



# Meeting your biodiesel obligations

This guide provides information about your excise obligations and details of how to apply for an excise licence or permission for biodiesel, as well as how to meet your obligations when entering biodiesel for home consumption.



For further information about biodiesel read the *About Biodiesel* (NAT 9883) fact sheet. Information about the cleaner fuels grants scheme is available in *About the cleaner fuels grants scheme* (NAT 9884) fact sheet and the *The cleaner fuels grants scheme* (NAT 9886) guide.

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#### **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.

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)**

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## **APPLYING FOR AN EXCISE LICENCE FOR BIODIESEL**

### **What is an excise licence for biodiesel?**

An excise licence allows you to conduct certain activities in relation to excisable products - such as manufacture or storage.

There are two types of licences relevant for biodiesel:

- > an excise manufacturer's licence – this allows you to manufacture and store biodiesel, and
- > a licence to store excisable goods – this allows you to store biodiesel.

### **Who needs an excise licence for biodiesel?**

You need to hold the relevant excise licence if you intend to conduct, or are conducting any of the following:

- > manufacturing biodiesel for personal or commercial use in diesel engines
- > blending or storing biodiesel (blending is considered to be manufacture) for use in diesel engines, or
- > blending duty paid biodiesel with any other fuel for use in diesel engines.

### **How do I apply for and obtain an excise licence?**

If you are conducting any of the above activities, or you already have an excise licence and are not sure if it covers biodiesel you should contact us on **1300 137 292**. One of our staff will discuss your individual circumstances with you to assist you in deciding the type of licence you need to apply for. We will then send you the relevant forms for you to complete.

There is no charge for obtaining a licence.

If you require assistance in completing your licence documentation or have any questions, phone **1300 137 292**.

### **Is a licence issued automatically?**

No. The *Excise Act 1901* sets out the matters that we consider when making a decision. After forms have been checked to ensure they are complete, background checks are carried out to assist us in making a decision on your application. During the licensing process one of our staff may need to phone you to obtain further information.

### **How long does the licensing process take?**

You will have a response from us within 28 days after we have received all necessary information from you. When a decision has been made we will phone to advise you of our decision. If we approve your application you will receive your licence documentation by post. If we refuse your application we will also write to you explaining our decision.

### **What if I am already making biodiesel?**

If you are already making biodiesel you should contact us as soon as possible to start the licensing process. Under the *Excise Act 1901* you have two months from the date that

biodiesel becomes excisable to become licensed. This means you must have applied for an excise licence by 17 November 2003.

If you are manufacturing biodiesel without a licence we encourage you to contact us as soon as possible so we can assist you in complying with your obligations. The *Excise Act 1901* allows for heavy penalties to be imposed on unlicensed excisable activities.

### **How long is my licence valid?**

Manufacturers licences expire on 31 December of each year regardless of when they are issued, and need to be renewed annually. We will contact you before your licence expires to invite you to renew.

### **What is entry for home consumption?**

The term *enter for home consumption* is used in the *Excise Act 1901* to indicate the point excise duty becomes payable on goods being delivered into the marketplace for sale.

An entry for home consumption is written advice to the Tax Office that a quantity of biodiesel has been delivered into the marketplace during an agreed period, or will be delivered into the marketplace following Tax Office approval.

### **What are my obligations?**

If you are a licence holder you must comply with the conditions stipulated in your license(s) as well as in the relevant legislation. In addition you must comply with the following requirements:

#### **Control of excisable goods**

All excisable goods are subject to our control until delivered for home consumption or for exportation. You must not intentionally move, alter or interfere with the goods without our permission.

#### **Safety of the goods and excise liability**

If you do not keep excisable goods safely or fail to account for the goods in your possession, custody or control, to our satisfaction, you will on a demand made by the Tax Office be required to pay an amount equivalent to the excise duty on those goods.

This amount will be equal to the amount of excise duty which would have been payable if the goods had been entered for home consumption on the day the demand was made.

#### **Tax officer right of entry**

You must allow tax officers, at all times, to have complete access to every part of any factory, approved place or premises specified in a licence. Tax officers may also examine and take account of excisable goods in these factories, approved places or licensed premises.

#### **Keep us informed**

You have an obligation to advise us of any changes to your circumstances that may affect the basis on which your licence was granted, for example - a change to your premises.

### **What other documentation will I require?**

Depending on your specific circumstances you may require any of the following:

- > movement permission
- > periodic settlement permission, and
- > excise return.

