


# ***ST 2004 - SALE VALUE OF HOUSEHOLD DRAPERY AND SOFT FURNISHINGS MADE TO THE ORDER OF INDIVIDUAL CUSTOMERS***

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TAXATION RULING NO. ST 2004

SALE VALUE OF HOUSEHOLD DRAPERY AND SOFT FURNISHINGS  
MADE TO THE ORDER OF INDIVIDUAL CUSTOMERS

F.O.I. EMBARGO: May be released

REF H.O. REF: ST 22/102 F53 DATE OF EFFECT: 01.01.83

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1102999	HOUSEHOLD DRAPERY AND SOFT FURNISHINGS - SALE VALUE	STAA(1) 18(1) STAA(1) 18(1B)

FACTS Household drapery and soft furnishings will become subject to sales tax at the rate of 7.5% on and after 1 January 1983.

There are a number of different situations in which a manufacturer of household drapery and soft furnishings may incur a liability for registration and payment of sales tax. These may be summarised as follows:

- (a) Where a manufacturer produces ready made goods and sells them by wholesale to retailers.
- (b) Where a retailer manufactures goods in his own workshop or sends the fabric out to a work-room for making up.
- (c) A customer may supply materials to a retailer to be made up into goods.
- (d) A customer may supply materials direct to a maker-up.

RULING The sale values to be adopted in the various situations mentioned above are:

- (a) the sale value is set by section 18(1)(a) of Sales Tax Assessment Act (No. 1) and is the amount for which the goods are sold, that is the full wholesale selling price. The tax is payable by the manufacturer.
- (b) In both of these situations the sale value is set by section 18(1)(b) of Sales Tax Assessment Act (No. 1) and is either the wholesale selling price of the goods where the retailer sells similar goods by wholesale or the amount for which the retailer could reasonably have expected to purchase identical goods from another manufacturer. Where similar goods are not sold by wholesale an acceptable sale value will be the wholesale value of the materials plus the normal making up charge including the value of tapers and hooks which form part of the soft furnishings manufactured. In both cases the retailer is liable to pay the tax.

- (c) The sale value is fixed by section 18(1B)(c) of Sales Tax Assessment Act (No. 1) which is the wholesale value of the materials plus the making up charge. Where the retailer cannot establish the wholesale value of the material a value equal to retail price paid by the customer less 40% will be accepted as representing a fair and reasonable wholesale value. The retailer is liable for the tax.
- (d) The sale value is set by section 18(1B)(c) of Sales Tax Assessment Act (No. 1) that is the wholesale value of the materials plus the making up charge. Where the maker-up cannot establish the wholesale value of the materials the maker-up may adopt a value of retail selling price of materials less 40% to represent that wholesale value of the materials. The maker-up is liable for the tax.

COMMISSIONER OF TAXATION  
17 DECEMBER 1982