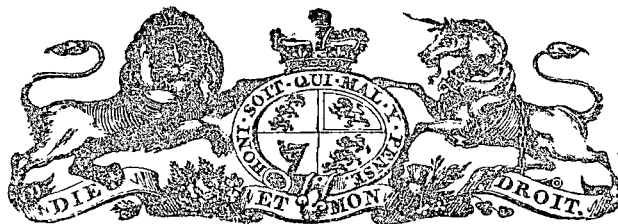


(No. 4.)



1863.

TASMANIA.
LEGISLATIVE COUNCIL.

AD VALOREM DUTIES—ACT 25 VICT. No. 15.

DESPATCH FROM THE SECRETARY OF STATE, No. 54,
20 SEPT. 1862.

Laid upon the Table by Mr. Innes, and ordered by the Council to be printed,
January 16, 1863.



[TASMANIA.—No. 54.]

Downing-street, 20th September, 1862.

SIR,

I HAVE the honor to acknowledge the receipt of your Despatches, Nos. 22 and 35, of the 7th February and 7th April, respectively, having reference to an Act passed by the Legislature of Tasmania, entitled "An Act to increase the Duties of Customs."

I referred these Despatches to the Board of Treasury; and I transmit to you, for your information and for that of your Responsible Advisers, the annexed letter, returned by their Lordships' desire, enclosing some observations from the Commissioners of Customs upon the provisions of the Act in question.

I have to acquaint you that this Act has been laid before the Queen, and that it will be left to its operation.

I have the honor to be,
Sir,

Your most obedient humble Servant,
NEWCASTLE.

Governor GORE BROWNE, C.B.

Right Hon. F. PEEL to Sir F. ROGERS.

Treasury Chambers, 3rd September, 1862.

SIR,

WITH reference to your letters of the 20th May and 27th June last, I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Duke of Newcastle, that, my Lords having communicated with the Board of Trade and with the Commissioners of Customs on the subject of an Act passed by the Legislature of Tasmania, to increase the Duties of Customs, are of opinion that the Act may be left to its operation.

With reference, however, to the question of levying *Ad Valorem* Duties in the Colony, which forms the subject of the enclosures to your letter of the 27th June, my Lords have received from the Commissioners of Customs some observations, in which the Board of Trade, to whom they have been communicated, concurs, and which my Lords consider of sufficient importance to merit communication to the Colony, for which object a copy of the Customs' Report of the 16th ultimo is transmitted for the information of the Secretary of State.

I am, &c.,

(Signed) F. PEEL.

Sir FREDERIC ROGERS, Bart.

(No. 426.)

[To the Lords Commissioners of Her Majesty's Treasury.]

YOUR Lordships having referred to us the annexed letter from Mr. Booth, acknowledging, by desire of the Lords of the Committee of Privy Council for Trade, the receipt of copy of a Despatch from the Governor of Tasmania, together with an authenticated copy of an Act passed by the Legislature of that Colony to increase the Duties of Customs, and stating that their Lordships see no reason why this Act should not be left to its operation.

Your Lordships having also transmitted, for any suggestions we may have to offer for the guidance of the Government of Tasmania, a letter from Sir Frederic Rogers, transmitting, by desire of the Duke of Newcastle, to be considered in connexion with the Act above mentioned, copy of a Despatch from the Governor of Tasmania, forwarding a Petition which has been addressed to him by certain Merchants in the Colony in reference to the collection of the *Ad Valorem* Duties.

We beg to refer to our Report of the 23rd June last, No. 337, stating that the Act in question contained nothing repugnant to the provisions of the Imperial Customs; and, with reference to the provisions thereof, imposing *Ad Valorem* Duties upon the importation of various descriptions of Goods, we have to observe

that, although it would appear to be a simple, easy, and just mode of raising Revenue by enacting that all Importers should be taxed at one uniform rate of 10 per cent., it has yet been found in every Country in which *Ad Valorem* Duties have been established that difficulties arise at the outset, from the necessity of determining the value at which the Goods should be entered, and how such value should be enforced.

These questions have been decided in various manners in different Countries.

