



# GST/HST Memoranda Series

## 4.4 Agriculture and Fishing

September 1998  
Revised August 14, 2000

Overview	This section provides detailed information on the tax status of agricultural and fishing supplies as they relate to the Goods and Services Tax (GST) and Harmonized Sales Tax (HST) provisions of the <i>Excise Tax Act</i> (the Act).
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**Disclaimer**

The information in this memorandum does not replace the law found in the *Excise Tax Act* and its Regulations. It is provided for your reference. As it may not completely address your particular operation, you may wish to refer to the Act or appropriate Regulation, or contact a Canada Revenue Agency (CRA) GST/HST Rulings Centre for more information. These centres are listed in GST/HST Memorandum 1.2, *Canada Revenue Agency GST/HST Rulings Centres*. If you wish to make a technical enquiry on the GST/HST by telephone, please call the toll-free number 1-800-959-8287.

If you are located in the Province of Quebec, please contact Revenu Québec by calling the toll-free number 1-800-567-4692 for additional information.

**Note**

This Section 4.4 of Chapter 4, *Zero-Rated Supplies*, supersedes Section 4.4, *Agriculture and Fishing*, issued in February 1995. Significant changes have been side-barred for quick reference.

**Note - HST**

Reference in this publication is made to supplies taxable at 7% or 15% (the rate of the HST). The 15% HST applies to supplies made in Nova Scotia, New Brunswick or Newfoundland (the "participating provinces"). If a person is uncertain as to whether the supply is made in a participating province, the person may refer to Technical Information Bulletin B-078, *Place of Supply Rules under the HST*, available from any Revenue Canada tax services office.

**[Proposed amendments]**

This section reflects the proposed amendments to the *Agriculture and Fishing Property (GST) Regulations*, which the Minister of Finance announced on June 10, 1993, and further proposed changes to the *Agriculture and Fishing Property (GST) Regulations*, which were announced on April 23, 1996. [Where information reflects proposed amendments, the information is enclosed in square brackets.] Any commentary in this section should not be taken as a statement by the Department that such amendments will in fact be enacted in their current form.

### Agriculture and fishing

**General**

1. Most supplies of agricultural and fishing products are zero-rated. In addition to the supplies described in this section, many products sold by the agricultural and fishing sectors for human consumption such as fresh fruit and vegetables, milk, honey and fresh fish, are already zero-rated under Part III of Schedule VI, which covers basic groceries. More information on basic groceries is contained in Section 4.3, *Basic Groceries*, of Chapter 4, *Zero-Rated Supplies*.

## 4.4 Agriculture and Fishing (continued)

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2. However, some agricultural products are not zero-rated. These include supplies of goods such as cut flowers, foliage, bedding plants, sod, living trees, firewood, fur and animal hides, feathers, down, processed wool, maple-sugar candy, gravel, stones, rock, soil, and the urine from pregnant mares which are taxable at 7% or 15%.

3. In addition, services such as chartering a boat for recreational fishing, road clearing services, harvesting services provided to a farmer, and stud or artificial insemination services are also taxable at 7% or 15%. Where these services are supplied to another registrant for use in the registrant's commercial activities, the tax paid or payable on these services may be claimed as an input tax credit by the other registrant in the normal manner.

### Tax status of agricultural and fishing products

#### Farm livestock

Sch. VI, Part IV, s 1

4. A supply of farm livestock (other than rabbits), poultry or bees that are ordinarily raised or kept to produce, or be used as, food for human consumption, or to produce wool, is zero-rated.

Zero-rated examples

5. The supply of the following animals, poultry and bees is zero-rated:

- cattle
- sheep
- goats
- pigs
- llamas and alpacas
- buffalo/bison
- geese
- turkeys
- ducks
- chickens
- elk and deer
- honey bees
- ostriches, emus and rheas

6. Effective for supplies made on or after August 1, 1998, supplies of pheasants, partridges and quails are zero-rated, since a recent study indicates that they are raised primarily as food for human consumption rather than for hunting.

Sch. VI, Part IV, s 1.1

7. A supply of a rabbit is zero-rated except when the supply is made in the course of a business in which the supplier regularly sells rabbits as pets to consumers.

