

## ***STB 11 - In-ground swimming pools***

# Sales Tax Bulletin

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Number 11

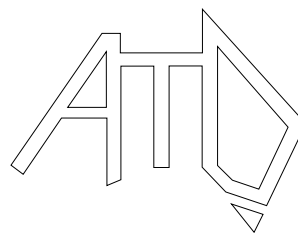
## In-ground swimming pools

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Valid from 1 March 1997

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Australian  
Taxation  
Office



Withholding and Indirect Taxes

### About this bulletin

This bulletin explains how the sales tax law applies to in-ground swimming pools, including spa pools and hot tubs (all referred to as **swimming pools**) which are constructed *in situ*. Swimming pools constructed *in situ* means concrete and other similar in-ground pools which are built up in stages on site.

This bulletin is a public ruling for the purposes of section 77 of the *Sales Tax Assessment Act 1992* and may be relied upon by any person to whom it applies. It replaces any previous private or public rulings, if they are inconsistent with the bulletin, and is current as at 1 March 1997.

If, after reading this bulletin, you need more information on how the sales tax law affects your business, contact the Tax Office on **13 28 66** for the cost of a local call.

### Which swimming pools are subject to sales tax?

The following swimming pools are subject to sales tax:

- fibreglass, above-ground and similar swimming pools (sales tax is payable on these swimming pools on their normal wholesale selling price); and
- *in situ* swimming pools.

### Who is liable for sales tax on swimming pools constructed *in situ*?

The following people are liable for sales tax on swimming pools constructed *in situ*:

- **pool builders** who construct **or** erect **or** organise the construction or erection (all referred to as **construction**) of an *in situ* swimming pool shell under a contract with a pool purchaser. (**Note:** Sales tax is payable where the contract for the pool construction was entered into on or after 1 January 1993); and
- **pool owner-builders** who construct **or** erect **or** organise the construction or erection (all referred to as **construction**) of their *in situ* swimming pool shell. (**Note:** Sales tax is payable where the construction started on or after 1 January 1993).

### When does construction of a pool shell begin?

Construction of the *in situ* swimming pool shell begins when the first steps are taken to build the floor and/or walls of the shell.

Often construction begins with tying and shaping the steel reinforcing cage or starting to install the prefabricated wall or floor sections.

## When do I become liable for sales tax on pools constructed *in situ*?

You become liable for sales tax when you've completed the construction of the walls and floor of the pool shell or container.

This is generally when the pool is capable of holding water, but not necessarily when the pool is water proof. In the case of a pool shell constructed from concrete, construction is complete when the concrete is dry.

## Which parts of the pool are subject to sales tax?

Sales tax is payable on the swimming pool shell only. That is, the walls and floor or other structure that forms the shell or container for the pool.

## Which parts of the construction of the pool are NOT subject to sales tax?

The following parts of the construction of the swimming pool are not subject to sales tax:

- clearing, excavation, landscaping, levelling or other earthworks associated with the *in situ* swimming pool shell;
- coping of any kind;
- finishing, painting, tiling or treating the pool shell; or
- installation costs of any drainage, filtering, heating, lighting, power supply, pumping equipment and water supply associated with the *in situ* swimming pool shell. (**Note:** Most of these goods are already subject to sales tax when pool builders buy them).

## What about pool liners?

Where a normal sized pool, i.e., the kind of pool usually installed by householders or for householders, incorporates a liner, the value of the liner is included in the taxable value of the swimming pool shell (see *How much sales tax do I have to pay?* below).

Where Olympic and lagoon style pools incorporate a liner, the value of the liner is included in their taxable value. This is because the liner forms part of the shell of the pool.

**Note:** In both of the above situations pool builders are entitled to quote their sales tax registration number for the liner. However, pool liners that are installed as replacements in existing swimming pools remain subject to sales tax on their normal taxable value.

