


ST 2091 - SALES TAX : LUBRICANTS

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TAXATION RULING NO. ST 2091

SALES TAX : LUBRICANTS

F.O.I. EMBARGO: May be released

REF H.O. REF: ST 11/174 P4 DATE OF EFFECT: Immediate

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

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1127149	LUBRICANTS OILS GREASES	DEFINITION OF "LUBRICANTS" IN SUB-CLAUSE 1(1) OF FIRST SCHEDULE TO THE SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT SALES TAX REGULATIONS REGULATION 4

OTHER RULINGS ON TOPIC : ST 2077

PREAMBLE Taxation Ruling No. ST 2077 explained the effect of the 1983/84 Budget amendments to the sales tax law relating to oils, greases and other preparations for use as lubricants.

2. As a result of the amendments, all oils, greases and other preparations for use as lubricants are taxable at the rate of 20% whether they are for use for business or industrial purposes as lubricants of machinery, implements or apparatus or for use as lubricants of motor vehicles.

3. The amendments introduced into the sales tax law a definition of the term "lubricants". As Taxation Ruling No. ST 2077 illustrates the effect of the definition of the term "lubricants" in association with the other complementary amendments to the sales tax law is that oils, greases and other preparations which come within the scope of the definition of "lubricants" are taxable at the 20% rate in the hands of virtually all users apart from government departments, local government councils, public hospitals, etc. which are specifically exempted from sales tax in respect of goods for their own use and not for sale.

4. In particular, manufacturers may no longer obtain "lubricants" as defined free of sales tax as aids to manufacture either by quoting certificates of registration or by supplying conditional exemption certificates. Similarly, users of "lubricants" in other industries, e.g. agricultural industry and mining industry, are no longer able to obtain "lubricants" as defined free of sales tax by furnishing exemption certificates.

5. One of the objectives of Taxation Ruling No. ST 2077 was to list the oils, greases and other preparations which come within the definition of "lubricants". Following the issue of the Ruling the suggestion has been made in some quarters that an

inference may be drawn from the Ruling that oils, greases and other preparations which do not come within the scope of the definition of "lubricants" are exempt from sales tax. This is not so.

RULING

6. Oils, greases and other preparations of a similar nature are, as a class of goods, subject to tax at the general rate, currently 20%. This is so whether or not they fall within the definition of "lubricants" in the sales tax law. There is no specific provision in the sales tax law which unconditionally exempts oils, greases and other similar preparations.

7. Oils, greases and other preparations which come within the scope of the definition of "lubricants" may not be acquired free of sales tax as aids to manufacture or under any item in the First Schedule which expressly excludes "lubricants" from its scope, e.g. items 14A, 20B, 107A, 113C, 113E.

8. As indicated earlier, exemption will be available to persons or organisations specifically exempted from sales tax in respect of the purchase of goods for their own use and not for sale, e.g. government departments (item 74), local government councils (item 78), public hospitals (item 81), non-profit schools (item 63A), etc. This exemption is not restricted to oils, greases and other preparations which come within the scope of the definition of "lubricants" - it extends to all oils, greases and other similar preparations just as it extends to all other taxable goods.

9. Oils, greases and other preparations which are not covered by the definition of "lubricants" are taxable at the rate of 20%. They may be acquired free of sales tax as aids to manufacture or under other appropriate exemption items by the quotation of a certificate of registration or by the provision of a conditional exemption certificate, as appropriate.

COMMISSIONER OF TAXATION
29 October 1984

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