#### 4.4 Agriculture and Fishing (continued)

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- Taxable examples
8. The supply of the following animals and poultry, which are not ordinarily raised or kept to produce, or be used as, food for human consumption, is taxable at 7% or 15%:
- mink, fox and other fur-bearing animals
  - horses, donkeys and mules
  - pigeons
  - peacocks
- Meat
9. The supply of the meat of animals which are not zero-rated, such as horses, is zero-rated when the meat is supplied as food for human consumption.

#### Grains, seeds, fodder crops

- Sch. VI, Part IV, s 2
10. A supply of grains or seeds in their natural state, treated for seeding purposes, or irradiated for storage purposes, hay, silage, or other fodder crops, that are ordinarily used as or to produce food for human consumption, or feed for farm livestock or poultry, is zero-rated when supplied in a quantity larger than that ordinarily sold or offered for sale to consumers. However, a supply of grains, seeds, or grain or seed mixtures that are packaged, prepared or sold for use as feed for wild birds, or as pet food, is not zero-rated under this provision, and is therefore taxable at 7% or 15%.
11. Supplies of seeds and grains that are irradiated for storage purposes have been recently added to section 2. The zero-rating applies to supplies for which consideration becomes due after April 23, 1996, or is paid after that day without having become due.
12. In consultation with the seed industry, Revenue Canada has developed guidelines to determine where seeds are supplied in a quantity larger than that ordinarily sold or offered to consumers. The guidelines are based on the size of the seed. Small seeds supplied in packages of a quantity exceeding 125 g are zero-rated and large seeds in quantities exceeding five kg are zero-rated. Large seeds include peas, corn and beans. When small seeds are supplied on a count basis, they are zero-rated when supplied in quantities exceeding 2500 seeds.
13. Small packets of garden seeds sold to consumers are taxable at 7% or 15%. The supply of lawnseed and flower seeds is taxable at 7% or 15% because these seeds are not used to produce food for human consumption, or livestock or poultry feed.
14. Seed potatoes and onion sets are not different from potatoes and onions sold for human consumption. Therefore, these products are zero-rated.
15. Any seed mixture which is sold or labelled as a forage mixture (e.g., Canada Certified No. 1 Forage Mixture) in accordance with Table XIII of Schedule I to the *Seeds Act* is zero-rated when sold in a commercial quantity. Refer to paragraph 12 of this section for the seed quantity minimum thresholds. Forage mixtures may contain seeds (e.g., creeping red fescue), and as long as they are properly labelled and are supplied in a commercial quantity, the supply is zero-rated.
- Sch. VI, Part IV, s 3
16. A supply of hops, barley, flax seed, straw, sugar cane or sugar beets is zero-rated.

## 4.4 Agriculture and Fishing (continued)

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### Poultry and fish eggs

Sch. VI, Part IV, s 4 17. A supply of poultry or fish eggs that are produced for hatching purposes is zero-rated.

### Fertilizer

Sch. VI, Part IV, s 5 18. A supply of fertilizer (other than a good sold as soil or as a soil mixture, whether or not containing fertilizer) is zero-rated when the fertilizer is supplied in bulk quantities or in containers of at least 25 kg where the total amount of the fertilizer supplied is 500 kg or more.

19. In accordance with section 5 of Part IV of Schedule VI, supplies of goods listed in Schedule II to the *Fertilizers Act*, except for supplies of compost and peat, are zero-rated when the total amount of the fertilizer supplied is 500 kg or more.

Peat 20. Peat is considered a soil conditioner not a fertilizer. Since peat may be sold as soil or as soil mixture whether or not it contains fertilizer, the supply of peat is taxable at 7% or 15% regardless of the amount sold.

### Wool

Sch. VI, Part IV, s 6 21. A supply of wool, not further processed than washed, is zero-rated.

### Tobacco

Sch. VI, Part IV, s 7 22. A supply of tobacco leaves, not further processed than dried and sorted, is zero-rated.

### Fish and marine animals

Sch. VI, Part IV, s 8 23. A supply of fish or other marine or freshwater animals not further processed than frozen, salted, smoked, dried, scaled, eviscerated, or filleted is zero-rated provided it is normally used as food for human consumption. This does not include any animal that is not ordinarily used as food for human consumption or sold as bait for use in recreational fishing. These products are taxable at 7% or 15%.

