

2025

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

[HOUSE OF REPRESENTATIVES/SENATE]

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TREASURY LAWS AMENDMENT BILL 2025: INCREASED WINE  
EQUALISATION TAX PRODUCER REBATE

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EXPOSURE DRAFT EXPLANATORY MATERIALS

## **Consultation preamble**

Treasury seeks feedback on the effectiveness of this exposure draft explanatory material in explaining the policy context and operation of the proposed new law, including, but not limited to:

- how the new law is intended to operate;
- whether the background and policy context is sufficiently comprehensive to support understanding of the policy intent and outcomes of the new law;
- the use of relevant examples, illustrations or diagrams as explanatory aids; and
- any other matters affecting the readability or presentation of the explanatory material.

Feedback on these matters will assist to ensure the Explanatory Memoranda for the Bill aids the Parliament's consideration of the proposed new law and the needs of other users.

Treasury and the ATO work closely to identify aspects of new tax laws which may benefit from ATO public advice and guidance (PAG). Feedback is also sought on any aspects of the new law where ATO PAG should be considered, to support stakeholders' understanding and application of the new law. Stakeholder feedback on this question will be shared with the ATO.

# Table of Contents

Glossary..... iii

Chapter 1:        Increase of the Wine Equalisation Tax Producer Rebate  
                                 ..... 5



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# Glossary

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This Explanatory Memorandum uses the following abbreviations and acronyms.

<b><i>Abbreviation</i></b>	<b><i>Definition</i></b>
GST	Goods and Services Tax
WET	Wine Equalisation Tax
WET Act	<i>A New Tax System (Wine Equalisation Tax) Act 1999</i>



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# **Chapter 1:        Increase of the Wine Equalisation Tax Producer Rebate**

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## **Outline of chapter**

- 1.1     Schedule 1 to the Bill increases the maximum amount of WET producer rebates an eligible wine producer, or a group of associated wine producers, can claim in each financial year. From 1 July 2026, this cap is increased from \$350,000 to \$400,000.
- 1.2     Legislative references in this Chapter are to the WET Act unless otherwise specified.

## **Context of amendments**

- 1.3     The WET Act imposes WET liabilities on certain dealings in wine such as the importation or wholesale sale of wine, usually payable by the seller through their business activity statement.
- 1.4     On 1 October 2004, the *Tax Laws Amendment (Wine Producer Rebate and Other Measures) Act 2004* amended the WET Act so eligible wine producers could claim up to \$290,000 of WET producer rebates each financial year.
- 1.5     From 1 July 2006, the maximum amount of producer rebates which producers could claim was increased to \$500,000 and then decreased to the current \$350,000 from 1 July 2018.
- 1.6     In the 2025-26 Budget, the Government announced that it would increase its support for wine producers through changes to the alcohol tax settings in Australia, by increasing the WET producer rebate cap from \$350,000 to \$400,000 per financial year, from 1 July 2026.

## **Summary of new law**

- 1.7     From 1 July 2026, eligible producers, or groups of associated wine producers, can claim a maximum of \$400,000 in WET producer rebates for each financial year.

## Comparison of key features of new law and current law

**Table 1.1 Comparison of new law and current law**

<b>New law</b>	<b>Current law</b>
Eligible wine producers, or a group of associated wine producers, are able to claim up to \$400,000 of WET producer rebates each financial year.	Eligible wine producers, or a group of associated wine producers, are able to claim up to \$350,000 of WET producer rebates each financial year.
Individual eligible wine producers must repay any excess amounts of WET producer rebate that exceeds the \$400,000 cap, claimed for a financial year.  Members of a group of associated wine producers are jointly and severally liable to pay an amount that exceeds the \$400,000 WET producer rebate cap, as claimed by the group for a financial year.	Individual eligible wine producers must repay any excess amounts of WET producer rebate that exceeds the \$350,000 cap, claimed for a financial year.  Members of a group of associated wine producers are jointly and severally liable to pay an amount that exceeds the \$350,000 WET producer rebate cap, as claimed by group for a financial year.

## Detailed explanation of new law

- 1.8 Division 19 of the WET Act governs entitlement to a WET producer rebate.
- 1.9 Subsection 19-15(2) stipulates that the maximum amount of WET producer rebates to which eligible wine producers are entitled to each financial year is \$400,000. Subsection 19-15(3) applies this cap to the amount of WET producer rebates claimed by a group of associated wine producers each financial year. The method to determine whether eligible wine producers are associated and therefore form groups, for the purposes of claiming WET producer rebates, remains the same.
- 1.10 Subsections 19-25(2) and (3) impose a liability for the repayment of claims, in excess of the amount to which the group was entitled on each producer that is a member of a group of associated wine producers. This amount is \$400,000 (as stipulated by subsection 19-15(3)). Individual eligible wine producers are also liable to repay any amounts exceeding this increased \$400,000 WET producer rebate, cap claimed for a financial year. *[Schedule 1, item 1, subsections 19-15(2), (3) and 19-25(2)]*
- 1.11 The increase to \$400,000 to the maximum amount of WET producer rebates eligible wine producers, or groups of associated wine producers, can claim in each financial year will not affect any other aspect of the WET framework.



Therefore, the current eligibility criteria, or claiming rules, for WET producer rebate claimants, and the administration of a WET producer rebate as a wine tax credit continue.

## Commencement, application, and transitional provisions

- 1.12 Schedule 1 to the Bill commences on the first 1 January, 1 April, 1 July or 1 October to occur after the day the Bill receives Royal Assent.
- 1.13 The increased maximum amount of WET producer rebate applies to assessable dealings in wine made on or after 1 July 2026. [*Schedule 1, item 2*]



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