

Farm to 'food' product transformation -

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Food Industry Partnership

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Farm to 'food' product transformation

At what point is fresh produce considered to be 'food'?

Livestock

1. This issue is addressed in the GST on Livestock and game sales fact sheet.

Horticultural products (that is, fruit, vegetable, herbs and spices)

2. For the purposes of the GST Act food does not include plants under cultivation that can be consumed (without being subject to further process or treatment) as food for human consumption. Therefore fruit, vegetables, herbs and spices will not be considered food for human consumption until such time as they have been harvested.

Example 1

3. The leaves of a herb plant can be picked and used as an ingredient for food even though the plant is growing in a container. These plants will not be GST-free. However, herbs when sold in bunches and not as part of a living plant will be GST-free.

Example 2

4. A lettuce that is being grown hydroponically will be GST-free when it is picked and sold to the customer.

Fish

5. Live animals, except molluscs and crustaceans (for example, lobsters, oysters and crabs), are subject to GST. Fish, once dead, will be GST-free, irrespective of whether they have been scaled and gutted.

Milk

6. Unprocessed cow's milk is subject to GST (paragraph 38-4(1)(ga) of the GST Act). Therefore, cow's milk will be GST-free once it has been subjected to any process (other than filtration). Such processes may include - separation, evaporation, pasteurisation, re-hydration, homogenisation, and reconstitution.
7. Filtration is not considered to be a 'process', on the basis that all milk leaving the farm has been subjected to some form of filtration and if this were considered a process for the purposes of the GST Act, the provision would become inoperative.
8. Goat's milk is GST-free whether or not it has been pasteurised.

Eggs

9. Eggs, once laid, will be GST-free.