


# ***ST 2445 - BUILDERS' HARDWARE : ELECTRONIC DOOR LOCK***

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TAXATION RULING NO. ST 2445

BUILDERS' HARDWARE : ELECTRONIC DOOR LOCK

F.O.I. EMBARGO: May be released

REF N.O. REF: 1.88/5362-2 DATE OF EFFECT: Immediate

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1010951	BUILDERS' HARDWARE: ELECTRICAL EQUIPMENT	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; SUBITEM 84(2), FIRST SCHEDULE

PREAMBLE This Ruling considers the sales tax classification of an electronic lock described as a "deadbolt" that is fitted to a door for fastening it.

2. Subitem 84(2) in the First Schedule to the Sales Tax (Exemptions and Classifications) Act exempts builders' hardware (not including, inter alia, electrical fittings, accessories or equipment), being goods of a kind used in the construction or repair of, and wrought into or attached to so as to form part of, buildings or other fixtures, including, inter alia, bolts and locks.

FACTS 3. The electronic deadbolt is fixed into doors of buildings and is used in the same way as normal locks or lock sets which are used for fastening those doors, except that the operation of the locking bolt is electronically controlled. The external face of the lock consists of a semi wedge shaped box with a key pad containing 12 push buttons and the bolt is operated by pressing the buttons to produce the relevant combination. Power is provided by a standard 9 volt battery fitted inside the wedge shaped box. The deadbolt has over 10,000 possible combinations.

4. The powered locks are sold principally by suppliers of builders' hardware. Their only use is a lock for a door.

5. As indicated above, subitem 84(2), First Schedule, excludes from its scope electrical fittings, accessories or equipment. However, although the lock is powered by a battery and therefore electronically operated, it does not follow that the lock is an electrical fitting, accessory or equipment. There are many articles these days that are operated by batteries and are not regarded as electrical fittings, accessories or equipment. Examples are toys, wall clocks, scissors and other cutting implements and power tools.

6. The critical question is considered to be what is the essential nature of the article. In this case the deadbolt operates in the same manner as a conventional lock except the bolt movement is power operated rather than mechanically operated as is the situation with a common key lock. The fact that the deadbolt is power operated does not cause it to lose its essential identity as a lock.

7. The electronic deadbolt is builders' hardware of a kind used in the construction or repair of, and wrought into or attached to so as to form part of buildings and is exempt from sales tax under subitem 84(2), First Schedule.

COMMISSIONER OF TAXATION  
27 October 1988