



# Bunker fuel and commercial shipping

Understand your tax obligations for bunker fuels used in commercial shipping bunkers.

## Bunker fuel obligations

Check your tax obligations for bunker fuel, and eligibility for fuel tax credits and refunds of duty.

## Overseas ships and voyage status

How to work out your ship's status and voyage type to understand your obligations for bunker fuels.

## Bunkers free of duty

Check when you don't need to pay customs or excise duty on bunker fuel for voyages for eligible ships.

## Duty paid bunker fuel

Check when you need to pay customs or excise duty on bunker fuel from 1 January 2025.

## Eligibility for refunds of duty on bunker fuel

Check if you're eligible to apply for a refund of customs or excise duty paid on bunker fuels.

### **Fuel tax credits for bunker fuel**



Check what you need to do to claim fuel tax credits.

### **Fuel tax credit entitlements for bunker fuel**



Check your entitlements for fuel tax credits for bunker fuel based on your role.

### **Calculating fuel tax credits for bunker fuels**



How to calculate fuel tax credits for bunker fuels and know what records you need to keep.

### **Coasting trade licences and permits**



Check your obligations for coasting trade licences or permits.

QC 22910

## **Bunker fuel obligations**

Check your tax obligations for bunker fuel, and eligibility for fuel tax credits and refunds of duty.

Last updated 7 March 2025

### **On this page**

What are bunker fuels

## What are bunker fuels

Bunker fuel is generally described as either:

- oil carried as fuel on oil-burning ships
- ships' fuel not listed on the cargo manifest.

Bunker fuel includes all types of petroleum, such as fuel oil or diesel. To be considered as bunker fuel, the fuel must be used to power the ship and auxiliary equipment.

Your obligations for paying customs or excise duty or GST for bunker fuels depends on your circumstances, including:

- ship size
- type of voyages undertaken
- residency (for tax purposes) status of the shipping operator
- agency arrangements on behalf of non-resident shipping operators.

These circumstances also impact your eligibility to claim fuel tax credits and refunds of duty.

For more information on your customs obligations, visit the [Australian Border Force](#) website.

## Changes from 1 January 2025

**From 1 January 2025**, eligible ships of 400 gross tonnes or more can purchase bunker fuel free of duty when supplied directly from a licensed premise to the ship for domestic voyages. For more information, see [Bunkers free of duty](#).

QC 103443

## Overseas ships and voyage status

How to work out your ship's status and voyage type to understand your obligations for bunker fuels.

**Last updated** 7 March 2025

## On this page

Overseas ships

Voyage types

International voyages

Domestic voyages

## Overseas ships

An overseas ship is one that is currently making, or about to make, an international voyage. Ships undertaking international voyages include:

- cargo ships
- passenger ships
- a range of other ships that undertake maritime work.

An overseas ship may be either:

- an international (foreign) ship owned by a non-resident shipping operator. It may or may not perform domestic voyages
- a resident-owned ship that travels directly overseas or via another Australian port, where the port of call is incidental to that voyage.

It's important to know the residency of your ship because it affects your GST obligations and whether you may be entitled to claim **fuel tax credits** or GST credits.

## Voyage types

The type of voyage a ship is taking is determined by the primary purpose of the trip within Australian waters.

The type of voyage and the size of the vessel determines if bunker fuels are subject to customs duty, excise duty and GST.

Find out more about [international voyages](#) and [domestic voyages](#).

## International voyages

An international voyage is a voyage between a place in Australia and a place outside Australia. The voyage can be direct or indirect.

Australia, for excise purposes, **doesn't** include Norfolk Island, Christmas Island or Cocos (Keeling) Islands.

When determining if a ship has undertaken a voyage to a place outside Australia, a 'place outside Australia' **doesn't** include:

- a ship or an area of waters outside Australia
- installations outside Australia
- a reef or uninhabited island outside Australia.

To qualify as an international journey, the ship needs to travel between a place in Australia and a place outside Australia. A ship that travels through international waters and then returns to Australia, hasn't undertaken an international voyage.