### **What is a movement permission?**

A movement permission authorises the movement of goods, subject to the Commissioner's control, from one licensed establishment to another, without entering them for home consumption. There are two types of movement permissions:

- > a continuing permission – this allows transfer of product between two specified premises on a continuous basis, and
- > a single permission – this allows the transfer of product on a one off basis.

In both situations the excise liability is transferred from the selling party to the buying party.

Based on the information provided in your initial discussion with us, you may be approved to apply for a continuous permission.

### **What is a periodic settlement permission?**

A periodic settlement permission allows you to deliver excisable goods into home consumption for a specified period, and defer lodging a return and paying excise duty for those goods until after the end of that period.

Periodically, you must lodge a return detailing the deliveries made during the period, and pay excise duty on goods that have been moved. The permission stipulates the time period in which you may deliver those goods before lodging a return.

We will issue a permission with the appropriate settlement period based on the nature of your operations. For the purposes of biodiesel these may be weekly, quarterly or annual settlement periods.

If you do not hold a permission, you will be required to obtain a *delivery authority* with the payment of excise duty required before the product enters home consumption.

### **What is payment prior to clearance?**

Payment prior to clearance is required if you have not been granted periodic settlement permission. In this instance you are required to seek our permission to deliver the goods before actually doing so. You need to do this each time you want to deliver goods into home consumption. The permission issued to you will be in the form of a numbered delivery authority.

Payment of your excise duty is required before the goods have been delivered into home consumption.

## **HOW TO ENTER BIODIESEL FOR HOME CONSUMPTION**

After you are licensed you will have to enter biodiesel for home consumption, by completing an excise return.

### **What is an excise return?**

An excise return is the approved method of entering biodiesel for home consumption. It records and advises us of biodiesel entering the marketplace. We have produced a standard excise return form for your use. Alternatively you may decide to create your own electronic version. This is acceptable as long as the format and structure is based on the Tax Office standard form and we approve the form before its use.

### **What if I blend biodiesel?**

If you blend biodiesel with any other product it needs to occur in licensed premises, even if both the biodiesel and the other product are duty paid. Consequently, when that blend leaves your licensed premises, it is considered to be delivery into home consumption, and you need to enter it on your excise return.

If you are blending biodiesel, phone **1300 137 292** for advice on your obligations and how to complete your excise return.

### **When is an excise return lodged?**

The timing will depend on whether you have a periodic settlement permission or are required to make a payment prior to clearance.

#### **Periodic settlement permission**

*Weekly settlement:* by 4pm on the first working day of each week.

*Quarterly settlement:* by 4pm on the first working day of each quarter beginning with the months of July, October, January, and April.

*Yearly settlement:* by 4pm on the first working day of the calendar year.

#### **Payment prior to clearance**

An ad hoc excise return (entry for home consumption) is always made prior to the delivery of the biodiesel into home consumption.

### **Who makes an entry for home consumption?**

An entry for home consumption is made by people or companies that have been granted permission to deliver goods for home consumption from excise licensed premises. Usually, the permission holder is also the licence holder.

### **How do I make an entry for home consumption?**

Entries are generally made on excise return forms. You will receive a stock of excise return forms when you register. If you do not have an excise return form, replacement forms are available at [www.ato.gov.au/excise](http://www.ato.gov.au/excise) or by phoning **1300 137 292**.

Returns are to be faxed to **1300 131 456** by the time and on the day specified in your periodic settlement permission, or prior to delivery if you do not have a periodic settlement permission.

Payment of duty is to be made no later than the day the biodiesel is entered for home consumption. The options for payment of duty include:

- > cheque payment
- > Post Billpay
- > direct credit transfer from your bank account, or
- > BPAY.

### **If I am claiming a cleaner fuels grant do I have to pay the excise duty?**

Yes. Whether or not you claim the cleaner fuels grant, you still need to pay your excise duty.

If you are eligible for a cleaner fuels grant, you may have the option of asking us to transfer the credit from your grant payment to pay your excise liability. To take up this option, the details of the biodiesel on both your excise return and your grant claim form need to match, and you need to send us both together in the same facsimile transmission.

If the grant payment is held up for any reason, you may still need to make a separate payment to meet your excise liability. For more detailed information on the grant, refer to *About the cleaner fuels grants scheme* (NAT 9884) and *The cleaner fuels grants scheme* (NAT 9886).

### **How do I make an excise duty payment?**

#### **Mail payment**

To pay by mail you need a personalised payment booklet. Cheques or money orders may be sent to the address printed on the payment advice forms from this booklet. We do not issue receipts for payments made by mail. If a receipt is required, please pay by BPAY® or in person at any Australia Post outlet. To order a booklet of payment advice forms please phone **1300 657 162**.