## How much sales tax do I have to pay?

### Normal sized *in situ* swimming pools

The taxable value for a normal sized *in situ* swimming pool shell (i.e., the kind usually installed by householders or for householders) is the price for which the builder or owner-builder could buy by wholesale a comparable fibreglass pool shell of similar dimensions and shape. It is acceptable for the taxable

value of a normal sized *in situ* swimming pool shell to be calculated using the following formula:

$$\text{Water surface area of the pool (in square metres)} \quad \times \quad \$100$$

The sales tax payable on a normal sized *in situ* swimming pool shell is:

$$\text{Taxable Value (as calculated above)} \quad \times \quad \text{the Schedule 4 rate, currently 22\%}$$

From the above formulae, based on the current rate of tax in Schedule 4, the sales tax payable on a normal sized *in situ* swimming pool shell is \$22 per square metre of water surface area.

## **Olympic pools and lagoon style pools of a kind used by resort complexes**

The taxable value for these *in situ* swimming pools is the price which the pool builder or pool owner-builder would pay another person, who is in the business of constructing swimming pools, to build the shell of that pool. It will be acceptable for the taxable value of *in situ* swimming pool shells in this category (that is, where there is no comparable fibreglass equivalent) to be calculated using the sum of :

**Total cost of materials (including pool liner) and labour used in constructing the pool shell;  
plus 15% of that amount**

Sales tax payable on Olympic or lagoon style *in situ* swimming pool shells is:

$$\text{Taxable Value (as calculated above)} \quad \times \quad \text{the Schedule 4 rate, currently 22\%}$$

From the above formulae, based on the current rate of tax in Schedule 4, the sales tax payable on Olympic or lagoon style *in situ* swimming pool shells is 25.3% of the total cost of materials (including pool liner) and labour used in constructing the *in situ* swimming pool shells.

## **Can the small business exemption provisions be applied by pool builders or pool owner-builders?**

No. The small business exemption provisions have **not** been extended to pool builders or pool owner-builders.

Sales tax is payable on the taxable value of the completed *in situ* swimming pool shells by **all** pool builders or pool owner-builders, **except** where a pool shell is sold to an always-exempt person, for example, a non-profit school, Council etc.

## **How do I pay sales tax to the Tax Office?**

If you're liable for sales tax, you must calculate the tax payable and send a return in the approved form with full payment to your local Tax Office. You will receive a booklet of return forms each year if you are registered. If you are not registered, return forms are available from your local Tax Office.

## **Can I pay my sales tax quarterly?**

If you had an annual sales tax liability of less than \$56,441 during the financial year 1995/96 and you have no sales tax payments outstanding, you can lodge returns and pay sales tax on a quarterly basis. The relevant quarters are the three months ending 31 October, 31 January, 30 April and 31 July.

If your sales tax liability during 1995/96 was more than \$56,441 you must lodge returns and pay sales tax each month.

## When is the return and payment due?

The return with full payment is due 21 days after the end of the month or quarter in which the transaction(s) took place. Payment may be made at any branch of the Tax Office.

## Can I pay through Australia Post?

You can make your payments at any branch or agency of Australia Post. However, you must use the pre-printed returns from your *Sales Tax Return Book and Guide* and pay the total of the amount due. Payment will only be accepted where the amount paid matches exactly the amount of liability shown on the sales tax return. Otherwise, the amount must be paid to the Tax Office.

## Do you need more information?

If you have any questions or need more information about how the sales tax laws apply to you, please contact your local Tax Office:

- **by phone** - on our national sales tax enquiry number **13 28 66**. You can ring this number from anywhere in Australia for the cost of a local call; or
- **in person** - by visiting the enquiry counter at your nearest Tax Office. Tax Office addresses are listed in TaxPack, as well as in your White Pages telephone directory.<sup>1</sup>

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<sup>1</sup> Produced by the Withholding & Indirect Taxes Program of the Australian Taxation Office.