## Overseas ships on international voyages

An overseas ship is making a **continuing** international voyage when it:

- loads or unloads international cargo in an Australian port on arrival from overseas
- is in transit to an overseas destination.

An overseas ship travelling between Australian ports may maintain its international voyage status even if it loads or unloads international cargo at each stop.

## Duty payable on bunkers during international voyages

Bunkers on an overseas ship engaged in an international voyage don't have to pay customs duty or GST on fuel consumed during the voyage. They can also acquire local bunkers without having to pay excise duty or GST.

**Example: uninterrupted international voyage**

TM Shipping Lines operates a foreign-owned ship. After arriving in Brisbane from Singapore, it discharges some international cargo and loads domestic cargo for Melbourne.

In Melbourne, it discharges that domestic cargo and some international cargo. It then acquires local bunkers and departs for Auckland where it discharges the remaining international cargo.

Although the ship carried domestic cargo between Brisbane and Melbourne, the international voyage wasn't interrupted. This is because transportation of the domestic cargo wasn't the sole purpose of the Brisbane-Melbourne leg.

TM Shipping Lines don't have to pay customs duty and GST on fuel consumed during the voyage. The bunkers acquired in Melbourne are also free of excise duty.

## **Domestic voyages**

A domestic voyage is a voyage between 2 Australian ports, solely for the purpose of transporting domestic goods.

### **Overseas ships on domestic voyages**

An overseas ship is on a domestic voyage when the sole purpose of a leg is either to:

- load or unload domestic cargo
- re-position the ship to load or unload domestic cargo for transport to an Australian port.

A continuing international voyage is temporarily interrupted by short or long-term disconnections and permanently ceased if a ship is imported.

### **Short-term or long-term disconnected domestic journeys**

An overseas ship may temporarily interrupt its continuing international voyage to either:

- transport domestic cargo between Australian ports
- re-position the ship to load or unload domestic cargo.

If it takes:

- up to 3 domestic legs as part of its voyage, it is a short-term disconnection
- more than 3 legs of domestic voyages, it is a long-term disconnection.

In both instances, the domestic voyage ceases after the domestic cargo is unloaded and the ship resumes its international voyage.

Ships that conduct survey, construction, oil and gas exploration operations, and similar activities in Australia may interrupt a continuing international voyage.

#### **Example: short-term disconnection**

Scott Shipping operates a foreign-registered ship. After arriving in Brisbane from Hong Kong, it discharges some international cargo. It then accepts a spot charter to transport domestic cargo from Brisbane to Newcastle and Sydney. After unloading that cargo in Sydney, it departs for Auckland where it discharges the remaining international cargo.

Although it has international cargo on board, the ship didn't load or unload any international cargo in Newcastle or Sydney. As a result, the 2 legs conducted between Brisbane and Newcastle and Newcastle and Sydney have interrupted the international voyage. They are a short-term disconnection to the voyage.

If the ship also had to unload cargo in Melbourne (making it 4 legs), it would be considered a long-term disconnection.

## **Imported ships**

A ship is imported when it ceases its international voyage or undertakes activities while in Australia (that are not authorised under a coastal trading licence or special recreational vessel licence) that break that continuous nature of the ship's international voyage.

This includes terminating or suspending the ship's international voyage for a significant time, for example, to remain in Australian waters to perform work or undertake significant repairs or other major works to the vessel.

## Duty payable on bunkers during domestic voyages

From 1 January 2025, eligible ships of 400 gross tonnes or more can purchase bunker fuel free of duty supplied directly from a licensed premise to the ship. For more information, see [Bunkers free of duty](#).

Purchases of bunker fuel that don't meet the remission criteria, and are used to undertake a domestic voyage, are subject to duty. For more information, see [Duty paid bunker fuel](#).

QC 81777

## Bunkers free of duty

Check when you don't need to pay customs or excise duty on bunker fuel for voyages for eligible ships.

