


ST 2085 - SALES TAX : DRUGS AND MEDICINES - NICORETTE

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TAXATION RULING NO. ST 2085

SALES TAX : DRUGS AND MEDICINES - NICORETTE

F.O.I. EMBARGO: May be released

REF H.O. REF: ST 11/85 DATE OF EFFECT: IMMEDIATE

B.O. REF: - DATE ORIG. MEMO ISSUED: -

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1118869	DRUGS AND MEDICINES - NICOTINE CHEWING TABLETS NICORETTE	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT ITEM 38, FIRST SCHEDULE,

PREAMBLE

Item 38 in the First Schedule to the Sales Tax (Exemptions and Classifications) Act exempts drugs and medicines used in the prevention, cure or treatment of sickness or disease in human beings, but not including, among other things, medicated confectionery.

2. Following representations made to this office in 1981 and 1982 the product Nicorette was ruled to be not exempt under item 38. As a result of further representations made recently, additional information about the product has been supplied and the opportunity has been taken to seek the views of the Department of Health.

3. The information now available to this office indicates that nicotine addiction is recognized as a sickness or disease in itself and it can lead to other serious incurable disease. Nicotine addiction or dependence is caused by smoking.

4. Nicorette is the trade name for a specially formulated nicotine chewing tablet made from a resin gum base with an active ingredient of 2 mg. of nicotine, an extremely potent drug. Nicorette carries an S4 classification and is available only on a doctor's prescription.

5. The role of Nicorette is to help overcome the withdrawal symptoms experienced when stopping smoking. As the tablets are chewed, nicotine is slowly released into the body through the mouth and this counters the loss of nicotine that would otherwise be obtained through smoking. The number of tablets are reduced over the period of treatment until the addiction is overcome. Nicorette is recommended for people who have a medium to high level of nicotine dependence.

RULING

6. In the light of the additional information now available, it is accepted that Nicorette qualifies for exemption from sales tax under item 38, First Schedule.

COMMISSIONER OF TAXATION
30 July 1984

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