Please do not use pins, staples, paper clips or adhesive tape.

Please do NOT send cash.

Cheques and money orders should be made payable to the 'Deputy Commissioner of Taxation' and crossed 'Not Negotiable'. Cheques must be tendered in Australian currency and must not be post-dated.

#### **Paying at the Post office**

If you have a payment advice form with a barcode, you can pay in person at any Australia Post outlet. Australia Post does not accept photocopies of payment advice forms. To order a booklet of payment advice forms please phone **1300 657 162**.

Payments can be made by cash, cheque or money order. There is a \$3,000 limit applying to cash payments. Cheques should be made payable to the 'Deputy Commissioner of Taxation' and crossed 'Not Negotiable'.

You will receive a receipt for any payment made in person at a post office.

EFTPOS is available at most Australia Post outlets. However, payments can only be made using your savings or cheque account. The amount of the payment is also limited to the daily cash withdrawal amount permitted through your bank's ATM.

#### **Direct credit payment from your bank account**

Direct credit allows you to transfer funds electronically to your excise client account at the Tax Office. To make a direct credit payment you need a desktop computer banking software package or a third party/pay anyone payment option through your Internet banking facility. Talk to your financial institution about which package suits you best.

You also need the following information to transmit a payment to your excise client account at the Tax Office:

Bank:	Reserve Bank of Australia
BSB	No: 093 003
Account No:	316 385
Account Name:	ATO EFT Deposits Trust Account

To ensure your payment is recorded correctly to your excise account, you must record your EFT code in the Direct Entry System lodgment reference field. You are advised of your personal EFT code when you are registered for excise.

It is very important to key the EFT code accurately as it is used to identify your account and the type of payment you are making.

#### **BPAY® payment**

If your financial institution offers BPAY®, you can make payments using the phone or Internet. Contact your financial institution's phone or Internet banking service and follow the prompts to make a payment from your nominated account (excluding credit card accounts).

When making a payment you will need to enter the Tax Office biller code (75556) and your EFT code. You are advised of your personal EFT code when you are registered for excise.

You will receive a receipt number when you make the payment. Record the receipt number for future reference.

#### **Credit transfer of cleaner fuels grant**

If you are eligible for a cleaner fuels grant, you can ask us to transfer the credit from your grant payment to pay your excise liability.

### Payments cannot be made by credit card

We do not accept payments by credit card.

### How to complete the excise return form

We have provided the following information to assist you in completing your excise return form.

### Australian business number (ABN) or excise identification number (EIN)

An ABN is a unique identifying number issued to all entities registered in the Australian Business Register. If you are not eligible for an ABN, you will be provided with an EIN when you register for excise.

### Client account number

Your client account number is used to identify your excise account. We tell you what your client account number is during your registration process.

### Client details:

#### > your reference

If you wish to have a reference for your own records this should be recorded in the reference field.

#### > client name

The client name should be the trading or main/legal name for the ABN or EIN provided above.

#### > agent's name

Provide your agent's name if applicable.

#### > for periodic settlement permission

If you have a periodic settlement permission, provide your periodic settlement permission number, the settlement period from and to dates, and indicate if the lodgement is for a nil return (for example if there has been no movement of excisable goods during the settlement period).

#### > for payment prior to clearance

Also known as *pre-payment* or *non-periodic settlement*. If you are lodging a pre-payment return, indicate if the required payment has been made and the date it was made. Provide the establishment ID and the establishment name of the premises from which the fuel is to be removed.

### Product details page

For each page of your fax, at the top of the page you will need to enter your ABN/EIN and client account number. The excise return form allows you to enter multiple excisable products on the same form. You are required to enter each excisable product on a separate line. Excisable products are differentiated by their tariff classification and their statistical code. Number each line you complete in sequential order starting at 001. Attach as many product details pages as necessary to enter all your excisable products.

### Product details

#### > tariff classification

Tariff classifications are in alpha-numeric codes which specify types of excisable goods and/or the specific end use circumstances of those goods. They are listed in the schedule to the *Excise Tariff Act 1921*, along with the rates of duty applicable to them. 100 per cent biodiesel is classified as tariff item 11L, and biodiesel blends are classified as tariff item 12.

#### > statistical code

The statistical code for the entry of 100 per cent biodiesel under tariff classification 11L is 1180.  
The statistical code for the entry of biodiesel blended with diesel under tariff classification 12 is 1206.  
The statistical code for the entry of biodiesel blended with other petroleum product under tariff classification 12 is 1207.

#### > instrument

This field is not relevant to biodiesel.

