

EXPLANATORY STATEMENT

Issued by authority of the Assistant Treasurer and Minister for Financial Services

Excise Act 1901

Excise Amendment (Remission Increase for Distillers and Brewers) Regulations 2025

Section 164 of the *Excise Act 1901* (the Act) provides that the Governor-General may make regulations prescribing matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

Section 78 of the Act provides that regulations may prescribe circumstances in which remissions of excise duty in respect of a class of excisable goods may be allowed, and the amount of remission that may be allowed in those circumstances.

The *Excise Regulation 2015* prescribes circumstances in which an alcohol manufacturer is eligible for a remission of excise duty payable in respect of certain alcoholic beverages or to apply for a refund of excise duty paid in error where the alcohol manufacturer would have been eligible for such a remission. This excise remission scheme broadly allows distillers and brewers to receive automatic remissions of duty payable on certain beer and spirits which are entered for home consumption. However, the remission is capped at a certain amount per financial year.

The purpose of the *Excise Amendment (Remission Increase for Distillers and Brewers) Regulations 2025* (the Regulations) is to increase the maximum amount of remission an eligible alcohol manufacturer may be entitled to per financial year. Specifically, this remission cap is increased from \$350,000 to \$400,000 in relation to certain alcoholic beverages entered for home consumption on or after 1 July 2026.

The amendments implement the Government's commitment in the 2025-26 Budget to support Australian brewing and distillery businesses by providing increased tax relief through the excise remission scheme. This also aligns with reforms to increase the maximum amount of producer rebates available per financial year under the *A New Tax System (Wine Equalisation Tax) Act 1999*, to ensure consistency of treatment between wine producers and other alcohol manufacturers.

The Act does not specify any conditions that need to be satisfied before the power to make the Regulations may be exercised.

The Regulations are a legislative instrument for the purposes of the *Legislation Act 2003* and are subject to the sunset and disallowance regimes set out in that Act. However, if the Regulations are not disallowed, they will automatically repeal when the disallowance period ends in accordance with section 48A of the *Legislation Act 2003* and the sunset regime in that Act will no longer be relevant.

The Regulations commenced on the day after registration on the Federal Register of Legislation.

Details of the Regulations are set out in Attachment A.

Details of the Excise Amendment (Remission Increase for Distillers and Brewers) Regulations 2025

Section 1 – Name

This section provides that the name of the Regulations is the *Excise Amendment (Remission Increase for Distillers and Brewers) Regulations 2025* (the Regulations).

Section 2 – Commencement

The Regulations will commence on the day after the instrument is registered on the Federal Register of Legislation.

Section 3 – Authority

The Regulations are made under the *Excise Act 1901* (the Act).

Section 4 – Schedule

This section provides that each instrument that is specified in a Schedule to the Regulations is amended or repealed as set out in the applicable items in the Schedule, and any other item in the Schedule has effect according to its terms.

Schedule 1 – Amendments to the Excise Regulation 2015

Items 2 and 3 of the Regulations amend subclauses 2(1) and (3) of Schedule 1 to the *Excise Regulation 2015*.

Subclause 2(1) prescribes circumstances in which a full remission of excise duty may be made without an application, in accordance with paragraph 78(1)(b) of the Act.

Item 10 of the table in subclause 2(1) sets out when an alcohol manufacturer is eligible for such a remission in respect of an alcoholic beverage (within the meaning of the Act) that is manufactured by the alcohol manufacturer and entered for home consumption during the financial year. In this context, alcoholic beverages broadly encompass beer and certain spirits subject to excise duty under the *Excise Tariff Act 1921*.

Prior to the amendments, paragraph (c) in item 10 of the table in subclause 2(1) provided that the maximum amount of remission (the remission cap) could not exceed \$350,000 for the financial year, or a proportionate amount if the alcohol manufacturer becomes an alcohol manufacturer after the start of the financial year. The proportionate amount is calculated using the formula in subclause 2(3).

Item 2 of the Regulations amends subparagraph (c)(i) in item 10 of the table in subclause 2(1) to increase the remission cap from \$350,000 to \$400,000.

Item 3 of the Regulations accordingly updates the formula in subclause 2(3) to replace the reference to \$350,000 with \$400,000.

Items 2 and 3 of the Regulations have the effect of entitling eligible alcohol manufacturers to a higher amount of remission of excise duty for applicable alcoholic beverages per financial year.

Item 1 of the Regulations inserts section 64 into Part 8 of the *Excise Regulation 2015*, which deals with application and transitional matters. Section 64 is an application provision which provides that the new remission cap of \$400,000 applies in relation to alcoholic beverages entered for home consumption on or after 1 July 2026.