the distributor. The price ABC Winery use to calculate their WET liability or producer rebate is the reduced price of \$90.

## **Payments that don't reduce the selling price**

If you make payments to the purchaser that compensate, reimburse or reward them for specific services they provide to you, these amounts do **not** reduce the selling price of your wine.

Payments that do not reduce the selling price of wine must be for services provided to you by the purchaser for the specific benefit of your product or brand. Such services include:

- positioning your wine in a prime position in a bottle shop so it is marketed in a way that is better than the marketing of other wines in the shop
- advertising your wine as 'wine of the month' in the retailer's sales catalogue.

In both instances, you're paying a fee for specific services provided by the purchaser that promote your brand above and beyond other brands they have for sale.

In these circumstances, each supply (wine supplied by you and services supplied by the purchaser) is independent and must be accounted for separately.

Types of payments that do not reduce the selling price include:

- promotional rebates
- marketing fees
- advertising rebates
- co-operative advertising allowances
- gondola end payments.

### **Example 2: payment for specific services that does not reduce the selling price**

WYZ Estates sells wine to a distributor for an invoiced price. WYZ Estates agrees to pay the distributor \$15,000 to promote and market WYZ's product and brand at three trade shows during the year and feature WYZ's product as 'wine of the month' in two of its monthly catalogues.

Because the payment by WYZ Estates is for specific services provided by the distributor, the price WYZ Estates sells their wine for is unaffected. The price of the wine is the full invoiced price, and WET is paid (or producer rebate is claimed) based on the full amount.

This is in contrast to [example 1](#), where the \$10 per carton fee was applied but there are no specific services provided by the distributor.

### **Example 3: payments for both specific services and distributor margin**

STP Vineyard sells wine under quote to a distributor. STP Vineyard invoices the distributor \$11,000 (including GST) for the

wine. The sales agreement provides that STP Vineyard will pay the distributor 35% of the amount invoiced for the wine, which includes:

- 5% for specific promotion and marketing services
- 30% as a 'distributor margin'.

The specific promotional and marketing services the distributor makes to STP Vineyard involves:

- featuring STP Vineyard's brand at trade fairs
- promoting STP Vineyard's wine as the 'wine of the month' in their catalogue.

The distributor invoices STP Vineyard for these services in the amount of 5% of the invoice price for the wine.

In this case, the distributor is making specific identifiable supplies to STP Vineyard and for the benefit of STP Vineyard.

Additionally, the specific promotion and marketing services provided to STP Vineyards can be distinguished from other promotion and marketing activities undertaken by the distributor in the course of carrying on its own wine sales business.

In these circumstances, the amount STP Vineyard pays for these specific supplies (5%) doesn't reduce the price for which STP Vineyard has sold its wine.

The second component of the agreement, the 30% 'distributor margin', simply serves to cover the distributor's general expenses and provide a margin on the dealing to the distributor.

STP Vineyard is not receiving specific services from the distributor in return for paying the distributor margin and as such, the margin is a discount on the price that STP Vineyard is selling its wine for.

Therefore, the price STP Vineyard sells its wine for will be reduced by the 30% fixed percentage distributor margin, but it will not be reduced by the amount paid for specific promotion and marketing services.

As the taxable value for WET purposes is the WET and GST exclusive selling price, the taxable value in these circumstances can be calculated as follows:

- \$11,000 (GST inclusive invoice price) – \$1,000 (GST) = \$10,000
- \$10,000 (GST exclusive invoice price) – \$3,000 (30% distributor margin) = \$7,000 (taxable value)

QC 51284

## WET credits

When you are and aren't entitled to a wine equalisation tax (WET) credit.

**Last updated** 19 March 2025

### Eligibility for credits

You're entitled to a WET credit if you:

- paid WET in error or overpaid WET – for example, a wholesaler sells wine and pays WET, but subsequently allows a settlement discount
- are liable to pay WET on wine that has already had WET paid on it
- wrote off bad debts that included WET you had paid
- are entitled to the wine producer rebate.

You are not entitled to claim a WET credit:

- for wine you have bought for a price that includes WET unless you have a WET liability for a subsequent sale of the wine
- if you do not have a WET liability
- when you make a [GST-free supply](#), for example a GST-free export.

This applies to:

- all wines sold or dealt with from 1 July 2018
- 2018 vintage wine (where more than 50% of the grapes used to make the wine were crushed from 1 January 2018) sold or dealt with

from 1 January 2018.

There are different circumstances when you can claim [WET credits for 2017 and earlier vintage wine sold before 1 July 2018](#).

For more information, see [WETR 2009/1](#) *Wine equalisation tax: the operation of the wine equalisation tax system*, paragraphs 118 to 122 (Trade incentives) and paragraphs 199B to 199E (Wine tax credits).

## Claiming credits

If you're registered for GST and WET, you should claim WET credits through your BAS. You must do this within 4 years from the day after you were required to lodge your BAS for the tax period in which the WET credit entitlement arises.

If you're not registered for GST (and not required to be) you may be entitled to claim a credit for WET in limited circumstances. This includes:

- where WET is paid in error or overpaid
- where WET is paid on a local entry of wine for which a drawback of Customs duty is (or would be) applicable. For more information, see the [Tourist Refund Scheme](#) [↗](#) (administered by the Department of Home Affairs).

If you believe you may be entitled to claim a credit, [contact us](#) to discuss your circumstances.

You can only claim if the total amount of credit claimed is \$200 or more. You must provide supporting documents and lodge your claim within 4 years of when the WET credit entitlement arose.

If you over claim a WET credit, it will be treated as tax payable from the time of the over claim. You must repay the over claim by including it as WET payable on your BAS (see [Correcting WET errors](#)).

### WET credits for wine sold before 1 July 2018



Check if you can claim the WET producer rebate for 2017 and earlier vintage wine sold or dealt with before 1 July 2018.

## WET credits for wine sold before 1 July 2018

Check if you can claim the WET producer rebate for 2017 and earlier vintage wine sold or dealt with before 1 July 2018.