Last updated 7 March 2025

### On this page

[Duty free international voyages](#)

[Duty free domestic voyages](#)

[Eligibility criteria](#)

## Duty free international voyages

Bunkers for an overseas ship engaged in an international voyage don't have to pay customs duty or GST on fuel consumed during the voyage. They can also acquire local bunkers without having to pay excise duty or GST.

Make sure you understand what qualifies as an international voyage.

## Duty free domestic voyages



From 1 January 2025, you don't have to pay customs duty on bunker fuel remaining in your ship when you arrive into Australia if your ship is both:

- an [eligible overseas ship](#) embarking on domestic voyages, or an imported ship
- 400 gross tonnes or more.

An automatic remission of the customs duty can be applied.

You aren't eligible to claim **refunds** and **fuel tax credits** on fuel that hasn't had excise or customs duty paid on it.

If you're unsure whether you've paid customs or excise duty, check with your supplier. You need to maintain records of any purchases inclusive of duty if you intend to make a claim for a refund or fuel tax credit.

There is no change to your GST obligations. Bunker fuels purchased for domestic voyages remain subject to GST. You need to pay GST for any bunker fuel:

- that is onboard when arriving in Australia from overseas
- purchased for the purpose of a domestic voyage.

Find out more about [claiming GST credits](#).

## Eligibility criteria

To purchase duty free bunker fuels or be eligible for a customs duty remission (for fuel onboard overseas ships), the ship must be undertaking, or about to undertake, a domestic voyage. To be eligible the fuel must also be all of the following:

- subject to customs or excise duty (aviation fuels are not included)
- bunker fuel for powering the ship (not part of the cargo manifest)
- supplied directly from an excise licensed fuel supplier to the ship or is onboard the overseas ship upon arrival
- supplied for use in carrying on a business
- for the ship with a gross tonnage of 400 gross tonnes or more.

## **Example: duty free bunker fuel**

Schrodinger Shipping PLC operates a ship that is 600 gross tonnes. The ship arrives in Perth from Singapore, with bunkers onboard, and fully discharges its cargo. It then picks up cargo to be delivered in full in Sydney, and re-fuels at an excised licenced fuel supplier, before departing.

As the ship has fully discharged its international cargo, the voyage from Perth to Sydney is considered a domestic voyage. As the ship is over 400 gross tonnes, a customs remission was applied to the bunker fuel onboard. An excise remission was applied to the purchased fuel as it also was all the following:

- for the purposes of powering the ship
- from an excise licenced supplier
- for the purposes of carrying on a business.

All fuel (onboard and purchased) is subject to GST.

If a ship doesn't meet the eligibility criteria, it can't receive duty free bunker fuels or be eligible for a customs duty remission.

The fuel supplier will need to include excise duty and GST in its invoice.

The operator of the ship (or their resident agent) may be eligible to claim fuel tax credits on the purchase of the fuel.

## **Example: excise duty applies to bunker fuel**

A fishing trawler, *Shelly Turtle Trawls*, is 300 gross tonnes and undertakes commercial fishing activities along the coast of Australia. The operator purchases diesel for this from an excise licenced fuel supplier.

The fuel supplier supplies the diesel with excise duty inclusive in the cost but can't supply it duty free as the fishing trawler is less than 400 gross tonnes.

The fuel supplier must pay excise duty to the ATO on the supply of the fuel, as no excise duty remission applies. They invoice

*Shelly Turtle Trawls* for the cost of diesel inclusive of excise duty and GST.

QC 103445

## Duty paid bunker fuel

Check when you need to pay customs or excise duty on bunker fuel from 1 January 2025.

**Published** 27 November 2024

### On this page

When to pay customs duty

Domestic voyages

## When to pay customs duty

You need to pay customs duty and GST upon arriving in Australia for fuel onboard a ship that is all of the following:

- an overseas ship
- under 400 gross tonnes
- intending to undertake a domestic voyage.

