

Shellfish Growers

Social Service Tax Act

UPDATED: JANUARY 2006

Clarified definition of floating structures

This bulletin helps shellfish growers determine their exemptions from social service tax, also called the provincial sales tax (PST), on products purchased or leased for their business. There is information on taxable purchases and leases, and taxable and non-taxable services.

Under the *Social Service Tax Act*, shellfish growers are aquaculturists as defined in the *Fisheries Act*. Aquaculturists receive a number of tax exemptions specific to their industry. This bulletin lists those exemptions.

Shellfish growers may also qualify for tax exemptions as a *bona fide* farmer if they own or lease farm land under the *Assessment Act*. For more information see, [Bulletin SST 023, Bona Fide Farmers](#).

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

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- you have a valid certificate from the Fisheries and Aquaculture Licensing and Compliance Branch, Ministry of Agriculture and Lands (Aquaculture Certificate).

Shellfish Grower

In this bulletin, a shellfish grower means a *bona fide* aquaculturist.

Bona Fide Farmer

You are a *bona fide* farmer if your BC Assessment notice shows that your land is classified as farm land. The definition of "land" under the *Assessment Act* includes "land covered by water."

Primary Aquaculture Product

An aquatic animal or aquatic plant grown or raised for sale. Processed, manufactured product or aquarium specimen do not qualify.

Aquaculture Certificate

This certificate must confirm that starting January 1 of the previous year, you produced primary aquaculture products from your production site:

- with a gross market value of not less than \$7,500, or
- that you are following an approved development plan from Fisheries and Aquaculture Licensing and Compliance Branch.

USEFUL TERMS TO KNOW

Bona Fide Aquaculturist

You are a *bona fide* aquaculturist if you have:

- an aquaculture business,
- an aquaculture licence issued under Section 13(5) of the *Fisheries Act*, and

Please note: The \$7,500 production value may be achieved in the year the development plan was approved or in one of the four years following approval.

WHAT PURCHASES, LEASES OR SERVICES ARE TAXABLE?

Industry Specific Goods

Materials and equipment used in shellfish growing operations are taxed unless they are specifically designed for aquaculture operations **and** are exempt, or the shellfish grower is also a *bona fide* farmer. See sections *Purchases or Leases that are Tax Exempt for Aquaculturists* and *Exemptions for Shellfish Growers who are also Bona Fide Farmers* for the list of exempt items.

Generic Goods

Generic goods that are common to many businesses and industries are taxable. Examples of generic goods used in shellfish growing operations are: hydraulic pumps, vehicles, rafts, all general purpose building materials, batteries, styrofoam coolers and commercial dive equipment.

Taxable Services

Taxable services are services performed or provided to tangible personal property (goods). They include the installing, assembling, dismantling, repairing, adjusting, restoring or maintaining of the goods.

Shellfish growers must pay PST on taxable services unless the taxable service is specifically exempt. If an item is tax exempt then service to that item is also tax exempt.

For example, aeration equipment is exempt from tax, so if you repair this equipment, you do not pay PST on the service to the aeration equipment.

Taxable services to a portable building are exempt whether the portable building is manufactured in the province or outside the province. However, the exemption only applies to the installation and repair of the portable building itself, not additions to it or furnishings and equipment in it.

More Info: [Bulletin SST 018](#), *Taxable Services*

Consumables and Taxable Services

Tax applies to all supplies consumed or “used up” during a taxable service if the supplies do not become part of the goods being serviced. These

are items used by the repairer who is the person responsible for paying the tax. Examples of “used up” supplies are: machine oil, cleaning solvents, masking tape, detergents and paper towels.

Do Environmental Levies Apply on Purchases?

New pneumatic tires priced at \$30 or more have a \$3 charge. Recapped, retreaded or used tires are levy free. New lead-acid batteries weighing two kilograms or more have a \$5 charge. Rebuilt or reconditioned batteries are levy free.

PURCHASES OR LEASES THAT ARE TAX EXEMPT FOR AQUACULTURISTS

If you qualify as an aquaculturist, then purchases or leases of specifically listed equipment and materials can be purchased without tax **only when they are used for an aquacultural purpose.**

To be tax exempt, replacement parts must be specifically designed and manufactured for the exempt equipment that is being repaired or reconditioned.