**Last updated** 19 March 2025

You can claim WET credits, including the WET producer rebate, for 2017 and earlier vintage wine sold or dealt with before 1 July 2018.

2017 and earlier vintage wine is wine where more than 50% of the grapes used to make the wine were crushed before 1 January 2018.

### WET credits

You're entitled to a WET credit for 2017 or earlier vintage wine sold or dealt with before 1 July 2018 if **all** of the following apply:

- You paid WET in error or overpaid WET, for example, you're a wholesaler sells wine and pays WET, but you subsequently allow a settlement discount.
- You're liable to pay WET on wine that has already had WET paid on it.
- You didn't quote your ABN when you purchased wine, even though you were entitled to quote, and the price you paid included WET.
- You sold wine on which WET had been paid to someone who quoted an ABN and the WET amounts aren't passed on in the selling price.
- You exported wine on which WET had been paid, for example, you are a retailer who purchases wine at a price that includes WET and subsequently export the wine.
- You wrote off bad debts that included WET you had paid.
- You're entitled to the wine producer rebate.



You're only entitled to a WET credit if you or someone else has not already been entitled to claim a credit for that WET amount.

## Producer rebate

Before 1 July 2018, the maximum producer rebate amount that you could claim each financial year was \$500,000.

You're eligible for the WET producer rebate for 2017 or earlier vintage wine sold or dealt with before 1 July 2018 if you are both:

- the producer of the wine
- liable to pay WET on the wine or have sold the wine under quote and the purchaser declared in the quote that they will not make a GST-free supply of the wine.

You do not need to have owned the source product for the wine. If you manufacture wine using wine as an input, you must reduce your claim by any [earlier producer rebate amounts](#) claimed for that wine.

QC 56717

## Producer rebate

You may be entitled to a wine producer rebate (or credit).

**Last updated** 19 March 2025

Wine producers may be entitled to a credit (producer rebate) of the WET amount they have paid on a dealing with wine, or the amount of WET they would have paid on the dealing if the buyer did not quote their ABN.

From 1 July 2018, the maximum amount that can be claimed each financial year is \$350,000.

[Before 1 July 2018](#), the maximum amount that could be claimed each financial year was \$500,000.

If you are not eligible to claim a rebate, because the wine does not meet the packaging and branding requirements, you still have to pay WET on that wine (unless an exemption applies).

## Eligibility for the producer rebate

To claim the producer rebate you must meet eligibility criteria.

Different criteria apply depending on when the winemaking process started. You need to determine whether your wine is:

- [2018 and later vintage wine](#) (more than 50% of the grapes used to make the wine were crushed from 1 January 2018)
- [2017 and earlier vintage wine](#) (more than 50% of the grapes used to make the wine were crushed before 1 January 2018).

Different eligibility rules apply for wine that was in the process of being manufactured into fortified wine on 1 January 2018. For more information, see [WETR 2009/2](#) *Wine equalisation tax: operation of the producer rebate for other than New Zealand participants* (paragraphs 61AAQ to 61ABC (2017 year and earlier fortified wine)).

### 2018 and later vintage wine

To be eligible to claim the WET producer rebate you must meet these 4 requirements:

- You're the [producer](#) of the wine.
- You are liable to pay WET or you sell the wine under quote to a purchaser who declared in the quote that they will be [liable for WET on a subsequent dealing](#) in the wine.
- You own the source product (for example, whole unprocessed grapes, apples, pears, other fruit or vegetables, honey, and rice) that makes up at least 85% of the total volume of the wine throughout the wine making process.
- You sell the wine in a container with a capacity of 5 litres or less (51 litres for cider and perry) that is suitable for retail sale and branded by a trademark owned by you (or an associated entity).

### 2017 and earlier vintage wine sold or dealt with from 1 July 2018

To be eligible for the WET producer rebate on 2017 and earlier vintage wines sold or dealt with from 1 July 2018 you must meet these 4 requirements:

- You're the [producer](#) of the wine.

- You are liable to pay WET or you sell the wine under quote to a purchaser who declared in the quote that they will be [liable for WET on a subsequent dealing](#) in the wine.
- You own the source product (for example, whole unprocessed grapes, apples, pears, other fruit or vegetables, honey, and rice) that makes up at least 85% of the total volume of the wine throughout the wine making process.
- You sell the wine in a container with a capacity of 5 litres or less (51 litres for cider and perry) that is suitable for retail sale and branded by a trademark owned by you (or an associated entity).

You are taken to have met the final requirement above if you met all of the following:

- You owned the wine from immediately before 1 January 2018 until you sell or deal with the wine.
- You sell or deal with the wine by 30 June 2023.
- You either
  - sell or deal with the wine in a container that displays the vintage of the wine
  - placed the wine in the container before 1 July 2018.

If you manufacture wine using wine as an input, you must reduce your claim by any [earlier producer rebate amounts](#) claimed for that wine.

Different eligibility conditions apply for the producer rebate if you sold or dealt with 2017 and earlier vintage wine [before 1 July 2018](#).

## Meaning of producer

To be a producer you must either:

- manufacture the wine
- provide source product (whole unprocessed grapes, apples or pears, other fruit or vegetables, or honey, and rice) to a contract winemaker to be made into wine on your behalf, where at all times you own the source product and the produced wine.

You are **not** a producer if, for example, you simply purchase bulk wine and bottle it for sale.

## Liability for WET on subsequent dealing

A purchaser will be liable to pay WET on a subsequent dealing with the wine that you sell them under quote if they state in the quote that they do not intend to:

- make a GST-free supply of the wine
- on-sell the wine under quote
- use the wine as an input into manufacture.

### Calculate and claim your rebate

Work out how much wine producer rebate you can claim, based on the amount of WET attributable to your wine dealings.

### Earlier producer rebate amounts

Check your eligibility on earlier producer rebate amounts as specific rules apply for different time periods.

### Producer rebate for New Zealand wine producers

Explains the rebate for New Zealand wine producers, including how the rebate works and how to register and claim.

