ST 2319 - SALES TAX : GOODS FOR USE IN UNIVERSITIES AND SCHOOLS

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TAXATION RULING NO. ST 2319

SALES TAX : GOODS FOR USE IN UNIVERSITIES AND SCHOOLS

F.O.I. EMBARGO: May be released

REF H.O. REF: 84/5909-6 DATE OF EFFECT:20 Aug 1986

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1210471	COMPUTERS FOR USE IN SCHOOLS SCIENTIFIC INSTRUMENTS AND SCIENTIFIC APPARATUS	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; ITEMS 63 AND 63A, FIRST SCHEDULE

OTHER RULINGS ON TOPIC ST 2233

PREAMBLE Taxation Ruling No. ST 2233 deals with the sales tax treatment of computers for use in universities and schools. Briefly the Ruling states that computers and peripheral equipment purchased by teachers and students and which are regularly and significantly used in universities and schools as scientific instruments or scientific apparatus, i.e., those used to perform mathematical calculations and for scientific analysis, qualify for exemption under sub-item 63(1), First Schedule. Computers and peripheral equipment not covered by sub-item 63(1) are generally taxable at the rate of 20%.

2. The Ruling also states that computers and other goods purchased by teachers and made available for use in universities and schools generally are not exempt under item 63A, First Schedule, which exempts goods purchased by non-profit universities and schools for their use.

3. The Sales Tax (Exemptions and Classifications) Amendment Act 1986, Act No. 98 of 1986, omitted item 63 from the First Schedule effective on and from 20 August 1986.

RULING 4. The omission of item 63 from the First Schedule means that teachers, students and others will not be entitled to exemption from sales tax on and after 20 August 1986 for purchases of goods, e.g., computers, calculators and other scientific instruments and scientific apparatus, purchased for use in universities or schools.

5. However, non-profit universities and schools will continue to be able to purchase goods previously covered by item 63 tax-free under existing item 63A. As stated in Ruling No. ST 2233 this item does not extend to the personal purchases of teachers and others even where such goods are to be used on a regular basis at universities or schools.

6. Taxable goods purchased by teachers, students and others for use in universities and schools are no longer exempt from sales tax. They are subject to sales tax at the rate

applicable to the particular goods, i.e., 10%, 20% or 30%.

7. Finally, it is pointed out that this amendment only affects purchases made on or after 20 August 1986. The classification of a purchase made prior to that date is subject to Ruling No. ST 2233. Ruling No. ST 2233 is modified accordingly.

COMMISSIONER OF TAXATION
29 January 1987