


ST 2034 - SALES TAX : THICK SHAKE POWDER MIXES

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TAXATION RULING NO. ST 2034

SALES TAX : THICK SHAKE POWDER MIXES

F.O.I. EMBARGO: May be released

REF H.O. REF: ST 11/14 DATE OF EFFECT: Immediate

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1104772	THICK SHAKE POWDER MIXES BEVERAGES PRODUCED BY RETAILERS	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT FIRST SCHEDULE ITEMS 26(1), 35C AND 113

FACTS Advice has been sought in respect of the sales tax classification of a thick shake powder mix. In the powder form the mix contains less than 95% milk powder. When it is reconstituted according to the mixing instructions, the resultant product contains over 95% equivalent whole milk.

RULING 2. As the powder mix does not contain 95% milk powder, exemption under item 26(1), does not apply. As thickshakes are considered to be beverages, the powder mix is specifically excluded from exemption under item 35C, as goods to be mixed with, or added to, a beverage. The powder mix is taxable at the general rate of 20%. However, when the mix is used as a material in the manufacture of exempt thick shakes, i.e. those which contain at least 95% milk and are exempt under item 26(1), the powder mix qualifies for conditional exemption under item 113. The classification of other thick shake powder mixes should be determined accordingly.

COMMISSIONER OF TAXATION

22 June 1983