

# ***IT 2139 - Prescribed payments system : retreaded tyres***



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TAXATION RULING NO. IT 2139

PRESCRIBED PAYMENTS SYSTEM : RETREADED TYRES

F.O.I. EMBARGO: May be released

REF

H.O. REF: L 79/16/3 P4

DATE OF EFFECT: Immediate

B.O. REF:

DATE ORIG. MEMO ISSUED:

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1131951	PRESCRIBED PAYMENTS SYSTEM PRESCRIBED PAYMENTS	REG 54ZEB(3) (g) REG 54ZEB(4) (h)

OTHER RULINGS ON TOPIC: IT 2058

PREAMBLE

In paragraph 18 of Taxation Ruling No. IT 2058 on the prescribed payments system it was advised that paragraph 54ZEB(3) (g) of the Income Tax Regulations, which describes various motor vehicle repair activities for the purposes of the prescribed payments system, did not apply to the retreading of motor vehicle tyres which was regarded as a manufacturing process.

2. Subsequently, Taxation Ruling No. ST 2107 advised that, on 21 December 1984, the Full Court of the Federal Court of Australia handed down a judgment unanimously upholding an earlier decision, in an action brought for sales tax purposes, that the retreading of tyres is a process of repair and not manufacture. It was also indicated that the Commissioner had decided to accept that decision.

RULING

3. In light of the Federal Court decision, the retreading of motor vehicle tyres is an activity to which paragraph 54ZEB(3) (g) of the Income Tax Regulations applies. Accordingly, payments made for the retreading of motor vehicle tyres, where the retreading is carried out for a prescribed person as defined in paragraph 54ZEB(4) (h) of those Regulations, are prescribed payments.

4. Persons affected by this ruling who are not currently subject to the operation of the prescribed payments system will be required to comply with the system in respect of all relevant payments made on and after 1 May 1985.

COMMISSIONER OF TAXATION  
5 March 1985

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