

# ***ST 2392 - SALES TAX : CHAIN SAWS FOR USE IN THE AGRICULTURAL INDUSTRY***

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TAXATION RULING NO. ST 2392

SALES TAX : CHAIN SAWS FOR USE IN THE AGRICULTURAL  
INDUSTRY

F.O.I. EMBARGO: May be released

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REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1010589	CHAIN SAWS	SALES TAX (EXEMPTIONS AND CLASSIFICATIONS) ACT; SUB-ITEMS 1(15A), 1(41A) AND 13(1) AND ITEM 113A, FIRST SCHEDULE

PREAMBLE 1. Division 1 in the First Schedule to the Sales Tax (Exemptions and Classifications) Act exempts a wide range of agricultural machinery and implements.

2. This Ruling considers whether chain saws and attachments for chain saws qualify for exemption from sales tax under any items in Division 1.

FACTS 3. Chain saws are used in a wide range of industrial, private or domestic activities. For example, they are used by persons in industry for felling timber and cutting it into lengths, shapes etc. and by householders for cutting firewood for home use and for pruning trees and shrubs.

4. There are many models of different sizes, engine capacities etc., some of which are suitable for particular classes of work. The models of higher engine capacity can be used for heavier work, e.g. by persons in industry including farmers. Those of lesser engine capacity tend to be used more for domestic purposes, e.g. cutting firewood and pruning. However, the various models available are used in all sorts of activities. On the evidence available, such as particular design features and sales patterns, no one model is identifiable as suitable for use in any one particular class of activity.

5. In particular, chain saws are used by farmers for many purposes, e.g. industrial purposes of cutting fence posts, clearing scrub, pruning and lopping of fruit trees and for domestic purposes such as cutting firewood for household use.

6. Attachments may be fitted to chain saws, e.g. for use in drilling fence posts and post hole digging.

RULING 7. For chain saws to be covered by sub-item 13(1) in the First Schedule they need to satisfy each of the following conditions -

. they must, in the opinion of the Commissioner, be goods of a kind used exclusively, or primarily and principally, in

agricultural industry; and  
. they must actually be for use in agricultural industry.

8. As explained above, chain saws are used extensively in many industries and by householders. As a class they are not goods of a kind used exclusively, or primarily and principally, in agricultural industry. It follows that they are not exempt under sub-item 13(1) even when for use in agricultural industry.

9. Also, no particular model of chain saw has been identified as having special features to distinguish it as being used primarily and principally in agricultural industry. No particular model has therefore been accepted as exempt under sub-item 13(1).

10. Exemptions for chain saws and attachments have also been considered under sub-items 1(15A) and 1(41A) in the First Schedule which cover exemptions for specific goods for use in agricultural industry.

11. Sub-item 1(15A) exempts fencing tools for use in agricultural industry. The kinds of goods that are exempt include augers and auger or drilling attachments for chain saws when for use in the drilling of fence posts and post hole digging attachments for use in agricultural industry. However, chain saws themselves are not fencing tools and are not exempt under sub-item 1(15A).

12. Sub-item 1(41A) exempts the following goods for use in agricultural industry - secateurs, pruning shears, pruning saws, pruning knives, grape scissors and orange cutters. Although chain saws may be used for pruning grape vines or fruit trees, they are not pruning saws. They are not covered therefore by sub-item 1(41A).

13. Chain saws may be exempt as aids to manufacture but only in rare cases, e.g. where for use primarily and principally in the course of carrying out a business of manufacturing fence posts. However, a person who uses chain saws in such manufacturing activities will often use them more frequently in other general ways e.g. cutting of firewood for domestic use, lopping and pruning trees and clearing scrub, which are not manufacturing activities for present purposes. Where chain saws are not for use primarily and principally in the course of carrying out a business of manufacturing they are not exempt as aids to manufacture.

14. Vendors should exercise caution in accepting claims for exemption for chain saws from purchasers who certify that they are for use as aids to manufacture because they are rarely used primarily and principally as aids to manufacture. A vendor who accepts an incorrect claim for exemption may incur a liability to pay the tax. Persons who tender false exemption certificates take the risk of being prosecuted.

COMMISSIONER OF TAXATION  
18 February 1988