

1979

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA  
HOUSE OF REPRESENTATIVES

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SALES TAX (EXEMPTIONS AND CLASSIFICATIONS)  
AMENDMENT BILL (NO.2) 1979

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EXPLANATORY MEMORANDUM

(Circulated by authority of the Treasurer,  
the Hon. John Howard, M.P.)

Introductory Note

This memorandum explains the provisions of the Sales Tax (Exemptions and Classifications) Amendment Bill (No.2) 1979 which is designed to amend the Sales Tax (Exemptions and Classifications) Act 1935.

The Bill relates mainly to items in the Second Schedule to the Sales Tax (Exemptions and Classifications) Act. That Schedule specifies the classes of goods that are at present taxed at 27½%. The Bill will re-express several items in the Second Schedule that apply to television receivers, radio receivers, record players, tape players and other television, radio and sound equipment.

Notes on each clause of the Bill are set out in the following paragraphs.

Clause 1 : Short Title etc.

This clause provides the short title and citation of the amending Act and states the Principal Act being amended.

Clause 2 : Commencement

This clause provides that the amendments shall be deemed to have come into operation on the day following the date of introduction of the amending Bill.

Clause 3 : Sales Tax on Goods Incorporating Radios etc.

Clause 3 will insert a new section 6C in the Principal Act. This is a machinery provision which relates to a new item 49 which is to be inserted in the Second Schedule. Broadly that item will cover articles which contain or include television, radio or sound equipment which can be used for receiving television or radio programs or playing records or tapes although the articles are not themselves television receivers, radios, record players, cassette players or other goods that would be covered by item 44, 45 or 47 in the Second Schedule.

By reason of proposed section 6C, item 49 will apply in respect of goods referred to in that item only if the value of the components which enable the goods to be used for receiving television or radio programs or playing records or tapes exceeds 50% of the total value of the goods which contain or include those components. The effect of this will be that the goods referred to in the item will not be taxable at 27½% by virtue of that item unless the value of those components exceeds 50% of the total value of the goods containing those components. An example of an article of the kind referred to in item 49 would be a piece of furniture such as a cocktail cabinet, equipped with a record player/tape player system. It would be taxable at 27½% under item 49 if the value of the record player/tape player system exceeded 50% of the value of the complete article.

Clause 4 : Second Schedule

Clause 4 will amend the Second Schedule to the Principal Act. This Schedule comprises items specifying the classes of goods that are currently taxable at 27½%. Existing items 46, 47, 48, 49 and 52 will be omitted from the Second Schedule and a number of new items will be substituted.

The items to be omitted cover the following classes of goods:-

- Item 46 - Tape recorders, wire recorders, tape players, tape decks and similar appliances, but not

including video tape recorders, office dictation machines or other tape recorders or wire recorders being tape recorders or wire recorders designed primarily and principally for the recording, or for the recording and reproduction, of speech.

- Item 47 - Gramophones, phonographs, musical machines, musical boxes and other goods incorporating musical movements.
- Item 48 - Wireless receiving sets (not being goods for use in the conduct of public commercial telecommunications services by an authority constituted under any law of the Commonwealth or of a State); television receiving sets; record players and pick-ups; combined wireless receiving sets and gramophones; combined television receiving sets and gramophones; combined wireless receiving sets and television receiving sets; combined wireless receiving sets, television receiving sets and gramophones.
- Item 49 - Records for gramophones and phonographs; protective envelopes, stands, cabinets and other equipment designed for the storage of those records; sound tape recordings, and sound wire recordings, of music or other material, being recordings produced for sale or lease for use for purposes of entertainment or the provision of background music.
- Item 52 - Accessories and parts (but not including batteries, cathode ray tubes, recording tapes or recording wire) for goods to which item 46, 47, 48 or 49 applies.

Explanations of the items to be substituted for these items are given in the paragraphs which follow.

#### Item 43

This item will apply to musical boxes and other goods incorporating musical movements.

Item 44

This item will cover appliances of a kind used primarily or principally for sound recording and reproduction as specified in the item. It will apply to tape recorders, wire recorders, tape players and record players but not to video tape recorders or to appliances, such as office dictation machines, which are of a kind used primarily and principally for the recording and/or reproduction of speech. Nor will it apply to appliances for recording sound on records.

Item 45

This item relates to radio and television receivers. It will apply to receivers of a kind used primarily or principally in receiving radio and television programs, i.e. broadcast programs. It will not apply to appliances of a kind used primarily or principally in receiving messages, as distinct from receiving broadcast programs. Thus radio receiving sets of a kind used primarily or principally by governmental or business undertakings for radio communication work will not be covered by the item. Nor will it apply to radio receivers for use in the conduct of public commercial telecommunication services by an authority of the Commonwealth or of a State or Territory.

Item 46

Sound records and recordings, and associated storage equipment, are specified in this item.

Sub-item (1) will apply to all types of records for record players, whether of music, speech or other material.

Under sub-item (2), sound recordings on tapes or wires will be covered by the item if they are produced for sale or lease for use for the purposes of entertainment or the provision of background music. The sub-item will not apply to other sound tape or wire recordings or to video tape recordings.

Sub-item (3) will apply to goods used for the protection and storage of records and recordings, e.g. record envelopes and covers, cassette cases, record and cassette holders, stands and cabinets and other goods of a kind sold for use for the storage of records, tapes and cassettes.

Item 47

This item will cover appliances which can carry out two or more of the functions of the sound reproduction, radio and television appliances referred to in items 44 and 45, e.g. radiograms, radio cassette players and other appliances consisting of combinations which perform the functions of record players, tape players, radio receivers or of any two or more of those appliances.

Item 48

Item 48 relates to various appliances and other pieces of equipment that are of a kind used in association with each other to provide any or all of the sound recording or reproduction, or radio or television reception, facilities of appliances covered by items 44, 45 and 47. The equipment may be included in a single appliance or may be used as a system. For example, a typical system may consist of a radio tuner, tape deck, turntable, amplifier and speakers.

Item 48 will not apply to such things as general purpose equipment, e.g. microphones or speakers designed for use with public address systems, which is not of a kind used as components of or auxiliaries to sound recording or reproduction, or radio or television reception, appliances or systems of a kind specified in the item. Nor will it apply to such things as video tape recorders or to goods known as T.V. games which make use of the screen of a television set.

Item 49

This item is concerned with combination-type units which include sound reproduction and/or television or radio reception equipment but which also serve other purposes. Examples of such units include cocktail cabinets fitted with television or "hi-fi" sound equipment. By virtue of new section 6C to be inserted by Clause 3, item 49 will not apply to units of this nature unless the value of the sound, television and radio components exceeds 50% of the value of the complete units.

Item 50

Subject to certain exceptions, this item will cover parts and accessories for sound reproduction equipment and radio and television reception equipment covered by items 44, 45, 46, 47, 48 and 49. It will not apply to batteries, cathode ray tubes, recording tapes or recording wires.