These charges are administered by [Australian Border Force](#) .

## Domestic voyages

For fuel purchased for domestic voyages, you need to pay excise duty and GST if either:

- your ship is under 400 gross tonnes
- the fuel is not purchased from an excise licensed supplier.

This applies regardless of whether there are short-term and long-term disconnections or you are an imported ship.

If you are carrying on an enterprise, you may be eligible for **fuel tax credits** and GST credits.

### **Example: ship under 400 gross tonnes**

*Matthews' Odyssey* is a private Australian luxury yacht that is 200 gross tonnes, normally docked in Sydney. After an international trip to the Philippines, upon arrival in Brisbane, the yacht enters the imported bunker fuel onboard and pays customs duty and GST. The ship then refuels its bunker supply from an excise licensed supplier before heading back to dock in Sydney.

As the ship is under 400 gross tonnes and isn't carrying on a business, the fuel can't be supplied duty free and the ships' owners need to pay excise duty and GST. As a private ship, it's not eligible for fuel tax credits.

Additionally, as the yacht had disengaged from its international trip at Brisbane, there is no eligible refund of the duty paid for the fuel used in Australia.

If you're a fuel supplier without an excise licence or periodic settlement permission, you can't apply a remission and supply duty free fuel, regardless of the ship's size. The fuel will be subject to excise duty and GST.

### **Example: unlicensed fuel supplier**

The *Arielle Rose*, owned by Mercy Tours, is a 450-gross tonne luxury cruise ship, conducting regular cruises along the north coast of Australia between Darwin and Brisbane. Due to low bunker fuel onboard, the cruise ship is forced to make an unscheduled stop, where it is only able to source fuel from Jung's Fuels, an unlicensed fuel supplier.

As the fuel supplier is unlicensed, they can't purchase the fuel without duty, even though the ship is over 400 gross tonnes, so excise duty and GST is charged on the purchase of the fuel.

Mercy Tours is entitled to a fuel tax credit, as the fuel was purchased for the purpose of carrying on a business.

QC 103446

## Eligibility for refunds of duty on bunker fuel

Check if you're eligible to apply for a refund of customs or excise duty paid on bunker fuels.

**Last updated** 27 November 2024

### Eligibility for refunds of duty

If you engage in an international voyage, the bunker fuel onboard your ship isn't liable for customs or excise duty.

Any duty paid on residual bunker fuel is eligible for a refund, as long as none of the parties involved are entitled to fuel tax credits.

Refunds of duty are generally only payable to either:

- foreign-registered shipping operators that aren't registered or required to be registered for GST
- fuel suppliers who have supplied duty free fuel for international voyages.

#### Example: eligible to apply for a refund

Jill Eco Tours, a small New Zealand company, uses its own small cruise yacht, the *MV Isabelle*, to transport passengers to Hervey Bay to watch the migration of humpback whales. The yacht docks at the local marina and purchases duty paid diesel prior to clearing customs and departing back to Auckland.

Jill Eco Tours is not registered for GST or fuel tax credits as their turnover is under the GST threshold.

Having cleared customs, Jill Eco Tours may apply for a refund of duty on the duty paid diesel purchased as there's no entitlement to fuel tax credits for that fuel.

Agencies can also claim fuel tax credits on the fuel that their non-resident clients acquire through them.

For more information, phone us on **13 28 66**.

QC 81780

## Fuel tax credits for bunker fuel

Check what you need to do to claim fuel tax credits.

**Last updated** 27 November 2024

### On this page

[Eligibility for fuel tax credits](#)

[Registering for fuel tax credits](#)

## Eligibility for fuel tax credits

If you have acquired or imported bunker fuel for use in your business, you may be eligible to claim fuel tax credits through your business activity statement (BAS).

You can only claim fuel tax credits if you've paid customs or excise duty on the fuel. Any fuel that is free of duty or was subject to a remission is ineligible for a fuel tax credit.

See your **entitlements depending on your role** for more information on whether you can claim fuel tax credits.