QC 22756

## Calculate and claim your rebate

Work out how much wine producer rebate you can claim, based on the amount of WET attributable to your wine dealings.

**Last updated** 19 March 2025

You calculate your wine producer rebate based on the [price of the wine you sell](#).

To calculate and claim your rebate using 4 steps.

## Step 1

Work out 29% of the taxable value of your assessable dealings:

- For wholesale sales, this is 29% of the price the wine is sold for (before WET and GST).
- For retail sales and wine for own use, this is 29% of the notional wholesale selling price.

## Step 2

If you manufactured 2017 and earlier vintage wine using any wine bought from other producers, reduce your claim by any [earlier rebates the other producers could claim](#).

## Step 3

Limit your rebate claims to the maximum amount that can be claimed each financial year:

- The maximum amount that can be claimed each financial year is \$500,000 for the financial year ending 30 June 2018 and \$350,000 from 1 July 2018.
- If you belong to a group of associated producers at any time during the financial year, this limit applies to the whole group.
- Producers are associated if, for example, one controls the other, or one has obligations to the other in relation to their financial affairs.
- A producer may be associated with one or more Australian or New Zealand producers.

## Step 4

Claim your producer rebate at label **1D** on your BAS for the relevant tax period:

- You account for WET using the same accounting method (cash or non-cash) that you use for GST.
- You attribute the WET payable to the same tax period as you do for GST purposes.
- The producer rebate is claimed in the same tax period as the WET is payable. However, if the purchaser has quoted for a dealing at or before the time of the sale, then the rebate is claimed in the tax period in which WET would have been payable had the purchaser not quoted.
- Any rebate you receive is assessable income and must be declared in your income tax return.

For more information, see [WETR 2009/2](#) *Wine equalisation tax: operation of the producer rebate for other than New Zealand participants*.

## Examples: calculating the wine producer rebate

### Wine producer rebates for different types of dealings

Type of dealing	Selling price	Amount of WET payable	Producer rebate claimable
Retail sale to the end consumer	\$20,000 (incl. WET and GST)	\$2,900 (see <a href="#">note 1</a> )	\$2,900
Wholesale sale to a restaurant	\$30,000 (excl. WET and GST)	\$8,700	\$8,700
Wholesale sale of blended wine to a bottle shop. Wine used in the blend was purchased for a	\$25,000 (excl. WET and GST)	\$7,250	\$2,900 (\$7,250 minus earlier rebate amount of

total of \$15,000 (excl. WET and GST) and there was an earlier rebate for the purchased wine.			29% of \$15,000)
Wholesale sale to a distributor. Buyer quotes their ABN.	\$15,000 (excl. WET and GST)	Nil	\$4,350
Wholesale sale to a distributor. Buyer quotes their ABN and notifies an intention to sell the wine GST-free.	\$20,000 (excl. WET and GST)	Nil	Nil
Wine used for tastings	Retail value of wine is \$2,000 (incl. WET and GST)	\$290 (see <a href="#">note 2</a> )	\$290

**Note 1:**  $(\$20,000 \div 2) \times 29\%$ , based on half retail price method.

**Note 2:**  $(\$2,000 \div 2) \times 29\%$ , based on half retail price method.

QC 22758

## Earlier producer rebate amounts

Check your eligibility on earlier producer rebate amounts as specific rules apply for different time periods.

**Last updated** 19 March 2025

You must reduce the amount of rebate you claim by earlier rebates the other producers are entitled to claim (whether or not the previous entitlement was actually claimed) if you meet these 3 conditions:

- You blend or further manufacture 2017 and earlier vintage wine (more than 50% of the grapes used to make the wine were crushed before 1 January 2018) using wine bought from another producer.
- You sell the wine before 1 July 2023.
- You are eligible to claim the producer rebate.

You don't have to take earlier producer rebate claims into account if:

- the wine was acquired before 10 December 2012, even if it was blended or further manufactured after that date
- the wine is 2018 and later vintage wine (more than 50% of the grapes used to make the wine were crushed from 1 January 2018).

The way you calculate the reduction to your rebate depends on whether you:

- [received an earlier rebate notification](#)
- [did not receive an earlier rebate notification](#).

Specific rules apply for earlier producer rebate amounts you must claim for fortified wine.

## Earlier rebate notification

A supplier can notify you of the amount of rebate the producer of the purchased wine is entitled to claim. You need to reduce your producer rebate claim by this amount.

Approved forms of notification include:

- information added to a tax invoice
- email
- a letter.

The notification must contain all of the following:

- the name and ABN of the wine supplier or, if they are a New Zealand wine producer, their name and address and if applicable their company number



- the name and ABN of the wine recipient
- a description of the wine being supplied (including the quantity and price)
- the date the wine was supplied
- sufficient information to identify the relevant tax invoice – for example, the tax invoice number
- and either the
  - amount of rebate the producer of the wine has claimed or is entitled to claim for the wine, or
  - notification that the producer of the wine that is being supplied is not entitled to claim a rebate for the wine.

If the supplier notifies you in the approved form that the producer of wine is not entitled to the rebate for the wine sold to you for blending or further manufacture, you can claim the full amount of rebate for the wine.

## No earlier rebate notification

If you don't receive a notification of earlier rebate, you must reduce your claim by 29% of the purchase price (excluding GST) of the wine.

If you purchase wine from a New Zealand producer and they don't provide you with a notification, you must reduce your claim by 29% of the approved selling price of the wine. The approved selling price is the price for which the wine was sold by the New Zealand producer, minus any expenses unrelated to the production of the wine. These expenses include transport, freight and insurance, agent's fees and New Zealand or Australian taxes or duties.

### See also

- [WETR 2006/1](#) *Wine equalisation tax: the operation of the producer rebate for producers of wine in New Zealand* (paragraphs 92A to 92P, 113A to 113G and Appendix F)
- [WETR 2009/2](#) *Wine equalisation tax: operation of the producer rebate for other than New Zealand participants* (paragraphs 65A to 65AF, 68A and Appendices B and C)

## Reporting and paying WET

How to report and pay WET, claim credits, correct errors and contact us with your queries.

