

# **ST 2422 - SALES TAX : STATIONERY AND SCHOOL SUPPLIES FOR USE BY STUDENTS**

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TAXATION RULING NO. ST 2422

SALES TAX : STATIONERY AND SCHOOL SUPPLIES FOR USE BY STUDENTS

F.O.I. EMBARGO: May be released

REF N.O. REF: 88/1764-2 DATE OF EFFECT: Immediate

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F.O.I. INDEX DETAIL

REFERENCE NO: SUBJECT REFS: LEGISLAT. REFS:

I 1183742 SCHOOL STATIONERY SALES TAX (EXEMPTIONS  
AND SUPPLIES AND CLASSIFICATIONS)  
TEXT BOOKS ACT;  
ITEMS 51 AND 63A,  
FIRST SCHEDULE,

OTHER RULINGS ST 2233

PREAMBLE This Ruling considers the sales tax liability arising from the provision by schools of stationery and other requisites to school students.

2. Item 63A in the First Schedule to the Sales Tax (Exemptions and Classifications) Act exempts goods for use and not for sale by a university or school conducted by an organization not carried on for the profit of an individual.

FACTS 3. It is common practice for Government and non-profit private schools to procure or stock stationery and other materials:-

- (i) for direct individual sales to students through bookshops, canteens/tuck-shops, offices etc., at the schools;
- (ii) for supply to students in return for a specific charge, fee or levy for those particular goods; or
- (iii) for hire to students where at the completion of the hiring period the goods are returned to the school.

RULING 4. For exemption to apply under item 63A, the goods, in the form of stationery and other materials, must be for use by the non-profit university or school and not be for sale. A question arises in respect of goods used and owned by students at a school. While a school consists of teachers and students as well as the school itself, the students are independent from the identity of the school. Although the students might be part of the total school environment they are not regarded as the school. Goods owned and used by students are therefore not regarded as goods for use by the school even though the goods may be used at school.

5. Where stationery and other taxable materials are sold directly to the students by the school it follows that the goods are not for use by the school. As such, the goods so procured by the school for re-sale to students are not exempt from sales

tax. In addition, goods for sale are specifically excluded from the exemption. This places the transaction in the same position as if the student purchased the goods from a supplier other than the school. Tax will be payable therefore where sales of taxable goods are made directly through canteens, school book shops and offices. Tax will also be payable where a fee is paid by the student for materials or stationery, for example, for art supplies or photographic supplies.

6. Where the school provides taxable goods such as maps and atlases to students on a hire basis and the ownership and control remains with the school, it is accepted that the goods are for use by the school. Exemption under item 63A will apply therefore to goods purchased by schools for hire to students on the basis that the goods are returned to the school at the end of the hiring period.

7. School text books are exempt from tax in their own right under sub-item 51(1), First Schedule. Thus, whether purchased by the school or students and whether purchased through the school or an external supplier such as a retail bookshop, school text books do not attract sales tax.

COMMISSIONER OF TAXATION  
9 June 1988