


ST 2361 - SALES TAX : SPRAY PAINTING BOOTHS

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TAXATION RULING NO. ST 2361

SALES TAX : SPRAY PAINTING BOOTHS

F.O.I. EMBARGO: May be released

REF N.O. REF: 86 9934-8 DATE OF EFFECT: IMMEDIATE

B.O. REF: SYD - 22/B/2 039 637 DATE ORIG. MEMO ISSUED:
MELB - 6/C/SC4/1 Sect 6A
PARRA - X-10/27/1
PERTH - E/C1/82(1)

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1211250	SPRAY PAINTING BOOTHS	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; SECTION 6A

PREAMBLE The question recently arose whether or not spray painting booths are fixtures or pre-fabricated buildings for sales tax purposes.

2. Fixtures are not goods for sales tax purposes and are not liable to sales tax on their sale. Tax is payable, however, on any taxable goods purchased for incorporation into fixtures. Ordinarily the taxing point would arise when the person constructing the fixture purchases the taxable goods.

3. Pre-fabricated buildings and pre-fabricated building sections are goods. Their liability to sales tax is subject, however, to section 6A of the Sales Tax (Exemptions and Classifications) Act. The broad effect of the section is to levy tax only on the amount which, in the opinion of the Commissioner, would have been the sale value of the taxable materials incorporated into the building or section if those taxable materials had been the subject of a separate sale.

4. The application of section 6A means that the sales tax liability of a spray painting booth will be broadly the same whether it is a fixture or a pre-fabricated building.

FACTS 5. Spray painting booths vary in size, fittings and intended application. All are designed to provide a dust free environment for spraying motor vehicles, furniture or other smaller items.

6. The booths designed for motor vehicles are usually a fully enclosed rectangular shape with double doors at one end. All booths contain an air extraction and filter unit and some incorporate a water tray beneath a metal grill to trap dust, overspray and any other residues. Booths may incorporate an oven to bake the paint.

7. In operation fresh air is continuously drawn through the booth via ductwork to expel overspray and fumes from the operator and the motor vehicle.

8. Booths designed for smaller applications are usually an

open box type with the air extraction unit at one end designed to draw overspray away from the operator and the item being painted.

9. Most booths comprise modular wall, roof and floor sections, air extraction unit, metal frame and oven and free standing control unit if applicable.

10. All booths, apart from the free standing portable type, are assembled in situ at the owner's premises. The units are flued through an outside wall or roof and some are set in the floor and connected to mains electricity, water and, if an oven is employed, gas or oil pipes.

11. Free standing portable painting booths are assembled on the premises from component parts. The kind that came under notice consists of unclad folding side walls which expand to the size of the booth. The external cover is a vinyl sheet which fits over the booth framework. The walls are mounted on castors to enable the booth to be readily moved. Because of the method of assembly, i.e. with folding walls and a vinyl covering, the booths when not in use may be folded to a compact size. To facilitate their easy removal, portable booths are not flued through an outside wall or fixed in any way.

RULING

12. Free standing portable booths not flued or otherwise fixed to the existing premises are taxable at the general rate of 20%. Where they are sold in kit form the kits are also taxable at 20%.

13. Other booths are considered to be fixtures and not covered by section 6A. They are not pre-fabricated buildings or pre-fabricated building sections.

14. Where a booth is accepted to be a fixture, the component parts used in the construction of the booth are classified according to their separate identity as follows:-

Galvanised metal grid panels	-	20%
Galvanised metal trays for floor	-	exempt item 84(1), First Schedule
Galvanised metal grid ramps	-	20%
Galvanised metal and painted doors	-	exempt item 84(3), First Schedule
Galvanised metal supports for ramps	-	20%
Galvanised/painted metal sandwich panels	-	exempt item 83(3), First Schedule
Fibreglass (rockwool) panels for walls and roof	-	Exempt, Item 83(3), 1st Schedule
Safety glass inserts for doors	-	Exempt, Item 89B(1), 1st Schedule

Safety glass covers for light fittings	-	Exempt, Item 89B(1), 1st Schedule
Solenoid and pressure safety equipment	-	Exempt, Item 113G, 1st Schedule
Galvanised metal duct work	-	Taxable 20%
Oil burner unit	-	Taxable 20%
Control panel	-	Taxable 20%
Electric motors	-	Taxable 20%
Light fittings	-	Taxable 20%
Inlet and exhaust fans	-	Taxable 20%
Heating unit including heat exchanger, electric motor(s) and fan(s)	-	Taxable 20%

COMMISSIONER OF TAXATION
8 October 1987