#### > quantity in dutiable units

Calculate the quantity of biodiesel being entered in litres to two decimal places. If you are entering a blend of biodiesel enter the total quantity of the blend. Tick the 'litres' box.

#### > statistical quantity

If the line item is a biodiesel blend entered under tariff classification 12, enter the number of litres of biodiesel that has not already been duty paid (ie biodiesel which has not already been entered by you or someone else on another excise return) used in the blend, rounded to the nearest whole litre, in this field.

#### > alcohol strength

This field is not relevant to biodiesel.

#### > rate

The rate of excise applicable to biodiesel and ultra low sulphur diesel is \$0.38143.  
The rate for diesel (sulphur above 50 parts per million (ppm) is currently \$0.40143.  
If you are entering blended biodiesel under tariff classification 12, do not enter a rate.

#### > excise amount

For tariff classification 11L, calculate the amount of excise duty payable by multiplying the litres of biodiesel by the excise rate.

For tariff classification 12, the amount of excise payable is the sum of the excise payable on each of the components in the blend. If a component is already duty paid, no further duty is payable on that component.

If you are in doubt, or require assistance in completing this calculation, phone us on **1300 137 292** for advice.

### Excise duty summary page

For each page of your fax, you will need to enter your ABN/EIN and client account number at the top of the page.

## Excise duty summary

### > total excise amount

Calculate the total excise amount payable. This is the total of all amounts at label H under the line information. This amount should be calculated to two decimal places.

### > less approved credits

Approved credits are any amounts of excise duty for which you may have lodged a claim or amended return, and have had prior approval from us to set off against a future excise liability. This option generally would not be available if you are a cleaner fuels grant claimant and have signed a credit transfer authority. This field would only be completed when you receive a specific instruction from us to deduct an approved amount.

### > total amount

This is the sum of the total excise amount less any approved credits as stated on your return.

## Further information

Provide the number of product lines completed and the total number of pages submitted. This will assist us when processing the forms by enabling us to check that all pages and lines are accounted for.

## Declaration

The declaration must be signed by a person authorised to complete the form. By signing the form you are also making a declaration that the information contained in the return is true and correct.

## What are my record keeping obligations?

You must keep detailed records of the biodiesel entered for home consumption for a period of five (5) years so you can provide evidence to substantiate your returns if you are audited. You may be penalised if you can't demonstrate that an entry is correct.

Your records should contain information about:

- > the biodiesel used in the manufacture of any blended product
- > the process of manufacture
- > the quantity of the biodiesel manufactured
- > loss or wastage of the biodiesel, or of other goods used in the manufacture of the biodiesel, during or after manufacture
- > the storage of the biodiesel, and
- > the sale or disposal of the biodiesel.

Your records need to be in English, or easily translated into English, and should include records of the storage and disposal of the biodiesel, the calculation of duty, and your excise returns.

If you are unsure of any aspects of the information you may need to provide to support your entries you should phone **1300 137 292** for advice.

## Confirmation that your return has been processed

When your return has been processed, we will send you an entry confirmation. If you have completed the *periodic settlement permission* section of the excise return, you will receive a faxed letter advising of the excise return number we have allocated to the entry. If you have completed the *payment prior to clearance* section of the excise return, we will send you a numbered delivery authority.

## What if I make a mistake or need to amend a return?

If you need to amend your return or claim a refund of excise duty (if for example, you made a mistake on a return form you lodged with us, you accidentally entered fuel sold under bond to another licensed entity, or the biodiesel no longer meets the fuel quantity standard) you should contact us on **1300 137 292**.

If you have made a claim for the cleaner fuels grant, you also may need to amend your grant claim. If you need information on making a request to amend a grant claim, refer to *The cleaner fuels grants scheme* (NAT 9886).

## What are my rights and responsibilities?

It is important that you are aware of your rights and obligations when dealing with the Tax Office. These are explained in the taxpayers' charter, along with the service and other standards you can expect from the Tax Office. To view the taxpayers' charter visit our website at **www.ato.gov.au** To get a printed copy of the *Taxpayers' Charter-what you need to know* (NAT 2548) phone our distribution service on **1300 720 092**.

### ➤ MORE INFORMATION

For more information on excise licensing requirements or the cleaner fuels grants scheme, look on our website **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**.

If you require additional information about making your excise payments please phone **1800 815 886**, email **payment@ato.gov.au** or visit **www.ato.gov.au/excise** For further information regarding the biodiesel standard, visit the Department of the Environment and Heritage website **www.deh.gov.au** or fax **02 6274 1172**.