### Share-crop agreements

Sch. VI, Part IV, s 9 24. A supply made to a registrant of farmland by way of a lease, licence or other similar arrangement is zero-rated to the extent that the consideration for the supply is a share of its production of zero-rated crops. For example, if farmland is rented from one farmer to another for \$1,000 plus one-third of its farm production (which must be a zero-rated crop), the tax is to be charged only on the \$1,000 payment. The value of any other consideration given (other than a share in a crop the supply of which would be zero-rated) would, however, be taxable at 7% or 15%.

## 4.4 Agriculture and Fishing (continued)

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### Supplies of farmland

25. Certain supplies of farmland are exempt. More detailed information is available in GST Memorandum 300-4-1, *Real Property* (to be re-issued in Chapter 19, *Special Sectors: Real Property*).

### Public service bodies - leases of land for grazing purposes

Election for real property of public service body s 211 of the Act

26. Public service bodies who supply land for grazing purposes by way of lease for a period of one month or more where the supply is made in the course of a business carried on by the body, may make an election to exclude the supply from the exempting provisions. This election may be made in respect of capital real property of the public service body as well as real property that is inventory for resupply or that is acquired by the public service body by way of lease, licence or similar arrangement for the purpose of resupply by way of lease, licence or similar arrangement, or making a supply of the arrangement by way of assignment. By making the election, the public service body will collect tax at 7% or 15% on the supply of land and will be entitled to claim an input tax credit to recover the tax paid or payable on the acquisition of the property and other eligible inputs, if it is a registrant. The result of this election is that supplies of land provided for grazing purposes by way of lease for a period of one month or more where the supply is made in the course of a business of the public service body, which would otherwise be exempt under section 25 of Part VI of Schedule V, will be excluded from that exemption.

26A. If the public service body supplies the land for grazing purposes by way of licence (rather than by lease) in the course of a business carried on by the body, there is no requirement, in most cases, to file an election under section 211 to make the supply taxable, since such a supply would already be excluded from exemption by virtue of paragraph 25(f) of Part VI of Schedule V, and would therefore be taxable at 7% or 15%. As the public service body would be making taxable supplies, it would be entitled to claim an input tax credit to recover the tax paid or payable on the acquisition of the property and other inputs, if it is a registrant.”

### Feedlot services

Sch. VI, Part IV, s 2.1

27. Where a feedlot operator makes a supply of services and the total amount charged includes an amount in respect of feed, the supply of the feed is considered to be separate from the supply of the services. Therefore, the portion of a feedlot's charge which can be reasonably regarded as a charge for tax-free feed for zero-rated livestock is zero-rated, up to a maximum of 90% of the total consideration. In all cases, a minimum of 10% of the total charge by the feedlot will continue to be subject to the tax. These rules only apply to those feedlot operators that are considered, for income tax purposes, to be farming.

## 4.4 Agriculture and Fishing (continued)

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### Prescribed property

Sch. VI, Part IV, s 10 28. A supply of prescribed property when supplied by way of sale is zero-rated. The Schedule to the *Agriculture and Fishing Property (GST) Regulations* (the Regulations) identifies those items that are prescribed property for the purposes of section 10 of Part IV of Schedule VI. Detailed information on prescribed property is available below under the heading "Schedule - *Agricultural and Fishing Property (GST) Regulations*".

### Certain administrative guidelines for the Regulations

Leases 29. A supply of prescribed property listed in the Regulations other than by way of sale is taxable at 7% or 15%. For example, a supply of prescribed property by way of "lease" is taxable at 7% or 15%. However, when a lease of zero-rated equipment is entered into with an option to purchase the equipment at the end of the lease period, the "buy-out" portion may be zero-rated if, according to the terms of the agreement, the "buy-out" constitutes a "supply by way of sale". The lease payments made prior to the buy-out payment will be taxable at 7% or 15%.

30. The supply of prescribed property under a "lease-to-own" contract is zero-rated if there is in substance a "supply by way of sale". Such contracts must be evaluated on a case-by-case basis.

