


ST 2341 - SALES TAX : EQUIPMENT AND MATERIALS SUPPLIED BY MUNICIPAL COUNCILS AND ELECTRICITY AUTHORITIES IN THE SUPPLY OF ELECTRICITY TO CONSUMERS

 This cover sheet is provided for information only. It does not form part of *ST 2341 - SALES TAX : EQUIPMENT AND MATERIALS SUPPLIED BY MUNICIPAL COUNCILS AND ELECTRICITY AUTHORITIES IN THE SUPPLY OF ELECTRICITY TO CONSUMERS*

This document has been Withdrawn.

There is a [Withdrawal notice](#) for this document.

TAXATION RULING NO. ST 2341

SALES TAX : EQUIPMENT AND MATERIALS SUPPLIED BY
MUNICIPAL COUNCILS AND ELECTRICITY AUTHORITIES IN THE
SUPPLY OF ELECTRICITY TO CONSUMERS

F.O.I. EMBARGO: May be released

REF N.O. REF: 87/2644-2 DATE OF EFFECT:

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

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1218512	GOODS SUPPLIED BY MUNICIPAL COUNCILS AND ELECTRICITY AUTHORITIES	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; ITEM 78, FIRST SCHEDULE

PREAMBLE Item 78 in the First Schedule to the Sales Tax (Exemptions and Classifications) Act exempts from sales tax goods for use but not for sale by municipal, shire or district councils and public authorities constituted by law to carry out municipal functions.

2. Sub-section 3(4) of Sales Tax Assessment Act (No.1), which applies to other Sales Tax Assessment Acts, provides that a person shall be deemed to have sold goods if, in the performance of any contract (not being a contract for the sale of goods) under which he has received, or is entitled to receive, valuable consideration, he supplies goods the property in which (whether as goods or in some other form) passes, under the terms of the contract, to some other person.

FACTS 3. Electricity authorities and municipal councils, where they act as electricity authorities, supply electricity services both directly to consumers and through reticulation points to connecting private service lines. The latter are sometimes known as consumers' installations.

4. Where electricity is supplied to a reticulation point the supplying authority accepts responsibility for providing service lines some part of the distance from the reticulation point to the consumer's premises. The distance varies from authority to authority. Thereafter it is the responsibility of the consumer to provide service lines to his premises - service lines so provided are known as private service lines.

5. Electricity authorities may either erect or install the private service lines for consumers themselves or engage contractors to carry out the work. In other cases the authorities will allow consumers to engage contractors to carry out the erection of the lines.

RULING 6. Because item 78 in the First Schedule exempts from sales tax goods acquired for use and not for sale by municipal councils and certain public authorities, machinery, equipment, etc. for use in installing and maintaining the reticulation services and components for use in their erection and

installation, e.g. poles, cables and ancillary equipment, are exempt from sales tax.

7. Exemption under item 78 does not extend to goods supplied by electricity authorities in the course of a contract for the erection of private service lines for consumers. By virtue of the operation of sub-section 3(4) referred to in paragraph 2 the supply of goods, e.g. poles, cables, and ancillary equipment in the course of completing a contract for the erection of private service lines, is deemed to be a sale of the goods. Electricity authorities are not entitled to claim exemption for purchases of taxable materials to be supplied to consumers erecting private service lines.

8. Nor is exemption available where contractors install private service lines for consumers whether the contract is undertaken through the electricity authority or the contractor is engaged direct by the consumers. Contractors should pay tax on any taxable goods used at the time of their purchase.

COMMISSIONER OF TAXATION

4 June 1987