


ST 2186 - SALES TAX - REPLACEMENT CATHODE RAY TUBES

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TAXATION RULING NO. ST 2186

SALES TAX - REPLACEMENT CATHODE RAY TUBES

F.O.I. EMBARGO: May be released

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I 1194339	REPLACEMENT CATHODE RAY TUBES	SALES TAX ASSESSMENT ACT (NO.1); SECTION 3

FACTS The regunning of cathode ray tubes, whether monochrome (black and white) or colour, involves the removal and replacement or repair of the electron gun(s) and revacuuming the tube.

2. The rebuilding of cathode ray tubes involves removal of the electron gun(s) and completely stripping the tube of all coatings so that all that remains is the glass shell. After cleaning and polishing, the shell is indistinguishable from new glass and it is used to rebuild a cathode ray tube in exactly the same way a new tube is manufactured.

RULING 3. While the regunning of picture tubes involves considerable skill and expertise, it results in the replacement of only the electron gun(s). The other major components - funnel, shadow-mask and screen - are not replaced. The tube does not lose its identity as a tube. It is considered that the regunning operations are of a repair nature rather than operations of manufacture.

4. Persons engaged in the regunning of cathode ray tubes, whether monochrome or colour, will satisfy their sales tax liability by the payment of tax at the time of purchase of raw materials and equipment used to carry out the regunning operations.

5. The operations of rebuilding cathode ray tubes, however, are identical to the manufacture of new tubes and it has been concluded that the rebuilding operations constitute manufacture.

6. Where the stock of "replacement" tubes held by a manufacturer comprises any or all of -

- (a) new tubes manufactured by it from new imported glass envelopes;
- (b) new tubes imported in a fully manufactured condition; and
- (c) "re-manufactured" (rebuilt) tubes made from suitable traded-in tubes,

they are all regarded as "goods" for the purposes of the definition of "goods" in sub-section 3(1) of Sales Tax Assessment Act (No.1). The rebuilt tubes are not distinguishable from the new tubes and are treated as new tubes.

7. Being manufacturers, persons engaged in the rebuilding of cathode ray tubes will be entitled to purchase raw materials and parts for use in the rebuilding processes free of sales tax under quotation of certificate. They will also be entitled to purchase equipment for use as aids to manufacture as defined in the sales tax law free of sales tax.

8. Cathode ray tubes are taxable at the rate of 30% under item 51 in the Second Schedule to the Sales Tax (Exemptions and Classifications) Act. Where a person sells a rebuilt cathode ray tube by wholesale and the purchaser does not quote a certificate sales tax is payable on the wholesale selling price of the tube. Tax will also be payable on the wholesale value of the tube where the rebuilder sells the rebuilt tube by retail. In some cases a tube is rebuilt for a customer. Where this occurs the rebuilder is a manufacturer for sales tax purposes and tax is payable on the price charged to the customer for the rebuilt tube.

COMMISSIONER OF TAXATION

5 December 1985

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