

ST 2041 - SALES TAX : SUNSCREEN PREPARATIONS : LIPSTICKS

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TAXATION RULING NO. ST 2041

SALES TAX : SUNSCREEN PREPARATIONS : LIPSTICKS

F.O.I. EMBARGO: May be released

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1111636	SUNSCREEN PREPARATIONS	FIRST SCHEDULE ITEM 38A SECOND SCHEDULE ITEM 20

PREAMBLE Item 38A, First Schedule, exempts sunscreen preparations that meet two requirements, namely:

- (a) they must be put up and sold for use as substances to be applied to the skin for the purpose of screening out solar ultra-violet rays: and
- (b) the Director-General of Health must certify that the products provide an acceptable level of protection from solar ultra-violet rays.

2. Item 20, Second Schedule, taxes at the rate of 32.5% specified cosmetic preparations including face creams, lipsticks, lip salves, mascara but not including goods to which item 38A applies.

FACTS 3. Certain lipstick products which by their nature and use are essentially cosmetics but which contain a sunscreen ingredient are being marketed under labels which state that they contain a sunscreen ingredient to screen out ultra-violet rays.

RULING 4. The fact that a lipstick product contains a sunscreen ingredient does not necessarily mean that it qualifies for exemption under item 38A. Exemption applies to moisturizers and lip salves which are put up and sold for use as a substance to be applied for the predominant purpose of screening out solar ultra-violet rays. However, lipstick products (all colour shades) which are put up and sold principally for purposes other than as a sunscreen are not accepted as being exempt under the item. Their purpose is use as a cosmetic and any use as a sunscreen is considered to be minimal. This is evidenced by the fact that such lipstick products are general cosmetic preparations like mascara, eye shadow and face make-up that may be worn at any time of the day or night and irrespective of weather conditions. Because the lipstick products are recognized in the market place as products which are essentially cosmetics they are taxable at the rate of 32.5%.

COMMISSIONER OF TAXATION

5 August 1983

