

Vehicles provided for evaluation, product launches and raffles -

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⚠ This document has changed over time. This is a consolidated version of the ruling which was published on *29 November 2021*



Motor Vehicle Industry Partnership

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This publication is a public ruling for the purposes of the *Taxation Administration Act 1953*.

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If you rely on this ruling, the Commissioner must apply the law to you in the way set out in the ruling (unless the Commissioner is satisfied that the ruling is incorrect and disadvantages you, in which case the law may be applied to you in a way that is more favourable for you – provided the Commissioner is not prevented from doing so by a time limit imposed by the law). You will be protected from having to pay any underpaid tax, penalty or interest in respect of the matters covered by this ruling if it turns out that it does not correctly state how the relevant provision applies to you.

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When does a taxable supply occur?

Under section 9-5 of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act), a taxable supply occurs if, among other conditions, there is a supply for consideration. Consideration is defined in section 9-15 of the GST Act to include any payment, or any act or forbearance in connection with the supply of something. Therefore, consideration is not limited to the payment of money. Under section 9-75 of the GST Act, the value of a taxable supply, where the consideration is not expressed in an amount of money, is based on the GST-inclusive market value of the consideration.

Therefore, where there is a supply and something is received from the recipient in return for the supply, a taxable supply takes place. The something in return may be a monetary payment, or, for example, an evaluation report (an act) or an undertaking to display the vehicle (an act). There must be some outcome that flows back to the supplier.

However, whether a taxable supply takes place will depend on the facts of the particular circumstance.

Vehicles provided for evaluation

1. The supply of a vehicle to a motoring writer or dealer for evaluation, where the motoring writer or dealer has an obligation to report back to the supplier – is a taxable supply because the motoring writer or dealer is required to prepare an evaluation.
2. The supply of a vehicle to a motoring writer, where the motoring writer has no obligation to provide a report back to the supplier – is not a taxable supply as nothing is received in return by the supplier.
3. The supply of a vehicle to a dealer, for the dealer's employees to become familiar with the vehicle – is not a taxable supply as nothing is received in return by the supplier.

4. The supply of a vehicle to a potential customer to see if it suits the needs of the customer and there is no requirement to report to the supplier – is not a taxable supply as nothing is received in return by the supplier.

Vehicles displayed at product launches

5. Vehicles displayed at product launches – would not ordinarily be a taxable supply. Usually, the supplier rents space from the organiser and therefore the vehicle is not supplied to the organiser. Even if the space was provided at no charge, this would not usually be sufficient to make the vehicle itself a supply.

6. Vehicles displayed by a non-profit body in connection with a raffle – is a taxable supply as the recipient has use of the vehicle in order to promote the raffle and the supplier receives an advertising benefit from the recipient.

7. Vehicles displayed under sponsorship arrangements – is a taxable supply as the recipient has use of the vehicle, either in promoting their event or the ability to use the vehicle for travel, and the supplier receives an advertising benefit from the recipient.

Vehicles provided to a charitable or non-profit organisation for restricted use

8. Supply of a vehicle to a charitable or non-profit body for restricted use – is a taxable supply for the same reasons mentioned for vehicles displayed at product launches.