

# ***ST 2233 - SALES TAX : COMPUTERS AND PERIPHERAL EQUIPMENT FOR USE IN SCHOOLS***

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TAXATION RULING NO. ST 2233

SALES TAX : COMPUTERS AND PERIPHERAL EQUIPMENT FOR USE  
IN SCHOOLS

F.O.I. EMBARGO: May be released

REF

\*\*\* NOTE: THIS RULING HAS BEEN MODIFIED BY ST 2319

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1078019	COMPUTERS FOR USE IN SCHOOLS	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; ITEMS 63 & 63A, FIRST SCHEDULE

PREAMBLE

This Office has recently considered the sales tax classification of computers and other goods for use by teachers and students in schools and universities.

2. Sub-item 63(1) in the First Schedule to the Sales Tax (Exemptions and Classifications) Act exempts from sales tax goods for use in universities and schools, viz. scientific instruments and scientific apparatus (and parts therefor) and materials for use therewith. Goods which are inherently scientific instruments or scientific apparatus, e.g. microscopes, drawing instruments and mathematical instruments, may be acquired free of tax under sub-item 63(1) irrespective of the nature of the course of studies undertaken.

3. Item 63A in the First Schedule exempts from sales tax goods for use (whether as goods or in some other form), and not for sale, by a university or school conducted by an organisation not carried on for the profit of an individual.

RULING

SUB-ITEM 63(1)

4. As a class of goods computers are not scientific instruments or scientific apparatus as contemplated by sub-item 63(1). Nevertheless, and depending on their use, some computers are accepted as scientific instruments or scientific apparatus within the meaning of the sub-item. For example, computers which are used to perform mathematical calculations and for scientific analysis may qualify for exemption under the sub-item. By way of contrast, computers used solely for the storage of data and its retrieval, for record keeping purposes, for word processing purposes or for playing games would not qualify.

5. Computers for use in carrying out scientific analysis and mathematical calculations will qualify for exemption under sub-item 63(1) where they are purchased for regular and significant use within universities or schools. Because the exemption under sub-item 63(1) specifies use in universities and schools exemption does not apply to computers kept at home or elsewhere away from the university or school notwithstanding that they may be used for scientific purposes. Nor will exemption apply if computers are occasionally taken to school. There must be regular and significant use within the university or school for exemption to apply.

6. Computers which are used solely for word processing, record keeping and other non-scientific purposes are not regarded as scientific instruments or scientific apparatus and will not qualify for exemption under sub-item 63(1).

7. Peripheral equipment used with computers can include visual display monitors, keyboards, memory expansion units, disk drives, datasets, printers, interface equipment, etc. Of themselves items of peripheral equipment may not constitute scientific instruments or scientific apparatus. However, where the equipment is purchased as part of a total package with a computer to form a complete computer system it will qualify for exemption under sub-item 63(1) where the computer itself and the relevant equipment forming the system are used in the circumstances set out in paragraph 5 which qualify it for exemption. Exemption will also apply to peripheral equipment purchased separately from a computer exempted under sub-item 63(1) provided that the peripheral equipment is for use with the computer and also used in the circumstances to which paragraph 5 applies.

8. It would seem doubtful that a complete computer system would be used at a university or school. Due to the size, bulk and value of some computers and peripheral equipment it would be unlikely that they would be transported to and from, or left at, universities or schools for regular and significant use there. As a practical matter, therefore, it may be that exemption under sub-item 63(1) would not apply in many, or perhaps most, cases because there would not be regular and significant use within the university or school.

9. Exemption under sub-item 63(1) will not apply to television monitors and general purpose cassette recorders even when they are used as peripheral equipment in a sales tax exempt computer system. This is so even if the television monitor or cassette recorder is purchased with the computer and any peripheral equipment forming part of the system. They are not the kinds of goods that would ordinarily be regarded as peripheral equipment. They are general purpose goods in their own right which may be used independently of a computer.

10. Other goods such as software and computer printer paper will also be exempt from sales tax under sub-item 63(1) where they are purchased as materials for use with computers that have been accepted as scientific instruments or scientific apparatus for the purposes of that sub-item.

11. Computers and other goods may be purchased by teachers as teaching aids or for other purposes associated with their teaching activities. In some cases the computer may be made available by the teacher for school purposes generally. The question has arisen whether computers used in these circumstances are goods for use, and not for sale, by a university etc. within the meaning of item 63A.

12. Ordinarily item 63A exempts from sales tax goods purchased by universities and schools for use by those institutions. It would also exempt goods purchased and donated to universities and schools for use by them. The item is not considered to exempt otherwise taxable goods purchased by teachers primarily for their personal use but which are made available for university or school purposes.

COMMISSIONER OF TAXATION  
29 April 1986

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