There is no tax on purchases of parts and materials that become part of the goods being repaired. Examples of materials that become part of the goods being repaired are: replacement parts, grease, paint, glue and nails. To obtain this exemption, a repairer must quote their vendor registration number to their suppliers.

The following items are not taxed as they are specifically exempt when purchased or leased by a shellfish grower **only for an aquaculturist purpose.** They have been grouped into categories for ease of locating a particular item.

An entry with a date following it marks the effective date of the exemption, if the effective date is within the past six years. These items are relatively new exemptions that fall within the six year audit/refund period. Purchases made before the effective date are taxable.

Seed stock

- seed bivalves
- seed and eggs

Hatchery and Nursery Equipment & Supplies

- artificial lighting systems used in hatchery operations to promote animal growth, including replacement bulbs (February 18, 2004)
- artificial seaweed (February 18, 2004)

- automated shellfish nursery systems and their parts (February 18, 2004)
- closed bag containment systems and their integrated pumps and waste management systems (February 19, 2003)
- egg graders to sort fish eggs by size and egg incubators
- remote setting tanks (March 31, 1999)
- seed collectors that provide surfaces for seaborne oyster larva

Operational Equipment and Supplies

- aeration equipment
- anti-foulants used on nets and boats
- aquacultural planting and harvesting machines and parts (February 18, 2004)
- bags and containers for transporting or packaging aquaculture products (March 31, 1999)
- centrifuges
- cleaning and sorting machines
- debussing and declumping machines
- dip nets and dip net bag (April 1, 2000)
- fabric and mesh, including bulk canvas and burlap
- fish tanks (rigid construction) for fish grow out or transporting
- flotation devices, aluminium, galvanized steel, plastic, polyethylene, concrete, styrofoam, whole logs and, as of February 18, 2004, other items used for flotation
- high pressure washers for cleaning nets and equipment
- ladder racks (February 18, 2004)
- mooring system shackles and thimbles (April 1, 2000)
- mussel socking (February 16, 2005)
- net pen units also called sea cages
- netting for cages and pens
- netting used for shellfish seed and grow outs (February 16, 2005)
- oyster grow out tumblers (February 18, 2004)
- oyster growing trays
- oyster growing trays suspended from floats
- pearl nets (February 16, 2005)
- polyethylene shellfish culture bags (March 31, 1999)

- predator traps (February 18, 2004)
- rope, chain and cable used for an aquaculture purpose - any size, material or length
- scallop ear hanging equipment and ear hanging pins (February 18, 2004)
- seaweed and kelp cleaning and processing machinery
- seaweed and kelp harvesters used to collect seaweed and kelp for processing into aquaculture feed
- steam generators for cleaning hatcheries and nurseries (February 18, 2004)
- washing and grading machines, includes rotary and shaker graders (March 31, 1999)
- water condition alarm equipment
- water conditioning and sterilizing equipment
- water filters
- water pressure regulating float valves
- winches (February 18, 2004), hooks and grapnels (March 31, 1999) for placing and retrieving aquaculture equipment

Health and Feeding Supplies

- automatic feeders
- automatic soil or water analyzers
- chemicals and pharmaceuticals that condition water or treat diseases and infections
- disease identification and monitoring kits
- electric timing devices and controls for feeders and water flow
- fish feed
- fish minerals, medications and nutrients
- meters: oxygen, pH, temperature and their chart recorders, temperature and salinity, salinity (salinometers), including hydrometers and refractometers
- microscopes and laboratory glassware for detecting and identifying diseases and parasites (non-glass lab containers are not exempt)
- vaccinating kits with more than 50% value in pharmaceuticals, vitamins and supplements consumed by fish or shellfish

Boats and Equipment

- auxiliary generators used only to provide electricity for aquaculture purposes (portable or full-size diesel power plants)

- booms for lifting nets out of water
- boats up to 20 metres in length,* motors and parts (February 16, 2005 increase to 20 m)
- pelton wheels
- pumps for pumping water in or out of fish enclosures (February 19, 2003)

***Please note: A hovercraft does not qualify as a boat as it is much more than a boat due to its ability to travel on both land and water. It is a multi-use vehicle.**

FLOATING STRUCTURES AND DOCKS

Floating Structures

Floating structures can be purchased or leased without PST if they qualify for the PST exemption available to portable buildings.

