


# ***ST 2302 - SALES TAX : HAND TOOLS***

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TAXATION RULING NO. ST 2302

SALES TAX : HAND TOOLS

F.O.I. EMBARGO: May be released

REF H.O. REF: 85/547-2 DATE OF EFFECT: 20.08.86

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

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1206698	TOOLS HAND TOOLS	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; ITEMS 1 AND 5, THIRD SCHEDULE

OTHER RULINGS ON TOPIC ST 2014, ST 2047, ST 2056, ST 2058,  
ST 2070, ST 2209, ST 2222 and ST 2237

PREAMBLE Prior to the 1986/87 Budget the sales tax liability of hand tools was largely determined under item 5 in the Third Schedule to the Sales Tax (Exemptions and Classifications) Act.

2. Item 5 was not an exhaustive provision. It covered most industrial hand tools and they were taxable at 10%. Hand tools of a kind ordinarily attached to benches, stands or fixtures, office equipment, writing implements and artists' brushes did not come within item 5. They were taxable at the general rate of 20%. The 10% rate also applied to gardening tools other than power-driven gardening tools which were taxable at 20%.

3. The operation of the sales tax in relation to hand tools led to anomalies whereby broadly comparable goods were taxed at a number of different rates. Item 5 of itself presented administrative difficulties in determining the sales tax classification of hand tools.

4. One of the measures announced in the 1986/87 Budget was to repeal the former item 5 with effect from 20 August 1986.

RULING 5. All hand tools are now taxable at the general rate of 20% unless they are exempted by a specific provision in the Schedules to the Sales Tax (Exemptions and Classifications) Act, e.g. hand tools for use by a Government Department, item 74. This applies regardless of whether they are of a kind used for industrial purposes, office purposes, gardening or as artists' or draughtsmen's brushes and whether or not they are attached to benches, stands or fixtures or are power-driven.

6. Hand tools may qualify for conditional exemption from sales tax where they are for use as aids to manufacture. Certain hand tools such as secateurs and other pruning tools qualify for exemption where they are for use in agricultural industry.

7. The repeal of the former item 5 does not affect the classification of the range of goods of a kind ordinarily used

for household purposes specified in item 1 in the Third Schedule. Goods taxable at 10% under item 1 include cutlery, carpet sweepers and other appliances for use for cleaning purposes, kitchen utensils and hardware, brooms, mops, dusters and brushes of a kind ordinarily used for household purposes.

8. Following the repeal of the former item 5, Third Schedule the following Taxation Rulings are modified accordingly - ST 2014, ST 2047, ST 2056, ST 2058, ST 2070, ST 2204, ST 2209, ST 2222 and ST 2237.

COMMISSIONER OF TAXATION  
14 November 1986