


ST 2171 - SALES TAX : TRAINING VESSELS

 This cover sheet is provided for information only. It does not form part of *ST 2171 - SALES TAX : TRAINING VESSELS*

This document has been Withdrawn.

There is a Withdrawal notice for this document.

TAXATION RULING NO. ST 2171

SALES TAX : TRAINING VESSELS

F.O.I. EMBARGO: May be released

REF H.O. REF: 84/5325-0 DATE OF EFFECT: Immediate

B.O. REF: DATE ORIG. MEMO ISSUED: 2 May 1985

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1199423	TRAINING VESSELS	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; ITEM 119, FIRST SCHEDULE.

PREAMBLE 1. Sub-item 119(1) in the First Schedule to the Sales Tax (Exemptions and Classifications) Act exempts from sales tax ships and other vessels but not including those to be used exclusively or principally for purposes of pleasure, sport, recreation, private transport or accommodation either by the owner thereof or any other person or persons.

FACTS 2. The operation of the sub-item was considered recently in relation to the acquisition by sailing clubs of sailing boats for training children and others in the rudiments of sailing. The boats are used physically by a number of persons, e.g. instructors, trainees, club members and other passengers. The kind of vessels used in these training programs are vessels which ordinarily are used for pleasure, sport or recreation, e.g. sailing boats.

RULING 3. Notwithstanding the instructional element in the use of the particular vessels it is considered that their primary or principal use is for the purposes of pleasure, sport or recreation. If an activity is of itself properly described as pleasure, sport or recreation, it is considered that coaching, training, instruction etc. in the activity is also to be characterized as pleasure, sport or recreation. Training in sailing is no different from coaching in other sports, e.g., cricket, tennis, football etc. The training is part of the pleasure, sport or recreation.

4. The overall use of sailing boats used by sailing clubs for instruction purposes is principally for purposes of pleasure, sport or recreation. Those boats are not covered by sub-item 119(1) and they are taxable at 20%.

COMMISSIONER OF TAXATION
September 1985

<