

# ***ST 2411 - SALES TAX: LIVESTOCK CARRIERS FOR USE IN AGRICULTURAL INDUSTRY***

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TAXATION RULING NO. ST 2411

SALES TAX: LIVESTOCK CARRIERS FOR USE IN AGRICULTURAL  
INDUSTRY

F.O.I. EMBARGO: May be released

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1019897	LIVESTOCK CARRIERS FOR USE IN AGRICULTURAL INDUSTRY; LIVESTOCK TRANSPORTERS	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; SUB-ITEMS 1(28A), 1(49) AND 13(1), FIRST SCHEDULE

OTHER RULINGS ON TOPIC : ST 2234; ST 2304

PREAMBLE Since the issue of Taxation Rulings No. ST 2234 and No. ST 2304 a number of enquiries have been received about the sales tax classification of livestock carriers and trailers known as "dolly" and "dog" trailers and whether these goods qualify for exemption when purchased for use by livestock transport operators. This Ruling considers the classification of those goods and the situations in which exemption applies.

2. Sub-item 1(28A) in the First Schedule to the Sales Tax (Exemptions and Classifications) Act exempts from sales tax livestock carriers, being carriers designed for attachment to vehicles, for use in agricultural industry.
3. Sub-item 1(49) in the First Schedule exempts from sales tax wagons, drays, spring drays and trailers, but not including motor trucks or other self propelled vehicles or semi-trailers, for use in agricultural industry.
4. Sub-item 13(1) in the First Schedule exempts from sales tax machinery, implements and apparatus, not elsewhere included, (and parts therefor) for use in agricultural industry if, in the opinion of the Commissioner, they are goods of a kind used exclusively, or primarily and principally, in that industry.
5. ST 2234 and ST 2304 state that exemption under sub-item 13(1), First Schedule, is not limited to persons engaged in a business of agriculture, i.e., primary producers, but may also apply to contractors who are engaged in the agricultural industry, e.g., harvesting contractors, crop dusters, fertilizer spreaders, agricultural fencers, drovers and shearers, windmill contractors and bore sinking contractors.

FACTS 6. There are two methods of constructing articles that are commonly known as livestock carriers. The first is the manufacture of a complete unit from the wheels up including floor, sides, gates, etc., to form a single unit. This is normally referred to as a fully integrated unit. The second method involves the separate manufacture of a stock crate and a

semi-trailer and the subsequent affixing together by bolting. The latter unit is sold as a semi trailer and a stock crate and each has its own serial number. While they are normally joined together by bolting, distributors of these units consider them to be separate items.

7. A "dolly" trailer consists of a turntable mounted on a chassis having one or more axles with a drawbar incorporating a towing eye. It is used to attach one livestock carrier to another, e.g., in the case of road trains where a number of semi-trailers are attached to a prime mover. Where the dolly trailer is permanently affixed to the semi-trailer chassis the complete unit is known as a "dog" trailer.

8. Livestock carriers are used by primary producers and livestock transport operators to transport livestock from rural properties to saleyards, from rural properties to abattoirs and between rural properties.

RULING

9. Fully integrated livestock carriers are carriers designed for attachment to vehicles. They qualify for exemption under sub-item 1(28A), First Schedule, when purchased for use in the agricultural industry.

10. Livestock crates for attachment to semi-trailers or vehicles are also exempt under sub-item 1(28A), First Schedule, when purchased for use in agricultural industry. Exemption under sub-item 1(28A), however, does not apply to the semi-trailer or vehicle to which the livestock crate is attached. Nor does the base trailer qualify for exemption under sub-items 13(1) and 1(49), First Schedule. In the case of sub-item 13(1) it has not been established that any particular class of base trailer is of a kind that is used exclusively, or primarily and principally, in the agricultural industry. With sub-item 1(49), the base trailer is a semi-trailer and specifically excluded from the item. The base trailer is subject to sales tax at the rate of 20%.

11. "Dolly" trailers and "dog" trailers will qualify for conditional exemption under sub-item 1(49), First Schedule, when purchased for use in the agricultural industry.

12. In relation to the term "agricultural industry", while certain contractors to the agricultural industry have been accepted to be engaged in agricultural industry, it does not follow that all contractors to primary producers are so engaged. Sub-items 1(28A), 1(49) and 13(1), First Schedule, are restricted to goods for use by persons engaged in the agricultural industry. Ordinarily livestock is transported only by primary producers or transport operators.

13. Transport operators involved in the transport of livestock are considered to be engaged in the transport industry and not the agricultural industry. There is judicial support for this view in decisions of the High Court. In *The King v Hickman and Others* (1954) CLR 598 it was held that lorry drivers engaged in the carting of coal were engaged in the transport industry and not the coal mining industry. In *Willeroo and Manbullo Ltd v Federal Commissioner of Taxation* (1964) 13 A.T.D. 356 Kitto J. took the view that the term "pastoral purposes" included the rearing, breeding and raising of livestock as well as the

transportation of the livestock by the pastoralist whereas transportation by an independent transport operator would be outside the expression "pastoral purposes".

14. The fact that livestock transport operators are not considered to be engaged in agricultural industry is consistent with the general position of other transport operators. The provision of transport services is generally regarded as being within the transport industry whether the services are of a general nature or specialised.

15. In summary, sales tax exemption will only apply to livestock crates, livestock carriers, "dolly" and "dog" trailers where they are purchased for use by a person who is engaged in the rearing, breeding and raising of livestock.

COMMISSIONER OF TAXATION  
5 May 1988