

## *Bona Fide Commercial Fishers*

### *Social Service Tax Act*

Do you have a commercial fishing licence?

Do you know if you qualify as a *bona fide* commercial fisher?

This bulletin provides specific tax information to help *bona fide* commercial fishers who catch fish for human consumption 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 \(PST\)](#).

### *Bona Fide Commercial Fishers*

You qualify as a *bona fide* commercial fisher if you have a commercial fishing licence issued under the *Fisheries Act* (Canada), and you either:

- earned gross income of at least \$10,000 in the previous calendar year from commercial fishing in waters in or adjacent to British Columbia, or
- earned at least 51% of your gross income in the previous calendar year from commercial fishing in those waters.

Some commercial fishing licences, including Categories D, P and Y, are issued for non-fishing activities. If you only operate under these licences (e.g. a Category D licence to operate a fish packing vessel), you do not qualify as a *bona fide* commercial fisher.

## Fishing Equipment

As a *bona fide* commercial fisher, you do not pay PST on certain types of equipment that you use to catch fish for human consumption, such as boats and fishing nets. These items are non-taxable when used in your trade as a commercial fisher. For detailed lists of taxable and non-taxable items for *bona fide* commercial fishers, please see our website at [www.sbr.gov.bc.ca/ctb/Fishing.htm](http://www.sbr.gov.bc.ca/ctb/Fishing.htm)

When you purchase and register a boat in British Columbia, you need to send us a completed *Payment of Social Service Tax Due or Claim for Exemption on the Purchase or Lease of a Boat* form (**FIN 132**). This form lets the ministry know that you are eligible to purchase the boat tax-exempt.

Please provide us with all of the following documents:

- a completed *Payment of Social Service Tax Due or Claim for Exemption on the Purchase or Lease of a Boat* form (**FIN 132**),
- a copy of your bill of sale,
- a copy of your current Canadian commercial fishing licence, and
- documentation (e.g. T1, T4Fs and fish slips) showing you earned a gross income of at least \$10,000 in the previous calendar year from commercial fishing in waters in or adjacent to British Columbia, or
- documentation (e.g. T1, T4Fs and fish slips) showing you earned at least 51% of your gross income in the previous calendar year from commercial fishing in those waters.

If you do not send us the form and the documents listed above, we will send you a letter requesting this information.

### Boats Purchased With Fishing Licences

Boats and fishing licences are sometimes purchased together for a single price. If you do not qualify as a *bona fide* commercial fisher, you only pay PST on the estimated value of the boat if:

- the bill of sale shows the total price paid, and
- the estimated value of the boat and the licence reflects their market values.

If you qualify as a *bona fide* commercial fisher within the 12-month period following the date of purchase, you can apply for a refund to recover the PST paid. For information on claiming refunds, see the section below, *New Bona Fide Commercial Fishers*.

## Parts for Fishing Equipment

You do not pay PST on parts that are specifically designed to repair non-taxable fishing equipment used to catch fish for human consumption (e.g. batteries that are specifically designed for gillnet lights). These replacement parts do not have to come from the same company that made the equipment.

You pay PST on generic parts that you use to repair fishing equipment. This includes parts that can be used on a variety of items (e.g. nuts, screws and sheet metal).

Materials you use to self-construct fishing equipment are taxable, even if the equipment you are constructing is non-taxable to *bona fide* commercial fishers.

## Claiming Exemptions

You give the supplier a completed *Certificate of Exemption as a Commercial Fisher* form ([FIN 459](#)) when you purchase or lease goods that are specifically exempt to *bona fide* commercial fishers.

Your suppliers need to keep these certificates as part of their records. You can make future exempt purchases from that supplier based on this same certificate.

As an alternative to the certificate, suppliers can reproduce the certificate in the form of a rubber stamp to apply directly on the sales invoice.

## Refunds for *Bona Fide* Commercial Fishers

*Bona fide* commercial fishers who pay PST in error on non-taxable fishing equipment may qualify for a refund from the ministry.

