


ST 2264 - SALES TAX : IMPORTED SECOND-HAND ENGINES, AUTO PARTS AND BODY PANELS

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TAXATION RULING NO. ST 2264

SALES TAX : IMPORTED SECOND-HAND ENGINES, AUTO PARTS
AND BODY PANELS

F.O.I. EMBARGO: May be released

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1209665	IMPORTED SECOND-HAND ENGINES, AUTO PARTS AND BODY PANELS	SALES TAX ASSESSMENT ACT (NO.1); SECTIONS 3, 11, 12 AND 70C. SALES TAX REGULATIONS; REGULATION 12.

RULING The purpose of this Ruling is to explain the sales tax liability of second-hand engines, auto parts and body panels imported into Australia and sold by retail and/or by wholesale.

2. Sales tax is payable on all goods which go into use or consumption in Australia unless they are exempt in their own right or acquired for use in exempt circumstances. Because imported goods have not previously gone into use or consumption in Australia they are subject to sales tax whether new or second-hand.

3. Motor vehicle engines, parts and panels are subject to tax at the general rate, currently 20%. Where second-hand engines, parts and panels are imported for sale by retail, i.e. to a consumer, sales tax is payable to the Australian Customs Service at the time the goods are entered for home consumption. Sales tax is payable on a statutory sale value equal to 120% of the sum of the Customs value of the goods and the Customs duty payable on the goods. Sales tax on the same value is also payable at the time of entry for home consumption where second-hand engines, etc. are imported by a person for his own use whether that use is in the course of carrying on a business, e.g. a person who repairs his business vehicles, or for private purposes, e.g. a person who repairs his own vehicle.

4. Where second-hand engines, etc. are imported for sale by wholesale the importer is required to quote his certificate of registration at the time of entry of goods. The goods are thus entered free of sales tax. The importer is required to account for sales tax when he sells the goods or applies them to his own use. Where the goods are sold by wholesale tax is payable on the price for which the goods are sold. Where the goods are sold by retail tax is payable on their wholesale selling price. In the event that the importer applies the goods

to his own use tax is payable on the same value that would have applied had he been required to pay tax at time of importation. This is the statutory sale value explained in paragraph 3 above.

5. A wholesale sale is broadly a sale to a person who acquires the goods for resale. The most common example is the sale to a retailer. In the motor vehicle industry other examples of wholesale sales are:-

- (a) sales to motor vehicle wreckers for sale by them;
- (b) sales to motor mechanics and service stations for incorporation into a repair job;
- (c) sales to panel beaters and other motor vehicle repairers for incorporation into a repair job;
- (d) sales to a motor engine reconditioner for overhaul, testing, etc. and sale by him or for incorporation into a repair job;
- (e) sales to a motor vehicle dealer for sale by him; and
- (f) sales to a motor vehicle spare parts dealer for sale by him.

6. Persons who import second-hand engines, parts and panels for sale in the circumstances outlined in paragraph 5 above are engaged in selling taxable goods by wholesale and are required to be registered for sales tax. It is not relevant to registration whether a person sells imported second-hand engines, etc. principally by wholesale or principally by retail. So long as he makes wholesale sales, even if they form only a minor part of his business he is required to register for sales tax.

7. Persons who import second-hand engines, etc. for sale and are unsure about their sales tax liability should approach their local branch of the Taxation Office for advice. Full details of the kinds of sales transacted should be provided. There are heavy penalties for persons who are required to be registered for sales tax but fail to do so.

COMMISSIONER OF TAXATION
30 June 1986