

ST 2033 - SALES TAX : RAILWAY - PRIMARILY AND PRINCIPALLY FOR USE BY THE PUBLIC

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TAXATION RULING NO. ST 2033

SALES TAX : RAILWAY - PRIMARILY AND PRINCIPALLY FOR USE
BY THE PUBLIC

F.O.I. EMBARGO: May be released

REF H.O. REF: ST 11/257/1 P2 F412 DATE OF EFFECT: Immediate

B.O. REF: Sydney : 22/A/2 349854

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1104746	RAILWAYS PUBLIC RAILWAYS	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT FIRST SCHEDULE ITEM 119B

PREAMBLE A railway operator transported goods for two customers, one at arm's length, the other an associated enterprise. The volume of goods transported for the two customers was broadly equal although the charges paid by the arm's length customer were greater. The operation of the railway was subject to a statutory requirement that it should be available for use by the public.

RULING 2. As from 19 August 1981 item 119B requires that a railway should provide a service primarily and principally for use by the public. Prior to that date the item, as it was then expressed, had the unintended effect of exempting from sales tax various private railway systems in Australia. This had come about because the various private systems provided limited services for the public, sufficient to bring them within the terms of the exemption item.

3. The insertion of the requirement in item 119B that the service be primarily and principally for use by the public means that exemption will be available now only where a railway service is provided for the use of and is used by the public generally or by a significant section of the public. The provision of a railway service in circumstances where it can be used only by a limited section of the public will not attract the exemption given by item 119B.

COMMISSIONER OF TAXATION

8 June 1983