Accessories 31. When zero-rated farm or fishing equipment is sold together with any other accessories normally taxable at 7% or 15%, the supply of such accessories will be zero-rated provided they are attached to the zero-rated farm or fishing equipment and form part of the unit. Any accessory sold must already be installed at the time of sale. For example, the sale of a tractor (which qualifies as a zero-rated item) together with an air conditioner and a blade attachment is zero-rated provided that the equipment is sold as a complete unit (i.e., the air conditioner and blade attachment were installed on the tractor prior to the sale). The air conditioner and blade attachment are considered to be part of the supply of the tractor.

32. When accessories are **not sold** together with zero-rated equipment, such accessories will not be treated as part of the zero-rated equipment, and will be taxable at 7% or 15% in the normal manner. For example, an air conditioner installed on a customer-owned tractor would be taxable at 7% or 15%.

### Schedule - *Agricultural and Fishing Property (GST) Regulations*

s 1 of the Regulations A. **Property related to agriculture**

The prescribed agricultural supplies listed in the schedule to the Regulations are as follows:

#### **Equipment**

(1) equipment:

#### 4.4 Agriculture and Fishing (continued)

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- Tractors (a) tractors designed for farm use that have a rating of at least 44.74 kW at power takeoff (60 PTO h.p.);
- Harvesting equipment (b) harvesting equipment:
- (i) self-propelled or pull-type combines;
  - (ii) self-propelled or pull-type swathers;
  - (iii) self-propelled or pull-type windrowers;
  - (iv) headers for combines, forage harvesters, swathers or windrowers;
  - (v) combine or forage harvester pickups;
  - (vi) forage harvesters;
- [Harvesters subpara 1(1)(b)(vii) proposed amendment to the Regulations, June 10, 1993]
- [(vii) self-propelled, tractor-mounted or pull-type mechanical fruit or vegetable pickers or harvesters; (This proposed change zero-rates supplies of pull-type mechanical fruit or vegetable harvesters, effective January 1, 1991.)]
- Tillage equipment (c) tillage equipment:
- (i) mouldboard plows with three furrows or more;
  - (ii) disc plows with three furrows or more;
  - (iii) chisel plows with an operational width of at least 2.44 m (8 feet);
  - (iv) subsoil chisels with an operational width of at least 2.44 m (8 feet);
  - (v) discers with an operational width of at least 2.44 m (8 feet);
- [Bean rods subpara 1(1)(c)(vi) proposed amendment to the Regulations, June 10, 1993]
- [(vi) rod weeders or bean rods with an operational width of at least 2.44 m (8 feet); (This proposed amendment applies to supplies of bean rods delivered to recipients after June 10, 1993.)]
- (vii) field cultivators with an operational width of at least 2.44 m (8 feet);
  - (viii) row crop cultivators with an operational width of at least 2.44 m (8 feet);
  - (ix) combination discer-cultivators with an operational width of at least 2.44 m (8 feet);
  - (x) rototillers with an operational width of at least 1.83 m (6 feet);
  - (xi) rotovators with an operational width of at least 1.83 m (6 feet);

#### 4.4 Agriculture and Fishing (continued)

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(xii) harrows with an operational width of at least 2.44 m (8 feet), when sold in complete units;

- Note: Sales of harrows in any other sizes are taxable at 7% or 15%. For example, a dealer selling two separate 4.5 foot sections is required to collect the tax at 7% or 15%. However, separate harrow sections are treated as a complete unit when attached together prior to purchase, and are zero-rated provided their total operational width measures at least 2.44 m (8 feet).

(xiii) pulverizers with an operational width of at least 2.44 m (8 feet);

[Packers  
subpara 1(1)(c)(xiii.1)  
proposed amendment  
to the Regulations,  
June 10, 1993]

[(xiii.1) farm-type land packers with an operational width of at least 2.44 m (8 feet); (This proposed change is effective January 1, 1991.)]

(xiv) roller mulchers with an operational width of at least 2.44 m (8 feet);

[Mulchers  
subpara 1(1)(c)(xiv)  
proposed change to the  
Regulations,  
April 23, 1996]

[An amendment proposes to replace the term "roller mulchers" in the above provision with the term "mulchers". This applies to supplies for which consideration becomes due after April 23, 1996, or is paid after that day without having become due.]

