


ST 2185 - SALES TAX : PAINTS

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TAXATION RULING NO. ST 2185

SALES TAX : PAINTS

F.O.I. EMBARGO: May be released

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PAINTS

SALES TAX (EXEMPTIONS
AND CLASSIFICATIONS)
ACT; ITEM 85A, FIRST
SCHEDULE

PREAMBLE

From 19 August 1981 sub-item 85A(1) in the First Schedule to the Sales Tax (Exemptions and Classifications) Act has operated to exempt from sales tax paints and other coatings of a kind marketed exclusively, or primarily and principally, for application to buildings or other fixtures.

2. Prior to that date, sub-item 85A(1) had exempted from sales tax paints and other coatings of a kind applied to buildings and other fixtures. Paints and other coatings used for purposes other than application to buildings or other fixtures, e.g. for rust-proofing motor vehicles, had gained exemption under sub-item 85A(1) because they were the same kind as those applied to buildings or other fixtures, e.g. bridges.

3. The amendment to sub-item 85A(1) in 1981 was designed to overcome this problem and to restrict exemption to paints which satisfy the marketing test now contained in the sub-item.

RULING

4. In considering how a paint is marketed all aspects of the marketing process must be examined including advertising, labelling and whether a particular paint is part of a range of paints which may be marketed for use in a particular way. A paint will not qualify for exemption merely because it makes a reference to use on buildings or other fixtures if in fact it is used entirely or principally for other purposes. Labelling is not the sole guide.

5. Paints and other coatings of the following kind are exempt under sub-item 85A(1):-

Paints marketed for and used for application to industrial buildings and structures, e.g. factories, or to plant installed as fixtures.

Household paints marketed for and used for application to interior and exterior walls, ceilings, spouting, etc. Where a paint of this kind is marketed in a full range of sizes and types of containers, including aerosol cans, provided the smaller containers and

aerosol cans are marketed under the same name as the remainder of the range, or are marketed in a way that makes it clear that they form part of the range, exemption will apply to the complete range.

Paints marketed for and used for application to bridges, tennis courts, in-ground swimming pools and roads.

Signwriters' paints which are of a kind marketed for and used on fixtures such as buildings and billboards.

Examples of paints and other coatings which are not covered by sub-item 85A(1) and are taxable at the general rate of 20% are:-

Industrial paints marketed for and used on goods other than fixtures, e.g. engines and other moveable items of plant.

Marine paints and varnishes.

Motor vehicle paints, including rust-proofing agents.

Fire retardant coatings for application to carpets, curtains, bedding and other soft furnishings.

Signwriters' paints, including specialty paints such as fluorescent and hobby paints which are for use on display cards, motor vehicles, theatrical props, models and other moveable objects.

Enamel for use on white goods and other enamel coated products.

Paints for which no particular claims are made on labels or in brochures are to be treated as taxable unless there is some other feature which makes it obvious that the paint is of an exempt type, e.g. its name indicates that it is a paint for use on fixtures. An example would be a wrought iron paint.

COMMISSIONER OF TAXATION
27 November 1985

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