

ST 2396 - SALES TAX: PLASTIC WELDING RODS



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TAXATION RULING NO. ST 2396

SALES TAX: PLASTIC WELDING RODS

F.O.I. EMBARGO: May be released

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1010665	WELDING RODS PUTTIES	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; SUB-ITEM 85A(3), SUB-ITEM 86(2), FIRST SCHEDULE

PREAMBLE This Ruling considers the sales tax classification of plastic welding rods.

2. Sub-item 86(2) in the First Schedule to the Sales Tax (Exemptions and Classifications) Act exempts welding and brazing electrodes, rods and wires.

3. Sub-item 85A(3) in the same schedule exempts putties, woodfillers and wall size of a kind marketed exclusively, or primarily and principally, for application to buildings or other fixtures.

FACTS 4. Plastic welding rods consist entirely of one of the following plastics:- polyethylene, P.V.C., polyurethane, polypropene or A.B.S. The rods are available in three different sizes, 3mm (1/8"), 4.5mm (3/16") diameter or in ribbon form. The rod may be sold in rolls or by weight depending on the customer's requirements.

5. The rods are used in conjunction with hot air guns which melt the rods as they pass through the guns, making the plastic pliable in order to repair cracks or attach plugs to plastic goods, in particular motor vehicle parts (e.g., windscreen washer bottles, car radiator grills, plastic tanks). The rods have a similar use to that of filler or putty used to fill cracks or holes.

RULING 6. Sub-item 86(2) was inserted in the law to provide exemption for metal welding rods. The meaning of the term "weld" is to unite or fuse pieces of metal. The exemption complements the exemptions available for metal building materials, it being common to weld metal building materials in the course of constructing buildings and other fixtures.

7. The plastic welding rods perform a different function to metal welding rods in that they are used primarily to repair cracks, holes and other weak points in plastic goods. Their function is more akin to that of a putty or other similar repair or caulking substance.

8. The plastic welding rods are not welding rods of the kind exempted by sub-item 86(2).

9. Further, the rods are not exempt under sub-item 85A(3). Although they perform a similar function to putties and woodfillers they are not goods of a kind marketed exclusively, or primarily and principally, for application to buildings or other fixtures.

10. Plastic welding rods are therefore taxable at the general rate, currently 20%.

COMMISSIONER OF TAXATION
24 March 1988