**Last updated** 19 March 2025

### Reporting on your BAS

WET payable is reported at **1C** 'Wine equalisation tax' on your BAS. If you are claiming a credit you complete the amount of WET refundable at **1D** 'Wine equalisation tax refundable'. If you don't have these labels on your BAS you'll need to [register for WET](#).

Amounts payable and credit amounts must be reported at the correct labels and can't be 'netted off'. For example, if you have a WET liability for a transaction and you're entitled to a producer rebate of the same amount, you must still report the WET payable at **1C** and the producer rebate amount at **1D**.

You have to:

- account for WET using the same accounting method (cash or non-cash) you use for GST
- attribute the WET payable to the same tax period as you do for GST purposes.

For own use of wine, the WET amounts are attributed to the period in which the own use occurs.

### Reporting on your annual GST return

If you report and pay GST annually, you only need to report WET when you complete your annual GST return.

Don't complete the WET section of your BAS if you report and pay GST using a pre-printed instalment amount (option 3 on the BAS) because we've included your WET in this amount. Instead, simply report WET

payable (**1C**) and WET refundable (**1D**) on your annual GST return. For more information, see [Annual GST return](#).

## Correcting errors

If you make a mistake in reporting, see our detailed information on [correcting WET errors](#).

## Record keeping

You need to keep records of your sales, [own use](#), and import and export transactions so you can report your WET payable accurately and substantiate any credits you claim.

If you're claiming the producer rebate you need to keep records showing that you produced the wine and meet the ownership of source product, packaging, and branding requirements that apply.

You need to keep these records for 5 years.

For more information, see [Record keeping for business](#).

## Contact us about WET

### General WET enquiries

- [Phone us](#)
- Email us:
  - [wetnewmeasures@ato.gov.au](mailto:wetnewmeasures@ato.gov.au) – for advice about the WET legislative changes
  - [wettechadvice@ato.gov.au](mailto:wettechadvice@ato.gov.au) – for general WET enquiries
- Write to us:

**AUSTRALIAN TAXATION OFFICE**  
**PO BOX 3514**  
**ALBURY NSW 2640**

### Imported wine only

For information about importing wine and wine products, including how to calculate WET at importation see [Wine Equalisation Tax Exemptions](#)

[🔗](#) or contact the [Department of Home Affairs](#) [🔗](#).

## Correcting WET errors



How to correct wine equalisation tax (WET) errors you made on an earlier business activity statement (BAS).

QC 22762

# Correcting WET errors

How to correct wine equalisation tax (WET) errors you made on an earlier business activity statement (BAS).

**Last updated** 19 March 2025

You can use this information to change wine equalisation tax (WET) claims you made in an earlier business activity statement (BAS) period.

There are **time limits** for claiming WET. Generally you must claim within 4 years. The 4 years commences from the day after you were required to lodge the activity statement for the tax period in which you acquired the wine. You may be able to extend the time to amend your claim.

## WET errors

A wine equalisation tax (WET) error occurs when you make a mistake in working out the WET or WET credits net amount on an earlier activity statement.

If you realise you have made an error on an earlier activity statement once it has been lodged, you must correct it. You need to work out the amount that has been over claimed or under claimed.

The WET error is the actual error amount. It is not the gross or WET inclusive price of the transaction.

A [credit error](#) means you reported and paid too much WET – for example you:

- reported a sale twice

- overstated the WET on sales.

A [debit error](#) means you reported and paid too little WET – for example you:

- failed to include WET on a taxable sale
- understated the WET on sales.

If you made multiple errors in a reporting period, you must treat each error individually when determining if it can be corrected and how to correct it.

You cannot correct a WET error more than once.

**See also:**

- [WETE 2015/1](#) *Wine Equalisation Tax: Correcting WET Errors Determination 2015*
- [When an error cannot be corrected on your current BAS](#)

## Credit errors

You can correct a credit error on your current activity statement if all of the following conditions apply for each credit error:

- the error is within the [credit error time limits](#)
- you are not subject to a [compliance activity](#)
- you have not [corrected the WET error in another reporting period](#).

Credit errors are not subject to value limits.

### Credit error time limits

If you made a credit error in a reporting period, you can correct the error in any later activity statement that is within the **4 year period of review** (that is, 4 years from the day after you lodged the activity statement in which the error occurred).

## Debit errors

You can correct a debit error on your current activity statement if **all** of the following conditions apply for each debit error:

- the error is within the [debit error time limits](#)
- the error or net sum of the debit errors is within the [debit error value limits](#)
- you are not subject to a [compliance activity](#)
- you have not [corrected the WET error in another reporting period](#)
- the debit error was not as a result of [recklessness or intentional disregard of a WET law](#).

If you do not meet the above conditions, you must correct some or all of the error on the original activity statement on which the error occurred – penalties and interest charges may apply. You can do this online via [Online services for business](#) or [phone us](#) to get a revision form.

## Debit error time limits

Time limits apply for the correction of a debit error from the time the debit error **occurred** (not when it was discovered).

You can correct a debit error on your current activity statement if it is within the debit error time limit that corresponds with your current GST turnover in the table below. Otherwise you must correct the error on the original activity statement.

**Table 1: Debit error time limit**

Current GST turnover	Debit error time limit
Less than \$20 million	The debit error must be corrected on an activity statement that is lodged within 18 months of the due date of the activity statement in which the error was made.
\$20 million or more	The debit error must be corrected on an activity statement that is lodged within 12 months of the due date of the activity statement in which the error was made.

**See also:**

- [GSTR 2001/7](#) *Goods and services tax: meaning of GST turnover, including the effect of section 188-25 on projected GST turnover*

## Debit error value limits

You can correct a debit error on your current activity statement if the total of the debit errors, less the sum of any credit errors included as corrections in the return, is within the debit error value limit that corresponds with your current GST turnover in the following table.

If the above does not apply, the excess must be corrected in the earlier (original) activity statement.

