

# ***ST 2356 - SALES TAX : RAFTS USED IN WHITE WATER RAFTING EXPEDITIONS***

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TAXATION RULING NO. ST 2356

SALES TAX : RAFTS USED IN WHITE WATER RAFTING  
EXPEDITIONS

F.O.I. EMBARGO: May be released

REF H.O. REF: 86/5310-1 DATE OF EFFECT: Immediate

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1218688	RAFTS FOR WHITE WATER RAFTING EXPEDITIONS	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; ITEM 119, FIRST SCHEDULE

OTHER RULING ON TOPIC ST 2337

PREAMBLE

This Office has recently considered whether inflatable rafts, used by a company which organises white water rafting expeditions, qualify for exemption under either sub-item 119(1A) or (1AA) in the First Schedule to the Sales Tax (Exemptions and Classifications) Act.

2. Sub-item 119(1A) exempts from sales tax-

"Ships and other vessels licensed to carry not less than 12 adult passengers and to be used exclusively or principally -

- (a) by the relevant owner or relevant owners;
- (b) in the course of a business carried on by the relevant owner or relevant owners, being a business having as its object, or as one of its objects, the providing, for the public, of transport of passengers for reward on sight-seeing tours; and
- (c) for the purpose of providing, for the public, transport of passengers for reward on regular and scheduled sight-seeing tours".

3. Sub-item 119(1AA) exempts -

"Ships and other vessels to be used exclusively or principally -

- (a) by the relevant owner or relevant owners;
- (b) in the course of a business carried on by the relevant owner or relevant owners, being a business having as its object, or as one of its objects, the providing, for the public, of transport of passengers for reward otherwise than on sight-seeing tours; and

- (c) for the purpose of providing, for the public, transport of passengers for reward otherwise than on sight-seeing tours".

FACTS

4. The rafting expeditions range in duration from 1/2 day to one week and are led by experienced rafters. The participants are given the opportunity to ride white water rapids as part of an organised adventure tour which might include bushwalking, helicopter journeys to remote locations and, in some cases where access is otherwise impossible, carrying the rafts to the top of the white water course. The expeditions are promoted as adventure holidays with a heavy back-to-nature flavour.

5. The company's activities are approved by relevant authorities, including the State Marine Board whose approval specifies that the number of persons on board a raft shall not exceed the number determined by the manufacturer. The raft manufacturer had determined the capacity of each raft to be 14 persons.

RULING

6. In light of the decision of the Supreme Court of New South Wales in *Mr Boat Pty Ltd v FC of T*, 86 ATC 4689; (1986) 17 ATR 1127 (Taxation Ruling No. ST 2337 refers), it is considered that the rafts are not used exclusively or principally on "sight-seeing tours" as those words are ordinarily understood. The rafting expeditions are adventure journeys undertaken by participants for the purpose of deriving pleasure from "shooting the rapids". Any sight-seeing which takes place while participants manoeuvre their craft through the white water course is secondary to the adventure aspect of the rafting expeditions. The use of the rafts fails the requirements of paragraph (c) of sub-item 119(1A).

7. As far as sub-item 119(1AA) is concerned, the exemption provided by that sub-item is restricted to ships and other vessels used for public transport as that expression is commonly understood. The enactment of sub-item 119(1AA) accompanied an amendment to sub-item 119(1) which had the effect of withdrawing exemption in respect of ships and other vessels used for private accommodation or private travel. The rafts are not used for public transport and do not come within the scope of sub-item 119(1AA).

8. The rafts being used principally for pleasure or recreational purposes are not covered by sub-item 119(1A) or (1AA) or any other exemption provision but are taxable at the general rate, currently 20%.

COMMISSIONER OF TAXATION  
6 August 1987