Portable buildings are buildings constructed like a conventional building, or made out of rigid building material, that are designed to be moved as a whole building, from location to location. Portable buildings that satisfy the following conditions are exempt from PST:

- manufactured in British Columbia,
- not a manufactured home designed for, or used as a family residence,
- not a building designed for use on residential property, and
- not a tent or steel framed structure with fabric covering or any other structure that must be dismantled into component parts to be relocated.

Bunkhouses or camp buildings used at a commercial or construction project site are not considered residential dwelling units.

Framed structures that are **permanently** attached to flotation barges qualify as portable buildings when **all** the following conditions are met:

- the building covers most of the platform or deck area, except for access walkways,
- the platform or barge's main purpose is keeping the building afloat,
- the building's use is primarily as a building not for transportation purposes, and
- the building is sold as one unit.

Do Floating Structures Manufactured Outside British Columbia Get the Same Exemption?

Floating structures manufactured outside British Columbia are taxable, even if the structure meets all other exemption requirements, except when the out-of-province manufacturer or dealer is registered in British Columbia as a vendor. Resales of the floating structure within British Columbia are not taxable.

Docks

Docks are taxable. Docks that are permanently attached to pilings that are sunk into the seabed are considered improvements to real property. Services to real property are not taxable, therefore services to these docks are not taxable.

Floating Docks

Floating docks do not qualify as real property because they are anchored to allow for easy removal for cleaning or change of anchorage location. Services to floating docks are taxable.

WHAT IF I USE PURCHASES FOR A NON-AQUACULTURAL USE?

If you purchase goods tax exempt, or you have received a tax refund on a purchase and then use this item for a purpose outside of an aquacultural use, the item becomes taxable. The taxable period starts at the moment of the non-aquacultural use.

You must pay tax on **the greater of**:

- the depreciated value, or
- 50% of the original purchase price

at the tax rate in effect when the goods changed use from aquacultural to a non-aquacultural use.

Depreciation rates are:

- 20% per year or 1.6667% per month for equipment purchases
- 15% per annum or 1.25% per month for vessels
- 30% per year or 2.5% per month for vehicles, e.g., trailers

Depreciation is on a straight line basis. This means that if you have a \$100 item and you depreciate it over 10 years, you reduce its value by \$10 **each year**. On the fifth year and each subsequent year, it is depreciated to \$50.

If you are a vendor or lessor, you send in the amount owing with your next *Social Service Tax Return* form (**FIN 400**).

If you are not a vendor or lessor, please fill out the *Return of Tax Due* form ([FIN 428](#)) and send in the amount owing to:

The Commissioner, Social Service Tax
PO Box 9443 Stn Prov Govt
Victoria BC V8W 9W7

How Do You CLAIM YOUR EXEMPTIONS?

Claiming Your Exemption

If you are a shellfish grower you must complete a *Certificate of Exemption as an Aquaculturist* ([FIN 599](#)) to establish your eligibility to purchase or lease without paying PST on specifically listed equipment and materials for aquacultural purposes.

As long as you maintain your eligibility as an aquaculturist, you may make future exempt purchases from the same supplier on the basis of the certificate that your supplier has on file.

How Vendors Record Your Exempt Sales

The vendor verifies your eligibility by obtaining a completed *Certificate of Exemption as an Aquaculturist* ([FIN 599](#)). They must keep this signed certificate in their records so that, if audited, they can verify why tax was not paid.

Future sales to you may be made on the basis of this certificate. Future sales are only exempt if your fisheries licence and certificate are **still valid at the time of the sale**.

If it is more convenient, a rubber stamp may be used to reproduce this certificate directly on the sales invoice. Certificates are available on-line, from the Consumer Taxation Branch and Service BC-Government Agent offices.

EXEMPTIONS FOR SHELLFISH GROWERS WHO ARE ALSO *BONA FIDE* FARMERS

A shellfish grower may also qualify for tax exemptions as a *bona fide* farmer if they own or lease farm land under the *Assessment Act*. If you qualify as a *bona fide* farmer, you are entitled to an exemption from tax on all purchases exempt to farmers. The following is a partial list of items exempt to farmers. It is included here because these items may be of particular interest to shellfish

growers. For a full listing of all available exemptions available to *bona fide* farmers, please see [Bulletin SST 023, Bona Fide Farmers](#).