(xv) rotary hoes with an operational width of at least 2.44 m (8 feet);

Seeders and planters

(d) seeders and planters:

(i) airflow seeders;

(ii) grain or seed drills with an operational width of at least 2.44 m (8 feet);

(iii) farm-type row-crop or toolbar seeders or planters designed to seed two or more rows at a time;

Haying equipment

(e) haying equipment:

(i) mower-conditioners;

(ii) hay balers;

(iii) hay cubers;

(iv) bale throwers, elevators or conveyors;

(v) hay rakes;

(vi) hay tedders;

(vii) hay conditioners, crushers or crimpers;



#### 4.4 Agriculture and Fishing (continued)

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(viii) swath turners and wind-row turners;

[Silage baggers, bale wrapping machines subpara 1(1)(e)(ix) proposed amendment to the Regulations, June 10, 1993]

[(ix) silage baggers and round bale wrapping machines; (This proposed amendment applies to supplies of silage baggers and round bale wrapping machines delivered to recipients after June 10, 1993.)]

Grain handling or processing equipment

(f) grain handling or processing equipment:

(i) grain bins or tanks with a capacity of not more than 181 m<sup>3</sup> (5,000 bushels);

- Note: Bulk feed bins and epoxy-coated bins or tanks (or other bins or tanks that are similarly treated or lined to prevent corrosion caused by the storage of fertilizer but are also promoted as suitable for the storage of grains) are zero-rated provided the volume criterion is met.

(ii) transportable farm grain augers and transportable utility augers;

[Transportable conveyors and elevators subpara 1(1)(f)(ii) proposed change to the Regulations, April 23, 1996]

[An amendment to the Regulations proposes to add the following to the list of prescribed farm equipment:

- transportable conveyors with belts less than 76.2 cm (30 inches) wide and 0.48 cm (3/16 inch) thick; and
- transportable elevators.

This proposed amendment applies to supplies for which consideration becomes due after April 23, 1996, or is paid after that day without having become due.]

(iii) bin sweeps or cleaners designed for attachment to portable farm grain augers;

(iv) farm tractor-powered pneumatic grain conveyors;

(v) farm-type feed mills, including roller mills and hammer mills;

(vi) farm-type feed mixers;

(vii) farm-type feed grinder mixers;

(viii) farm-type tub grinders and other farm-type feed grinders;

(ix) ensilage mixers;

(x) farm-type grain toasters for use in livestock feed production;

(xi) self-propelled feed or ensilage carts;

#### 4.4 Agriculture and Fishing (continued)

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[Grain dryers subpara 1(1)(f)(xii) proposed amendment to the Regulations, June 10, 1993]

[(xii) grain dryers; (This proposed amendment applies to supplies of grain dryers delivered to recipients after June 10, 1993.)]

Miscellaneous property

(g) miscellaneous property:

- (i) farm-type refrigerated bulk milk coolers;
- (ii) mechanical rock or stone pickers;
- (iii) forage blowers;
- (iv) silo unloaders;

[Agricultural wagons, trailers, and shredders subpara 1(1)(g)(iv.1) and (iv.2) proposed change to the Regulations, April 23, 1996]

[An amendment proposes to add the following to the list of prescribed farm equipment:

- self-propelled, tractor mounted or pull-type agricultural wagons or trailers designed for off-road handling and transporting of grain, forage, livestock feed, or fertilizer that are to be used at speeds not exceeding 40 km per hour; and
- shredders with an operational width of at least 3.66 m (12 feet).

This proposed amendment applies to supplies for which consideration becomes due after April 23, 1996, or is paid after that day without having become due.]

- (v) assembled, fully operational milking systems consisting of a receiver group, vacuum supplier, pulsators and related equipment;
- (vi) individual components of a milking system that consists of a receiver group, vacuum supplier, pulsators and related equipment, when the components are supplied together unassembled and, once assembled, constitute the fully operational milking system;

[Feeding systems subpara 1(1)(g)(vi.1) and (vi.2) proposed change to the Regulations, April 23, 1996]

[An amendment proposes to add the following to the list of prescribed farm equipment:

- assembled and fully operational automated and computerized farm livestock or poultry feeding systems, and
- the individual components of these systems when the components are supplied together unassembled and, once assembled, constitute the fully operational system.

