

Revenue Rulings

No allowance for fuel additives in petroleum products

Revenue Ruling BF.003

Preamble

The *Business Franchises (Petroleum Products) Act 1979* (the Act) provides for the licensing and payment of licence fees by petroleum retailers and, in some cases, petroleum wholesalers. The fees, as at 31 March 1994, are as follows: \$50, plus 12.1 per cent of the value of the motor spirit sold and 15.5 per cent of the value of the diesel fuel sold.

Motor spirit is defined under Section 2 of the Act to mean ‘...gasoline and other petroleum or shale spirit having a flash point of less than 23 degrees Celsius when tested in an Abel Pensky closed test apparatus but does not include aviation gasoline, solvents, special boiling point spirits or liquefied petroleum gas...’

Section 2 also defines diesel fuel to mean ‘a petroleum or shale product used or capable of use in propelling a diesel engined road vehicle.’

From time to time queries are received at the State Revenue Office regarding new or proposed petroleum products which contain a mixture of motor spirit (or diesel fuel specifically) and an additive. The question arises whether such a mixture is still to be considered a motor spirit (or diesel fuel specifically) and if so, whether any allowance can be made for the value of the product not attributable to motor spirit (or diesel fuel).

The purpose of this ruling is to state the policy of the Office in respect of this issue.

Ruling

The Commissioner of State Revenue has ruled that no allowance should be made in respect of an additive to a petroleum product (that is motor spirit or diesel fuel), provided that the mixture satisfies the relevant definition under Section 2 of the Act (see above). Thus a diesel fuel which contains an additive which, in itself, is not a petroleum or shale product capable of propelling a diesel engined road vehicle,

will be classed as a diesel fuel if the mixture actually sold or to be sold satisfies the statutory definition of a diesel fuel (as above). On the other hand, a mixture which does not satisfy the definition of diesel fuel under section 2 of the Act due to the additive, will not be classed as a diesel fuel.

The same principles apply in relation to an additive to a motor spirit.

In all cases the licence fee will be charged on 100 per cent of the value of the product sold if the product, taken as a whole, satisfies one of the definitions (ie it is a diesel fuel or a motor spirit).

Please note that rulings do not have the force of law. Each decision made by the State Revenue Office is made on the merits of each individual case having regard to any relevant ruling. All rulings must be read subject to Revenue Ruling GEN.01.

Denzil Griffiths

Commissioner of State Revenue

31 May 1994

