

ST 2214 - SALES TAX : PRECIOUS AND SEMI-PRECIOUS STONES

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TAXATION RULING NO. ST 2214

SALES TAX : PRECIOUS AND SEMI-PRECIOUS STONES

F.O.I. EMBARGO: May be released

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PRECIOUS AND SEMI-
PRECIOUS STONES

SALES TAX (EXEMPTIONS
AND CLASSIFICATIONS)
ACT; ITEM 1, SECOND
SCHEDULE.

PREAMBLE

Three items in the Sales Tax (Exemptions and Classifications) Act cover the classification of precious or semi-precious stones, i.e. items 21(1) and 69B in the First Schedule and item 1 in the Second Schedule.

2. Item 21(1) First Schedule, exempts from sales tax - "Goods, being primary products which are derived directly from operations carried on in Australia in - (i) mining
.....

and which have not been subject to any process or treatment resulting in an alteration of the form or condition of the goods,".

3. Item 69B, First Schedule, exempts from sales tax - "Imported goods consisting of collections, or collector's pieces that are of mineralogical interest, being goods to which item 99.05 in Schedule 3 to the Customs Tariff applies".

4. Item 99.05 in Schedule 3 to the Customs Tariff refers to collections and collector's pieces of, amongst other things, mineralogical interest. However, the item does not include pearls or precious or semi-precious stones falling within tariff item 71.02 in Schedule 3 to the Customs Tariff. Tariff item 71.02 covers -

precious and semi-precious stones, unworked, cut or otherwise worked, being stones not mounted, set or strung or being upgraded stones temporarily strung for convenience of transport.

5. Item 1, Second Schedule, covers - "Jewellery and imitation jewellery precious stones, semi-precious stones but not including goods of a kind used exclusively, or primarily and principally, as parts of clothes for human wear".

FACTS

6. Precious and semi-precious stones are mined, processed and marketed in Australia. They are also mined and processed in

other countries and imported into Australia. The principal precious stones are diamonds, rubies, emeralds and sapphires and they are marketed either in the rough or in a cut and polished state. Semi-precious stones cover a wider range of stones and include amethyst, garnet, topaz, zircon, beryl, peridot, opal, feldspar, pyrites and jade.

7. Stones are also imported by collectors interested in mineralogy and these may be precious, semi-precious, ornamental or other mineral specimens. They are also imported by lapidarists. Stones imported by lapidarists are generally of the ornamental kind for cutting and polishing.

RULING

8. Australian precious and semi-precious stones in the rough, ie., stones that have not been subject to any process or treatment resulting in an alteration of their form, nature or condition, are exempt under item 21(1), First Schedule. If cut or cut and polished, Australian precious and semi-precious stones are covered by item 1, Second Schedule and taxable at 30%.

9. Imported precious and semi-precious stones, whether entered in the rough or cut and polished form are covered by item 1, Second Schedule, unless item 69B, First Schedule applies. The application of item 69B will depend on the goods being accepted by the Customs as collectors' pieces covered by item 99.05 in Schedule 3 to the Customs Tariff.

10. Where stones are imported in the rough and the sales tax position falls for consideration on entry through Customs, the nature of the composition of the goods would normally be known. In some cases there may be initial difficulty in ascertaining whether or not the rough rock contains precious or semi-precious stones. If, upon entry, the Australian Customs Service determines that stones in the rough are precious or semi-precious stones for customs duty purposes, then the stones are covered by item 1, Second Schedule for sales tax purposes.

11. Classification under item 1, Second Schedule, also applies to so-called ornamental stones which are of a kind ordinarily used as components of jewellery or personal adornments.

12. Imported stones or mineral specimens which are accepted by Customs to come within item 99.05 in Schedule 3 to the Customs Tariff are exempt from sales tax under item 69B, First Schedule. Imported stones or mineral specimens which are not precious or semi-precious stones and which are not exempt under item 69B, First Schedule, are taxable at the general rate, currently 20%.

13. The rulings at pages 571 and 572 of Sales Tax Exemptions and Classifications are to be amended. The new rulings will reflect that ornamental and other stones imported in the rough will not be covered by item 1, Second Schedule, providing they are not precious or semi-precious stones.

COMMISSIONER OF TAXATION
28 February 1986