This applies to supplies for which consideration becomes due after April 23, 1996, or is paid after that day without having become due.]

#### 4.4 Agriculture and Fishing (continued)

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[Rock or root rakes and fertilizers subparas 1(1)(g)(vii) to (viii.1) proposed amendments to the Regulations, June 10, 1993]

[(vii) rock or root rakes and rock or root wind-rowers; (This proposed change zero-rates supplies of root rakes and is effective as of January 1, 1991)

(viii) self-propelled, tractor-mounted or pull-type field sprayers with a total tank capacity of at least 300 L (66 gallons); (This proposed change removes the reference to dusters and applies to supplies delivered to recipients after June 10, 1993.)

- Note: Sprayer kits, including those designed to mount on cultivators, will be zero-rated as long as they are sold as complete kits. The supply of a field sprayer kit is zero-rated when supplied in a complete kit, including the spray tank. The supply of a field sprayer kit in any other form is considered as a supply of parts and is taxable at 7% or 15%.

(viii.1) farm-type granular fertilizer or pesticide applicators with an operational capacity of at least 0.2265 m<sup>3</sup> (8 cubic feet); (This amendment applies to supplies of granular fertilizer or pesticide applicators delivered to recipients after June 10, 1993.)]

(ix) liquid, box, tank or flail manure spreaders;

(x) injection systems for liquid manure spreaders;

[Leafcutter bees subpara 1(1)(g)(xi) proposed amendment to the Regulations, June 10, 1993]

[(xi) leafcutter bees; (This proposed amendment applies to supplies of leafcutter bees delivered to recipients after June 10, 1993.)]

#### Feed

(2) Feed, when sold in bulk quantities of at least 20 kg (44 lbs.) or in bags that contain at least 20 kg (44 lbs.), that:

[Mineral feeds ss 2(a) proposed amendment to the Regulations, June 10, 1993]

[(a) is a complete feed, supplement, macro-premix, micro-premix or mineral feed (other than a trace mineral salt feed), all as defined in the *Feeds Regulations* made under the *Feeds Act*; (This proposed amendment applies to supplies of mineral feeds delivered to recipients after June 10, 1993.)]

(b) is labelled in accordance with the *Feeds Regulations* made under the *Feeds Act*; and

(c) is designed

(i) for a unique species or class of farm livestock, fish or poultry that are ordinarily raised or kept to produce, or to be used as, food for human consumption or to produce wool, or

## 4.4 Agriculture and Fishing (continued)

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[Rabbit feed  
para 2(c)(ii)  
proposed amendment  
to the Regulations,  
June 10, 1993]

[(ii) for rabbits; (This proposed amendment applies to supplies of rabbit feed delivered to recipients after December 10, 1992.)]

[Feed (ostriches, rheas,  
emus, or bees)  
ss 2.1  
proposed change to the  
Regulations,  
April 23, 1996]

[An amendment to the Regulations proposes to include as a zero-rated supply, feed that is designed for ostriches, rheas, emus or bees when it is sold in bulk quantities of at least 20 kg (44 lbs) or in bags that contain at least 20 kg (44 lbs). This applies to supplies for which consideration becomes due after April 23, 1996, or is paid after that day without having become due.]

### By-products

(3) By-products of the food processing industry and plant or animal products, when sold in bulk quantities of at least 20 kg (44 lbs.) or in bags that contain at least 20 kg (44 lbs.) and are ordinarily used as feed, or as ingredients in feed, for farm livestock or poultry, described in paragraph (2)(c);

[By-products  
ss 3  
proposed change to the  
Regulations,  
April 23, 1996]

[An amendment to the Regulations proposes to extend the list of by-products that can be supplied on a zero-rated basis to include by-products ordinarily used as feed or ingredients in feed for:

- fish effective January 1, 1991
- rabbits effective December 11, 1992
- ostriches, rheas, emus, or bees effective April 24, 1996]

### Pesticides

[Pesticides  
ss 4  
proposed amendment  
to the Regulations,  
June 10, 1993]

[(4) Pesticides labelled in accordance with the *Pest Control Products Regulations* (made under the *Pest Control Products Act*) as having a purpose that includes agricultural use and a product class designation other than "Domestic"; (This proposed amendment removes the \$500 minimum purchase amount, and applies to supplies of agricultural pesticides that are delivered to recipients after March 10, 1992.)]

