

ST 2402 - SALES TAX: PHOTOVOLTAIC BATTERIES



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TAXATION RULING NO. ST 2402

SALES TAX: PHOTOVOLTAIC BATTERIES

F.O.I. EMBARGO: May be released

REF N.O. REF: 1.85/9127-0 DATE OF EFFECT: Immediate

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

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1019742	PHOTOVOLTAIC BATTERIES	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; SUB-ITEM 50(4) AND ITEM 153, FIRST SCHEDULE

PREAMBLE This Ruling considers the classification of photovoltaic batteries.

2. Item 153 in the First Schedule exempts from sales tax -

- (1) "Goods of a kind used exclusively, or primarily and principally, for collecting, absorbing or concentrating solar rays for the purpose of using them as a source of heat.
- (2) Photovoltaic cells.
- (3) Goods for use exclusively, or primarily and principally, in facilitating the operation of goods covered by sub-item (1) or (2).
- (4) Parts for goods covered by this item".

3. Sub-item 50(4) in the same Schedule exempts machinery, apparatus and equipment, to be installed as fixtures in houses or other residential premises, for use exclusively or primarily and principally in the generation and storage, or generation or storage, of electricity or gas.

FACTS 4. The function of batteries incorporated in a solar (or photovoltaic) power system is to store the electrical energy converted from the sun's rays by the solar array. The solar array comprises one or more solar (or photovoltaic) modules, which are the packaged form of photovoltaic cells.

5. The batteries enable solar power systems to supply electricity at night and in poor weather. They also make up any deficit that may be incurred in the less sunny months and stabilise the voltage of the system.

6. Photovoltaic batteries are specifically designed for solar power systems in remote areas. The batteries are normally of lead-acid type but the customer may specify other kinds of batteries. They are of a low-loss type, require low maintenance and in typical photovoltaic applications give a minimum life

expectancy of 8-10 years.

RULING 7. Photovoltaic batteries are used primarily and principally for storing the electricity converted from light by solar modules. The batteries themselves do not collect, absorb or concentrate solar rays. They are, therefore, not covered by sub-item 153(1). Nor are the batteries covered by sub-item 153(3). While they store the electrical energy collected and converted by the photovoltaic cells, they do not facilitate the operation of the cells. The photovoltaic cells do not require batteries to operate.

8. Nor are the batteries covered by sub-item 153(4) as parts for goods covered by item 153. A photovoltaic battery is a separate component with a distinct identity. It is not a component essential for the operation of a solar module nor is it a part of a photovoltaic cell. A solar module may be a link in a solar power system without a photovoltaic battery, e.g., some water pumping systems operated by solar power do not use batteries.

9. Photovoltaic batteries are therefore taxable at the general rate of 20%. However, the batteries may qualify for exemption under sub-item 50(4) where they are to be installed as fixtures in houses or other residential premises for use in the storage of electricity generated by the photovoltaic cells. Where these conditions apply, the customer should provide to the vendor a certificate in the standard form claiming exemption under sub-item 50(4).

10. Exemption under sub-item 50(4) does not apply to batteries that are used in commercial, industrial and other premises that are not residential premises.

COMMISSIONER OF TAXATION
31 MARCH 1988