

ST 2079 - SALES TAX : MANUFACTURE - LAMINATING AND HEAT BONDING PROCESSES

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TAXATION RULING NO.ST 2079

SALES TAX : MANUFACTURE - LAMINATING AND HEAT BONDING
PROCESSES

F.O.I. EMBARGO: May be released

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REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1078725	MANUFACTURE LAMINATING AND HEAT BONDING PROCESSES	S.T.A.A. (1), SUB-SECTION 3(1)

PREAMBLE The laminating process involves the application of heat and pressure to bond plastic film to one or to both sides of an article (e.g. photograph, map, poster, drawing, newspaper clipping, menu cover and other printed matter) to form a water and grease resistant protective coating. In some cases the article to be laminated is initially bonded or glued to cardboard, canvas, masonite, or some other mounting material prior to laminating and in other cases the article is laminated without first being mounted.

2. Heat bonding involves the use of a heat press to bond two articles together. The bonding medium may be either a heat sensitive film or an adhesive fluid. The film or fluid is applied to the back of the article to be bonded, i.e. the photograph, map, etc., which is then placed on the mounting medium, e.g. board or canvas, and is subjected to heat treatment to complete the bond. The article to be bonded may be in its original condition but often, particularly in the case of photographs being bonded to canvas, the backing paper of the photograph is removed to achieve a textured finish.

RULING 3. The laminating process does not constitute "manufacture" in the ordinary sense of the word or as that term is defined for sales tax purposes. The production of a laminated, canvas or board backed photograph, etc. from an ordinary photograph, etc. does not result in a commercially distinct article. It is still a photograph, etc. albeit in a different form, i.e. a canvas or board mounted photograph, etc. Similarly, even where the backing paper of a photograph is removed from the emulsion in the bonding process and the emulsion is mounted or bonded onto canvas or masonite to highlight the canvas or masonite texture, it is considered that manufacture is not involved.

4. However, where the laminating process (together with the bonding process where appropriate) is carried out by or on behalf of the manufacturer of the photographic print, map, etc. so that there is a sale of a laminated print, map, etc., the charge for the laminating process must be taken into account in the sale value of the finished article.

5. Paragraph 948 of Commonwealth Sales Tax states, inter alia, that mounting is a process which, in itself, does not involve manufacture. While the mounting process envisaged there merely involved the spot gluing of photographs to cardboard folders, it is difficult to differentiate between mounting by those processes and mounting by the heat bonding process. The mounting of photographs, etc. onto canvas or board by heat bonding does not, of itself, constitute manufacture.

COMMISSIONER OF TAXATION
15 JUNE 1984

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