### Quotas

Quotas for agricultural  
products

(5) Quota authorized by a government agency or marketing board in respect of an agricultural product the supply of which is included in section 1 of Part III or in section 1, 2, 3, 4, or 7 of Part IV of Schedule VI.

### B. Property related to fishing

s 2 of the Regulations

The prescribed supplies of property related to fishing, as listed in the Schedule to the Regulations, are as follows:

#### 4.4 Agriculture and Fishing (continued)

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Documentation for fishing vessels

- (1) any fishing vessel that is supplied to a person by way of sale in Canada, or by way of sale outside Canada and imported by the person, for use by the person in commercial fishing, where the following is provided, in the case of a supply in Canada, to the supplier at the time of sale, or, in the case of importation, to the Canada Customs office from which the vessel is released at the time of accounting for the vessel in accordance with section 32 of the *Customs Act*:
  - (a) the registration number assigned to the person under section 241 of the *Excise Tax Act*;
  - (b) a declaration signed by the person that the person intends to use the vessel in commercial fishing;
  - (c) the number of a commercial fishing licence of the person, namely:
    - (i) in the case of commercial fishing on the Pacific coast of Canada, a licence that was issued to the person, or that was issued in respect of the vessel, by the Department of Fisheries and Oceans and that is not a Category D, P, or Z licence;
    - (ii) in the case of commercial fishing on the Atlantic coast of Canada, a licence that was issued to the person by the Department of Fisheries and Oceans and that is not a licence to harvest marine plants or to fish for mussels, oysters, shark, smelt or squid;
    - (iii) in the case of inland fishery, a commercial fishing licence that was issued to the person by the government of the province; and
    - (iv) in the case of commercial fishing in the Yukon Territory or the Northwest Territories, any commercial fishing licence that was issued to the person by the Department of Fisheries and Oceans; and
  - (d) in the case of commercial fishing on the Atlantic coast of Canada, the number set out in the registration card issued in respect of the vessel by the Department of Fisheries and Oceans.

Purchase of fishing vessel  
ss 2(1), Regulations

- Although any person may purchase most of the fishing-related items listed in the Regulations on a zero-rated basis, there are special requirements for purchasers of fishing vessels. Subsection 2(1) of the Regulations stipulates that the purchase of a fishing vessel or importation of a purchased fishing vessel is zero-rated only when the vessel is for use by the person in commercial fishing. For example, fishing vessels acquired for recreational use are taxable at 7% or 15%.

#### 4.4 Agriculture and Fishing (continued)

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- The sale of a fishing vessel will be zero-rated when the purchaser provides to the vendor at the time of sale, or, in the case of an importation, to the Canada Customs office from which the vessel is released at the time of accounting for the vessel, the information specified in the Regulations. This information includes the person's GST/HST registration number, a declaration signed by the person that the vessel will be used in commercial fishing and the number of the person's commercial fishing licence or registration card issued by the Department of Fisheries and Oceans.

Fishing nets and related items

- (2) fishing nets and related items:
  - (a) gill-nets, webbing for gill-nets, leadline for gill-nets, corkline (top rope) for gill-nets and floats for gill-nets;
  - (b) seines, webbing for seines, leadlines for seines, corkline (top rope) for seines and floats for seines;
  - (c) trawl-nets, webbing for trawl-nets, leadlines for trawl-nets and corkline (top rope) for trawl-nets (Note: The supply of floats for trawl nets is taxable at 7% or 15%.);
  - (d) gill-net drums, seine drums, trawl-net drums and long-line drums;
  - (e) entrapment webbing and predator webbing;
  - (f) trawl-net doors;

Other equipment

- (3) other equipment:
  - (a) automatic baiters;
  - (b) automatic jiggers;
  - (c) mechanical net washers;
  - (d) automatic netpen feeders;
  - (e) manufactured netpens for use in aquaculture;
  - (f) pescalators.