


ST 2416 - SALES TAX PLASTIC IRRIGATION BAGS

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TAXATION RULING NO. ST 2416

SALES TAX PLASTIC IRRIGATION BAGS

F.O.I. EMBARGO: May be released

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F.O.I. INDEX DETAIL

| REFERENCE NO: | SUBJECT REFS: | LEGISLAT. REFS: |
|---------------|----------------------------|--|
| I 1183671 | PLASTIC IRRIGATION BAGS | SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; SUBITEM 19(6), FIRST SCHEDULE |

PREAMBLE This Ruling considers the sales tax classification of two specially designed plastic bags for use in watering plants.

2. Subitem 19(6) in the First Schedule to the Sale Tax (Exemptions and Classifications) Act exempts from sales tax pumping and other machinery, implements and apparatus (and parts and fittings therefor) for use in agricultural industry, for pumping, water supply, drainage or irrigation purposes.

FACTS 3. The specially designed plastic bags are for use in providing a constant supply of water to newly planted trees and shrubs. They provide moisture conservation, prevention of evaporation and the elimination of competition from weeds. They can be used in the agricultural industry, e.g., by orchardists who grow citrus trees, avocados, etc., or in landscapes, golf courses and domestic gardens.

4. The first product is designed for use with trees and is placed on the ground around the base of the tree. The bag, which holds approximately 20 liters of water, is filled with water through a spout by hand from a hose or other container. The water flows from the bag to the tree by a feeder tube which is inserted in a hold beside the tree. The flow of water is controlled by a flow control clip which is fitted to the feeder tube. When watering is not necessary the bag may be sealed by folding back the spout and attaching a pronged clip.

5. The second product is almost identical to the first except that the bag may be filled direct through a hose attachment. The bag when filled will provide a tree, shrub or other plant with sufficient water for about three to four weeks.

RULING 6. The two specially designed plastic bags are apparatus for irrigation purposes and therefore are exempt from sales tax under subitem 19(6), First Schedule, when for use in the agricultural industry, e.g., by orchardists and horticulturalists. Where they are not for use in that industry but are for use in, for example, private landscapes, golf courses and domestic gardens, they are taxable at the general rate of 20%.

COMMISSIONER OF TAXATION
2 JUNE 1988