

Wine and Beer Makers

Social Service Tax Act

Do you operate a U-brew or U-vin, or sell wine and beer making supplies?

Do you operate a brewery or winery?

This bulletin provides specific tax information to help U-brews or U-vins, wineries, breweries, and wine and beer making supply stores understand how the social service tax, also called the provincial sales tax (PST), applies to their businesses.

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 \(PST\)](#).

Sales

When to Charge PST

You charge PST on the sale or lease of wine or beer making supplies and equipment, such as:

- bottles,
- corks,
- labels,
- filters,
- wood chips (e.g. oak or beech wood chips),
- straining bags and cloths,
- absorbent agents,
- flats and boxes,
- direct agents or catalysts,
- brewing equipment (e.g. bottle fillers and corks, oak barrels and bubblers), and

- items that are not included with U-brew services and where there is an extra charge to the customer (e.g. bottles, corks and labels).

You charge 10% PST on sales of wine, beer or other alcoholic beverages at a retail store, restaurant, pub, bar or hotel. You also charge 10% PST on sales of wine, beer or other alcoholic beverages if you make them yourself, such as at a brewpub or a winery. For more information, please see [Bulletin SST 094](#), *Liquor Sellers*.

When Not to Charge PST

You do not charge PST on the sale of wine and beer making ingredients that are considered food for humans, such as:

- wine and beer concentrates (non-alcoholic),
- malt extracts,
- wine conditioners,
- syrup, sugars and molasses,
- stabilizers,
- tannin,
- yeast,
- nutrient mixture, and
- chemicals used in the fermenting process.

You do not charge PST on U-brew or U-vin services, such as:

- providing wine and beer making facilities,
- providing recipes and giving instructions, and
- racking and filtering the brew for the customer.

Sales to Other Retailers

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

Bundled Goods and Services

When a non-taxable good or service is bundled together with a taxable good or service and sold together for a single price, special tax applications may apply. For details, please see [Bulletin SST 119](#), *Bundled Sales: Taxable and Non-taxable Goods or Services Sold Together for a Single Price*.

Purchases

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. The following are examples by business type.

All Businesses:

- stationery, furniture and office equipment,
- advertising materials, such as flyers and brochures,
- computer hardware and software (unless custom software),
- services to repair your equipment, and
- free promotional items, such as a bottle of wine given to a customer or staff (if you made the wine or beer, you pay PST on taxable items used to produce the wine or beer, such as bottles, corks, labels, and direct agents). For more information, please see [Bulletin SST 080, Promotions and Special Offers](#).

U-Brews:

- items that are included with U-brews services at no extra charge to the customer (e.g. bottles, labels and corks),
- supplies and equipment used to provide U-brew services (e.g. cleaning supplies and filling or bottling machines), and
- direct agents or catalysts used in the production of wine or beer at U-brews, including enzymes, wood chips, and sulphuric and phosphoric acid.

Wineries and Breweries:

- returnable and reusable bottles, kegs or other containers used to package or deliver wine or beer to the customer,
- supplies used to make (but not incorporated into) wine or beer (e.g. filters, bottle cleaners and strainers), and
- equipment used to make wine or beer, unless an exemption applies (for details, see the section below, Production Machinery and Equipment Exemption).

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. The following are examples by business type.

All Businesses:

- items you purchase for resale or lease to your customers, and
- food products, including non-alcoholic beer and wine concentrates.

U-brews:

- containers and packing materials the customer is charged extra for, which are not included in the charge for U-brew services (e.g. bottles, labels and corks).

Breweries and Wineries:

- containers and packaging materials that are *not returnable* and are included with the product at no extra charge (e.g. cases, cans, labels and bottle caps),
- items incorporated into the wine or beer made at a winery or brewery (e.g. hops, yeast and carbon dioxide),
- direct agents or catalysts used in the production of wine, including:
 - isinglass,
 - diammonium phosphate,
 - potassium metabisulfite when added to wine as a preservative, and
 - adsorbent agents that clarify or filter wine by way of electrostatic process (e.g. liquid gelatine, bentonite, and diatomaceous earth), and
- direct agents or catalysts used in the production of beer, including:
 - filter aids,
 - adsorbent agents that clarify or filter beer by way of electrostatic process,
 - isinglass and Irish moss,
 - beechwood chips when used to aid fermentation,
 - oxygen that is injected into the wort to aid fermentation, and
 - sulphuric and phosphoric acid used to adjust the pH and to eliminate bacteria in the yeast mixture.

To purchase the above items (except items considered food for humans) without paying 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.

Production Machinery and Equipment Exemption

If you make wine or beer, you may qualify as a manufacturer. If you qualify as a manufacturer, you may purchase certain equipment used to make your wine or beer without paying PST.

If you make wine from grapes, you may qualify as a manufacturer; however, the exemption does not apply to equipment used in growing grapes. Also, if you make wine by blending different wines (e.g. you buy wines from various producers and blend them to make a new type of wine for sale), you do not qualify for the exemption.

For details, and to see if you qualify for the production machinery and equipment exemption, please see [Bulletin SST 054](#), *Manufacturers*.

Please note: If you hold or lease land classified as farm land under the *Assessment Act* of British Columbia, you may qualify as a *bona fide* farmer. If you qualify, you can purchase specific farming equipment exempt of PST. For more information, please see [Bulletin SST 023](#), *Bona Fide Farmers*.



Need more info?

Liquor Industry website: www.sbr.gov.bc.ca/ctb/Liquor.htm

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Toll free in Canada: 1 877 388-4440

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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

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