To apply for a refund, please provide us with the following:

- a completed *Application for Refund of Social Service Tax Paid by a Bona Fide Farmer, Commercial Fisher, or Aquaculturist* form ([FIN 413 FFA](#)),
- a copy of your commercial fisher's licence for the 12-month period following the date of purchase,
- T4F, fish slips/income statements from your employer for the 12-month period following the date of purchase,
- a signed statement certifying the items purchased or leased are to be used solely for a commercial fishing purpose, and

- a scheduled list, in date order, of all items you purchased or leased, and the amount of PST paid on the items, with attached copies of the invoices/receipts showing:
  - the name(s) of the seller (or lessor),
  - your name,
  - the date of the sale, and
  - the amount of PST paid.

You must submit your refund claim within six years of the date you paid PST.

### **New *Bona Fide* Commercial Fishers**

Until you qualify as a *bona fide* commercial fisher, you pay PST on all fishing equipment you use in your business. Once you qualify, you can apply for a PST refund on eligible fishing equipment that you purchased and leased within the 12-month period prior to becoming a *bona fide* commercial fisher.

## **Taxable Goods**

### **When to Pay PST**

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

- furniture and cell phones,
- tools used to repair fishing equipment, and
- taxable fishing equipment.

If the seller does not charge you PST at the time of the sale, you self-assess the PST due using the *Return of Tax Due on Taxable Tangible Personal Property by a Purchaser/Seller not Registered under the Social Service Tax Act* form ([FIN 428](#)).

### **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 seller does not charge you PST at the time of the sale, you self-assess the PST due using the *Return of Tax Due on Taxable Tangible Personal Property by a Purchaser/Seller not Registered under the Social Service Tax Act* form ([FIN 428](#)).

## Environmental Levies on Tires and Batteries

You pay the environmental levies on purchases of new pneumatic tires and lead-acid batteries, even if they are for exempt fishing equipment.

For more information, please see [Bulletin SST 015](#), *Environmental Levies on Tires and Batteries*.

## Change in Use

If you purchase an item exempt and later use that item for a taxable purpose (e.g. using a commercial fishing boat for fishing charters), PST applies from the moment the use changes. You calculate and self-assess PST on the greater of the depreciated value or 50% of the original purchase price.

For information on depreciation rates, please see our website at [www.sbr.gov.bc.ca/ctb/DepreciationRates.htm](http://www.sbr.gov.bc.ca/ctb/DepreciationRates.htm)

## Other Exemptions

### Taxable Services Exemption

If you are a *bona fide* commercial fisher, you do not pay PST on services to exempt fishing equipment. This includes services to install, assemble, construct, dismantle, repair, adjust, restore, recondition, refinish or maintain. However, as a general rule, if the equipment is taxable, services provided to the equipment are also taxable.

For details on how to claim your exemption, see the section above, Claiming Exemptions.

**Note:** Your service provider does not pay PST on purchases of parts and materials used in providing service(s) if those parts become attached to, and remain with, exempt fishing equipment. Your service provider may purchase these items without paying tax by giving their PST registration number to the supplier.

For information on taxable services, please see [Bulletin SST 018](#), *Taxable Services*.

## Work-Related Safety Items

You do not pay PST on work-related safety equipment designed to be worn by a worker. For example, self-contained breathing apparatus (SCBAs), steel grip gloves and safety belts are exempt. There are also safety items that are exempt to everyone, such as life jackets, portable fire extinguishers and their refills.

For more information, please see [Bulletin SST 002](#), *Exemption for Safety Equipment*.



## Need more info?

Commercial Fishing website: [www.sbr.gov.bc.ca/ctb/Fishing.htm](http://www.sbr.gov.bc.ca/ctb/Fishing.htm)

Telephone (Vancouver): 604 660-4524

Toll free in Canada: 1 877 388-4440

E-mail: [CTBTaxQuestions@gov.bc.ca](mailto: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](http://www.sbr.gov.bc.ca/ctb)

References: *Social Service Tax Act*, Sections 9(2), 38, 42, 67, 70(a) and 73(1)(d), and Regulations 2.4, 2.9, 2.21, 2.45(b), 3.4, 3.26 and 3.28.1