ST 2266 - SALES TAX : GOODS PURCHASED BY UNIVERSITIES AND SCHOOLS

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TAXATION RULING NO. ST 2266

SALES TAX : GOODS PURCHASED BY UNIVERSITIES AND SCHOOLS

F.O.I. EMBARGO: May be released

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1209691	GOODS PURCHASED BY UNIVERSITIES AND SCHOOLS	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; ITEM 63A, FIRST SCHEDULE.

PREAMBLE Item 63A in the First Schedule to the Sales Tax (Exemptions and Classifications) Act exempts goods for use (whether as goods or in some other form), and not for sale, by a university or school conducted by an organisation not carried on for the profit of an individual.

2. The question has arisen whether exemption under item 63A applies to goods for use in business activities conducted by universities and/or schools separately from ordinary university or school activities but where the profits from the business activities are applied for the benefit of the school. A university, for example, may own a block of apartments outside the university grounds which are let to the public generally.

RULING 3. Item 63A was introduced into the law in its present form in the 1952/53 Budget. Its predecessor read as follows:-

> "Goods for use (whether as goods or in some other form), exclusively for the purposes of tuition, by a university or by a school conducted by an organisation not established or carried on for the profit of an individual, but not including any goods for sale, or equipment, apparatus or accessories of a kind used exclusively, or primarily and principally, in indoor or outdoor sports or games, gymnastics, athletics or physical culture."

4. There was a complementary item, item 75, which provided exemption for goods which were for the official use, and not for sale, by a technical school the expenditure of which was wholly or partly borne by the Commonwealth or State Governments.

5. The effect of the provisions in existence prior to 1952/53 was that goods for use, and not for sale, by universities and other non-profit schools were limited to purchases of scientific equipment (per item 63) and goods for use exclusively for the purposes of tuition. At the same time Government schools enjoyed what was referred to by the then Treasurer in his Second Reading Speech to Parliament as a "complete exemption". Item 63A was amended to its present form to remove this inconsistency and to provide exemption for all

goods for use by universities and all non-profit schools. The Treasurer said that the intention of the amendment was to extend exemption to such goods as "ordinary furnishings and sporting equipment" purchased by universities and non-profit schools which were not covered by the former item 75.

6. Clearly enough, the amendment was not intended to cause any significant alteration to the law other than to provide an equal exemption for goods purchased for the official use of all non-profit schools. It was not intended to extend exemption for goods purchased by such schools for use in other than school activities. Item 63A is seen as applying only to goods for use by non-profit universities and schools in their activities as universities or schools. It is not considered that the item relates to business or other activities operated by a university or school.

7. It follows that where a university or school conducts activities separate from its university or school activities then item 63A exemption does not apply to those activities.

COMMISSIONER OF TAXATION
9 July 1986

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