Check **eligible activities** for claiming fuel tax credits.

## Registering for fuel tax credits

You must be **registered for fuel tax credits** to claim them. To register for fuel tax credits, you must **first** be registered for GST at the time you acquire **or** import the fuel. You must be registered for GST if you're any of the following:

- resident agent acting on behalf of a non-resident shipping operator, even if the non-resident shipping operator is already registered or must be registered for GST
- non-resident shipping operator
  - if the revenue from business transactions in Australia (one-off or cumulative) exceeds the relevant **GST turnover threshold**
  - needing to claim fuel tax credits on bunkers not acquired through a resident agent
- resident shipping operator where the business turnover exceeds the GST turnover threshold. You must account for all GST transactions and fuel tax credit claims on your own BAS even if you conduct transactions through a resident agent.

GST agency rules for non-resident operators and their resident agents don't apply to resident shipping operators.

QC 81779

## Fuel tax credit entitlements for bunker fuel


Check your entitlements for fuel tax credits for bunker fuel based on your role.

**Published** 27 November 2024

### On this page

Non-resident shipping operator

Resident shipping agent



- Customs broker
- Resident shipping operator
- Fuel supplier

## Non-resident shipping operator

GST agency rules allow the GST requirements (and fuel tax credit entitlements) of Australian transactions that non-resident businesses conduct through their resident shipping agent, to pass to that agent.

A non-resident shipping operator isn't entitled to fuel tax credits on duty-paid bunker fuel acquired or imported through their resident agent. Only the resident agent is entitled to the GST or fuel tax credits.

However, if the non-resident shipping operator acquires the bunker fuel directly, only they can claim fuel tax credits by lodging a business activity statement – they must be registered for both GST and fuel tax credits to do this.

GST agency rules don't apply to a non-resident shipping operator if they're a member of a GST group. In this case, the rules apply to the group's resident representative member.

### Example: eligible to claim fuel tax credits

Thi Shipping Lines is a non-resident shipping operator that owns *TSL Claudia Rose*, a ship that's 350 gross tonnes.

Upon arriving in Brisbane, Polas Shipping Agency arranges for the entry of imported fuel bunkers and pays customs duty for *TSL Claudia Rose*, which they need to pay as they're under 400 gross tonnes. They also organise the purchase of bunker fuels to refuel the ship.

*TSL Claudia Rose* discharges all its international cargo in Brisbane whilst refuelling. It then carries out several domestic cargo voyages considered to be a long-term disconnection. It finally loads international cargo and departs for Auckland.

As the resident agent for a non-resident shipping operator, Polas Shipping Agency can claim the fuel tax credits on the fuel that Thi Shipping Lines acquired through them, including the



remaining fuel in its bunkers when the ship departs Australia. As all the bunker fuel imported and acquired in Australia is eligible for fuel tax credits, there is no entitlement to a refund of duty on the ship's remaining fuel when its international voyage resumes.

## Resident shipping agent

A resident shipping agent is a resident agent who provides shipping operators with a comprehensive package of supporting and complimentary goods and services, often including the provision of bunker fuel.

For a resident shipping agent to be entitled to claim fuel tax credits for the duty paid fuel, the fuel transaction must be conducted through them on behalf of a **non-resident** shipping operator. For more information relating to GST and agency relationships, see **Agent, consignment and progressive transactions**.

A resident shipping agent can't claim fuel tax credits for transactions conducted on behalf of resident shipping operators.

For more information, see our GST rulings:

- *GSTR 2000/37 Goods and services tax: agency relationships and the application of the law*
- *GSTR 2003/15 Goods and services tax: importation of goods into Australia*

### Example: claiming fuel tax credits as a resident shipping agent

Barnard Shipping Agency arranges to acquire duty-paid bunker fuel for *APL Arisva*, a foreign ship owned by Schell Shipping Lines. Schell Shipping Lines is invoiced directly by the fuel supplier for the fuel.

