

Boats

Social Service Tax Act

Are you a boat dealer or a boat owner?

Do you need to know how PST applies to new and used boats?

This bulletin provides specific tax information to help businesses and individuals understand how the social service tax, also called the provincial sales tax (PST), applies to new and used boats.

For general PST information that applies to all businesses, such as who needs to register, when general exemptions apply, and how to charge and collect the PST, please read our [Small Business Guide to Provincial Sales Tax \(PST\)](#).

Definition

The term **boat** means any type of watercraft, including those propelled by oars, paddles, sails, engines, water jets or other means. It also includes boats with no means of self-propulsion, such as non-propelled barges and floating homes.

Boat Dealers

Sales to British Columbia Residents

You charge PST on the sale of new or used boats if the buyer takes delivery of the boat in British Columbia. You also charge PST on any accessories that come with the boat, such as a motor, trailer or water sport equipment.

Sales on Consignment

You charge PST on new or used boats and accessories that you sell on consignment.

Sales to Non-Residents

You charge PST on new or used boats that you sell to non-residents of British Columbia if the buyer takes delivery of the boat in British Columbia.

You do not charge PST on the sale of new or used boats to non-residents of British Columbia if you deliver the boat to a location outside British Columbia. You need to keep documents that show that the boat was delivered by you outside the province, such as a bill of lading, third-party delivery documents or shipping invoices, along with a completed *Out of Province Delivery Exemption* form ([FIN 448](#)). For more information, please see [Bulletin SST 030, Purchases by Non-Residents of British Columbia](#).

Sales to Other Retailers

You do not charge PST on goods sold to other retailers if they provide their PST registration number. When you sell to retailers, you record their PST registration number on each invoice and keep it in your records to show why you did not charge PST.

Sales of Vessels Over 500 Tons

You do not charge PST on sales of self-propelled vessels over 500 tons gross.

Sales to *Bona Fide* Commercial Fishers

You do not charge PST on sales or leases of boats to *bona fide* commercial fishers if they provide you with a completed *Certificate of Exemption as a Commercial Fisher* form ([FIN 459](#)). For information on who qualifies as a *bona fide* commercial fisher, see [Bulletin SST 025, Bona Fide Commercial Fishers](#).

Sales to *Bona Fide* Aquaculturists

You do not charge PST on sales or leases of boats to *bona fide* aquaculturists if the boat is up to 20 metres in length and they provide you with a completed *Certificate of Exemption as an Aquaculturist* form ([FIN 599](#)). For information on who qualifies as a *bona fide* aquaculturist, see [Bulletin SST 050, Bona Fide Aquaculturists](#).

Sales to First Nations Customers

You do not charge PST, including environmental levies on tires and batteries, on a sale to an eligible First Nations customer when the sale takes place on the reserve. The boat must be located on the reserve at the time the sale takes place, or title to the boat must pass to the purchaser when the boat is delivered to a reserve location. If you deliver a boat to a dock located in waters next to the reserve and the only means of delivering the boat is by water to a dock, the boat is considered to be delivered to the reserve.

You do not charge PST on leases to eligible First Nations customers when the lessee resides on the reserve.

The exemption for sales and leases to First Nations customers applies only to First Nations bands and individuals who qualify under the *Indian Act* (Canada) and who hold a *Certificate of Indian Status* card. To show why you did not charge PST, you need to keep supporting documentation from your customers.

For more information, please see [Bulletins SST 034](#), *Procedures for Making Exempt Sales or Leases to Indians and Indian Bands*, and [SST 046](#), *Exemption for Indians and Indian Bands*.

Leases and Charters

If you lease or charter a boat to your customers, please see [Bulletin SST 008](#), *Application of Tax to Boat Leases and Charters*.

Environmental Levies on Tires and Batteries

You charge an environmental levy on each new pneumatic tire and lead-acid battery that you sell with a new or used boat or trailer. For more information, please see [Bulletin SST 015](#), *Environmental Levies on Tires and Batteries*.

Trade-ins

When you accept a boat as a trade-in, you charge PST on the difference between the price of the boat you are selling and the credit you are allowing for the trade-in if:

- your customer is the owner of the trade-in boat,
- your customer paid PST on the trade-in boat, and
- you accept the trade-in boat at the same time you sell the new or used boat (the sales agreement must show the value of the trade-in).

