

8. COST RECOVERY AND DEPOT LICENSING FEES

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Topic 4: Import Declarations and Duty Deferral

Topic 5: Import Cargo Reporting

Topic 10: Penalty Administration

KEY MESSAGES

- The cost recovery structure has been completely revised and simplified to ensure certainty of costs for industry.
- The Integrated Cargo System will enhance the quality of data used to calculate charges.
- The number of items in the schedule of cost recovery charges has been significantly reduced.
- The simplified cost recovery structure minimises the cost of administering the charging regime for both Customs and industry.
- Import processing charges except for the screening charge are imposed on the declaration of goods imported.

THE LEGISLATION

The key new provisions of the Customs Act relating to cost recovery and depot licensing fees are listed below.

- 71AAA:** Liability for self-assessed clearance declaration charge – subsection (3): special reporters
- 71AAB:** Payment of self-assessed clearance declaration charge
- 71B:** Liability for import declaration processing charge
- 71BA:** Warehoused goods declaration fee
- 71DC:** Liability for an RCR processing charge
- 71DI:** Liability for warehouse declaration processing charge
- 77LA:** Variation of places covered by depot licence

The trade modernisation legislation package also repealed and replaced the Import Processing Charges Act and amended the Depot Licensing Charges Act.

INTRODUCTION

In the past, the Customs cost recovery system was based on a ‘one size fits all’ approach with a complicated system of charges that artificially differentiated between sea, air and post modes of transport. A new cost recovery system has been introduced under Cargo Management Re-engineering (CMR), which:

- streamlines the existing processes
- removes the differentiation between the cost of transactions across different modes of transport
- focuses on the declaration of the goods imported, and
- encourages electronic lodgement with a substantial cost saving.

The CMR cost recovery system

The CMR cost recovery system ensures that Customs charging regime is reasonable and transparent and provides certainty of costs.

The principles of the CMR cost recovery system are as follows.

- **To provide simplicity in the fee structure to ensure certainty of costs for importers.**

The number of items listed in the schedule of charges has been reduced by moving the management focus away from the various stages in the import process and instead viewing the process as an integrated package with one associated charge.

- **To provide transparency in the linkage of costs to prices.**

Customs new pricing structure is more comprehensible and therefore more open to scrutiny. This has been achieved by integrating the various data sources used to calculate import processing charges into one central system.

- **To ensure total charges are commensurate to costs incurred.**

The CMR cost recovery system ensures that import processing charges are matched with the actual costs incurred by Customs on an accrual basis.

- **To minimise the cost of administering the charging regime for both Customs and industry.**

The reduction in the number of charges and the integration of the import processing system will result in administrative cost savings for both Customs and industry.

- **To link import processing costs, as much as possible, to the beneficiary of service.**

This is the central principle of the CMR cost recovery system. By linking the full cost of each transaction to the consignment, costs are tracked directly to the recipient of the services provided.

CMR cost recovery items and charges

Cost recovery items

Following is a list of the items subject to charges under the Import Processing Charges Act 2001 and the Depot Licensing Charges Act 1995. More detailed information about many of the items is provided in other topics in this package. The actual charges for all the items are shown in the table 'Schedule of CMR cost recovery charges' following this section.

- self assessed clearance declarations (see [Topic 4: Import Declarations and Duty Deferral](#))
- import declarations (see [Topic 4: Import Declarations and Duty Deferral](#))
- request for cargo release (RCR) (see [Topic 3: Accredited Client Program](#))
- periodic declaration (see [Topic 3: Accredited Client Program](#))
- warehouse declaration (see [Topic 4: Import Declarations and Duty Deferral](#))
- screening charge for abbreviated cargo reports (see [Topic 5 Import Cargo Reporting](#))
- depot licence charge
- depot licence variation charge

In addition to the above is the following fee set by the Customs Act 1901.

- Warehoused goods declaration fee

Charges subject to change

The cost recovery charges and fees currently set by the legislation are subject to change by regulation and may well change before commencement. The actual charges will be determined closer to the date of the commencement of the relevant provisions.

Advice about the final cost recovery charges will be made via an Australian Customs Notice (ACN), followed by a new cost recovery charges pamphlet before the new charges are introduced.

Discontinued charges

Two charges have been discontinued:

- the manual reporting charge for sea and air cargo (after an initial moratorium period all cargo reporting will be electronic), and
- the refund application fee (both manually and electronically lodged).

Manual reporting charges will not apply during the moratorium period.

Special reporters

Special reporters pay a screening charge for an abbreviated cargo report (subsection 5(1) of the Import Processing Charges Act). A special reporter who also makes a self-assessed clearance declaration for those goods (see [Topic 4: Import Declarations and Duty Deferral](#)) will not be liable to pay a self-assessed clearance declaration charge for the same goods (see paragraph 71AAA(3)(a)).

Depot licensing fees

Under section 77LA of the Customs Act, the CEO of Customs may vary a depot licence by:

- omitting the description of a place that is currently described in the licence and substituting a description of another place, or
- altering the description of a place that is currently described in the licence.

The holder of a depot licence who applies to have their licence varied in this manner is liable to pay a depot licence variation charge (subsection 77LA(2)).

SCHEDULE OF CMR COST RECOVERY CHARGES

Note: The cost recovery charges and fees currently set by the legislation are subject to change by regulation and may well change before commencement. (see '[Charges subject to change](#)' earlier in this topic).

Item	\$	Paid by
Import and warehouse declaration charges	For entry into home consumption or into a warehouse	
• value more than \$1000 (electronic)	\$29.25 per declaration	Owner
• value more than \$250 and not exceeding \$1000 (electronic)	\$23.20 per declaration	Owner
• Manual documentary	\$60.00	Owner
Self assessed clearance declaration charge (electronic)	\$2.15 per declaration	The person who sends the communication
– 21 or more reportable documents	\$45.00 per declaration	
Warehoused goods declaration fee (electronic)	For entry ex-warehouse into home consumption	
• electronic	\$23.20 per declaration	Owner
• manual documentary	\$60.00 per declaration	Owner
Request for cargo release charge (RCR)	\$9.40 per request	Owner
Periodic declaration charge	\$1275 per declaration	Owner
Screening charge for abbreviated cargo reports	\$45.00 per report	Special reporter
Depot licence application charge	\$3000 per application	New applicant
Depot licence charge	\$4000 per annum	Licence holder
	\$1500 per annum for depots with less than 300 transactions per annum	Licence holder
Depot licence variation charge	\$300	Licensed depot operator