

Determination of Processing Assets

Logging Tax Act

The following rules for determination of "processing assets" have been developed to harmonize with the Canada Revenue Agency rules applied under Regulation 700. A distinction is made between operators involved only in the sale of logs, and integrated operators. In addition, it is recognized that the processing or manufacturing function is distinguished from transportation, storage, warehousing, selling, distribution and administrative functions.

The information in this bulletin is provided for your convenience and guidance and is not a replacement for the legislation. The *Logging Tax Act* and Regulations can be found on the web at www.gov.bc.ca/sbr

1. Assets must be OWNED and USED.
Therefore, the 8 percent will not apply to obsolete or idle assets nor to assets under construction which are not used.
2. The assets must be used for PROCESSING.
Assets used for logging, transportation, storage, warehousing, selling, distribution or administration are NOT processing assets.
3. Processing assets will include:
 - I. All assets and buildings used to change a log into a saleable product;
 - II. A jack-ladder or conveyor used primarily to move logs into the mill;
 - III. Boom boats and loaders used primarily to move logs into the mill;
 - IV. Lumber stackers used to stack the end product as it emerges from the production line;
 - V. Dry kilns.
4. Processing assets will NOT include:
 - I. Lumber carriers and spur lines for delivery of product to market;
 - II. Lumber storage areas for finished product;
 - III. Items referred to in paragraph 1 and 2;
 - IV. Offices and office equipment;
 - V. First aid rooms or coffee rooms.

NEED MORE INFO?

This bulletin is intended to assist in the understanding of the requirements of the governing *Logging Tax Act* legislation and related regulations. It is not intended to replace the need to consult the legislation and regulations for their application in a particular situation. In the event of a conflict between the legislation and this bulletin, the legislation shall prevail.

For further information, please contact:

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