

ST 2241 - SALES TAX : THERAPEUTIC LOUNGE/RECLINER CHAIRS

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TAXATION RULING NO. ST 2241

SALES TAX : THERAPEUTIC LOUNGE/RECLINER CHAIRS

F.O.I. EMBARGO: May be released

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THERAPEUTIC LOUNGE/
RECLINER CHAIRS

SALES TAX (EXEMPTIONS
AND CLASSIFICATIONS)
ACT; ITEMS 42(10),
42B(1) AND 123(1),
FIRST SCHEDULE AND
ITEM 1, THIRD SCHEDULE

PREAMBLE

Sales tax exemption was sought recently for "therapeutic" lounge/recliner chairs which are "tailor made" to the needs of purchasers, particularly those suffering from some form of physical disability. The exemption was sought under sub-items 42(10), 42B(1) or 123(1) in the First Schedule to the Sales Tax (Exemptions and Classifications) Act.

FACTS

2. The manufacturer of the chairs sub-contracts the construction of chair frame bases in two widths. The wooden frame bases provide the prime structure for the base, seat and armrests of the chair and are held as a common stock by the manufacturer. The chair frames are oversize in order to enable the largest probable adjustments to be accommodated when manufacture of the chair is undertaken.

3. Customers are seated in a chair manufactured to a set of standard measurements suitable to a person of average height and weight. The manufacturer determines what adjustments should be made to the standard measurements to afford best comfort and support for the customer. The frame base is firstly altered as required to meet the customer's requirements. Back and footrest construction, foam padding, fabric covering and other modifications as agreed with the customer are then undertaken. The types of modifications which may be made include:-

- . altering the height of the seat, back or armrests
- . altering the length of the seat or footrest
- . altering width of the seat
- . changing the foam padding so as to alter support in the back and/or seat of the chair
- . altering the angle of the complete chair

4. An electrically operated chair offering users the option of an electrically operated footrest and/or seat of the chair is also manufactured. The option allows users at the press of a button to raise or lower the footrest or tilt upward and forward the seat of the chair.

RULING

5. Among other things sub-item 42(10) exempts invalid

chairs from sales tax. The "therapeutic" lounge/recliner models are not sold or described as invalid chairs nor in ordinary parlance would they be regarded as invalid chairs. They are not exempt under sub-item 42(10).

6. Sub-item 42B(1) exempts medical or surgical appliances of a kind used exclusively or principally by persons suffering from sickness, disease or physical impairment for the purpose of alleviating or treating that sickness, disease or impairment or the effect of that sickness, disease or impairment.

7. Medical or surgical appliances are a class of goods which are ordinarily for use in combating or relieving some particular physical disability or ailment. They are ordinarily made by persons or firms that specialise in their manufacture. The manufacturer of the "therapeutic" lounge/recliner chairs does not engage in a business of manufacturing medical or surgical appliances nor does he have any medical or surgical expertise. The chairs are little different in appearance to mass produced lounge chairs and do not fit the description of medical or surgical appliances as they are ordinarily understood. The chairs are not exempt under sub-item 42B(1).

8. Sub-item 123(1) exempts goods designed and manufactured expressly for use by persons suffering from sickness, disease or disablement (whether sickness, disease or disablement generally, or a particular kind, or one or more particular kinds, of sickness, disease or disablement), being goods of a kind not ordinarily used by persons who are not suffering from sickness, disease or disablement.

9. The manually operated "therapeutic" lounge/recliner chairs have the appearance of a conventional lounge/recliner chair. Although they may be manufactured for use by persons suffering from various complaints, including a range of minor back complaints, they are also used by able-bodied persons. In many instances the differences between the "therapeutic" and conventional lounge/recliner chairs are so minor that in general appearance it would be difficult to detect the differences. There is no evidence that they are principally for use by persons who would be regarded as disabled. They are not designed and manufactured expressly for use by persons suffering from sickness, disease or disablement and are not exempt under sub-item 123(1). Manually operated "therapeutic" lounge/recliner chairs are household furniture covered by item 1, Third Schedule, and taxable at 10%.

10. The sales tax classification of the electrically operated "therapeutic" lounge/recliner chair is different. It has been established that they are sold exclusively to persons suffering from sickness, disease or disablement. While this sales pattern continues to exist they will be accepted as exempt from sales tax under sub-item 123(1).

COMMISSIONER OF TAXATION

7 May 1986

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