


ST 2258 - SALES TAX : VIDEO SURVEILLANCE EQUIPMENT USED BY BANKS, BUILDING SOCIETIES, RETAILERS, ETC.

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TAXATION RULING NO. ST 2258

SALES TAX : VIDEO SURVEILLANCE EQUIPMENT USED BY BANKS,
BUILDING SOCIETIES, RETAILERS, ETC.

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MANUFACTURE
VIDEO RECORDING
SECURITY SURVEILLANCE
SYSTEMS

SALES TAX ASSESSMENT
ACT (NO.1); SECTION 3

PREAMBLE

Banks, building societies, retailers and security firms use video surveillance cameras for security, customer and staff surveillance. The system uses time lapse video recording equipment which continuously records in a time lapse pattern on videotape. Because recording on videotape has been accepted to be "manufacture" for sales tax purposes in certain circumstances, the question has arisen whether the various organisations are manufacturers and have a sales tax liability in respect of the recorded videotape.

FACTS

2. The security system generally consists of a surveillance camera mounted on the wall in a branch which is connected to a 1/2" video recorder (VCR) and a small monitor which are located in a nearby room. The monitor and VCR operate during the opening hours of the branch. The cassette tape used in the VCR is a high quality 1/2" TDK tape of 1 1/2 hours duration. Because of the time lapse recording pattern the tape lasts for about 200 hours which covers four to five weeks. Each branch normally has two tapes - one in the machine and one spare. When the first tape runs out it is replaced with the spare and when that runs out the first tape is used again. The tapes are used alternately until they reach the end of their usable life. The tapes are only taken away from a branch when the recorded material is needed for evidence, e.g. in the case of a hold-up, shoplifting or fraud, etc.

RULING

3. While recording on videotape has been accepted as manufacture in some circumstances it does not follow that all videotapes recorded in the course of carrying on a business or otherwise are manufactured goods. The surveillance equipment used by banks, building societies and retailers is not used with the intention of manufacturing goods, but rather in recording material on tape as part of its security system. The tapes are recorded, erased and re-recorded in a continuous process. Because the tapes are recorded by a time lapse system they have no other use other than as recorded information for security purposes. They could not be screened as a film.

4. The recording of video tape in the course of surveillance operations does not involve the manufacture of

goods. Organisations such as banks, building societies, retailers and security firms will satisfy their sales tax liability by payment of sales tax on surveillance cameras, VCR's, monitors and blank tapes at time of purchase.

COMMISSIONER OF TAXATION

24 June 1986

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