


ST 2414 - SALES TAX : ANTISEPTIC/DISINFECTANT

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TAXATION RULING NO. ST 2414

SALES TAX : ANTISEPTIC/DISINFECTANT

F.O.I. EMBARGO: May be released

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1019931	ANTISEPTIC/DISINFECTANT	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; ITEM 38, FIRST SCHEDULE

PREAMBLE This Ruling considers the sales tax classification of goods that are put up for sale as both an antiseptic and a disinfectant.

2. Item 38 in the First Schedule to the Sales Tax (Exemptions and Classifications) Act exempts from sales tax drugs and medicines used in the prevention, cure or treatment of sickness or disease in human beings. However, paragraph (v) of the item excludes from the exemption certain goods put up for sale as antiseptics, namely, sterilizing solutions, household disinfectants, combined sterilizing solutions and disinfectants, combined sterilizing solutions and antiseptics, combined disinfectants and antiseptics and combined sterilizing solutions, disinfectants and antiseptics. Goods within the scope of paragraph (v) are taxable at the rate of 20%.

3. To come within the exemption under item 38 a product must be a drug or medicine, not covered by the excluding paragraphs of the item and sold for use in the prevention, cure or treatment of sickness or disease in human beings.

4. The term "medicine" is not defined for sales tax purposes. However, medicines are generally accepted to be goods which are prepared for use, internally or externally, in the prevention of sickness or disease in human beings, and which are sold or put up for sale as such. The phrase "medicines used in the prevention, cure or treatment of sickness or disease in human beings" connotes some form of internal or external use in or on the human body and does not extend to the more remote circumstances of prevention of sickness and disease by the application of preparations to places and things such as prison cells, toilets, gymnasiums and so on.

RULING 5. Various antiseptic products may be taken internally to treat sickness or disease such as influenza, nose or throat infections or may be applied undiluted directly to cuts, abrasions and lacerations of the skin to prevent the spread of disease or to combat infection. Products in the form of antiseptics that are to be taken internally or are to be applied to the skin to prevent sickness or disease in human beings are accepted to be medicines for the purposes of item 38, First Schedule, and are exempt from sales tax.

6. On the other hand, products such as sterilizing solutions, disinfectants and antiseptic/disinfectants are used to control the spread of infection by killing the viruses or micro-organisms responsible. They are used to wash floors, walls and toilets in houses, hospitals, doctors' or dentists' surgeries, police cells, public toilets, catering establishments, swimming baths, gymnasiums and public conveniences and are diluted according to use. Sterilizing solutions and disinfectants can also be added to water to wash blankets, clothes and cooking utensils. Some sterilizing solutions are put up for sale for a specific purpose such as sterilizing babies bottles and nappies. In some cases products of the kind mentioned in this paragraph carry a warning that contact with the skin must be avoided.

7. Products in the nature of sterilizing solutions, disinfectants and antiseptic/disinfectants are not medicines for the purposes of item 38, First Schedule. They are covered by excluding paragraph (v) of the item. These products are taxable therefore at the rate of 20%.

8. However, products of the kind referred to in paragraphs 6 and 7 may qualify for exemption from sales tax where the goods are purchased for use by exempt organizations such as public hospitals, non profit schools, local councils and government authorities such as the police force.

COMMISSIONER OF TAXATION
12 May 1988