

Purchases, Leases, and Sales by Dentists

Social Service Tax Act

This bulletin outlines the application of social service tax to purchases, leases, and sales made by dentists.

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

In this issue...

- ***Purchases and leases by a dentist***
- ***Sales made by a dentist***

PURCHASES AND LEASES BY A DENTIST

Examples of Items that are Subject to the Tax

Dentists are required to pay social service tax on purchases or leases of equipment and supplies that they use or consume in providing dental services. The following items are examples of equipment and supplies that are subject to the tax.

- Dental equipment, instruments, and tools
- Office furnishings and administrative supplies
- X-ray film
- Tooth filling, polishing, and cleaning materials
- Fluoride and fluoride applicators
- Mouthwashes and tissue papers
- Dental masks
- Dental hygiene products provided to patients at no charge

When any of the items listed above, or similar items, are purchased or leased from a supplier

located in British Columbia, the supplier is required to collect social service tax. Tax must be collected on the purchase price at the time of sale, or on each lease payment at the time the payment is made.

If any of these items are obtained from a supplier located outside of British Columbia who has not charged the tax, the dentist is responsible for remitting the tax due to the Minister of Finance. The tax must be calculated on the amount paid to the supplier to acquire the goods, and to charges for customs, excise, transportation charges, and other costs incurred prior to use in the province, but not to the federal goods and services tax (GST). Forms for remitting the tax due may be obtained from any Consumer Taxation Branch or Service BC-Government Agents office.

Examples of Exempt Items

Dentists are not required to pay social service tax on the following items when purchased for use in providing dental services.

- Drugs and medicaments that alleviate pain
- Antiseptics, rubbing alcohol, and germicides when used as patent medicines
- First aid supplies
- Oxygen containers and oxygen dispensing apparatus purchased for medical or emergency use
- Rubber or synthetic gloves
- Dental hygiene products obtained as samples from suppliers at no charge
- Denture adhesive

- Dentures and dental apparatus prescribed and fitted for a patient, including crowns, bridges, partial dentures, inlays, orthodontic appliances, acrylic materials, wire, porcelain powders, metals and other materials which become a component part of dentures and dental appliances and which are not re-used by the dentist

SALES MADE BY A DENTIST

Exempt Sales

Dentists are not required to collect tax on charges for dental services or for medicaments, dentures, and dental appliances sold on prescription.

A dental appliance provided to a patient as part of the dental service is considered to have been sold on the prescription of the dentist.

Taxable Sales

Dentists are required to collect social service tax on sales to their patients where:

- the sale of the product is unrelated to the provision of the dental service;

- the charge for the product is separate from the charge for the dental service;
- the product is not exempt under the *Social Service Tax Act*.

Items which are subject to the tax include dental hygiene products such as tooth brushes, dental floss, toothpaste, and denture cleansers.

Forms for remitting the tax collected from patients may be obtained from any Consumer Taxation Branch or Service BC-Government Agents office.

NEED MORE INFO?

This bulletin is provided for convenience and guidance. If you still have questions call us at 604 660-4524 in Vancouver or toll-free at 1 877 388-4440 elsewhere in Canada or refer to the legislation.

Information is also on the web at www.gov.bc.ca/sbr While there, you can subscribe to our free electronic update service.

References: *Service Tax Act*, Section 2.04, 4(1)(f) and Regulations 2.16, 2.18, 3.16, 3.21, 3.26, 3.28