

ST 2073 - SALES TAX : SHIPS' STORES AND AIRCRAFT'S STORES

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TAXATION RULING NO. ST 2073

SALES TAX : SHIPS' STORES AND AIRCRAFT'S STORES

F.O.I. EMBARGO: May be released

REF H.O. REF: ST 11/163 DATE OF EFFECT: Immediate

B.O. REF: DATE ORIG. MEMO ISSUED:

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1082611	SHIPS' STORES AIRCRAFT'S STORES OIL, GREASES AND LUBRICANTS	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT, ITEMS 134 AND 134B, FIRST SCHEDULE

FACTS Oils, greases and lubricants became taxable at the general rate, currently 20%, as a result of the exclusion in August 1983 of item 127 from the First Schedule to the Sales Tax (Exemptions and Classifications) Act.

2. However, oils, greases and lubricants on board ships and aircraft on arrival in Australia and those taken on board ships and aircraft in Australia for consumption during international services may qualify for conditional exemption from sales tax where they are covered by exemption item 134 or 134B, First Schedule.

3. Item 134 exempts imported ships' stores and aircraft's stores where those stores are, by virtue of section 130 of the Customs Act, not liable to duties of Customs. Section 130 provides that, except as provided by the Customs Regulations, ship's stores and aircraft's stores are not liable to duties of Customs. The terms "ship's stores" and "aircraft's stores" are defined for Customs purposes to mean stores for the use of the passengers or crew of a ship or aircraft, or for the service of a ship or aircraft, as the case may be. The Customs Regulations, as presently relevant, provide that aircraft's stores are liable to duties of Customs except, broadly speaking, those stores for consumption or use in an aircraft that is engaged on an international air service or flight conducted or operated by Australian residents or those stores for consumption or use in an aircraft that is engaged on an international air service or flight that is included in a class of international air services or flights to which an intergovernmental agreement applies conducted or operated by a person included in a class of persons to which the intergovernmental agreement applies.

4. Item 134B exempts stores purchased in Australia for consumption in Australia or within Australian waters on a ship or aircraft engaged on overseas services, being stores not liable to duties of Customs.

5. The Australian Customs Service has advised this office that oils, greases and lubricants come within the scope of the terms "ship's stores" and "aircraft's stores" as defined in the Customs law and that such oils, greases and lubricants for

consumption or use in a ship or aircraft that is engaged on international services are not liable to duties of Customs whether the oils, greases or lubricants were on board the ship or aircraft on its arrival in Australia or were imported into or purchased in Australia for such consumption or use.

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6. Imported oils, greases and lubricants, being goods which are for consumption or use in a ship or aircraft that is engaged on international services and which are not liable, by virtue of section 130 of the Customs Act, to duties of Customs are ships' stores or aircraft's stores and are exempt from sales tax under item 134, First Schedule, at the time of importation. For example, oils, greases and lubricants on board the ship or aircraft on its arrival in Australia are exempt under this item. Similarly, where oils, greases and lubricants are imported by the person conducting or operating the international service for consumption or use in a ship or aircraft that is engaged on the international service, the oils, greases and lubricants are exempt under item 134 at the time of importation by that person.

7. Oils, greases and lubricants purchased in Australia, being goods which are for consumption or use in a ship or aircraft that is engaged in international services, whether the oils, etc. had been imported into Australia by some other person or had been manufactured in Australia by some other person, are exempt from tax under item 134B, First Schedule, where:-

- (a) the oils, greases and lubricants are for consumption in Australia or within Australian waters on the ship or aircraft; and
- (b) the oils, greases and lubricants are not liable to duties of Customs.

8. Where oils, greases and lubricants are for consumption or use in a ship or aircraft that is engaged in international services but are for consumption out of Australia or beyond Australian waters it is accepted that the exemption available under item 110, First Schedule, for goods exported or to be exported, applies to the oils, greases and lubricants for such consumption or use.

COMMISSIONER OF TAXATION
28 March 1984