

***STB 34 - Goods used in church services and  
religious devotion***

# Sales Tax Bulletin

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Number 34

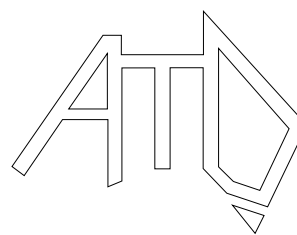
## Goods used in church services and religious devotion

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Valid from 1 December 1996

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Australian  
Taxation  
Office



*Withholding and Indirect Taxes*

### About this bulletin

This bulletin contains general information about how the sales tax laws apply to goods for use in church services and in religious devotion. It 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 December 1996.

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

### What exemption is available?

**Item 155** in Schedule 1 to the *Sales Tax (Exemptions and Classifications) Act 1992* exempts:

- (1) Goods for use by a person mainly for the purposes of church services.
- (2) Goods for use by a person mainly in religious devotion, not including goods of a kind ordinarily used for purposes of a non-religious kind.

### Which goods can be bought free of sales tax?

Goods that are for use *mainly* (i.e., more than 50%) for the purposes of *church services* or in *religious devotion* may be bought free of sales tax, subject to the exclusions detailed in this bulletin. Goods that are bought free of sales tax are required to be used for the *statutory period*. This means goods must be used for a minimum of:

- two years; or
- the useful life of the goods (if this is less than two years); or
- a time the Commissioner of Taxation considers to be appropriate in special circumstances.

### What are church services?

The term *church services* refers to the religious ceremonies of any denomination involving public worship or rituals. This includes marriages, baptisms and funeral services of a religious nature celebrated at places of public religious worship such as cathedrals, chapels, churches, mosques, synagogues or temples. Church services held in church grounds, community halls or similar venues also fit into this category. Such services usually consist of a religious ceremony together with prayers, hymns or sermons.

Meetings or conferences such as those of fellowship, youth, leadership or confraternity groups and other gatherings of church members are not considered to be *church services* even though these meetings may

commence and conclude with prayers or hymns. Bible study classes are not considered to be a part of *church services*.

## Goods for use for the purposes of church services

Exemption from sales tax is available when goods are bought *mainly* for use for the purposes of *church services*. The goods need not be religious in character.

The following goods would normally be used *mainly* for *church services*:

- pews;
- sanctuary oil;
- hymn sheets; and
- envelopes used to enclose donations/offerings made during church services.

Some of the following may not be religious in character. However, exemption will apply when they are *mainly* for use for the purposes of *church services*:

- candlesticks, candelabras, lamps;
- wine, incense;
- furniture, furnishings (including carpets, rugs, curtains and altars);
- microphones, public address systems;
- heating and cooling systems in a church (including tubular electric heating systems for pews). Exemption is restricted to heating and cooling systems that service the area where church services are held;
- slide and movie projectors, video equipment;
- musical instruments, music stands, church bells;
- videotapes, films and sound recordings; or
- cassette decks and other equipment for recording church services or playing music during church services (including blank recording tapes).

Exemption may also be available for the recording or projection equipment mentioned above when its *main* use will be to provide persons in hospitals, nursing homes or remote localities the opportunity to listen to or view church services.

## Goods that are NOT for use for the purposes of church services

Taxable goods bought by churches but not actually used *mainly* for the purposes of *church services* **cannot** be bought free of sales tax. Examples include:

- motor vehicles;
- computers, printers, typewriters;
- facsimile machines, photocopiers, duplicating machines;
- paper for printing or photocopying;
- heating and cooling equipment for a building (where the building includes more than an area for *church services*, e.g., hall, classroom, living quarters). However, components of systems (such as duct work and vents) for installation in an area where *church services* are conducted may be bought free of sales tax;
- floodlights for the outside of a building, lighting for driveways;
- lawn mowers, hoses, garden tools;
- repair and maintenance equipment for grounds or buildings;
- writing material, correspondence envelopes, membership cards;
- visiting cards for the use of ministers, priests, etc;
- raffle books, advertising matter, tickets of admission to entertainments;
- stationery and other goods used in administration; or
- kitchen and catering equipment.

Exemption does not extend to goods used in or around churches, such as in a rectory, presbytery, manse, community hall or in church grounds (that is, unless the particular goods are commonly recognised as religious in nature, for example, religious statues).

## What is religious devotion?

The term *religious devotion* includes formal religious observances, but may also include any acts which express the belief, worship, observance or practice of a religion. This may be formal religious observance in a place of worship or any other place, and includes any act of religious devotion undertaken by a person in the practice of their religion.

