


# ***ST 2111 - SALES TAX : EARTH DRILLING EQUIPMENT***

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TAXATION RULING NO. ST 2111

SALES TAX : EARTH DRILLING EQUIPMENT

F.O.I. EMBARGO: May be released

REF H.O. REF: 84/5336-5 DATE OF EFFECT: Immediate  
B.O. REF: Melb 6/C3/SC4/3/7(1) DATE ORIG. MEMO ISSUED:  
21 December 1984

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1122167	EARTH DRILLING EQUIPMENT	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT ITEM 78B, FIRST SCHEDULE

PREAMBLE

Item 78B exempts machinery and equipment for use exclusively or primarily and principally in the excavation of earth, rock or natural deposits in the soil in the course of carrying out contracts for Government Departments and Authorities, municipal councils, etc.

2. It has been accepted that the boring or tunnelling of substantial cavities in the earth, for example, under roadways for the laying of pipes, clearly involves the excavation or movement of earth, etc., for the purposes of item 78B.

3. The question has been raised as to whether the mere drilling of a narrow hole in the ground, for example, to accommodate the insertion of an electricity earthing rod for an electricity authority comes within the terms of item 78B.

RULING

4. It is accepted that even with smaller diameter holes or cavities the boring or tunnelling involves the excavation or movement of earth or rock. It follows that all earth drilling operations are considered to involve the excavation or movement of earth, rock or natural deposits in the soil and exemption under item 78B will apply to equipment used exclusively or primarily and principally for such purposes, provided the work is done in carrying out a contract with an appropriate Government body coming within the terms of item 78B.

COMMISSIONER OF TAXATION  
18 January 1985

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