


ST 2314 - SALES TAX : AIR CONDITIONING AND VENTILATING DUCT WORK, FITTINGS ACCESSORIES AND ATTACHMENTS

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REF H.O. REF: 84/2704-6 DATE OF EFFECT: Immediate

B.O. REF: Bris - K36 DATE ORIG. MEMO ISSUED:
 Syd - 22/B/D1B/42
 Parra - X-10/59/1
 Melb - 6/C3/SC4/1/82A
 Hob - S/GD/STE 82A
 Adel - STM415
 Perth - E/C 1/84(1) VOL. 5

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1210348	AIR CONDITIONING DUCT WORK VENTILATION EQUIPMENT BUILDING MATERIALS	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; ITEM 146, FIRST SCHEDULE; DIVISION XII

PREAMBLE This Ruling deals with the sales tax classification of air conditioning and ventilating duct work, fittings, accessories and attachments for duct work for buildings. It brings together various decisions that have been given since the products became taxable following amendments to several items in the First Schedule to the Sales Tax (Exemptions and Classifications) Act which took effect on and from 24 August 1983.

- . duct work or channelling of a kind used in forced draught ventilating or air conditioning systems (except for sub-item 88(1) which already excluded them); and
- . fittings, accessories or attachments for, components of, or goods designed to form part of duct work, or channelling of a kind used in forced draught ventilating or air conditioning systems.

3. Another provision which was amended to exclude from exemption air conditioning and ventilating duct work and associated fittings was section 6A of the Sales Tax (Exemptions and Classifications) Act. It operates to provide that the only

goods to be taxed in respect of pre-fabricated buildings or pre-fabricated building sections are the taxable goods (if any) incorporated in the pre-fabricated building or section.

4. It has also been necessary to consider sub-item 146(1), which exempts equipment and apparatus of a kind used exclusively, or primarily and principally, in preventing or combating fire.

RULING Duct Work

5. Most classes of duct work or channelling actually used in forced draught ventilating or air conditioning systems in buildings are identifiable as "of a kind" used for those purposes and are excluded from the exemption provisions set out in previous paragraphs. They are taxable at 20%.

6. An example of duct work which is not "of a kind" used in forced draught ventilating or air conditioning systems is stainless steel duct work designed for dust extraction. It is covered by sub-item 82A(1) and is exempt from sales tax.

7. Duct work may also be used in connection with fire protection measures or for stair pressurisation and dedicated smoke exhaustion. This duct work is, however, generally of the same kind as air conditioning duct work and is not of a kind used primarily and principally in preventing or combating fire. It is not exempt under sub-item 146(1) and is taxable at 20%.

Insulation

8. External insulation used in air conditioning installations is in the main general purpose insulation. It is not designed specifically for duct work installation. It would ordinarily be exempt under sub-items 83(2) or (3).

9. Where the insulation is attached to duct work after installation of the duct work the value of the insulation does not form part of the taxable sale value (i.e. the value on which tax is calculated) of the duct work.

10. It is a different matter, however, where the insulation is attached to duct work prior to installation, e.g. in the workshop. The insulation then forms part of the manufactured duct work and its value is included in the taxable sale value of the insulated duct work.

11. Insulation designed for forced draught ventilating or air conditioning duct work is taxable at 20%. Manufacturers of duct work who are registered for sales tax purposes may purchase the insulation free of tax by quoting their certificates of registration provided that it is for use as a raw material in the production of insulated duct work.

12. Where taxable insulation is purchased for attachment to duct work after the duct work has been installed the purchaser should pay tax on purchase of the insulation. No further tax liability will arise on the attachment of the taxable insulation to the installed duct work.

Fittings, Accessories, Attachments etc for Duct Work

13. The following goods have a clear identity as fittings for duct work and are taxable at 20% -

- . duct jointing and stiffening materials
- . slides and drives and worm drive clips
- . flanges
- . turning vanes and stream splitters
- . cushion leads and boots
- . sound silencers and alternators
- . dual duct boxes
- . variable volume boxes and reheat boxes
- . grilles and registers

14. The classification of an article of a general description will often depend on the purpose for which it was designed. For example, supports and hangers designed specifically for use with taxable duct work are taxable at 20%. On the other hand, general purpose supports and hangers which are designed for a wide variety of purposes will ordinarily qualify for exemption under sub-item 84(2) as builders' hardware.

15. The following goods which are designed to be fitted to and form part of air conditioning duct work are taxable at 20% -

- . cowls, louvres and vents. Some vents are fabricated from ducting material to facilitate fitting to duct work.
- . general purpose dampers which are sold as fittings for air conditioning duct work.
- . access doors or panels which form part of the duct work (their value forms part of the taxable sale value of the duct work).

16. Goods of the same broad description as outlined in paragraph 15 will qualify for exemption where they are designed for use as follows -

- . cowls, louvres and vents designed for general use in the construction of buildings (not in connection with the air conditioning system), being builders hardware (sub-item 84(2)) or wall, roof or ceiling ventilators which fit into the structure of the building but are not attached to an air conditioning system (sub-item 88(1)).
- . dampers of a kind used for fire protection purposes (sub-item 146(1)) - these are distinguishable from general purpose air conditioning dampers.
- . metal doors providing access to air conditioning (sub-item 84(3)).
- . general purpose flashings which are used in connection with duct work.

Steel Stands and Platforms

17. Steel stands and platforms which are factory manufactured for use in air conditioning installations to support air conditioning plant rather than duct work are identifiable as articles of goods in their own right. Whether free standing or fixed to a wall or floor they are not metal building materials for the purposes of sub-item 84(1). Nor are they covered by any

other exemption item. They are taxable at 20%.

Air Conditioning Housing (Plenums)

18. Housing or plenums for air conditioning plant may either be built up during installation of the system or be manufactured in a factory. In common with other fixtures built in situ, tax is not payable on the built-up housing but is payable on any taxable materials used in the construction of the housing. Similarly, in the case of pre-fabricated housing, by virtue of section 6A of the Sales Tax (Exemptions and Classifications) Act, tax is payable only on the taxable materials, if any, used in the manufacture of the housing. Materials used in the construction or manufacture of air conditioning housing will ordinarily be exempt under relevant items in the First Schedule.

Sale Value

19. The taxable sale value for air conditioning duct work is dealt with in Taxation Ruling No. ST 2268.

COMMISSIONER OF TAXATION
22 January 1987