In this Country, when there were *Ad Valorem* Duties on goods imported, the system observed was to consider the value in England as the fair amount on which the Duty should be calculated; and the power vested with the Officer of Customs either to pass the goods as entered, or to detain them as undervalued. In the latter case, the Importer might, if he thought fit, make application to us to be allowed to pay more Duty agreeably to the valuation of the Officers, or he might give up the goods receiving formerly 10 per cent., but latterly only 5 per cent., in addition to the value placed upon them by him. We had also the power of rejecting the application to pay an increased Duty, and to take the goods on the above terms if we thought fit. The Officers were guided in these cases by their judgment and experience, by a comparison of the importations of different merchants, and by opinions obtained from respectable persons in the trade; and the power of thus dealing with *Ad Valorem* goods, subject to our directions, was, as a further security, vested in Officers of superior rank, education, and intelligence.

When the Crown took the goods on account of under-valuation as above described, they were sold by public auction, in trade lots; but the sales were frequently found to fail in realising the object for which they were intended; viz.—that of obtaining a fair profit on the goods for the benefit of the Crown, and thus demonstrating to Importers generally the disadvantage of undervaluing their goods. This object was defeated by systematic combination among the buyers; and, notwithstanding every precaution, the system by which *Ad Valorem* Duties were levied proved a fertile source of grievance to the merchant, and frequently, in respect of goods detained for undervaluation, of loss to the Crown, and was in consequence finally abandoned.

In America, where, until lately, all Duties were levied *Ad Valorem*, it was the practice to take the value of the goods at the place of produce or manufacture, the entry being corroborated by an invoice and declaration accompanying the goods; and fraud was guarded against by high penalties and confiscation in cases of undervaluation.

In France and Belgium more recently it has been laid down that the first cost or price of production, augmented by freight, insurance, commission, and other necessary charges, shall be the value for duty; and, in case of dispute, the Officers of Customs may take the goods, paying the Importer his value and 5 per cent. in addition thereto. The Importers may, however, appeal to arbitration, in which latter case, if the real value be found not to exceed the value placed upon the goods by more than 5 per cent., the goods are to be passed; but if it exceeds by more than 5 and under 10 per cent. the Customs may either take the goods, or allow the Duty to be received on the amended value; but where the real value is found to be more than 10 per cent. above that declared, the Duty charged is to be increased 50 per cent. by way of fine.

The enclosed Act follows the English system, so far as regards the taking the value of the goods at the place of importation as the basis for charging Duty, but it makes the Officer of Customs the Assessor of Duty, subject to the condition that, if the Merchant objects to the assessment of the Officers, then the real value is to be ascertained according to such rules and regulations as the Governor in Council may from time to time lay down.

The Merchants, on the contrary, it appears, wish to substitute the net invoice value as the basis for charging the Duty. This system, however, is calculated to lead to fraud, by the medium of false invoices made out for the sole purpose of being presented at the Custom House, to deceive the Officers, and thereby to inflict an injury both on the Revenue, and the fair trader who does not resort to such artifices. And even when the invoice is genuine and true, there may be many circumstances attending the purchase of goods which may completely frustrate the essential object of the *Ad Valorem* system; viz.—the payment of a uniform proportion of Duty by each Importer. Goods may be bought on credit, or for ready money, in the latter instance cheaper than in the former, thus giving the capitalist an undue advantage over the small trader. A fraudulent dealer on the verge of bankruptcy frequently disposes of his goods below their prime cost; and in such cases the one fraud leads, through the instrumentality of the invoice, to another.

Whatever system be adopted in the levying of *Ad Valorem* Duties must be attended with serious disadvantages; but if the regulations of the Governor of Tasmania are framed in a liberal spirit, and afford the Importer a fair hearing upon appeal, we see no reason why the proposed system should not work as well as any that has hitherto been adopted elsewhere.

We have only to add, that we concur in the opinion expressed by the Governor of Tasmania; viz.—that, until the existing Law is repealed, the Executive has no alternative, but must estimate the value of goods at the Port of Entry and not at the Port of Export.

(Signed) F. GOULBURN.
R. W. GREY.

Custom House, 16th August, 1862.