

AS TABLED IN THE HOUSE OF ASSEMBLY

A BILL

entitled

CUSTOMS TARIFF AMENDMENT ACT 2012

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WHEREAS it is expedient to amend the Customs Tariff Act 1970;

Be it enacted by The Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Assembly of Bermuda, and by the authority of the same, as follows:

Citation

1 This Act, which amends the Customs Tariff Act 1970 ("the principal Act"), may be cited as the Customs Tariff Amendment Act 2012.

Amends section 1

2 Section 1 of the principal Act is amended by inserting, in their correct alphabetical place, the following definitions—

“special rate” means a rate of duty specified in the First Schedule with respect to goods of a certain class or description that is—

(a) 0%;

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- (b) a percentage greater than the standard rate; or
- (c) not calculated by reference to a percentage of the value of the goods;

“standard rate” means the standard rate of duty imposed under section 2(2)(b);”.

Amends section 2

3 Section 2 of the principal Act is amended by—

- (a) in subsection (1), immediately after “goods and”, inserting “, subject to subsection (2),”;
- (b) repealing subsection (2) and substituting—

“(2) Except as otherwise provided in this Act or any other Act, on goods imported into Bermuda or taken out of bond from any bonded warehouse in Bermuda, there shall be imposed duty—

- (a) at the rate specified in the First Schedule with respect to goods of that class or description, calculated by reference to the unit for duty specified in relation thereto—
 - (i) if the goods are eligible for business end-use relief under CPC 4000 of the Fifth Schedule; or
 - (ii) if the goods are not eligible for business end-use relief under CPC 4000 of the Fifth Schedule but the rate specified in the First Schedule, with respect to goods of that class or description, is a special rate; or
- (b) at a standard rate of 25% of the value of the goods if—
 - (i) the goods are not eligible for business end-use relief under CPC 4000 of the Fifth Schedule; and
 - (ii) the rate specified in the First Schedule, with respect to goods of that class or description, is not a special rate.”.

Amends section 5

4 Section 5(4) of the principal Act is amended by deleting “specified in the First Schedule” and substituting “imposed under section 2(2)”.

Amends section 5A

5 Section 5A of the principal Act is amended by—

- (a) in subsection (1)(d), deleting “\$100” and substituting “\$200”; and
- (b) repealing subsections (1A), (1B) and (1C).

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Repeals and replaces First Schedule

6 The First Schedule to the principal Act is repealed and replaced by the contents of the Schedule to this Act.

Amends Second Schedule

7 The Second Schedule to the principal Act is amended in the table of export duties by repealing CPC 3017.

Amends Fifth Schedule

8 The Fifth Schedule to the principal Act is amended—

- (a) in paragraph 3(1) of the General Provisions by deleting “specified in the First Schedule” and substituting “imposed under section 2(2)”;
- (b) in the Table of End-Use Reliefs by inserting the following CPC in its proper numerical position—

“

| | |
|-----------------------------------|---|
| Description | Goods eligible for business end-use relief |
| CPC | 4000 |
| Duty Rate | The applicable rate specified in the First Schedule. |
| Eligible Beneficiary | All importers |
| Qualifying Goods | All goods |
| End-Use Conditions / Restrictions | 1. The goods must be imported wholly and exclusively for business use, and must be so used. 2. In this CPC “business” means— (a) business carried on for profit; (b) the performance by a public authority of its functions; or (c) the performance by a charitable organization, within the meaning of the Charities Act 1978, of its functions. |
| Specific Controls / Diversion | Security for relieved duty shall be provided in such form and manner as the Collector of Customs may require as a condition of authorization. |

”.

- (c) in the Table of End-Use Reliefs by repealing CPC 4110 and substituting the following CPC—

“

| | |
|-------------|--|
| Description | School equipment, stationery and educational supplies. |
|-------------|--|

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| | |
|-----------------------------------|---|
| CPC | 4110 |
| Duty Rate | 0% |
| Eligible Beneficiary | All importers |
| Qualifying Goods | Classroom and office stationery; art equipment and supplies; sports, physical education and recreational equipment; audio equipment (excluding karaoke systems) and accessories; visual equipment and accessories; computer equipment, parts and accessories; musical instruments; teaching aids; classroom furniture and equipment (including equipment for home economics); office furniture and equipment. |
| End-Use Conditions / Restrictions | 1. Goods must be imported and used to educate pupils enrolled in a school registered pursuant to section 12 of the Education Act 1996. 2. The Commissioner of Education shall certify that the goods are eligible for this relief. |
| Specific Controls / Diversion | |

Amends Sixth Schedule

9 The Sixth Schedule to the principal Act is amended—

- (a) in paragraph 6(1) of the General Provisions by deleting “specified in the First Schedule” and substituting “imposed under section 2(2)”;

Amends Eighth Schedule

10 The Eighth Schedule to the principal Act is amended in paragraph 1 by repealing subparagraph (d) and substituting—

- “(d) accompanied goods belonging to the importer which are not intended for a commercial purpose;”.

Commencement

11 This Act comes into operation on 1 April 2012.

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SCHEDULE

(section 6)

[SEE FIRST SCHEDULE SUPPLIED BY THE CUSTOMS DEPARTMENT]

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EXPLANATORY MEMORANDUM

This Bill seeks to amend the Customs Tariff Act 1970 (“the principal Act”) to introduce a standard rate of duty of 25% of the value of certain goods that are not imported for business use, to increase the duty free allowance for accompanied goods from \$100 to \$200, and to grant the allowance to a passenger ordinarily resident in Bermuda (rather than, as it currently is, to the household).

Clause 1 is self-explanatory.

Clause 2 amends section 1 of the principal Act, defining “special rate” and “standard rate”.

Clause 3 amends section 2(2) of the principal Act to provide for the circumstances in which duty is to be imposed at the special rate and those in which duty is to be imposed at the standard rate.

Clause 4 amends section 5(4) of the principal Act to make it clear that the applicable duty is imposed under section 2(2).

Clause 5 amends section 5A of the principal Act (duty free allowance). Paragraph (a) increases the personal allowance from \$100 to \$200 per person. Paragraph (b) repeals subsections (1A) to (1C) which were inserted in November 2011 as a temporary measure to restrict the allowance to one claim per household.

Clause 6 repeals and replaces the First Schedule to the principal Act.

Clause 7 amends the Second Schedule to the principal Act. It repeals the 10% export duty imposed under CPC 3017.

Clause 8 amends the Fifth Schedule to the principal Act by inserting CPC 4000 (goods eligible for business end-use relief). It also modifies CPC 4110 (school equipment, stationery and educational supplies).

Clause 9 amends the Sixth Schedule to the principal Act to make it clear that the applicable duty is imposed under section 2(2).

Clause 10 amends the Eighth Schedule to the principal Act to preserve the exemption from duty in lieu of wharfage on accompanied goods belonging to the importer which are not intended for commercial use.

Clause 11 provides for commencement on 1 April 2012.

The Schedule to the Bill contains the new First Schedule to the principal Act.