Electricity & Fuel

- electricity
- fuel oil, when used for a purpose that is normally subject to PST
- natural gas used directly to produce heat to dry any agricultural produce
- propane, when used for a purpose that is normally subject to PST

Machinery & Equipment

- aerators
- batteries, oil filters, spark plugs and comparable items
- calcium chloride for tractors
- farm seed drills and attachments
- flame throwers
- front-end loaders
- hoses
- generating equipment (auxiliary)
- implements designed to be attached to a farm tractor
- kerosene burners and other portable fuel-based burners
- oil filters for exempt equipment
- pressure cleaners
- rubber mats designed for use in livestock stalls
- spark plugs for exempt machinery
- stainless steel wash tanks
- storage tanks, in industrial use sizes, used to store fuel, liquid fertilizer, manure and similar items for farm use
- tires (for use on exempt vehicles)
- tractors, tractor parts and attachments
- trailers
- ventilators and air conditioning equipment
- wagon boxes, tanks and other vehicles that are not self-propelled
- water heaters
- winches designed as a tractor attachment

Other Devices and Materials

- agricultural lime
- drain tile and drainage pipe (not including culverts)
- float valves
- plastic or polyethylene sheets, heavy gauged and UV stabilized, purchased in rolls of at least 100 feet in length and 20 feet in width

Products to Maintain Shellfish Health

- adhesive pest management material, including barriers, strips, insect trap coating, bird repellent and glue trap coating
- biological control agents, naturally occurring predators and parasites raised to control specific insect, mite and weed species
- crop protection netting systems that enclose crops to protect them from predators
- disinfectants registered under the *Pest Control Products Act* (Canada)
- sanitizing products and chemicals that destroy 99.9% of the organisms that they contact
- sterilizing equipment and sterilizing chemicals that destroy 100% of the organisms they contact
- thermometers, hydrometers, barometers and other climatic and wind monitoring equipment and accessories, but not including any related computer hardware or software

Supplies for Containing the Product

- chicken wire
- crop and farm product cleaning, sizing, grading and candling equipment, and machines including washers, brushes, baggers and dryers
- crop handling carts
- crop planting, harvesting and picking machinery and equipment, and related parts
- harvest bins, produce bins and vegetable totes
- metal wire or netting for fences
- picking bags
- wire mesh for cages

Tools

- farm implements designed to till the ground or harvest crops

- forks, hay and manure
- rakes
- shovels, spades, picks and mattocks

How are Exemptions Handled when Claiming Exemptions as a *Bona Fide* Farmer?

Some shellfish growers may also qualify under the *bona fide* farmer category. If claiming exemption(s) under this category, either a *Certificate of Exemption as a Farmer* (**FIN 465**) or an imprint of a Farmer Identity Card issued by the British Columbia Agriculture Council (BCAC) must be given to your vendor.

If a BCAC card is used, your vendor will take an imprint of your card. If it is impossible to take an imprint of the BCAC card, your name, address, card number and the card's expiry date must be written on the invoice **before you sign it**. The vendor will then verify that the signatures match.

WHAT IF I MADE PURCHASES PRIOR TO CERTIFICATION AND LICENSING?

You must pay PST on goods you purchase prior to certification and licensing as a *bona fide* aquaculturist. Once certified, you can apply for a refund on the PST paid on goods. This refund provision applies only to exempt goods bought in the six months prior to receiving your certification.

For example, if an aquaculturalist's licence and certificate have an effective date of August 11, 2003, a refund may be claimed for tax paid on listed tax exempt items purchased after February 10, 2003.

HOW DO I GET A REFUND?

Fill out an *Application for Refund* form (**FIN 413/ FFA**). All refund claims must include:

- a copy of your receipt showing the purchase date and the tax paid,
- if a lease, a copy of your agreement indicating payment dates and tax paid,
- a completed *Certificate of Exemption as an Aquaculturist*,
- a photocopy of the aquaculturalist certification issued by the Fisheries & Aquaculture Licensing and Compliance Branch, and
- a statement that the items purchased or leased are **only** to be used for an aquacultural purpose.

Send claims to:

Refund Section
Consumer Taxation Branch
PO Box 9442 Stn Prov Govt
Victoria BC V8W 9V4.

**All refund claims must be made within six years
of when the tax was paid.**

NEED MORE INFO?

**This bulletin is provided for convenience
and guidance.**

**If you have any questions, call us at
604 660-4524 in Vancouver or call toll-free
at 1 877 388-4440, or e-mail your questions
to CTBTaxQuestions@gov.bc.ca**

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