


ST 2181 - SALES TAX : PUMPING EQUIPMENT FOR WATER SUPPLY PURPOSES

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TAXATION RULING NO. ST 2181

SALES TAX : PUMPING EQUIPMENT FOR WATER SUPPLY PURPOSES

F.O.I. EMBARGO: May be released

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REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1199675	PUMPING EQUIPMENT FOR WATER SUPPLY PURPOSES	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; ITEM 18, FIRST SCHEDULE

OTHER RULINGS ON TOPIC ST 2071

PREAMBLE

Sub-item 18(5), First Schedule provides conditional exemption for pumping equipment and parts therefor for water supply purposes.

2. To what extent pumping equipment and parts therefor may be said to be used for water supply purposes has been reviewed since the issue of Taxation Ruling No. ST 2071. The review has largely been prompted by enquiries whether pumping equipment etc. installed for fire fighting purposes may be purchased free of sales tax.

3. Hitherto it has been the practice to say that water supply ceases at the point on a property where the consumer could receive it and apply it to his own use. This practice has emanated from observations made in a reported decision of a United Kingdom case of Attorney-General v West Gloucestershire Water Co. (1909) 2 Ch 338. The question before the Court in that case, however, was not actually concerned with the extent to which pumping equipment etc. was used for water supply purposes - it was concerned with whether the company, in supplying water outside the area of its statutory responsibilities, was acting ultra vires. The decision is not authority for holding that water supply ceases at the first point on a property where a consumer could receive it and apply it to his own use.

4. In the context of sub-item 18(5) it is now accepted that water is not supplied until it reaches the point where it is to be actually used. Pumping equipment used to bring the water to the final point of consumption is regarded as being used for "water supply purposes". The use of intervening holding tanks and boilers integrated into the water supply system does not prevent exemption applying. On the other hand pumps used to recirculate water are not considered to be used for water supply purposes.

RULING

5. Illustrations of the practical effect of this

interpretation are listed below. This list is illustrative only; it is not exhaustive. Pumping Equipment used for water supply purposes and exempt under sub-item 18(5) :-

Pump used to pump to a water tower

Pump used to pump from a holding tank to occupiers of high rise buildings

Pump used for supplying water for use on boats and caravans

Pump used on a water truck to transfer water to a holding or storage tank

Pump for fire fighting sprinkler use, either household or industrial

Pump used to draw water from a creek, dam, holding tank, etc. into the household system

Firefighting pump to pump from a holding tank or swimming pool to fight fires

Pumping Equipment not used for water supply purposes and not exempt under sub-item 18(5) :-

Pump used in waterbased air conditioning system

Swimming pool circulation pump

Pump for use with a fountain, fish pond, artificial waterfall, etc.

Pump used to discharge water from boats, basements, etc.

Pump used to pump sewerage

Pumps used in car washes

6. Exemption on pumps for water supply purposes under sub-item 18(5) does not apply where the pumps are to be used in the manufacture of other goods and become incorporated with those other goods in the course of manufacture e.g. a water pump installed in a caravan. However, a registered manufacturer would be able to purchase the pumps free of sales tax under quotation of his certificate of registration. The pumps would then be classified according to the identity of the manufactured goods of which they form part. In the example given they would be taxable as part of the caravan.

COMMISSIONER OF TAXATION
22 October 1985

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