**Table 2: Debit error value limit**

Current GST turnover	Debit error value limit
Less than \$20 million	Less than \$16,000
\$20 million to less than \$100 million	Less than \$32,000
\$100 million to less than \$500 million	Less than \$64,000
\$500 million to less than \$1 billion	Less than \$128,000
\$1 billion or more	Less than \$718,000

## When an error cannot be corrected on your current activity statement

You cannot correct a **credit or debit error** on your current activity statement if any of the following occurs:

- the WET error relates to a matter that was specified to be [subject to a compliance activity](#) or if the WET error was made in a reporting period that is subject to a compliance activity
- you have [corrected the WET error in another reporting period](#).

You cannot correct a **debit error** on your current activity statement if the debit error was as a result of [recklessness or intentional disregard of a WET law](#).

## **If you are subject to compliance activity**

A compliance activity is an examination of your tax affairs undertaken by us and includes reviews, audits, verification checks, record-keeping reviews or audits and similar activities.

If you receive advice by phone or in writing about our intention to conduct a compliance activity, you cannot correct an error in your current activity statement:

- that is the subject matter of a compliance activity
- arising in a reporting period that is subject to the compliance activity.

If you find errors, it is in your best interest to voluntarily disclose them. If you tell us about your error, it will be taken into account when we consider penalties.

A compliance activity is completed when you receive a notice of assessment or notice of amended assessment, or when we tell you that the examination has been finalised.

### **Example 1: WET error cannot be corrected due to compliance activity**

In June 2016, we notify Liquid Trading that we are conducting a review of their past wine transactions. As a result, Liquid Trading undertakes a review of its transactions and discovers that WET errors were made treating particular sales of wine as under quote.

As the errors relate to a matter that we are reviewing, Liquid Trading cannot correct the error in a later activity statement. They must correct the error in the original activity statement where the error was made.

### **Example 2: WET error can be corrected despite compliance activity**

In March 2016, we notify Big Co that we are conducting a general review of Big Co's WET affairs for each of the monthly reporting periods ending 31 January 2016 to 28 February 2016. Big Co also



conducts its own review and discovers a WET error made in working out its net amount for the December 2015 reporting period.

As the WET error is made for an earlier reporting period that is not subject to compliance activity (and is not related to a matter that is subject to review), Big Co can correct the error in a later activity statement, if the other conditions are satisfied.

## **If you have corrected the WET error in another reporting period**

You cannot correct a WET error more than once. For example, if you revise the earlier activity statement in which the WET error was made, or if you have already corrected the WET error in another reporting period, you cannot then correct the error on your current activity statement.

This includes if you partially correct a debit error because the relevant [debit error value limit](#) was exceeded. You cannot correct the amount that exceeded the debit error value limit on a subsequent activity statement.

### **Example 3: a debit error that was previously partially corrected**

Edgar's Cellar has a current GST turnover of less than \$20 million. When preparing its December 2015 quarterly activity statement, Edgar's Cellar discover that it made a debit error of \$20,000 on an earlier activity statement.

Edgar's Cellar corrects the debit error up to the debit error value limit amount of \$16,000 on its December 2015 quarterly activity statement. It cannot correct the excess amount of \$4,000 for the quarter ending 31 March 2016. Edgar's Cellar must correct the debit error relating to the excess amount of \$4,000 by revising the earlier activity statement.

## **Recklessness or intentional disregard of a WET law**

You cannot correct a debit error if the error is a result of recklessness or intentional disregard of a WET law.

Recklessness is behaviour that falls significantly short of the standard of care expected of a reasonable person in the same circumstances. It is gross carelessness.

Intentional disregard of the law is something more than reckless disregard of, or indifference to, a tax law. The intention is a critical element. That is, a person must have understood the effect of the law and how it operates and made a deliberate choice to ignore the law.

#### **Example 4: intentional disregard of a WET law**

XY Co is facing a cash flow problem and deliberately under-reports the WET on its sales by \$10,000 when lodging its monthly BAS for November 2014.

As the debit error (the under-reporting of WET payable) resulted from XY Co intentionally disregarding the WET law, they cannot correct the error on their current BAS. XY Co must correct the debit error on the original November 2014 BAS – penalties and general interest charges (GIC) may apply

#### **See also:**

- [MT 2008/1](#) *Penalty relating to statements: meaning of reasonable care, recklessness and intentional disregard*

## **Records you need to keep**

You need to keep records detailing the nature and extent of any change for 5 years if you:

- correct a WET error
- claim an amount you failed to claim on an earlier activity statement.

Records need to include date, the error amount, and the reporting period when the error was made and the activity statement it was corrected on. You must also keep records and other relevant information to explain the correction.

## **Penalties and interest charges**

You will not incur penalties or [general interest charge \(GIC\)](#) if you:

- correct WET errors in your current activity statement, when you become aware of it
- correct errors to your WET claims in your current activity statement in line with the conditions above.

QC 46694

## Offshore Petroleum Levy – best practice framework

Use our framework to understand expectations for reporting on the Offshore Petroleum Levy (OP Levy).

**Last updated** 5 August 2022

Our framework helps businesses understand our expectations for reporting on the Offshore Petroleum Levy (OP Levy).

### Overview

We recognise that different entities may legitimately adopt different governance practices based on a range of factors, including their size, complexity, history and corporate culture. For that reason, the measures outlined below are not mandatory. However, they are an indication of our view of better practices to ensure accurate reporting for the Offshore Petroleum (Laminaria and Corallina Decommissioning Cost Recovery Levy)(OP Levy).

Our compliance approach to the OP Levy will vary depending on the measures that are in place. The following principles will help you understand our expectations. This includes the information that should be available to enable a taxpayer to accurately calculate their liability for the OP Levy.

