



## Excise remissions for excisable alcohol

Find out how to get a remission of alcohol excise duty for supply or manufacture through the remission scheme.

### Remission scheme for alcohol manufacturers

Check whether you are eligible for the Remission scheme for manufacturers of alcoholic beverages.

### Claiming a remission for excisable alcohol

How to claim a remission of your alcohol excise duty liability in certain situations.

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How to supply alcohol products that are duty unpaid, to certain purchasers under an automatic remission.

QC 63609

## Remission scheme for alcohol manufacturers

Check whether you are eligible for the Remission scheme for manufacturers of alcoholic beverages.

**Last updated** 31 May 2023

## The Remission scheme

From 1 July 2021 the *Excise remission scheme for manufacturers of alcoholic beverages* (Remission scheme) provides eligible alcohol manufacturers with a full (100%) automatic remission of excise duty, up to a maximum of \$350,000 per financial year, on alcoholic beverages they manufacture and enter into the Australian domestic market for home consumption.

From 1 July 2021, you **must** use the current [excise return](#) form so the automatic remission can be applied. Transitional rules under the Remission scheme will impact your entitlement to a refund under the Refund scheme for goods entered for home consumption **before 1 July 2021**. Refer to the [transitional period](#) information below.

The Remission scheme replaces the *Excise refund scheme for alcohol manufacturers* (Refund scheme). For more information, refer to [Excise guidelines for the alcohol industry chapter 7 – Remissions, Refunds, Drawbacks & Exemptions](#).

**Media:** Excise remission scheme for manufacturers of alcohol <https://tv.ato.gov.au/ato-tv/media?v=bi9or7odjwnbgd> [↗](#) (Duration: 09:55)

## How the automatic remission works

For goods entered for home consumption on or after 1 July 2021, a 100% automatic remission applies. All eligible businesses can receive a maximum of \$350,000 per financial year.

You continue reporting all the goods you have entered for home consumption for the period on your excise return. This applies whether you:

- have a periodic settlement permission (PSP)
- are on prepayment and applying for a delivery authority.

However, you **must** use the **current** [Excise return](#) form when you lodge to enable you to apply the remission.

You are no longer required to pay the excise duty in full and then use the excise refund form to claim a refund.

**Note:** You are required to keep records of how much automatic remission you have applied so that you do not exceed the \$350,000 per financial year cap. Once you have reached the \$350,000 cap in a financial year, you must pay the required excise duty on all subsequent alcoholic beverages entered for home consumption in that financial year.

Contact us if you need more information about the automatic remission.

## Who is eligible

To be eligible for this automatic remission you must:

- hold a [manufacturer licence](#) authorising you to manufacture alcoholic beverages at the premises specified in your licence
- have manufactured an alcoholic beverage and entered it into the Australian domestic market
- have fermented or distilled at least 70% of the alcohol content by volume of the alcoholic beverage
- be legally and economically independent of any other entity that has received a remission under the scheme in the financial year (or, in certain circumstances, a refund). If you're not legally and economically independent of any other entity, only one manufacturer in your group is entitled to the remission (or refund) in the financial year.

Situations where an alcohol manufacturer will not be legally and economically independent include:

- it's a subsidiary of another alcohol manufacturer
- another alcohol manufacturer subsidises its operations
- where one or two individuals or companies control or have majority shareholding in multiple excise licence holders.

For more details about the remission scheme and the eligibility criteria, see [Chapter 7 of the Excise Guidelines for the Alcohol Industry](#).

For more information on the term 'legally and economically independent', see Excise Ruling [ER 2023/1](#) – *Excise: the meaning of 'legally and economically independent'*.

## **Additional requirements for distilled beverages**

For remissions for distilled alcoholic beverages, you must also satisfy the still ownership test by:

- owning one or more stills that
  - have a capacity of at least 5 litres
  - you install ready to use at the beginning of the financial year
  - you used to manufacture an alcoholic beverage during the financial year.

The above applies if the financial year is not the first or second financial year in which you are eligible for a remission under the Remission scheme.

A still that you install ready to use at the beginning of the financial year doesn't have to be the same still that you use to manufacture an alcoholic beverage during the financial year.

## **Still ownership test**

The still ownership test must effectively apply for the entire financial year in which the goods are entered for home consumption. If the remission is applied part way through a financial year, the test applies between the start of the financial year and the day on which the goods were entered for home consumption. There must also be a reasonable expectation that the test will be satisfied for the rest of the financial year.

## **Becoming a manufacturer part way through the financial year**

If you get your manufacturer licence part way through the financial year, you calculate the maximum remission by multiplying \$350,000 by the number of days in the period then dividing the result by 365 days.

The period starts from the date you first get your manufacturer licence and ceases at the end of that financial year.

## Exclusions

The scheme excludes:

- excisable goods entered for home consumption on or before 30 June 2021
- products to which [wine equalisation tax](#) applies
- ready-to-drink (RTD) mixed spirits, where another manufacturer produces the spirit and you then blend that manufacturer's spirit with a non-alcoholic beverage to create an RTD product.

