


ST 2282 - SALES TAX : COMPUTERISED SIGNMAKING ROBOT

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TAXATION RULING NO. ST 2282

SALES TAX : COMPUTERISED SIGNMAKING ROBOT

F.O.I. EMBARGO: May be released

REF H.O. REF: 84/5903-7 DATE OF EFFECT: Immediate

B.O. REF: DATE ORIG. MEMO ISSUED:

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1209132	COMPUTERS COMPUTERISED SIGNMAKING ROBOT AIDS TO MANUFACTURE SIGNWRITING	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; ITEMS 113A, B, C, FIRST SCHEDULE

OTHER RULINGS ON TOPIC ST 2105, ST 2129

PREAMBLE Taxation Ruling No. ST 2105 deals with situations where computers used in manufacturing operations qualify for exemption from sales tax as aids to manufacture.

2. The question has arisen whether a computerised robot for use in the manufacture of signs qualifies for exemption as an "aid to manufacture".

FACTS 3. The computerised signmaking robot (CSR) consists of a central processing unit (CPU), keyboard, video display unit (VDU) and a robotic cutting implement. A digitizer tracing device may also be connected to the above equipment. Instructions are relayed to the CPU via the keyboard and/or the digitizer. The keyboard is used to request any standard 'type-face' lettering, spacing, number of copies and size of sign while the digitizer is used to convey details of curved or irregular shaped images, i.e. logos, on the VDU. Artwork for the logo is placed on the digitizer tablet (a rectangular shaped board) and the shape is transmitted to the CPU by tracing the outline with the cursor. The image is read by the digitizer and relayed to the CPU in machine readable language. The complete list of instructions for a job is recorded on disc and is accessible to the user on request.

4. To produce a sign adhesive backed vinyl material is fed into the robotic cutting implement which cuts out the required shapes and letters using data from the CPU. The cutting tool cuts through the vinyl but not the backing paper. Excess vinyl is removed from the cut-out by hand leaving the sign or cut-outs attached to the backing paper. A piece of clear adhesive laminate is placed over the remaining material and, when removed, it takes with it the finished sign or cut-outs.

5. A printer can be used in conjunction with the CSR to produce job sheets showing the parameters used in producing signs and to produce job costing details.

RULING 6. The process outlined in paragraphs 3 and 4 above

involves the manufacture of goods. Where the CSR is used primarily and principally, and directly, in the manufacture of signs it qualifies for exemption as an "aid to manufacture".

7. Some of the equipment used with the CSR can be used for other purposes, e.g. office and accounting work. Where the primary and principal use of equipment used with the CSR, e.g. the CPU or keyboard, is for non-manufacturing purposes, e.g. office/accounting work, exemption under the aids to manufacture provisions does not apply and the equipment is taxable at the general rate of 20%.

8. Printers are used in conjunction with the CSR to record job sheet data and other office/accounting details such as job costings. The data and other information extracted from the printer is not for use in any manufacturing activities. The printers do not qualify for exemption as "aids to manufacture" and are taxable at the general rate of 20%.

COMMISSIONER OF TAXATION
25 September 1986