

ST 2218 (as amended 19/3/86) - SALES TAX : EVAPORATIVE AIR COOLERS

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TAXATION RULING NO. ST 2218 (as amended 19/3/86)

SALES TAX : EVAPORATIVE AIR COOLERS

F.O.I. EMBARGO: May be released

REF

H.O. REF: 85/4278-3

DATE OF EFFECT:

B.O. REF: BRISBANE K 418/2
SYDNEY 22/B/D61/1
MELBOURNE 6/SC 4/3/1 (hb)

DATE ORIG. MEMO ISSUED:

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1206031	EVAPORATIVE AIR COOLERS	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; ITEM 1, THIRD SCHEDULE.

OTHER RULINGS ON TOPIC SALES TAX EXEMPTIONS AND CLASSIFICATIONS
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PREAMBLE

Paragraph (hb) of item 1 in the Third Schedule to the Sales Tax (Exemptions and Classifications) Act taxes at 10% air conditioners of a kind used exclusively, or primarily and principally, for air cooling, being goods of a kind ordinarily used for household purposes. On the other hand, air conditioners used primarily for industrial and commercial purposes are taxable at the general rate of 20%.

2. Against the background of the requirement of larger private residences for higher capacity air cooling and of technological changes, design modifications etc. which have improved the capacity of evaporative air coolers, this ruling provides broad rules for distinguishing between evaporative air coolers which are taxable at 10% and those which are taxable at 20%.

RULING

3. Evaporative air coolers and air conditioners having an air delivery capacity of 4000 litres per second, i.e. equivalent to 8475 cubic feet per minute (free discharge) and which are of a kind sold for use for household purposes are covered by paragraph (hb) of item 1, Third Schedule. This is not an exhaustive limit and particular model higher capacity coolers may also qualify for the lower rate of tax where it can be shown that sales are made regularly and substantially for household use. In the latter situation full details of the unit should be forwarded to the Australian Taxation Office for decision.

4. The test in paragraph 3 does not apply to air coolers or conditioners that are designed specifically for commercial or industrial use. Irrespective of their capacity, commercial and industrial air coolers or conditioners are not covered by paragraph 1(hb) but are taxable at the general rate, currently 20%.

5. This Ruling replaces the ruling at page 592 of Sales Tax (Exemptions and Classifications).

COMMISSIONER OF TAXATION
27 February 1986

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