


ST 2245 - SALES TAX : WATER SUPPLY MONITORING SYSTEM

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TAXATION RULING NO. ST 2245

SALES TAX : WATER SUPPLY MONITORING SYSTEM

F.O.I. EMBARGO: May be released

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WATER SUPPLY MONITORING
SYSTEM
AGRICULTURAL INDUSTRY

SALES TAX (EXEMPTIONS
AND CLASSIFICATIONS)
ACT; ITEMS 13, 19 &
153, FIRST SCHEDULE

PREAMBLE

A system has been developed to monitor the water supply at stock watering points on rural properties.

2. The system comprises two main sections viz:

(i) a sensing/transmitting apparatus at the watering points; and

(ii) a receiving/interpreting apparatus installed at a central point, usually the homestead.

3. The sensing/transmitting apparatus may be set up to measure both the depth of the water in the trough and the flow of water to the trough. It reports to the central point every ten minutes by a short (one second) radio transmission which identifies the particular watering point and contains information on the depth and/or flow of the water. Transmission is by UHF 471 MHZ. The information transmitted is received at the central point, interpreted by computer and displayed on a visual display unit.

4. The sensing/transmitting apparatus comprises:

(a) water level sensors;

(b) a small solar panel which, with the assistance of a back-up rechargeable battery to keep the system operating at night and during overcast days, is the source of power for the sensing/transmitting apparatus;

(c) a transmitting antenna designed for UHF 471 MHZ, often installed on top of a windmill at the watering point to increase range; and

(d) a control box, incorporating logic circuitry, transmitting equipment and the back-up battery.

5. The receiving/interpreting apparatus comprises:

(a) a receiving antenna, designed for UHF 471 MHZ;

- (b) receiver box, incorporating UHF 471 MHZ receiver;
- (c) a micro-computer, being a standard micro-computer with one of the circuitry boards replaced by a customised board making it capable of generating only one type of display; and
- (d) a standard visual display unit.

RULING

6. The various components of the system are installed at different points and linked by radio waves. While the separately installed components form a complete signalling system they retain their own separate identity. The individual components of the system must be classified separately for sales tax purposes. Their classification has been considered with reference to sub-items 13(1), 19(6) and 153(2) in the First Schedule to the Sales Tax (Exemptions and Classifications) Act.

7. Sub-item 13(1) exempts from sales tax machinery, implements and apparatus for use in agricultural industry if, in the opinion of the Commissioner, they are goods of a kind used exclusively, or primarily and principally, in that industry.

8. Sub-item 19(6) exempts machinery, implements and apparatus for water supply purposes for use in agricultural industry.

9. Sub-item 153(2) exempts photovoltaic cells.

10. While the system is used to monitor water levels and the flow of water it is not used for water supply purposes in terms of sub-item 19(6), First Schedule. Accordingly, none of the components of the system are exempt under the sub-item.

11. Because the system will be used exclusively, or primarily and principally, in agricultural industry the control box, which is manufactured specifically for the system and suitable for no other purpose, qualifies for conditional exemption from sales tax under sub-item 13(1) when it is purchased for use in agricultural industry.

12. UHF radio equipment operating on 471 MHZ is not used primarily and principally in agricultural industry. The transmitting and receiving antenna and the receiver box do not come within sub-item 13(1) and are taxable at the general rate of 20%.

13. The micro-computer, although modified for the system, and the visual display unit, are not goods of a kind used principally in agricultural industry. They do not come within sub-item 13(1) and are taxable at the 20% rate. In the absence of any evidence that the water level sensors are goods of a kind used exclusively, or primarily and principally, in agricultural industry, they are also taxable at 20%.

14. The solar panel is exempt from sales tax under sub-item 153(2), First Schedule.

COMMISSIONER OF TAXATION

21 May 1986

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