Under the GST non-resident agency rules, Barnard Shipping Agency is exclusively entitled to claim fuel tax credits on the fuel that Schell Shipping Lines acquired through them.

Even though Schell Shipping Lines may have paid for the fuel, if Barnard Shipping Agency arranged for the acquisition then

Barnard Shipping Agency is the only entity entitled to claim the fuel tax credits.

## Customs broker

If a non-resident shipping operator makes a taxable importation of bunker fuel through a resident shipping agent, the **agent** is:

- entered as 'owner' on the customs entry
- liable to pay the GST and customs duty on the fuel (not the non-resident shipping operator)
- entitled to claim a GST credit and fuel tax credits for the fuel transactions.

A resident agent may include a licensed customs broker appointed by the non-resident shipping operator to enter the goods as an 'owner' on their behalf. In that case, a creditable importation is made through a customs broker in the capacity of resident agent.

Generally, a customs broker only facilitates the customs entry on behalf of the 'owner'. The customs broker is not shown as 'owner' on the customs entry. The customs broker prepares and lodges the customs entry on behalf of the non-resident shipping operator or their appointed shipping agent who is named as the owner on the entry. A creditable importation is not made through the customs broker.

### Example: claiming fuel tax credits for non-resident operators

Reid Shipping Line, a non-resident shipping operator, engages Caitlin Shipping Agency to act on their behalf in Australia. Lacking in-house licensed customs brokers, Caitlin Shipping Agency engages Sapphire Customs Brokerage to prepare and lodge a customs entry on their behalf for fuel used by Reid Shipping Line to transport domestic cargo.

Under the non-resident agency rules, only Caitlin Shipping Agency is entitled to claim fuel tax credits on the deemed importation of bunker fuel used in Reid Shipping Line's domestic

operations. Sapphire Customs Brokerage only facilitates the lodging of the relevant customs entry.

For more information, see *GSTR 2003/15 Goods and services tax: importation of goods into Australia*.

## Resident shipping operator

Resident shipping operators must:

- be registered for GST if their turnover exceeds the **GST turnover threshold**
- account for all GST transactions and fuel tax credit claims on their own BAS, even if they conduct transactions through a resident agent.

If they're a member of a GST group, the GST agency rules apply to the group's resident representative member.

## Fuel supplier

A fuel supplier:

- can't claim fuel tax credits for duty-paid bunker fuel that they on-sell (for example, if they source the fuel from a major fuel manufacturer and supply it directly to a non-resident shipping operator at a duty-free price) – this is because the on-selling of fuel to another entity isn't fuel used in an enterprise for fuel tax credit purposes
- can claim an excise refund for duty-paid bunker fuel supplied as ship's stores that is on-sold free of duty **only if** no other entity (such as the shipping operator they on-sell the fuel to) is entitled to claim the fuel tax credits.

QC 103447

## Calculating fuel tax credits for bunker fuels

How to calculate fuel tax credits for bunker fuels and know what records you need to keep.

**Published** 27 November 2024

### **On this page**

Calculating fuel tax credits

Amount of eligible fuel (volume)

Records for bunker fuels

## **Calculating fuel tax credits**

Fuel tax credits are calculated by multiplying the amount of eligible fuel by the rate on the day you acquired or imported the fuel:

- Amount of fuel × applicable rate = fuel tax credit.

For more information on fuel tax credit rates, see [Rates – business](#).

You're limited to the fuel tax (excise or customs duty) applicable to the fuel (litres or kilograms) you acquired or imported.

## **Amount of eligible fuel (volume)**

Fuel expands and contracts with temperature. To compensate for this fluctuation and ensure consistency, excise duty is paid by the fuel supplier at a temperature corrected volume of 15 degrees Celsius (also referred to as the standard temperature). The temperature corrected volume is the amount of eligible fuel.

## **Records for bunker fuels**

You need to keep records to support your fuel tax credit claims. These records include your:

- [bunker delivery note](#)
- [tax invoice](#)
- contract for supply of fuel.