## How the remission is applied in your excise return

You must use the current excise return for goods entered on or after 1 July 2021. At Label F in the Product details section, select 'Yes' to apply the alcohol manufacturer remission to the line entry for eligible product.

You are required to report all goods entered for home consumption during the period, whether or not the remission is applied.

## What to do when you reach the \$350,000 cap

Once you have reached the \$350,000 cap in a financial year, you can no longer apply the automatic remission. This means, you **must** select 'No' in Label F in the Product details section of your excise return for all product reported for the rest of that financial year.

If you reach the \$350,000 cap part-way through a reporting period, when you lodge your excise return for that period, you will need to use separate lines in the Product details section and at Label F, select:

- 'Yes' for eligible product lines up to the cap amount
- 'No' for the remaining product lines.

You will need to do separate lines, even if the product is the same tariff item.

You may not be able to apply exactly \$350,000 of automatic remission. However, the total applied must be as close as possible to \$350,000 for the year.

### **Example: reaching the maximum \$350,000 cap**

Distillery Co have applied \$325,000 automatic remission in their excise returns, up to October 2022. This means they only have \$25,000 automatic remission they can apply in future returns before they reach the \$350,000 cap for that financial year.

The excise duty payable on product included in their November 2022 excise return, before applying the remission, is \$90,000.

Distillery Co need to use separate lines in the Product details section. To apply the remission, they complete the form as follows:

- line 1 tariff sub-item 3.2 Excise amount \$25,000 – Label F  
Apply alcohol remission to this line – select 'Yes'
- line 2 tariff sub-item 3.2 Excise amount \$65,000 – Label F  
Apply alcohol remission to this line – select 'No'
- select 'No' at Label F Apply alcohol remission to this line, on all excise returns for the remainder of the financial year.

Refer to details on how to complete your form in [Excise return and instructions](#).

### **Duty paid incorrectly on goods entered on or after 1 July 2021**

If you incorrectly pay excise duty on goods entered for home consumption on or after 1 July 2021, where you were entitled to apply the remission but didn't, you may apply for an excise refund.

Any amount of refund claimed in this situation will count towards your \$350,000 cap for the financial year. See [Excise refund or drawback](#).

### **Example: mistakenly paying duty instead of applying the remission**

Brewery Co (who has a periodic settlement permission) lodges their excise return for the September 2022 period and pays the full amount of excise duty on the goods entered for home consumption during that period. They then work out that they were entitled to apply the automatic remission to those goods.

As they have paid excise duty, they cannot apply the remission. Instead, they may complete and lodge the excise refund form for the amount of duty they paid on which they would have been entitled to a remission using the ERRO refund code.

The amount of the refund will count towards Brewery Co's \$350,000 cap for the 2022–23 financial year.

## Transitional period

Transitional rules apply for goods entered for home consumption:

- before 1 June 2021
- between 1 June 2021 and 30 June 2021.

For more information on the transitional rules, see the [Excise Guidelines for the Alcohol Industry](#).

QC 65935

## Claiming a remission for excisable alcohol

How to claim a remission of your alcohol excise duty liability in certain situations.

**Last updated** 15 May 2023

### Who can claim a remission

You may be entitled to claim a remission of the [excise duty](#) you would have had to pay for your goods, where you have not paid excise duty

on them and one of the following apply:

- the goods **cannot** be delivered into the [Australian domestic market](#)
- you meet all the requirements of the [Excise remission scheme for manufacturers of alcoholic beverages \(Remission scheme\)](#)
- it qualifies as an automatic remission.

You need to apply to us to claim a remission, unless it is an [automatic remission](#). An automatic remission is an excise remission that does not require you to submit an application.

You need to keep [specific records](#) if you claim a remission for excisable alcohol. This is a legal requirement.

## Claiming a remission

You apply to claim a remission through the [Excise remission](#) form.

## Goods you can claim a remission for

You can claim a remission for excisable goods that haven't been delivered into the Australian domestic market because they:

- become unfit for human consumption
- are no longer suitable for sale
- are damaged, lost or destroyed while [underbond](#).

If excisable goods were lost completely (for example, during the production process) a remission application is not required. It is instead treated as an automatic remission.

If you distil spirits, you can also claim a remission for feints obtained during the distillation process that you will destroy. Feints are an output of the distillation process commonly referred to as heads and tails. They do contain alcohol and are excisable.

You need permission from us to destroy them.

If you applied for a licence to distil spirits, we will generally issue you an ongoing permission to destroy feints. This is so you don't need to apply for a remission each time you want to destroy feints.

Example: claiming a remission for out-of-date goods

A pallet of underbond pre-mixed vodka and orange product has reached its use-by date and is no longer suitable for sale. The vodka and orange product is still stored in the excise-licensed premises and has not had excise duty paid on it.

The distiller applies to us for a remission of duty on the out-of-date goods. After they receive approval from the ATO, the distiller must:

- destroy the goods
- keep a record of the destruction.

For excisable goods that become unfit for human consumption after you have paid excise duty on them, you may be able to claim an [excise refund](#).

