


# ***ST 2399 - SALES TAX : VIDEO CASSETTE RENTAL MACHINES***

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TAXATION RULING NO. ST 2399

SALES TAX : VIDEO CASSETTE RENTAL MACHINES

F.O.I. EMBARGO: May be released

REF N.O. REF: 86/9766-3 DATE OF EFFECT: 13 November 1987

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

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1010691	VIDEO CASSETTE RENTAL MACHINES SLOT, COIN OR TOKEN MACHINES	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT: ITEM 60, SECOND SCHEDULE

PREAMBLE Sub-item 60(1) in the Second Schedule to the Sales Tax (Exemptions and Classifications) Act taxes at the rate of 30% machines of a kind used for the purpose of gambling, entertainment or amusement, the operation of which is designed to depend upon the insertion of money or tokens in the machines or in machines or other devices connected to the goods.

2. This Ruling considers whether fully automated video cassette rental machines are caught by the sub-item or are taxable at the general rate of 20%.

FACTS 3. Automated video cassette rental machines can rent video tapes, accept returns and sell tapes automatically.

4. They are operated by the use of a magnetic card. Once the card has been accepted, the user communicates with the machine through a keyboard and screen to carry out the required function.

RULING 5. Although video tapes themselves might be used for entertainment purposes, the rental and selling of such goods is not an entertainment or amusement purpose. It is a business activity that precedes any entertainment or amusement.

6. As automated video cassette rental machines only dispense and receive returned goods they are not covered by sub-item 60(1) in the Second Schedule. They are therefore taxable at the general rate of 20%.

COMMISSIONER OF TAXATION  
24 MARCH 1988