### Best practice measures

If our best practice measures are in place, we are less likely to conduct compliance activity to further test taxation outcomes:

- [Processes](#)
- [Variances](#)
- [Conversion of measurement to BOE](#)
- [Reporting](#)

## Processes

Best practice processes include:

- documented procedure must be in place for OP Levy reporting
- design effectiveness testing of the procedures for OP Levy reporting
- annual reconciliation of petroleum amount
- standardised conversion rates used for calculating petroleum amount for the OP Levy
- using the most accurate meter for measuring petroleum production
  - this may be at the well head or some alternative point
  - generally, the 'custody transfer meter' is the most accurate point of measurement, with volumes then being added back using a scientific calculation following normal business practices.

## Variances

Annual variances in the petroleum amount can be explained.

- We understand that variances may arise between the production amounts reported to National Offshore Petroleum Titles Administrator (NOPTA) versus the production amounts reported to the ATO for the purposes of the OP Levy.
- Monthly reporting to NOPTA can often rely on estimated production amounts with an annual 'adjustment process' customarily undertaken by licence holders at the end of the financial year. At the time of reporting petroleum production amounts to us for the purposes of the OP Levy, we expect
  - the final numbers for the OP Levy year would be known


- as a minimum, the Joint Venture (JV) operator would provide the JV participants sufficient information to complete the OP Levy lodgment return.

Project interest must align to the petroleum amount reported and any difference documented and explained.

## Conversion of measurement to BOE

Barrel of oil equivalent (BOE) is the basis for standardising different petroleum product amounts into a single measurement on an energy equivalent basis.

BOE is a unit of energy approximately equal to the energy of one barrel (158.9873 litres) of crude oil.

We expect you will generally calculate petroleum amounts using the [Guidelines for Application of the Petroleum Resources Management System \(PDF, 4.3MB\)](#)  (November 2011) from the Society of Petroleum Engineers. However, other methods may be used.

**A table has been provided below outlining the methods known by the ATO to be recognised methods of converting 'petroleum' into the BOE equivalent:**

Product	1 BOE equivalence
Crude oil	158.9873 litres
Gas	5.8 thousand standard cubic feet (Mscf) or 164.24 cubic metres (cu.m) of gas at STP (15°C and 1 atm)

When alternative methods of calculation are used to the above, this must be well documented and include:

- the reason for an alternative method
- how the calculation was arrived at.

## Reporting

Taxpayers are responsible for:

- ensuring that petroleum production numbers reported for the OP Levy align with those reported to NOPTA
- lodging and making payment on time.

We expect the JV operator will provide sufficient information to JV participants to allow them to:

- accurately complete the OP Levy lodgment return
- identify and explain any differences to similar information reported by NOPTA.

QC 70112

## **Offshore Petroleum (Laminaria and Corallina Decommissioning Cost Recovery Levy) (OP Levy)**

The Offshore Petroleum (Laminaria and Corallina Decommissioning Cost Recovery Levy) is a temporary cost recovery levy.

**Last updated** 5 August 2022

### **OP Levy overview**

On 1 April 2022, legislation was passed by the Australian Government to impose a temporary levy on offshore petroleum production – the Offshore Petroleum (Laminaria and Corallina Decommissioning Cost Recovery Levy) (OP Levy).

This levy:

- was imposed to recover costs to the Commonwealth of decommissioning and remediating the Laminaria and Corallina oil fields and associated infrastructure
- ensures the public is not left to pay for the decommissioning and remediation of such production facilities

- will take effect from 1 July 2021
- will apply to registered holders of petroleum production licenses under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*
- is proposed to apply to each 12-month period from 1 July 2021 to 1 July 2029 (unless terminated earlier by the Resources Minister under a ministerial determination). Once the Commonwealth's costs have been recovered, the levy may be terminated early to prevent over-collection
- is not deductible for the purposes of any other form of taxation.

## OP Levy terms and definitions

It's important to understand the following terms and definitions:

- [Leviable entities](#)
- [OP Levy liabilities](#)
- [OP Levy rate](#)
- [Distributed OP Levy rate](#)
- [Unrecovered costs](#)
- [Petroleum amount](#)

### Leviable entities

Leviable entities:

- are registered holders of a petroleum production licence under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* that hold their licence at any time during the levy year (1 July to 30 June).
- must lodge an OP Levy lodgment return by 31 December following a levy year to report the amount of petroleum produced.

### OP Levy liabilities

The amount of OP Levy payable is calculated by applying the levy rate to the total amount of petroleum recovered by a leviable entity in relation to all petroleum production licences held in a levy year.

Following 31 December (once all OP Levy lodgments have been received), the Commissioner will assess the total levy payable for each leviable entity and will issue a notice of assessment.

Payment of the OP Levy is due 21 days following service of the notice of assessment.

## OP Levy rate

The OP Levy rate is assessed for a levy year once all lodgments have been received. The levy rate:

- is the lesser of the following
  - \$0.48, or
  - the [distributed levy rate](#) for the levy year (if a determination of the Commonwealth's unrecovered costs for the levy year is in effect).

To prevent over-collection, the levy rate for a year may be reduced if imposing the standard levy rate would result in collecting more than the Commonwealth's unrecovered costs as determined by the Resources Minister.

It is not anticipated that the Resources Minister will issue a determination in relation to the Commonwealth's unrecovered costs in respect of the first few levy years.

Instead, it is expected that such a determination would only be made during the tail end of the levy to provide that the amount of levy assessed over the life of the levy approximately equates to the decommissioning costs incurred by the Commonwealth.

## OP Levy Rate:

OP Levy Year	OP Levy Rate
1 July 2021 – 30 June 2022	0.48 cents
1 July 2022 - 30 June 2030	TBD

## Distributed OP Levy rate



The distributed OP levy rate for a levy year is the amount worked out using the following formula:

Commonwealth's [unrecovered costs](#) for the levy year **divided by** the total [petroleum amount](#) for the levy year.

where:

Total petroleum amount for the levy year is the total of petroleum amounts for all leviable entities for the levy year, assuming that the only information relevant to working out that total amount is:

- information reported in returns on or before 31 December following the levy year, and
- any other relevant information reasonably available to us before we first make an assessment of an amount of levy for the levy year.