## Goods for use in religious devotion

For sales tax exemption to apply to goods used in *religious devotion* (other than in church services) the goods must be commonly recognised as **religious in nature**. Therefore, a taxable item such as a table for use as an altar in a private residence, cannot be bought free of sales tax. This is because tables are ordinarily used for non-religious purposes.

Goods that are commonly recognised as being used in *religious devotion* and are always exempt from tax include:

- chalices, ciboria, thuribles, monstrances, tabernacles;
- religious images, portraits and statues;
- shrines;
- holy water fonts;
- votive candles;
- religious medallions (depicting a divinity or recognised saint);
- Scripture cards, badges of piety;
- badges of religious societies;
- holy cards, memoriam cards (this does not include sympathy cards), Holy Mass instructional cards;
- 'order of service' sheets or pamphlets;
- crucifixes (being a cross with the figure of Jesus upon it);
- lapel crosses, such as those worn by priests;
- prayer beads, rosaries, ring and bracelet rosaries;
- certificates of the type issued during religious ceremonies (e.g., baptismal and confirmation certificates);
- pledge cards;
- religious pictures;
- religious calendars that indicate the Holy Days and Fast Days. Calendars that merely bear scriptural texts are not exempt;
- videotapes, films and sound recordings where the recorded material is inherently religious in nature, quality and adaptation, for example, readings of the Bible;
- prayer wheels;
- kiddush cups;
- mezuzot;
- Chanukkah;
- phylacteries (tefillin); or
- azan clocks.

Religious medallions and crucifixes sold on chains that are not removable are regarded as one item and are exempt. Removable chains are taxable at the Schedule 5 rate, currently 32%.

Crosses (i.e., without a figure of Jesus upon them) and stars, necklaces, earrings and pins with crosses, stars, angels, doves etc. upon them, are regarded as being worn for personal adornment and are not regarded as goods for use in *religious devotion*. They are taxable at the Schedule 5 rate, currently 32%.

## **Goods that are not of a kind used in religious devotion**

Some goods may be used to some extent in *religious devotion*. But if they are of a kind ordinarily used for non-religious purposes, they cannot be bought free of sales tax. Examples include:

- motor vehicles;
- computers, printers, typewriters;
- facsimile machines, photocopiers, duplicating machines;
- stationery, paper for printing or photocopying;
- cameras, video cameras;
- furniture used in a rectory or home;
- sound recordings of popular songs with religious themes such as Christmas carols;
- videotapes or films of a general nature and used for their entertainment or information value (e.g., cartoons, child guidance, family, marital and scientific topics). Similarly, historical and documentary films about religious events or prominent religious persons cannot be bought free of sales tax;
- cassette players and video recorders;
- printed matter for church clubs or groups (unless it is exempt printed matter);
- greeting cards (including Christmas cards, baptismal cards, confirmation cards, bar mitzvah cards, etc);
- images, portraits and statues that are of a kind that would not ordinarily be used for religious purposes;
- necklet and wrist chains (except for those bought with a religious medallion permanently attached);
- commemorative medallions distributed as a memento of a meeting or conference; or
- magnets depicting religious images and/or texts.

## **Printed matter produced by a church**

Many churches produce their own printed matter including newsletters, circular letters, timetables of events, plans of services, hymn sheets and prayer sheets. Churches engaged in these printing activities are not eligible for sales tax registration. The equipment used to produce the printed matter is not used in *church services* and is of a non-religious kind. Therefore, it cannot be bought free of sales tax.

Churches must pay sales tax when buying blank paper, computer equipment, duplicating machines, photocopiers and facsimile machines, irrespective of whether the printed matter being produced would have been exempt from sales tax if it had been produced by a commercial printing business.

## **Prayer books and clothing**

Religious publications such as prayer books and other holy books, e.g., the Bible and the Koran, are exempt from sales tax. Footwear and clothing, such as head coverings, turbans, vestments, shawls and scarves are also exempt from sales tax. These goods are exempt regardless of who buys them or for what purpose.

## **Church groups**

The following organisations which may be formed by churches, ministers, and church leaders are generally **not** entitled to claim sales tax exemption on goods they buy (i.e., apart from the goods that are for use in church services or in religious devotion described above):

- church groups;
- youth groups;
- social groups;
- sporting clubs;
- committees to visit the sick and elderly;
- committees to collect donations; and
- committees to raise funds for the church.

