

# ***ST 2046 - SALES TAX : MACHINERY IMPLEMENTS AND APPARATUS FOR USE IN CONSTRUCTING PIPELINES : PIPEHAULERS***

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TAXATION RULING NO. ST 2046

SALES TAX : MACHINERY IMPLEMENTS AND APPARATUS FOR USE  
IN CONSTRUCTING PIPELINES : PIPEHAULERS

F.O.I. EMBARGO: May be released

REF

\*\*\* NOTE: THIS RULING HAS BEEN MODIFIED BY ST 2299

H.O. REF: ST 11/232 DATE OF EFFECT: Immediate

B.O. REF: Perth ST:NR 3908 DATE ORIG. MEMO ISSUED: 06.09.83

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1115214	MACHINERY, IMPLEMENTS AND APPARATUS FOR USE IN CONSTRUCTING PIPELINES : PIPEHAULERS	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT PARAGRAPH 7(1)(c) THIRD SCHEDULE

PREAMBLE

Paragraph 7(1)(c) in the Third Schedule to the Sales Tax (Exemptions and Classifications) Act provides for the taxing at the 7.5% rate, amongst other goods, the machinery, implements, apparatus and materials (other than road vehicles of the kind ordinarily used for the transport of persons or the transport or delivery of goods) for use exclusively or primarily and principally, for business or industrial purposes, in constructing, maintaining or repairing buildings or other structures, or roads, dams, pipe lines, drains, trenches, tunnels or other works other than goods which become part of the goods, structures or works repaired or constructed, as the case may be.

FACTS

2. Pipehaulers have been imported for use on the Dampier to Perth natural gas pipeline and the question recently arose whether they are for use primarily and principally, for business or industrial purposes, in constructing the pipeline and covered by paragraph 7(1)(c), Third Schedule, or whether they are road vehicles used in transporting pipes along the pipeline right-of-way. The pipehaulers, which are capable of hauling 38 tonnes payload in off-road conditions, consist of a tractor-type or cab chassis and articulated frame with two pipe carrying devices, one over the centre axle and the other mounted on the dolly. They have large-diameter, wide-base, low-pressure tyres and are 3 metres wide and, when loaded, are some 28 metres in length. Because of their size they are not designed for use on public roads and are not able to be registered for use on public roads. Nor are they licensed for normal road use.

3. Coated pipes, outside diameter 66 cm and 12 metres in length, are delivered by ordinary road delivery vehicles from a coating plant in Geraldton to stockpile areas which are approximately 80 kilometres apart along the pipeline right-of-way. At the stockpile areas, the pipes are welded into 24 metre lengths and transported distances of up to 40 kilometres by the pipehaulers along the pipeline route to

points where they are unloaded by mobile cranes for final placing into position and welding in the pipeline trench.

RULING

4. It is accepted that construction of the pipeline commences, at the latest, when the 12 metre lengths of pipe are welded into 24 metre lengths at the welding plant in the stockpile areas. It follows that the transporting of 24 metre lengths of piping along the pipeline right-of-way to the point where they are unloaded for final placing in position and welding in the pipeline trench involves the movement of construction materials on the construction site and is an integral step in the course of constructing the pipeline.

5. The pipehaulers being clearly designed for and being used only as off-road vehicles do not come within the exclusion of road vehicles of the kind ordinarily used for the transport or delivery of goods.

6. Accordingly, the pipehaulers are covered by paragraph 7(1)(c), Third Schedule, and are taxable at the rate of 7.5%.

COMMISSIONER OF TAXATION

26 September 1983