## Unrecovered costs

The unrecovered costs for the levy year is the specified amount as determined by the Resources Minister of the total amount of levy assessed for the previous levy years that falls short of the total decommissioning and remediation costs. This amount is calculated within 6 months after the end of the levy year that the determination is made.

## Petroleum amount

The petroleum amount for the levy year is the total quantity of all petroleum, in barrels of oil equivalent and as measured at the wellhead, recovered by the entity during the levy year under any petroleum production licences held by the entity.

## Calculating the OP levy

The amount of OP levy payable by a leviable entity for a levy year is worked out using the following formula:

[Petroleum amount](#) for the entity for the levy year **multiplied by** the [levy rate](#).

## OP Levy tax obligations

- [Notice of assessment](#)

- [Payment](#)
- [Time limits on OP Levy assessments](#)
- [Objection rights](#)

## Notice of assessment

The OP Levy is a standalone tax liability, separate from all other taxes. The ATO will issue a notice of assessment to entities once the levy rate for a levy year has been determined.

## Payment

The levy amount payable is due 21 days after the notice of assessment has been served for the relevant levy year. General interest charges (GIC) apply to late payments.

## Time limits on OP Levy assessments

The law sets a time limit of 6 months for an amendment to an OP Levy assessment. The time period for amendment starts the day after we first give you the notice of assessment for the levy year in question.

## Objection rights

By law, you can object to an OP Levy assessment.

You must lodge an objection within 60 days of receiving the notice of assessment.

See [Decisions you can object to and time limits](#).

## Lodging an OP Levy return

Before you lodge, read the OP Levy return instructions

To lodge an OP Levy return, a leviable entity must:

- produce an annual return by 31 December – that is within 6 months of the end of the levy year.
- lodge on the approved form.
- if there is no determination made by the Resource Minister, the standard rate of \$0.48 per barrel of oil equivalent will apply.

- if a determination has been made by the Resource Minister, a reduced levy rate may apply, see [OP Levy rate](#).

## Termination of the OP Levy

The levy will be imposed for the financial years beginning 1 July 2021 through to 1 July 2029. This period has been chosen to ensure that the levy can be imposed for the duration of the decommissioning of the Laminaria and Corallina oil fields and associated infrastructure.

The levy will end on 30 June 2030 at the latest.

It may end earlier if the Resources Minister:




- makes a determination, by legislative instrument, that the Commonwealth's unrecovered costs related to the decommissioning and remediation of the Laminaria and Corallina oil fields and associated infrastructure are nil, and
- is satisfied no further recoverable costs are likely to be incurred by the Commonwealth
- is satisfied that the decommissioning and remediation costs have been fully recovered.

During the final levy year, the rate may be reduced to prevent over-collection, depending on the remaining unrecovered costs.

## OP Levy information

We are committed to helping entities understand and meet any OP Levy obligations. If an entity requires information, guidance, or advice, it can contact us at [OPLevy@ato.gov.au](mailto:OPLevy@ato.gov.au).

Related legislative information includes:

- [Offshore Petroleum \(Laminaria and Corallina Decommissioning Cost Recovery Levy\) Act 2022](#) 
- [Treasury Laws Amendment \(Laminaria and Corallina Decommissioning Cost Recovery Levy\) Act 2022](#) 
- [Explanatory Memorandum to the Treasury Laws Amendment \(Laminaria and Corallina Decommissioning Cost Recovery Levy\) Act 2022](#) 

QC 70113

# Offshore Petroleum (Laminaria and Corallina Decommissioning Cost Recovery Levy) (OP Levy) instructions

Use these instructions to lodge the Offshore Petroleum return.

**Last updated** 7 December 2022

## About the OP Levy return instructions

These instructions will help you complete the [Offshore Petroleum \(Laminaria and Corallina Decommissioning Cost Recovery Levy\) \(OP Levy\) return \(NAT 75451, PDF 278KB\)](#). [📄](#)

The OP Levy return is used to notify the ATO of a leviable entity's annual petroleum amount.

Include the aggregated (total) petroleum amount across all licences held by the leviable entity on this return.

You can complete the return online but the information you put in cannot be saved to your computer. Print a copy for your own records and lodge it with us.

Do not use correction fluid or tape. If you make a mistake, make your corrections electronically and print a new copy.

If you need more help, email us at [OPLevy@ato.gov.au](mailto:OPLevy@ato.gov.au).

## OP Levy return sections

### Top section

The levy year begins on 1 July and ends on 30 June the following year.

Complete these fields:

- **Specify the levy year to which this relates** – insert the levy year the return is for.
- **If this is an amendment to a previous notification, provide the amendment number** – insert a number only if you are amending a return you lodged earlier. Find out how to [correct a mistake](#).

## Section A: Entity information

Section A of the OP Levy return requires details about the entity.

### Questions 1 to 6 – Details about the entity

Provide the following information:

- **question 1** – enter the Australian business number (ABN) of your entity.
- **question 2** – enter the tax file number (TFN) of your entity (while this is optional, it allows us to correctly identify the entity lodging the return).
- **question 3** – enter the legal name of your entity.
- **question 4** – enter the previous legal name (if the entity's legal name has changed since it last notified the ATO, print the previous name exactly as notified).
- **question 5** – enter the entity's main business address.
- **question 6** – enter the entity's postal address if it is different to the main business address.

## Section B: Details of petroleum production licence(s)

Section B of the return requires details about the petroleum production licences held.

### Question 7 – Total petroleum amount across all licences held (units of barrel of oil equivalent (BOE))

Provide the entity's total aggregated petroleum amount in BOE rounded to 2 decimal places (rounding up if the third decimal place is 5 or more) across all licences held by the entity.

### **Question 8 – Have you used an ATO recognised method of BOE conversion (refer to the Offshore Petroleum Levy – best practice framework)?**

If the entity has used an ATO recognised method of BOE conversion (refer to the Offshore Petroleum Levy – best practice framework for guidance), place an **X** in the '**Yes**' box at **question 8** and go to **question 9**.

Place an **X** in the '**No**' box if the entity has used an alternate BOE conversion method.

