


# ***ST 2347 - SALES TAX SALT***

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TAXATION RULING NO. ST 2347

SALES TAX SALT

F.O.I. EMBARGO: May be released

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1211040	SALT FOR HUMAN CONSUMPTION SALE USED IN THE MANUFACTURE OF EXEMPT PRODUCTS FOOD FOR LIVESTOCK	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; ITEMS 6(4), 6(8), 23 AND 113, FIRST SCHEDULE

PREAMBLE Item 23 in the First Schedule to the Sales Tax (Exemptions and Classifications) Act exempts goods-

- (a) of a kind sold exclusively or principally; or
- (b) put up for sale

as food for human consumption (whether or not requiring processing or treatment) or as ingredients of food for human consumption, including condiments, spices and flavourings but not including -

- (o) salt marketed exclusively or principally for non-culinary purposes

FACTS 2. Salt (sodium chloride) is marketed for many purposes including use as a base product in a number of industries, e.g., the steel, aluminium and chemical industries. Suitability for a particular application is dependent upon the grade of refinement and the chemical and/or insoluble purity. The grade of salt is determined by the refining process which cleans the salt of its impurities and determines the texture of the salt (whether fine, powder form, coarse, large crystals). The degree of purity required is dependent on use. For example, the food industry requires a chemically pure salt, free from foreign matter. On the other hand, salt suitable for use in swimming pools, although it has to be clean and free from insoluble matter, need not be the same quality as required by the food industry.

3. Examples of different grades of salt and their uses are set out below:-

- (a) flossy grade salt - for use by butchers and bakers
- (b) dairy grade salt - for use by cheesemakers
- (c) fine and table grades - for use in cooking.

- (d) coarse refined salt for use in industrial applications including use as raw materials or as aids to manufacture in the production of goods (e.g., chemical, dyes, soaps, explosives and steel).
- (e) crushed coarse salt for use in stock feeds.
- (f) salt for use in water softening.
- (g) swimming pool salt.

RULING

4. Of itself salt is not sold exclusively or principally as food for human consumption or as "ingredients" of food for exemption under item 23(a) in the First Schedule.

5. Salt which is clearly marketed for use in or in connection with the preparation of food will qualify for exemption under item 23(b), First Schedule. The varieties of salt would qualify for exemption under item 23(b) are specified in paragraph 3(a), and (c).

6. Where salt is marketed principally for non-culinary purposes it is taxable at the general rate, currently 20%. Exemption may apply, however, depending upon the manner in which it is to be used. Where salt is used as materials in the production of other goods, e.g., chemicals, dyes, soaps, explosives and steel - refer paragraph 3(d), a registered manufacturer may acquire the salt free of tax by furnishing a quotation of certificate of registration to the vendor. Unregistered manufacturers of exempt products free of tax by supplying a certificate of conditional exemption in the approved form.

7. Salt for use in the agricultural industry, refer paragraph 3(e) may qualify for exemption. Salt sold as food for livestock qualifies for conditional exemption under item 6(4) while item 6(8) exempts rock salt and licks for livestock..

8. Salt for other uses e.g., swimming pools or as a water softener does not qualify for exemption - refer paragraph 3(f) and (g) - and is taxable at 20%.

COMMISSIONER OF TAXATION  
25 JUNE 1987