


ST 2116 - SALES TAX : OVERLOCKING SEWING THREAD

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TAXATION RULING NO. ST 2116

SALES TAX : OVERLOCKING SEWING THREAD

F.O.I. EMBARGO: May be released

REF H.O. REF: 84/6258-5 DATE OF EFFECT:

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F.O.I. INDEX DETAIL

| REFERENCE NO: | SUBJECT REFS: | LEGISLAT. REFS: |
|---------------|------------------------------|---|
| I 1131972 | OVERLOCKING SEWING THREAD | SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT, ITEM 120, FIRST SCHEDULE |

PREAMBLE Sub-paragraph 120(8)(c)(i) exempts, inter alia, sewing yarns when put up for household purposes. Consideration has been given to whether polyester overlocking sewing thread for use with domestic overlocking machines is covered by the sub-paragraph.

FACTS 2. The fine filament thread is marketed on spools of up to 5,000 metres in length. It is designed and marketed for use on baby lock/domestic overlocking machines for stitching fabric edges, e.g. on trouser leg seams and cuffs, tracksuits, skirt and other clothing hemlines. The process requires the use of relatively large lengths of thread because of the fineness of the thread and the nature of overlocking.

RULING 3. Overlocking sewing thread produced and marketed on spools for use with domestic overlocking machines and not exceeding 5,000 metres in length is accepted as sewing yarn put up for household purposes and exempt under sub-paragraph 120(8)(c)(i), First Schedule.

COMMISSIONER OF TAXATION
26 February 1985

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