

# **ST 2344 - SALES TAX : SOIL TESTING LABORATORIES : SCIENTIFIC RESEARCH**



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TAXATION RULING NO. ST 2344

SALES TAX : SOIL TESTING LABORATORIES : SCIENTIFIC RESEARCH

F.O.I. EMBARGO: May be released

REF N.O. REF: 86/2778-9 DATE OF EFFECT:

B.O. REF: DATE ORIG. MEMO ISSUED:

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
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I 1218596	SCIENTIFIC RESEARCH SOIL TESTING LABORATORIES	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT ITEMS 2 and 113D, FIRST SCHEDULE
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OTHER RULINGS ON TOPICS : ST 2105

PREAMBLE Sub-item 2(13) in the First Schedule to the Sales Tax (Exemptions and Classifications) Act exempts preparations and materials for use in agricultural industry in testing soil.

2. Sub-item 113D(2), First Schedule, exempts from sales tax goods (which are not of any of the kinds expressly excluded from the definition of "aids to manufacture" in sub-clause 1(1) of this Schedule) sold or leased to, or imported or manufactured by, any person for use by him exclusively, or primarily and principally in carrying out scientific research on behalf of manufacturers in relation to manufacturing operations conducted by them.

3. The question has been raised whether goods used by soil testing laboratories in the testing of soil quality and plant tissues on behalf of farmers qualify for exemption under sub-items 2(13) and 113D(2).

FACTS 4. Some soil testing laboratories provide laboratory services for the agricultural industry. The services provided are analytical in nature and consist of the analysis of soil, plant tissues, agricultural products and the like. The results of the tests are interpreted against established benchmarks to determine their deficiencies with a view to advising farmers how to solve soil problems. Where crops or plants are not growing as expected plant tissue samples are examined by the laboratory and tests carried out in an attempt to discover the problem and suggest remedies.

RULING 5. While some soil testing laboratories may be engaged principally in the testing of soil and agricultural products the laboratories are themselves not engaged in the agricultural industry. They are engaged in the research and scientific industry. Exemption does not apply under sub-item 2(13) to soil testing laboratories.

6. Primary production operations are accepted to be manufacture for sales tax purposes. In carrying out soil and plant tissue research laboratories are engaged in scientific

research. The research into soil and plant tissue is considered to be sufficiently connected to the manufacturing operations of farmers to qualify as scientific research in relation to manufacturing operations conducted by them. Goods for use by soil testing laboratories exclusively, or primarily and principally, in carrying out soil and plant tissue testing for farmers will therefore qualify for exemption under sub-item 113(D)(2) of the First Schedule. Goods expressly excluded from the definition of "aids to manufacture" however, do not qualify for exemption. Goods that do not qualify for exemption include motor vehicles and office furniture and equipment.

COMMISSIONER OF TAXATION  
18 June 1987