## Remission for feints and permission to destroy them

To apply for a remission for **feints** and permission to destroy them, phone us on **1300 137 290**.

If we approve your application:

- we'll remit your existing excise duty liability
- you can legally destroy or dispose of the goods.

If you need to destroy feints on an ongoing basis, you can get continuing approval from us.

## Destroying excisable goods subject to remission

Off-site destruction of excisable goods requires a [movement permission](#) from us. However, if you indicate off-site destruction in your remission application, we will give permission to move the goods off-site as part of the remission approval.

You must keep [detailed records of the goods](#) you destroy because we may ask to see these records.

Once a remission has been approved and the goods have been destroyed, you won't have to pay any excise duty on them.

## **Excise remission scheme for manufacturers of alcoholic beverages**

From 1 July 2021 eligible alcohol manufacturers can receive a full (100%) automatic remission of excise duty on alcoholic beverages they manufacture, up to a maximum of \$350,000 per financial year.

This applies to alcoholic beverages that you enter for home consumption on or after 1 July 2021.

For more information, see [Remission scheme for alcohol manufacturers](#).

## **Automatic remission on certain excisable goods**

If you hold an excise manufacturer licence, excise storage licence or [periodic settlement permission](#) (PSP) you can supply some [excisable goods](#), excise duty unpaid, to certain purchasers. The goods you supply will be excise duty unpaid as you get an automatic remission of the excise duty.

For more information on who you can supply excise duty unpaid goods to, see [Supplying excisable alcohol under an automatic remission](#).

## **Limited automatic remission on certain quantities of beer**

You don't need our permission to destroy beer you manufacture that is damaged or not fit for consumption if:

- you destroy less than (or equal to) 125 litres of alcohol (LALs) in a quarterly period
- the goods are underbond
- you haven't paid excise duty on them.

However, you need to keep [detailed records of the goods](#) you destroy. We may ask to see these records.

If you destroy more than 125 LALs in a quarterly period, you need to ask for permission from us first by lodging an [Excise remission application](#).

QC 72515

## Supplying excisable alcohol under an automatic remission

How to supply alcohol products that are duty unpaid, to certain purchasers under an automatic remission.

**Last updated** 8 September 2023

### What is an automatic remission

An automatic remission is an excise remission that does not require you to submit an application.

If you hold an [excise manufacturer licence, periodic settlement permission, or excise storage licence](#), there are limited situations where you can supply excisable alcohol products, duty unpaid, to certain purchasers where an automatic remission applies. The goods you supply will be excise duty unpaid as you get an automatic remission of the excise duty.

Make sure you understand when you can supply excisable goods to which an automatic remission has been applied, who you can supply them to, and the associated restrictions and requirements.

If you supply alcohol under an automatic remission you need to keep the specific [records as an excise licence holder](#).

### Who you can supply excise duty unpaid goods to

You can supply excise duty unpaid goods to the following purchasers:

- the Governor-General or any member of the Governor-General's family, if the goods are for official use
- state governors or any member of a state governor's family, if the goods are for official use
- certain international organisations specified in the law, or officials of those organisations, if the goods are not for the purposes of trade
- the government of another country under an agreement between that government and the Australian Government, if the goods are for official use and not for the purposes of trade
- people covered by a Status of Forces Agreement, if the goods are for official use
- the personnel of sea-going vessels of the Royal Australian Navy (RAN) or Australian Military Forces (AMF), subject to [certain restrictions](#)
- official use by diplomatic missions and consular posts, and personal use of certain people working for those organisations.

For more information about automatic remissions, see [Excise guidelines for the alcohol industry section 7](#) – *Remissions, Refunds, Drawbacks & Exemptions*.

## **Restrictions for supplies to the RAN and AMF**

The following restrictions apply to excisable goods supplied to the RAN and AMF on the basis that they are eligible for an automatic remission of excise duty.

The goods you supply must be for consumption by the personnel of sea-going vessels when:

- the vessels are in full commission
- the products are consumed on the vessels.

You can only supply:

- beer
- brandy

- whisky
- rum
- gin
- liqueurs.

## Official stationery and form

If you supply goods excise duty unpaid in the situations described above, you're entitled to an automatic remission of excise duty on those goods.

However, you must also ensure that the end user is entitled to receive the goods excise duty unpaid under an automatic remission. You can do this by ensuring you follow the requirements outlined below for:

- [Official stationery](#)
- [Department of Defence form](#).

### Official stationery

Each order you receive must be on official stationery.

This includes the Governor-General, state governors, certain international organisations, the government of a country other than Australia, and those covered by a Status of Forces Agreement. Orders must include confirmation that the goods are for official use.

Orders from diplomatic missions and consular posts must indicate whether the goods are for official or personal use.

### Department of Defence form

Orders you receive from the RAN or AMF must be on the *Department of Defence form SP113*.

You don't need approval from us before you release goods subject to automatic remission. You therefore **don't** have to:

- enter these goods on an [excise return](#)
- apply for an [excise remission](#) .

## **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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