Exemption is available for goods bought by *public benevolent institutions*, i.e., organisations that provide direct aid to those in need. For further information refer to Bulletin No. 5: *Sales Tax - Public benevolent institutions*.

## Schools and Sunday schools

The exemption for goods used in church services and in religious devotion does not extend to goods used in non-religious activities carried out by schools associated with religious organisations. However, Item 109 provides exemption for non-profit schools. For further information refer to Bulletin No. 8: *Sales Tax - Universities and schools*.

## How to claim exemption

### For goods to be used mainly for the purposes of church services

To obtain exemption you need to provide the supplier of the goods with an exemption declaration ED2 each time you buy goods. Alternatively, if you regularly buy goods from the same supplier, you may wish to use a periodic exemption declaration ED2P, which covers transactions for up to one year. Copies of these exemption declarations are on pages 7 and 8 of this bulletin and may be photocopied for use. Religious organisations who use preprinted official order forms may prefer to have the following wording printed onto their order forms:

To the Commissioner of Taxation,

The goods described on this order are intended to be used so as to satisfy exemption Item 155(1) in Schedule 1 to the *Sales Tax (Exemptions and Classifications) Act 1992*. Accordingly I quote this declaration as authorised representative of \_\_\_\_\_ (*name of religious organisation*)

Quoter's signature \_\_\_\_\_

Quoter's full name \_\_\_\_\_

When ordering goods by telephone you should indicate to the supplier that you wish to buy the goods free of sales tax under exemption Item 155(1). This verbal quotation must be followed up with a written exemption declaration form within a reasonable period. This would usually be at or before the time of the sale but no later than when the account is paid. The supplier will keep the exemption declaration form as evidence supporting the tax free sale of goods. Tax free sales made by suppliers are regularly checked by the Tax Office.

### For goods to be used mainly in religious devotion

It is not necessary to use an exemption declaration for goods covered by exemption Item 155(2), that is, goods for use in religious devotion (see page 3). These goods are always exempt goods. Suppliers of religious goods who are uncertain whether particular goods are covered by exemption Item 155(2) can obtain a ruling from their local Tax Office.

## Do you need more information?

If you have any questions or need more help, contact your local Tax Office:

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

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

*Sales Tax Assessment Act 1992*  
**QUOTATION OF EXEMPTION DECLARATION**  
**to the Commissioner of Taxation under section 86**

**WARNING**

You must ensure that all the information you supply in this form is correct. The sales tax law provides for a penalty of \$2000 and/or double the amount of tax underpaid where a person quotes an exemption declaration when not entitled to, or in any other way falsely quotes an exemption declaration.

Supplier's name & address \_\_\_\_\_

\_\_\_\_\_

Description of goods \_\_\_\_\_

\_\_\_\_\_

Date of transaction \_\_\_\_\_

**Quoter's declaration to the Commissioner of Taxation:**

I intend to use the goods described above so as to satisfy exemption Item 155(1) in Schedule 1 to the *Sales Tax (Exemptions & Classifications) Act 1992*.

Accordingly, I quote this declaration; or

I quote this declaration as authorised representative for the business or organisation mentioned below:

Quoter's signature \_\_\_\_\_

Quoter's full name \_\_\_\_\_

Name of business or organisation (if applicable) \_\_\_\_\_

\_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Contact telephone number \_\_\_\_\_



*Sales Tax Assessment Act 1992*  
**PERIODIC QUOTATION OF EXEMPTION DECLARATION**  
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Supplier's name & address \_\_\_\_\_

\_\_\_\_\_

Description of goods \_\_\_\_\_

\_\_\_\_\_

Period covered by this quotation \_\_\_\_\_ to \_\_\_\_\_

**Quoter's declaration to the Commissioner of Taxation:**

I intend to use the goods purchased during the period covered by this quotation so as to satisfy exemption Item 155(1) in Schedule 1 to the *Sales Tax (Exemptions & Classifications) Act 1992*.

I will notify the supplier if I am not quoting for a particular purchase.

Accordingly, I quote this declaration: or

I quote this declaration as authorised representative for the business or organisation mentioned below:

Quoter's signature \_\_\_\_\_

Quoter's full name \_\_\_\_\_

Name of business or organisation (if applicable) \_\_\_\_\_

\_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Contact telephone number \_\_\_\_\_

Date \_\_\_\_\_

**Note: The maximum period that can be covered by a periodic quotation is one year.**