## Bunker delivery note

A bunker delivery note (or bunker note) is a document that must be provided with the delivery of bunkers from a supplier to a customer. The bunker delivery note must include the:

- quantity in metric tonnes
- density at 15 degrees Celsius.

Many suppliers also include the measured litres.

## Invoices


A tax invoice details sale information from the supplier to the customer. The supplier may include extra information which can assist in your fuel tax credit calculation.

### **Example 1(a): bunker fuel on domestic voyage – licensed supplier**

Arnold Shipping, an Australian domestic freight forwarding company, acquires bunkers in Melbourne for their ship, the *MV Astrid*, which is 822 gross tonnes, for deliveries to Perth, and then Darwin.

Arnold Shipping receive an invoice for 500,000 L of bunker fuel from their licensed fuel supplier, Caraher Fuels Pty Ltd.

#### **Figure 1 Caraher Fuels Pty Ltd tax invoice**

 Caraher Fuels Pty Ltd ABN 32 123 456 789 Date 3 January 2025 to Arnold Shipping Pty Ltd, 123 Andrew Street, Sydney NSW 2000. Invoice number 445566 due date 2 February 2025. Supply date 2 January 2025, product description diesel bunkers, quantity 500,000 litres, pricing date 2 January 2025, unit price \$1.15, amount exclusive of GST \$575,000, GST amount \$57,500, amount inclusive of GST \$632,500, excise unit price 0.506 cents, Total \$632,500. GMV over 400 tonnes – qualifies for automatic remission of duty – no excise applied to fuel – not eligible for fuel tax credits.

The *MV Astrid* is eligible for an automatic remission because the following apply:

- it's over 400 gross tonnes


- the bunker fuel was supplied from a licenced supplier, is subject to duty, and is used for
  - powering the ship
  - the purpose of carrying on a business.

This meant Caraher Fuels Pty Ltd could supply the fuel duty free, which is stated on the invoice.


### **Example 1(b): bunker fuel on domestic voyage – additional non-licensed supplier**

In Darwin, Arnold Shipping acquires more bunkers from Mahmoud Fuels Pty Ltd, who aren't an excise licensed fuel supplier. The contract for supply is based on a fixed unit price measured at ambient temperature which is inclusive of excise duties, supply charges, port charges and other costs. Arnold Shipping receives an invoice showing that there was excise paid and a bunker delivery note.

#### **Figure 2 Mahmoud Fuels Pty Ltd tax invoice**

 Mahmoud Fuels Pty Ltd ABN 32 321 987 654 Date 27 January 2025 to Arnold Shipping Pty Ltd, 123 Andrew Street, Sydney NSW 2000. Invoice number 642296B due date 27 January 2025. Supply date 27 January 2025, product description fuel oil, quantity at ambient temperature 500,000 litres, pricing date 27 January 2025, unit price \$1.70, amount exclusive of GST \$850,000, GST amount \$85,000, amount inclusive of GST \$935,000, Total \$935,000. Ship supplied MV Astrid GMV 822 tonnes. Excise duty paid.

#### **Figure 3 Mahmoud Fuels Pty Ltd bunker delivery note**

 Australian Government – Australian Maritime Safety Authority official bunker delivery note. Name and IMO number of receiving ship MV Astrid IMO 4426997, Port Darwin, Date of commencement of delivery 27 January 2025, Name, address and telephone number of marine fuel oil supplier Mahmoud Fuels, 123 Limongelli Drive, Darwin Phone 03 4444 4444. Product name marine oil fuel, quantity 400,000 metric tons, 850 density at 15 degrees celsius kilograms per cubic metre, 0.988 sulphur content mass percent, flashpoint 179 degrees celsius.

When Arnold Shipping prepare their BAS, they review their eligibility for fuel tax credits. As they didn't have to pay duty on the purchase from Caraher Fuels Pty Ltd, they can't claim fuel tax credits on that fuel.

