

ST 2427 - SALES TAX : WATER HEATERS FOR SWIMMING POOLS AND SPAS

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TAXATION RULING NO. ST 2427

SALES TAX : WATER HEATERS FOR SWIMMING POOLS AND SPAS

F.O.I. EMBARGO: May be released

REF N.O. REF: 88/3165-3 DATE OF EFFECT: Immediate

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1183876	WATER HEATERS HEAT PUMPS	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; ITEM 12 THIRD SCHEDULE.

PREAMBLE This Ruling considers the classification of water heaters used with swimming pools and spa baths.

2. Subitem 12(1) in the Third Schedule taxes at 10% water heating and hot water storage equipment of a kind installed as fixtures in domestic premises, other than solar heating systems. However, water heaters of a kind installed, in or in connection with, swimming pools or spa baths are specifically excluded from subitem 12(1) by subitem 12(1A).

FACTS 3. Swimming pools and spa baths can be heated in a variety of ways. One method of heating the water in swimming pools and spas is to use a heat pump. A heat pump uses refrigerant gas to extract heat from the surrounding air and transfer it to the water through a heat exchanger. The operating principle is similar to that of a refrigerator but designed to work the opposite way. Because heat pumps utilize existing heat in the air they are cost efficient to operate.

RULING 4. Subitem 12(1A) does not differentiate between the various methods by which the water in swimming pools or spa baths may be heated. So long as the particular heating unit is of a kind installed exclusively or principally in, or in connection with, swimming pools or spa baths, it will be excluded from item 12, Third Schedule.

5. Water heat pumps of that kind are therefore excluded from item 12, Third Schedule, and are taxable at the general rate of 20%.

COMMISSIONER OF TAXATION
23 June 1988