


ST 2113 - SALES TAX : AIDS TO MANUFACTURE : WHEELED AND CRAWLER LOG LOADERS AND HYDRAULIC EXCAVATORS CONVERTED FOR USE AS LOG LOADERS

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TAXATION RULING NO. ST 2113

SALES TAX : AIDS TO MANUFACTURE : WHEELED AND CRAWLER
LOG LOADERS AND HYDRAULIC EXCAVATORS CONVERTED FOR USE
AS LOG LOADERS

F.O.I. EMBARGO: May be released

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1132045	AIDS TO MANUFACTURE	SALES TAX (EXEMPTIONS & CLASSIFICATIONS) ACT, ITEMS 10B, 113A, 113C, FIRST SCHEDULE

PREAMBLE

The sales tax classification of crawler type hydraulic excavators which, when fitted with log grabs, are for use as log loaders in the timber getting industry has recently been considered in the context of the following provisions:-

- (i) Sub-item 10B(1), which provides conditional exemption for tractors for use in the timber getting industry in the hauling of log timber.
- (ii) Sub-item 113A(1) and item 113C, which provide exemption for aids to manufacture as defined in the Sales Tax (Exemptions and Classifications) Act and regulations under that Act respectively for use by a manufacturer exclusively, or primarily and principally, in the manufacture of goods.

2. The definitions of "aids to manufacture" include machinery, implements and apparatus for use exclusively, or primarily and principally, in the transportation, within premises in which any manufacturing activities specified in the definitions are carried out, of goods in relation to which these activities are carried out.

FACTS

3. Crawler log loaders consist of tracked crawler type vehicles of the same design as tracked front end loaders used in earthmoving applications. They are equipped, however, with front end loading implements specifically designed for log loading tasks, rather than the buckets with which earthmoving models are fitted. Wheeled log loaders also consist of the same base vehicle as the wheeled front end loaders used in earthmoving, except that, instead of being fitted with a bucket, they are equipped with a log loading implement. Log loaders are fitted with log forks or grabs and they lift and carry logs rather than drag them.

4. Hydraulic excavators are crawler type vehicles having a turret capable of traverse through 360°. Attached to the turret is an hydraulically controlled excavating arm with a bucket fitted. This equipment is able to operate with an economy of

movement by remaining stationary in a central position in the workplace and transporting excavated material by traverse of the turret and arm. Relatively recently hydraulic excavators have come to be used more and more to fulfill a similar function in the timber getting industry to that carried out in its earthmoving application. Hydraulic excavators are converted for their timber loading role by replacement of the excavating arm and bucket with a loading arm and log grabs.

5. Crawler and wheeled log loaders and converted hydraulic excavators are used as log loaders by contractors in the timber getting industry for transporting log timber on leasehold properties upon which timber is being felled, lopped and trimmed.

RULING

Tractors

6. The log loaders are not regarded as tractors and are therefore not covered by sub-item 10B(1).

Aids to Manufacture

7. Logging contractors engaged in the felling, lopping and trimming of trees are manufacturers for the purposes of the sales tax law.

8. Leasehold properties upon which timber is being felled, lopped and trimmed are "premises" for the purposes of the definitions of "aids to manufacture".

9. Crawler and wheeled log loaders and hydraulic excavators fitted with log grabs, which are for use by logging contractors exclusively, or primarily and principally, in the transportation within premises where timber is felled, lopped and trimmed, qualify for exemption as aids to manufacture.

10. Loaders and excavators which are for other uses which do not qualify them as "aid to manufacture" and are not covered by overriding provisions in the Sales Tax (Exemptions and Classifications) Act are taxable at 20%.

COMMISSIONER OF TAXATION

6 February 1985