

Bona Fide Farmers

Social Service Tax Act

Do you know if you qualify as a *bona fide* farmer?

Do you have a Farmer Identity Card?

This bulletin provides specific tax information to help *bona fide* farmers 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 Farmers

You qualify as a *bona fide* farmer if you hold or lease land classified as farm land under the *Assessment Act* of British Columbia.

Certain types of farmers perform their activities on land that is too small to qualify as farm land under the *Assessment Act*, including:

- beekeepers
- egg farmers
- mushroom growers
- hog, fur, poultry and rabbit farmers

These farmers qualify as *bona fide* farmers.

***Bona Fide* Aquaculturists**

Bona fide aquaculturists also qualify as *bona fide* farmers if they hold or lease land classified as farm land under the *Assessment Act* of British Columbia.

For information on additional exemptions that are available to *bona fide* aquaculturists, please see [Bulletin SST 050](#), *Bona Fide Aquaculturists*.

Farm Equipment

As a *bona fide* farmer, you do not pay PST on certain types of equipment, such as tractors, combines and incubators. These items are only non-taxable when used solely for a farm purpose. For detailed lists of taxable and non-taxable items for *bona fide* farmers, please see our website at www.sbr.gov.bc.ca/ctb/Farming.htm

Parts for Farm Equipment

You do not pay PST on parts that are specifically designed to repair non-taxable farm equipment used in your trade as a farmer (e.g. bin bottoms for silos and granaries). These replacement parts do not have to come from the same company that made the equipment.

You pay PST on generic parts that are used to repair farm 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 farm equipment are taxable, even if the equipment is on the list of items that is non-taxable to *bona fide* farmers.

Claiming Exemptions

You give the supplier a completed *Certificate of Exemption as a Farmer* form ([FIN 465](#)) when you purchase or lease goods that are specifically exempt to *bona fide* farmers.

The supplier needs to keep this certificate as part of their records. You can make future exempt purchases from this supplier based on the same certificate.

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

Farmer Identity Cards

You may provide a Farmer Identity Card to the supplier as an alternative to the certificate. The supplier simply imprints your card on the invoice. Suppliers are required to get your signature and match it to the signature on your Farmer Identity Card.

If the supplier cannot make an imprint of the card, they must write your name, address, card number and expiry date on the invoice before getting your signature.

To apply for a Farmer Identity Card, please contact the British Columbia Agricultural Council (BCAC) at:

British Columbia Agricultural Council
#102-1482 Springfield Rd
Kelowna BC V1Y 5V3
Phone: 250 763-9790
Fax: 250 762-2997

Out-of-Province Farmers

You do not pay PST on eligible farm equipment if you are an out-of-province farmer. You give the supplier a completed *Certificate of Exemption as a Farmer* form ([FIN 465](#)). In the section where a folio number is requested, you write “Farmer” and the province or state where your farm is located.

Refunds for *Bona Fide* Farmers

If you are a *bona fide* farmer and you pay PST on non-taxable farm equipment, you may qualify for a refund from the ministry.

To apply for a refund, you complete the *Application for Refund of Social Service Tax Paid by a Bona Fide Farmer, Commercial Fisher, or Aquaculturist* form ([FIN 413 FFA](#)).

New *Bona Fide* Farmers

You pay PST on farm equipment until you qualify as a *bona fide* farmer.

Until you qualify as a *bona fide* farmer, you pay PST on all farm equipment you use in your business. Once you qualify, you can apply for a PST refund on eligible farm equipment you purchased and leased within the two year period prior to receiving your farm land classification.

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](#)),
- copies of your British Columbia Property Assessment Notices showing that you acquired farm land classification within two years of paying PST,
- a signed statement from you certifying the items purchased or leased are to be used solely for a farm purpose, and
- a scheduled list, in date order, of all items you purchased or leased, and the amount of PST paid on the items. You attach copies of invoices or receipts that show:
 - 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.

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:

- farm trucks, pick-up trucks, ATVs and snowmobiles,
- stationery, furniture and office equipment,
- computer hardware and software (unless custom software), and
- taxable farm 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 PST exempt farm equipment.

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

Electricity, Natural Gas or Fuel Oil

PST does not apply to farm use of electricity, natural gas or fuel oil (which includes propane), but it does apply to commercial use. “Commercial use” includes energy used to package produce from another farm, and electricity used to operate a retail stand. PST applies to the portion of electricity, natural gas or fuel oil used for these purposes.

If you use electricity for farm and commercial uses, you need to have separate meters. If this is not possible, your energy company will need to prorate your bill from the one-metered service, provided this can be done on a reasonable and accurate basis.

If the energy company cannot prorate your energy bill, you pay PST on the total charge. You may apply for a refund of the PST paid on the farm use portion.

For more information, please see [Bulletin GEN 008](#), *Refunds of Overpayments of Tax*.

Change in Use

If you purchase an item exempt and later use that item for a taxable purpose, 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

Other Exemptions

Taxable Services Exemption

If you are a *bona fide* farmer, you do not pay PST on services to exempt farm 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 farm 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, safety glasses, gas masks and safety belts are exempt. There are also safety items that are exempt to everyone, such as gas detection monitors, portable fire extinguishers and their refills.

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

Containers, Labels and Packing Materials

You do not pay PST on containers and packing materials that are considered a part of the merchandise sold; these may be purchased without paying PST when certain conditions are met.

If you have a PST registration number, provide your number to the supplier to receive this exemption. If you do not have a PST registration number and you qualify, provide the supplier with a completed *Certificate of Exemption* form ([FIN 453](#)).

For more information, please see [Bulletin SST 020](#), *Containers, Labels and Packing Materials*.

Production Machinery and Equipment Exemption

If you are engaged in the secondary manufacturing of agricultural products, you may qualify as a manufacturer. Products that may qualify include wine, cider, preserves, sauces, cheeses, smoked meats and sausages. If you qualify as a manufacturer, you may purchase equipment used in the manufacturing process of such products without paying PST.

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

Need more info?

Farming website: www.sbr.gov.bc.ca/ctb/Farming.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

References: *Social Service Tax Act*, Sections 9(2), 38, 40, 42, 67, 73(1)(d), 76(1)(k) and 88, and Regulations 2.8, 2.21, 2.45(b), 3.4, 3.26, 3.28.1 and 13.2