



Office of State Revenue
NSW TREASURY
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Revenue Ruling No. DUT 19

Hire of Goods - Duty Payable on Amusement Machines

Ruling history

Ruling no.	Issued date	Dates of effect		Status
		From	To	
DUT 19	6 April 2000	6 April 2000	30 June 2007	Duty on the hire of goods was abolished on 1 July 2007

Preamble

- Chapter 6 of the *Duties Act 1997* charges duty on the hire of goods if the goods are used solely or predominantly in New South Wales during the course of the hire. Duty is calculated on the hiring charges paid to the person who hires out the goods.
- The Office of State Revenue (OSR) has held discussions with the Amusement Machine Operators Association Ltd on the question of whether an arrangement involving an amusement machine constitutes a hire of goods. The goods in question ('the machine') include items such as pool tables, juke boxes, pinball machines and video game machines.
- Generally, a 'hire of goods' is an arrangement under which goods are or may be used at any time by a person other than the person hiring out the goods. This definition is similar to the definition of 'hiring arrangement' in the *Stamp Duties Act 1920*, which applied to arrangements prior to 1 July 1998. 'Hiring charges' are payments made to the person who hires out the goods by or on behalf of the hirer, for (or that arise as an incident of) the hire of the goods.
- This ruling outlines the circumstance in which OSR will consider certain common arrangements involving amusement machines to be dutiable as a hire of goods.

Ruling

Licence-type arrangements

- These are arrangements between the owner and the site occupier whereby the owner leaves the machine on bailment with the site occupier at the occupier's premises on the basis that it will be made available to players who frequent those premises. They commonly involve a revenue sharing arrangement between the owner of the machine and the occupier of the premises (such as a hotel, milk bar, cinema, or amusement arcade). The money deposited into the machines' coin boxes is owned and collected by the owner of the machine, usually with a proportion of the takings being paid to the site occupier.
- The arrangement between the owner and the site occupier is literally one 'under which goods are or may be used at any time by a person other than the person hiring out the goods', notwithstanding that the machine might not be played by the occupier personally. Despite this, there is no payment by the occupier for the use of the goods, with the fee being paid by the owner to the occupier. As a consequence, there are no 'hiring charges' upon which duty would be payable, and these arrangements are not dutiable as a hire of goods.

Rental arrangements

- Under these arrangements, the machines are directly hired to the site occupier, who is entitled to use and exploit the machines as he or she sees fit, in return for the payment of a fee. The

owner of the machine has no right to the money (if any) paid into the machine, although the fee paid to the owner may be calculated as a percentage of the takings. Alternatively, the machine may be hired for a fixed fee for a single purpose, such as a private function. In either case, these arrangements are within the definition of a hire of goods. Further, these arrangements are primarily for the use of goods, so that any payments by the site occupier to the owner are for the hire of the goods and are therefore hiring charges subject to duty.

8. Section 195 of the Duties Act states that a person who is in the business of hiring out goods (a 'commercial hire business') must be registered if, in any month, the total amount of the hiring charges received in the month exceeds \$6,000. An application for registration must be made within 21 days from the end of the month in which the \$6,000 threshold is first exceeded. A commercial hire business that is required to register should contact OSR's Client Service Division, on (02) 9685 2189¹, to arrange registration.

Peter Achterstraat
Chief Commissioner of State Revenue
6 April 2000

¹ Phone number now 1300 139 817