



**Australian Government**

**Australian Taxation Office**

# About biodiesel

**In May 2003, the Government announced a comprehensive package of measures to support the production and use of biodiesel. These measures are intended to provide encouragement for the conversion to cleaner fuels. They also form part of reforms to the existing fuel tax arrangements which will bring all currently untaxed fuels used in internal combustion engines into the excise system by 2011.**

## WHAT IS BIODIESEL?

Biodiesel is fuel for use in an internal combustion engine that is manufactured by chemically altering vegetable oils or animal fats (including recycled oils from these sources) to form mono-alkyl esters.

## EXCISE AND CUSTOMS DUTY

On 18 September 2003 biodiesel locally manufactured for use in diesel engines became subject to excise duty at the same rate as low sulphur diesel. This rate is currently 38.143 cents per litre. Biodiesel imported for use in diesel engines will also attract customs duty at the same rate from 18 September 2003.

## LICENCE

A person or company who manufactures or blends excisable goods is required to hold an excise manufacturers licence. This entitles the holder to manufacture products specified in the licence, at the premises specified in the licence. For more detailed information on the excise arrangements and information on understanding your obligations as an excise license holder refer to *Meeting your biodiesel obligations* (NAT 9885).

## CLEANER FUELS GRANTS SCHEME

The cleaner fuels grants scheme provides for the payment of a grant to licensed excise manufacturers (including holders of storage licenses) and to importers of eligible cleaner fuels. This scheme has been established to offset the excise and customs duty payable on alternative fuels.

From 18 September 2003 to 30 June 2011 grants will be provided for the production and importation of eligible biodiesel. These grants will offset the excise and customs duty payable on biodiesel, providing a net effective excise rate of zero. The grant will be progressively phased out from 1 July 2011 to 30 June 2015.

From 1 July 2011 fuels such as CNG, LNG, LPG, ethanol and methanol will be eligible fuels for the cleaner fuels grants scheme.

If you want to claim a cleaner fuels grant you will need to first register for the scheme. For more detailed information about the scheme, how to register and how to claim, refer to *About the cleaner fuels grants scheme* (NAT 9884) and *The cleaner fuels grant scheme* (NAT 9886).

## BIODIESEL STANDARDS

The Department of the Environment and Heritage (DEH) has introduced a fuel standard for biodiesel under the *Fuel Quality Standards Act 2000*. Biodiesel supplied to the marketplace will be required to meet the standard.

## ENERGY GRANTS CREDITS SCHEME

If you undertake eligible activities using biodiesel you may be entitled to claim under the energy grants credits scheme from 18 September 2003.

## OTHER INFORMATION AVAILABLE

Additional guides and fact sheets are available to provide you with more detailed information about biodiesel.

- > *Meeting your biodiesel obligations* (NAT 9885)
- > *About the cleaner fuels grants scheme* (NAT 9884) fact sheet
- > *The cleaner fuels grants scheme* (NAT 9886)
- > *Energy grants credits scheme* (NAT 9398) fact sheet

#### **➤ MORE INFORMATION**

For more information on any of the above topics go to [www.ato.gov.au/excise](http://www.ato.gov.au/excise) or phone us on **1300 657 162**.

If you do not speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service on **13 14 50** for help with your call.

If you have a hearing or speech impairment and have access to appropriate TTY or modem equipment, phone **13 36 77**. If you do not have access to TTY or modem equipment, phone the Speech to Speech Relay Service on **1300 555 727**.

For further information regarding the biodiesel standard, visit the Department of the Environment and Heritage (DEH) website at [www.deh.gov.au](http://www.deh.gov.au) or fax **02 6274 1172**.

#### **OUR COMMITMENT TO YOU**

The information in this publication is current at April 2004 and we have made every effort to ensure it is accurate. However, if something in the publication is wrong or misleading and you make a mistake as a result, you will not be charged a penalty. You may have to pay interest, depending on the circumstances of your case.

You are protected under GST law if you have acted on any GST information in this publication. If you have relied on GST advice in this Tax Office publication and that advice has later changed, you will not have to pay any extra GST for the period up to the date of the change. Similarly, you will not have to pay any penalties or interest.

If you feel this publication does not fully cover your circumstances, please seek help from the Tax Office or a professional adviser. Since we regularly revise our publications to take account of any changes to the law, you should make sure this edition is the latest. The easiest way to do this is by checking for a more recent version on our website at [www.ato.gov.au](http://www.ato.gov.au)