

# ***ST 2272 - SALES TAX : RE-REFINING OF OIL***



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TAXATION RULING NO. ST 2272

SALES TAX : RE-REFINING OF OIL

F.O.I. EMBARGO: May be released

REF H.O. REF: 83/12579-9 DATE OF EFFECT: Immediate

B.O. REF: Syd.22/B/D6/84 P2 DATE ORIG. MEMO ISSUED: 13.9.1985

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1209972	RE-REFINED OIL	SALES TAX ASSESSMENT ACT (NO.1); SECTION 3

OTHER RULINGS ON TOPIC ST 2174

PREAMBLE                   Taxation Ruling No. ST 2174 states that, where the operations of recycling oil amount to no more than a restorative or cleaning process which brings the oil back to as near as possible to its original condition, manufacture is not involved. The recycling process does not alter the basic nature of the oil or bring any new product into existence. In the particular circumstances of ST 2174, the recycling process enabled hydraulic oil to be used again as hydraulic oil.

2.           Some oil manufacturers carry out a process which is known generally as "re-refining" but is sometimes referred to as "recycling". In the re-refining process used oil, generally sump oil, is converted into a base oil by a series of processes which remove water, burn off light fuel and remove other impurities.

3.           The base oil is either used by the manufacturer as a raw material in the production of oil products or is sold as a base oil to other oil manufacturers for use in the production of oil products.

RULING           4.           "Re-refined" oil produced in the above manner is a different product from the oil out of which it has been produced. The re-refining of oil constitutes manufacture for sales tax purposes. The base oil produced from the re-refining processes is taxable at 20%. Where, however, it is used by the manufacturer as a raw material in the production of other goods or sold for use as raw materials in the manufacture of goods, it would normally be sold in non-taxable circumstances under quotation of certificate.

COMMISSIONER OF TAXATION  
1 August 1986