


ST 2370 - SALES TAX : DEFENCE MESSES/CANTEENS

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TAXATION RULING NO. ST 2370

SALES TAX : DEFENCE MESSES/CANTEENS

F.O.I. EMBARGO: May be released

REF N.O. REF: 1.87/5449-7 DATE OF EFFECT: Immediate

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1010077	DEFENCE MESSES/CANTEENS	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; ITEM 74, FIRST SCHEDULE

PREAMBLE 1. Item 74 in the First Schedule to the Sales Tax (Exemptions and Classifications) Act exempts from sales tax goods for official use, and not for sale, by a department of the Government of the Commonwealth or of a State or of the Northern Territory.

2. The question has been raised whether sales tax is payable on taxable beverages and foodstuffs, e.g., biscuits purchased for supply to members of the Defence Force as part of rations and quarters provided by the Commonwealth in relation to Defence Force personnel or whether the goods are exempt under item 74.

FACTS 3. Taxable goods such as flavoured milk, fruit juice beverages and biscuits are purchased by the Department of Defence and are included in meals that are supplied to Defence Force personnel. These meals are either supplied as an adjunct to the provision by the Commonwealth of accommodation on a full board basis or are supplied on presentation of a meal ticket.

4. In the case of supply on a full board basis a charge known as rations and quarters is deducted from the member's pay. The rations and quarters charge is a fixed charge calculated by reference to the rank of the member.

5. Meal tickets can be purchased by any person authorised to use the canteens. A fixed charge is paid for the ticket which allows the holder to select food and beverages from the range available.

RULING 6. The Attorney General's Department has given an opinion as follows:-

"In its ordinary meaning a sale involves a transfer of property from one person to another in return for, generally, the payment of a specified amount of money. In my view there is a "sale" in relation to the provision of meals by the Commonwealth to members of the Defence Force. The Commonwealth is providing meals to those members and property in the food and drink comprising the meal passes to those members and in return for the meals those members pay an amount of money to the Commonwealth. This transaction does not, in my view, lose its character as a sale merely because the amount of money that members pay may vary according to their rank and salary. Nor is its character as a sale

altered because the charge for the meal may not be based on commercial consideration."

7. As the taxable beverages and foodstuffs supplied to Defence Force personnel in the circumstances outlined above are regarded as having been sold, exemption under item 74, First Schedule does not apply.

COMMISSIONER OF TAXATION
12 November 1987