

ST 2401 - SALES TAX : INSTANT IMAGE PHONE



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TAXATION RULING NO. ST 2401

SALES TAX : INSTANT IMAGE PHONE

F.O.I. EMBARGO: May be released

REF N.O. REF: 88/632-7 DATE OF EFFECT: Immediate

B.O. REF: (Melb) 5 822 695 DATE ORIG. MEMO ISSUED:

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1019737	TELEVISION RECEIVER VIDEO CAMERA	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; ITEMS 45 AND 45A SECOND SCHEDULE

PREAMBLE This Ruling considers the sales tax classification of an 'Instant Image Phone', a telephone which incorporates a number of features including a screen, clock and closed circuit television camera.

2. Item 45 in the Second Schedule to the Sales Tax (Exemptions and Classifications) Act taxes at the rate of 30% appliances of a kind used primarily and principally for the purpose of receiving television programmes. Item 45A in the same schedule covers video cameras.

FACTS 3. The 'Instant Image Phone' is a single complete unit which incorporates the following features:

- (i) fully integrated picture phone complete with 5 inch screen;
- (ii) closed circuit television camera;
- (iii) 12 function speakerphone; and
- (iv) calendar/clock

4. The unit may also be used alone as a:

- (i) black and white video camera;
- (ii) PC compatible digitizer;
- (iii) modem; or
- (iv) surveillance system.

5. The 'Instant Image Phone' is designed to allow users to send and receive still pictures, text and illustrations via a video camera and monitor while conversing by phone. The unit is only capable of transmitting a picture to the receiving monitor; it does not have a recording facility.

RULING 6. The 'Instant Image Phone' is an appliance which is to be used primarily and principally as a telephone. While it has

other features incorporated into the unit such as a screen, video camera and time display it is not in itself a television set or video camera. Nor is it promoted or sold for that purpose. Accordingly, it is not covered by items 45, 45A or any other item in the Second Schedule. It follows therefore that the 'Instant Image Phone' is taxable at the general rate, currently 20%.

COMMISSIONER OF TAXATION
31 March 1988