Please note: a trade-in boat accepted as a down payment on a lease or as a partial payment against future lease payments cannot be used to reduce the amount of PST you charge. For more information, please see [Bulletins SST 079](#), *Service Charges, Trade-Ins and Returns* and [SST 082](#), *Rentals and Leases of Tangible Personal Property*.

Documenting Sales

You record all boat sales on a *Social Service Tax Return - Boats, Aircraft and Manufactured Homes* form ([FIN 424](#)) and include this form with your tax return form ([FIN 400](#)).

Taxable Services

A taxable service is any service provided to install, assemble, dismantle, repair, adjust, restore, recondition, refinish or maintain tangible personal property. If you have a boat repair shop, please see [Bulletin SST 018, Taxable Services](#).

When to Pay PST

You pay PST on the purchase or lease of new or used goods and services that you use in your business, such as:

- stationery, furniture and office equipment,
- advertising materials, such as flyers and brochures,
- free promotional items,
- computer hardware and software (unless custom software),
- supplies that do not become part of the goods you are servicing, such as oils, lubricants, cleaning cloths, paper towels and cleaning supplies,
- machinery, tools and equipment used to perform your services, and
- services to repair your equipment.

If your supplier does not charge you PST on the above items, you self-assess and record the PST due at Step 3 of your next tax return.

When Not to Pay PST

You do not pay PST on the following:

- items you purchase for resale or lease to your customers, and
- containers, labels or packaging materials that are included with your sales at no extra charge to your customers.

To purchase the above items without payment of PST, give the supplier your PST registration number.

If you take items from your resale inventory for business or personal use, you self-assess PST on your cost of the items.

Purchases from Out-of-Province Suppliers

If you purchase taxable goods from an out-of-province supplier, you pay PST on the total amount that you pay to bring the goods into British Columbia, including charges for transportation, customs, excise, and any other costs, except the goods and services tax (GST). If the supplier does not charge you PST, you self-assess and record the PST due at Step 3 of your next tax return.

Boat Owners

Boats Bought Privately

If you buy a boat privately, and the seller does not charge you PST, you self-assess the PST. To self-assess the PST, complete a *Payment of Social Service Tax Due or Claim for Exemption on the Purchase or Lease of a Boat* form (**FIN 132**) and forward it to the ministry, along with a copy of the bill of sale and payment for any PST owing.

To ensure that PST has been paid on all taxable boats, the ministry routinely reviews the records of Transport Canada and matches changes in registered ownership with PST payments. Therefore, when you register a taxable boat, you may be contacted by the ministry to confirm that you paid PST.

Boat Trailers

Boats and trailers are often purchased together. If you did not pay PST to the seller, the Insurance Corporation of British Columbia (ICBC) will charge the PST when you license the trailer. Keep your receipt and the *Transfer/Tax Form* (APV9T) from ICBC as proof that you paid PST.

Boats Brought into British Columbia

Residents of British Columbia

If you are a resident and you purchase a boat from outside the province, you pay PST on the total amount that you pay to receive title to the boat, including charges for transportation, brokerage fees, customs, excise, and any other costs, except the GST.

New residents to British Columbia

If you are a new resident, you may bring your boat into the province for personal use without paying PST if you meet certain criteria. For more information, please see **Bulletin SST 075**, *Items Brought Into British Columbia by New Residents*.

Non-residents of British Columbia

If you are a non-resident bringing your boat into the province for non-business purposes, you do not pay PST. You need to keep documentation to prove that you are a non-resident, such as your medical plan card. You also need to prove that you purchased and received title to the boat outside British Columbia. For more information, please see **Bulletin SST 115**, *Non-Residents: Boats, Travel Trailers and Other Goods Brought Into the Province*.

Boats as Gifts or Prizes

If you receive a boat as a prize or gift, you do not pay PST on the value of the boat. However, if you buy a boat to be given away as a prize or gift, you pay the PST on the value of the boat. For more information, please see [Bulletin SST 080, Promotions and Special Offers](#).



Need more info?

Boats website: www.sbr.gov.bc.ca/ctb/Boat.htm

Telephone (Vancouver): 604 660-4524

Toll free in Canada: 1 877 388-4440

E-mail: CTBTaxQuestions@gov.bc.ca

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Social Service Tax Act* and Regulations are on our website at www.sbr.gov.bc.ca/ctb

Acknowledgments

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References: *Social Service Tax Act*, Sections 1, 5, 11, 16, 73(c), 73(d), 77(b), 79(3) and 112.1-112.7, and Regulations 2.9, 2.21 and 2.37