

ST 2310 - SALES TAX : WATER SIGNALS

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TAXATION RULING NO. ST 2310

SALES TAX : WATER SIGNALS

F.O.I. EMBARGO: May be released

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

B.O. REF: (MELB) 533 5475 DATE ORIG. MEMO ISSUED:

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1206845	WATER SIGNALS	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; ITEM 4, FIRST SCHEDULE; ITEM 2, THIRD SCHEDULE

PREAMBLE The sales tax classification of Water Signals has recently been considered in relation to sub-item 4(2) in the First Schedule and items 1 and 2 in the Third Schedule to the Sales Tax (Exemptions and Classifications) Act.

2. Sub-item 4(2), First Schedule exempts from sales tax 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.

3. Item 1, Third Schedule taxes at the rate of 10%, planters and other pot plants for use in domestic premises while item 2, Third Schedule taxes at the rate of 10% parts, fittings and accessories for goods covered by item 1.

FACTS 4. Water signals are designed to prevent over or under watering of indoor plants by indicating when to water. The signals are inserted into the soil around a pot plant and sense water moisture in the soil. They indicate by colour change when further water is necessary.

RULING 5. The water signals merely tell a user when to add water. They do nothing to stimulate the growth or productivity of a plant. Water signals do not qualify for exemption under sub-item 4(2), First Schedule.

6. Planters or pot plants are receptacles designed for the growing of plants. Water signals are not parts, fittings or accessories for planters and other pot plants. They do not come within item 2, Third Schedule.

7. Water signals are taxable at the general rate of 20%.

COMMISSIONER OF TAXATION
10 December 1986