You will also need to provide details of the BOE conversion method used in the text box.

### **Question 9 – Petroleum production licence details**

Provide the following information under **question 9**.

#### **Project name**

Enter the name of the petroleum project.

#### **Licence number**

Enter the petroleum production licence number. Currently, the form only allows numbers to be input.

To enter non-numerical characters into this field, you need to do this manually. For example, use the 'add text' function to overwrite the PDF form field.

We are in the process of updating the form to enter non-numerical characters digitally.

#### **Percentage of entitlement to petroleum from the project**

Provide the entity's entitlement to petroleum from the project as a percentage rounded to the nearest whole number.

#### **Any change to the percentage of entitlement during the year?**

If there has been a change to the entity's percentage of entitlement during the year, provide details in the appropriate boxes.

If there has not been a change to the entity's entitlement place, an **X** in the '**No**' box.

If there has been a change to the entity's entitlement, place an **X** in the 'Yes' box and provide:

- details of the change
- the entity's entitlement to petroleum from the project before the change as a percentage rounded to the nearest whole number
- the entity's entitlement to petroleum from the project after the change as a percentage rounded to the nearest whole number
- the date the change entity's entitlement to the project occurred.

**If the entitlement cannot be accurately described as a percentage, provide details below**

If the entitlement cannot accurately be described as a percentage, provide details in the free-text field.

**Petroleum amount (units of BOE)**

Provide the petroleum amount in BOE rounded to 2 decimal places (rounding up if the third decimal place is 5 or more) for the production licence listed.

**Question 10 – Additional petroleum production licence details**

Provide information at **question 10** if there is more than one production licence to list.

If there are more than 5 additional petroleum production licences to list, attach a separate sheet of paper providing details of all other petroleum production licences.

Include the following information on the separate sheet:

- a title on each page of 'Additional petroleum production licences'
- the ABN, TFN and legal name of the entity as it appears at **questions 1 and 3**
- the project name, petroleum production licence number, percentage of entitlement to petroleum from the project
- if there has been a change to the entity's entitlement, place an **X** in the 'Yes' box and provide
  - details of the change

- the entity's entitlement to petroleum from the project before the change as a percentage rounded to the nearest whole number
  - the entity's entitlement to petroleum from the project after the change as a percentage rounded to the nearest whole number
  - the date the change entity's entitlement to the project occurred.
- if the entitlement cannot accurately be described as a percentage, provide details
  - petroleum amount in BOE rounded to 2 decimal places (rounding up if the third decimal place is 5 or more).

## Section C: Declaration

Section C of the return is the entity's declaration.

An authorised person or authorised tax agent must sign the declaration on behalf of the entity.

If you need to change the authorised contact person:

- phone us on **13 28 66** between 8:00 am and 6:00 pm Monday to Friday
- complete a *Change of registration details* form (NAT 2943), available from [Update your details](#).

If the person signing the declaration is an authorised tax agent that is a partnership or a company, the declaration must be signed by a person authorised by that partnership or company to sign on its behalf.

## Question 11

At **question 11** – provide all details of the authorised person including:

- the full name of the signatory
- the position held
- registered agent number (if applicable)
- the business phone number.

Read the information at '**Before you sign this form**' and '**Privacy**'. If you consent to the declaration, place an **X** at the appropriate declaration



statement and include your signature and the date of signing at the bottom of the return.

The declaration needs to be signed in pen. Otherwise, the return cannot be recorded as lodged when we receive it.

## Lodge and pay the OP Levy

### When to lodge and pay the OP Levy

The OP Levy return must be lodged by 31 December following the end of the levy year for which you are lodging.

It is important that we receive the return by the due date. General interest charge will apply to any amount not paid by the due date. A penalty may also apply if you fail to lodge on time.

You can lodge on or before this date.

Payment is required 21 days after your notice of assessment has been issued.

### How to lodge and pay the OP Levy

To fill in the OP Levy return, you can:

- print it, fill it in by hand and then scan it as a PDF
- download it, save it to your computer and fill it in on-screen.

Whichever method you choose, make sure you keep a copy of the return and any attachments for your own records.

Lodge the OP Levy return in one of the following ways:

1. Online services for business following these steps

- Sign in to [Online services for business](#).
- Navigate to **Communication and Secure mail**.
- Select '**New**' to create a **New message**.
- Select from the '**Topic**' list, **View more topics**.
- Select **Petroleum Resource Rent Tax**.
- Select **General enquiries**.

- Complete all fields and attach OP Levy return.
- Complete the declaration then select **send**.

You will receive a receipt number once you've lodged your return.

2. Email the OP Levy return to OP Levy secure mailbox (email [OPLevy@ato.gov.au](mailto:OPLevy@ato.gov.au) before lodgment to setup access), or
3. Mail the OP Levy return to

**Australian Taxation Office**  
**PO Box 3130**  
**PENRITH NSW 2740**

## If you can't lodge and pay the OP Levy on time

If you need extra time to lodge or pay, email us at [OPLevy@ato.gov.au](mailto:OPLevy@ato.gov.au) to check whether alternative arrangements can be made. In some circumstances, we may give you more time to lodge and pay.

## Correcting mistakes in an OP Levy return

After lodging the entity's OP Levy return, you may discover you have made a mistake or left something out. To correct a mistake or omission, you can lodge a new OP Levy return within the given time frames.

### Amendments

If you are amending a previously lodged OP Levy return, indicate the amendment number in the box provided in the top-right hand corner of the return.

Enter:

- '1' for the first amendment
- '2' for the second amendment and so on.

Make sure you complete the return in full, answering all questions (not just the information affected by the amendment).

For help amending an OP Levy return, email us at [OPLevy@ato.gov.au](mailto:OPLevy@ato.gov.au).

## **Record keeping for the OP Levy**

You need to keep a copy of the OP Levy return (and the records used to prepare it) for at least 5 years from the date of lodgment.

The records should be in writing and in English, or readily accessible and easily translatable into English.

QC 70097

## **Our commitment to you**

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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