

# Veterinarians

## *Social Service Tax Act*

### Are you a veterinarian?

### Do you know how PST applies to your practice?

This bulletin provides specific tax information to help veterinarians understand how the social service tax, also called the provincial sales tax (PST), applies to their practice.

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 \(PST\)](#).

## Definitions

A **medicament** is a drug, food, or other substance such as a pill, injection, medicated cream or similar type of item, which contains active ingredients and is used to remedy, treat, or prevent a disease or disorder.

A **prescription** is a formula or direction given by a veterinarian to remedy, treat, or prevent a disease or disorder. The prescription must be documented on a prescription form or in the veterinarian's files.

A **veterinarian** is a person qualified and registered under the *Veterinarians Act*.

## Sales

### When to Charge PST

You charge PST on sales of the following goods:

- medicaments sold to a customer without a prescription, unless the medicament is a pain reliever (see section below, When Not to Charge PST),

- specialty foods and flea control products sold without a prescription (see section below, Animal Food), and
- bandages, cones, non-medicated shampoos, collars, leashes, toys, brushes and other pet accessories.

## When Not to Charge PST

You do not charge PST on the following sales and services.

- **Veterinary services.** The diagnostic and treatment services you provide are not taxable.
- **Prescription medicaments.** Medicaments are exempt from PST *when sold on the prescription of a veterinarian*. Effective July 1, 2005, this includes preventative medicaments such as vaccines and flea products.
- **Prescription flea treatments.** Flea treatments designed for use in the home to prevent re-infestation in the animal are exempt *if they are part of the prescription for the animal*.
- **Pain relievers.** If a medicament's *primary purpose* is to relieve pain, it is exempt from PST whenever it is sold, with or without a prescription. This includes anaesthetics, analgesics and pain tablets, as well as burn remedies, liniments, ointments and other medications that clearly have a primary purpose of relieving pain.

**Please note:** Items whose primary purpose is something other than pain relief are not considered pain relievers and are taxable. For example, the primary purpose of a bandage is to guard against infection, while pain relief is a secondary purpose.

- **Sales of certain items to farmers.** Farmers may buy certain items tax-exempt. The list includes items such as insemination equipment, calf pullers, castration equipment, debeakers, dehorners, dilators, medication, restraints, sterilization equipment and syringes. For a complete list, please see [Bulletin SST 023, Bona Fide Farmers](#). If you sell items tax-exempt to a farmer, obtain a completed *Certificate of Exemption for Farmers* form ([FIN 465](#)) from the farmer and keep this form in your files. The completed form lets you sell items from the list tax-exempt to this farmer in the future.
- **Animal food.** Animal food is exempt if it is sold:
  - for any animal that ordinarily constitutes food for human consumption (for example, feed for chickens),

- for any animal that is sold in the regular course of business (for example, food that is fed to an animal that will be sold by a pet store or breeder), and
- as a specialty diet prescribed by a veterinarian to remedy, treat, or prevent a disease or disorder (effective July 1, 2005).

For detailed lists of taxable and non-taxable items sold by veterinarians, please see our website at [www.sbr.gov.bc.ca/ctb/Veterinarian.htm](http://www.sbr.gov.bc.ca/ctb/Veterinarian.htm)

## Prescriptions

A prescription is when you write a formula or direction on a prescription form or in an animal's file, and then sell the prescribed drug or medicament to your customer for their animal. If you do not sell (i.e. do not charge your customer a separate fee for) the drugs or medicaments you use while treating the animal, the drugs or medicaments are considered to be used by you in the course of your business, rather than sold on prescription.

The prescription can be a sheet from a prescription pad or a notation in the animal's file. If you give the prescription verbally to a veterinary assistant, you must document that the item was sold at the direction of a veterinarian. If a veterinarian from another practice wrote the prescription, obtain a copy for your files. Please note that electronic files and paper files are both acceptable, as long as the file shows a clear connection to a specific animal.

If your customer has a prescription that calls for multiple refills, you do not charge PST on the refills. Specify on the prescription the number of refills or times the medicament may be purchased. Where a medicament is required for the lifetime of an animal, a notation on the prescription to this effect is sufficient for the sales to be tax-exempt.

Please note that if you sell an item that is not listed (see section above, When Not to Charge PST), such as a food bowl or grooming brush, you cannot sell it to your customer tax-exempt by writing a prescription for it.

## Purchases

### When to Pay PST

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

- stationery, furniture and office equipment,

- advertising materials, such as flyers and brochures,
- free promotional items,
- computer hardware and software (unless custom software),
- medical supplies, cages, uniforms and antiseptics used on animals or for cleaning the clinic,
- medicaments used in the course of your business, i.e. not resold to your customers,
- equipment used to perform your services, such as laboratory equipment and surgical tools, 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.

### **Goods Sold From Your Supply Stock**

If you purchased an item to use in your practice and paid PST on the item, but you later sell the item to a customer in a taxable sale, you charge the customer PST. If you did not use the item before you sold it, you may qualify for a refund from the ministry. For more information, please see Bulletins [GEN 008](#), *Refunds of Overpayments of Tax* and [SST 068](#), *Personal Services*.

### **When Not to Pay PST**

You do not pay PST on the following:

- pain relievers (see Please Note, below),
- antiseptics and germicides used to protect the veterinarian or the staff,
- rubber or synthetic gloves,
- first aid supplies used to protect the veterinarian or the staff,
- oxygen containers and oxygen dispensing apparatus purchased for medical or emergency use,
- medicines or other products obtained as free samples from manufacturing companies (exempt to the veterinarian, not the manufacturing company),
- 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 items for resale 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.

**Please note:** Items whose primary purpose is something other than pain relief are not considered pain relievers and are taxable. For example, the primary purpose of a bandage is to guard against infection, and the primary purpose of a splint is to set or support a broken bone. Pain relief is a secondary purpose of such 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.

### **Vaccinations**

Vaccinations are a common example of a veterinary service involving the use of a drug or medicament. As such, they show the way PST applies differently to the drug, depending on how you charge your customer. Where the cost of the vaccine is included in your charge for the vaccination service, you pay PST on your purchase of the vaccine. You are using it in the course of providing your service; therefore, you are considered the end user. However, if you list the vaccine and vaccination service separately on your customer's invoice, the customer becomes the end user. In this case, you do not pay PST on your purchase of the vaccine, because you are purchasing it for resale. If you prescribe the vaccine to your customer's animal, you do not charge your customer PST on the vaccine.

## **Need more info?**

Veterinarian website: [www.sbr.gov.bc.ca/ctb/Veterinarian.htm](http://www.sbr.gov.bc.ca/ctb/Veterinarian.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 71(b) and 73(1)(a), and Regulations 2.18, 2.19, 2.21, 2.45(c), 3.10 and 3.16