


ST 2290 - SALES TAX : HYDROMULCH, ROLL 'N' GROW

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TAXATION RULING NO. ST 2290

SALES TAX : HYDROMULCH, ROLL 'N' GROW

F.O.I. EMBARGO: May be released

REF H.O. REF: 86/7146-0 DATE OF EFFECT: Immediate

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

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1177085	FERTILIZERS HYDROMULCH ROLL 'N' GROW	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; ITEM 4, FIRST SCHEDULE

PREAMBLE Sub-item 4(2) in the First Schedule to the Sales Tax (Exemptions and Classifications) Act exempts from sales tax fertilizers, raw materials for use in the manufacture of fertilizers and other materials and preparations used exclusively or primarily and principally to stimulate or improve the setting of fruit or the growth or productivity of plants.

FACTS 2. Consideration has recently been given to the classification of two products under sub-item 4(2). The first product, Hydromulch, is made from a mixture of water, newspapers and binding chemicals. It is a spray used for soil stabilization. By the addition of seed and fertilizer it can be used for revegetation and for laying lawns for parks, reserves and domestic premises.

3. The second product, Roll 'n' Grow, consists of wheat straw chopped into short lengths which is sprayed with a biodegradable organic agent to bind the straw together. Seed is added and the straw is dried in a gas oven before being cut into mats. The mats are laid directly upon the ground and watered, breaking down the organic bonding agent at the same time the seeds root. The organic bonding agent contains elements to assist growth and the straw mat also breaks down to provide additional organic nutrient to the soil thus promoting the growth of grass.

RULING 4. The principal function of Roll 'n' Grow and Hydromulch, incorporating seed and fertilizer, is to stimulate or improve the growth of grass or vegetation. Roll 'n' Grow and Hydromulch incorporating seed and fertilizer are exempt under sub-item 4(2), First Schedule.

5. Hydromulch not including seed and fertilizer, and which is not used for soil revegetation purposes but for soil stabilization, including dust suppression, is not exempt under sub-item 4(2), First Schedule. It is taxable at the general rate of 20%.

COMMISSIONER OF TAXATION
17 October 1986