As Mahmoud Fuels Pty Ltd isn't an excise licensed supplier, duty was charged for the supply. The fuel is eligible for a fuel tax credit because the bunker fuel was purchased for the carrying on of a business.

Arnold Shipping know that they can claim a credit for the effective fuel tax that was paid on the fuel, which is calculated using the temperature corrected volume of fuel, multiplied by the rate on the day it was entered for home consumption.


To work out the correct amount of duty paid, they check their bunker delivery note and divide the quantity in metric tonnes by the density of the fuel at 15 degrees Celsius to calculate the number of litres acquired corrected to 15 degrees Celsius, which is 470,588 litres.

They then check our website and confirm the correct duty rate is 50.6 cents for the period when they acquired the fuel. After multiplying these figures together, Arnold Shipping calculate their fuel tax credit claim is \$238,117.00.

## **Example 2: claiming fuel tax credits on bunker fuels for a fishing boat**

Alex Trawlers receives the following invoice for the supply of bunker fuel for their fishing boat, the *MV Shelly Turtle*, from Jungs Fuel Supplies Pty Ltd.

#### Figure 4 Jungs Fuel Supplies Pty Ltd tax invoice

 Jungs Fuel Supplies Pty Ltd ABN 32 422 766 411 Date 1 January 2025 to Alex Trawlers Pty Ltd, 42 Scofield Street, Sydney NSW 2000. Invoice number 987321 due date 1 January 2025. Supply date 1 January 2025, product description diesel bunkers, quantity 30,000 litres, pricing date 1 January 2025, unit price \$1.15, amount exclusive of GST \$34,500, GST amount \$3,450, amount inclusive of GST \$37,950, excise quantity 30,000 litres, unit price 0.506 cents, amount exclusive of GST \$15,180, GST amount \$1,518, amount inclusive of GST \$16,698, Total \$54,648. Ship supplied MV Shelly Turtle GMV under 400 tonnes - does not meet eligibility for automatic remission of duty, duty applied.

Alex Trawlers has a contract with Jungs Fuel Supplies Pty Ltd to supply and invoice their fuel, temperature corrected to 15 degrees Celsius. As the trawler is under 400 gross tonnes, excise duty is correctly applied stated on the invoice.

Alex Trawlers is entitled to claim a fuel tax credit as excise duty has been paid and the fuel was used for carrying on their business. As their contract states their supply and invoice is based on the temperature corrected volume, they can use the figures in the invoice for their claim.

For more information, phone us on **13 28 66**.

QC 103448

## Coasting trade licences and permits

Check your obligations for coasting trade licences or permits.

**Last updated** 27 November 2024



## On this page

Coasting trade obligations

Coasting trade licenses or permits

## Coasting trade obligations

Ships may only engage in the coasting trade if they're licensed or have been granted a temporary licence. This is defined in Division 1 and 2 of the *Coastal Trading (Revitalisation Australian Shipping) Act 2012* (Coastal Trading Act).

Ships don't need to be entered as imported if they are either:

- operating under either a licence or temporary licence issued under the Coastal Trading Act
- exempt under the Coastal Trading Act.

However, there are other [Department of Home Affairs](#) requirements, such as reporting and paying duty and GST on bunkers and other ship's stores. For more information on when customs and excise duty isn't payable, see [Bunkers free of duty](#).

## Coasting trade licenses or permits

There is no direct correlation between coasting trade licenses or permits and the voyage types used for the purposes of establishing whether you need to pay duty and tax. This is due to differences in definitions and the underlying concepts.

The coasting trade is generally defined as the carriage of cargo or passengers in the interstate coastal trades. In 2012 the *Coastal Trading (Revitalisation Australian Shipping) Act 2012* (Coastal Trading Act) was introduced, replacing the part of the *Navigation Act 1912* that dealt with the licence or permit system for ships engaged in the coasting trade.

## **Our commitment to you**

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

## **Copyright notice**

© Australian Taxation Office for the Commonwealth of Australia

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).