

***Bona Fide* Aquaculturists**

Social Service Tax Act

This bulletin provides specific tax information to help *bona fide* aquaculturists understand how the social service tax, also called the provincial sales tax (PST), applies to their businesses. *Bona fide* aquaculturists who own or lease land classified as farm land under the British Columbia *Assessment Act* may also be eligible for exemption as a *bona fide* farmer. For more information on *bona fide* farmers, please see our website at www.sbr.gov.bc.ca/industry_specific/farmers/farmers.htm

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 \(PST\)](#).

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The revision bar (|) identifies changes to the previous version of this bulletin dated March 2007

Definitions

***Bona Fide* Aquaculturist**

A person carrying on an aquaculture business who has an aquaculture licence issued under section 13(5) of the *Fisheries Act*, and a certificate valid for 12 months from its effective date issued by the Fisheries and Aquaculture Licensing and Compliance Branch, Ministry of Agriculture and Lands, certifying that the person:

- during the immediately preceding calendar year produced primary aquaculture products with a gross market value of production at the producer's place of production of not less than \$7,500, or is adhering to a development plan approved by the Fisheries and Aquaculture Licensing and Compliance Branch containing:
 - a description of the type of primary aquaculture production that will occur, and an estimate that the gross market value of primary aquaculture production, at the producer's place of production, is expected by that person to exceed \$7,500 in the calendar year of the approval of the development plan, or in one of the four calendar years following that approval.

Primary Aquaculture Product

An aquatic animal or aquatic plant grown or raised for sale but does not include a processed or manufactured product or an aquarium specimen.

Taxable Service

Any service provided to install, assemble, dismantle, repair, adjust, restore, recondition, refinish or maintain tangible personal property. PST applies to purchases of these services.

Exemption on Purchases and Leases of Material or Equipment

Limitation of the Exemption

Persons who qualify as *bona fide* aquaculturists may purchase or lease the equipment and materials listed on pages 2-3 without payment of PST **provided they are obtained to be used solely for an aquaculturist purpose**. The exemption applies only to those items listed in this bulletin.

Conversion to Taxable Use

If any exempt item on which the *bona fide* aquaculturist has not initially paid PST, or on which a refund of PST has been received, is subsequently used for a non-aquaculture purpose, the item becomes subject to PST at the time of such use.

The aquaculturist is required to pay PST on the greater of the depreciated value or 50% of the original purchase price, at the tax rate in effect at the time the goods are converted to a non-aquaculture purpose. The rate of depreciation to be applied to equipment transferred from an aquaculture to a non-aquaculture purpose is 20% per annum or 1.667% per month. Depreciation for vessels is 15% per annum or 1.25% per month.

Environmental Levy

Bona fide aquaculturists are required to pay the provincial environmental levy imposed on the purchase of each new lead-acid battery weighing 2 kg or more. For more information, please see [Bulletin SST 015](#), *Environmental Levy on Batteries*.

Exemption on Purchases of Taxable Services

Exemption

Bona fide aquaculturists are not required to pay PST on charges for taxable services applied to any of the exempt items listed in this bulletin.

When taxable services are sold to a person claiming exemption as a *bona fide* aquaculturist, the vendor must verify the person's eligibility for exemption by obtaining a completed *Certificate of Exemption as an Aquaculturist* ([FIN 599](#)) as described below.

The certificate must be completed by the purchaser and retained by the seller to substantiate non-collection of PST on that sale. Future sales to the same customer may be made on the strength of this certificate.

Taxable Services

PST must be collected from *bona fide* aquaculturists on taxable services provided to items that are not exempt from PST. For more information, please see [Bulletin SST 018](#), *Taxable Services*.

Claiming the Exemption

Certificate of Exemption

Vendors selling any of the items listed as exempt in this bulletin to a person claiming exemption as a *bona fide* aquaculturist must obtain a completed *Certificate of Exemption as an Aquaculturist* ([FIN 599](#)), to establish the purchaser's status as a *bona fide* aquaculturist. Failure to verify the purchaser's eligibility for exemption may make the seller liable for the PST.

Certificates are available from the Consumer Taxation Branch and [Service BC Centres](#). Future exempt sales of prescribed items to the same *bona fide* aquaculturist may be made on the strength of this certificate, provided subsequent sales occur prior to the expiry date of the aquaculture licence and certificate. The signed exemption certificate must be retained by the vendor for audit purposes.

Rubber Stamp

If it is more convenient, vendors may reproduce this certificate in the form of a rubber stamp to be applied directly to the sales invoice.

Materials and Equipment That May Be Purchased Exempt

Exempt Materials and Equipment

The following items are prescribed under section 2.37 of the regulations as exempt from PST when purchased or leased by a *bona fide* aquaculturist solely for an aquaculture purpose. Dates in brackets indicate effective dates of recent additions to the list.

- aeration equipment used to increase the oxygen content of water
- alarm equipment to alert of changes in water conditions
- all-terrain vehicles (ATVs) (to qualify, ATVs must be designed primarily for use off highway, only be eligible for licensed highway use as an ATV used primarily for farming under section 24.04 of the *Motor Vehicle Act* Regulations, have an engine displacement of 200cc or greater, be self propelled with four or more wheels, and be equipped at the time of sale with a carrying rack, platform or cargo box) (February 20, 2008)
- aluminum, galvanized steel, plastic, polyethylene and concrete flotation devices, including ball floats and floats threaded along ropes and nets, and styrofoam and whole logs used for flotation. (Does not include walkways, docks, ramps or other structures supported by flotation devices that are not part of a net pen unit or that do not qualify as portable buildings as outlined below)
- anti-foulants used on nets and boats
- automatic analyzers for soil or water used to measure soil and water quality
- aquaculture planting and harvesting machines and parts
- artificial lighting systems used in hatchery and nursery operations to promote plant growth, including replacement bulbs for such lighting system
- artificial seaweed
- automated shellfish nursery systems and parts
- automatic feeders used to deliver prescribed amounts of food at specified times

- auxiliary generators and pelton wheels to produce electricity for an aquaculture purpose
- bags and containers for transporting or packaging aquaculture products
- boats up to 20 metres in length, motors and component parts for such boats and motors
- booms for lifting nets out of the water
- centrifuges
- chemicals and pharmaceuticals that condition water or treat diseases and infections
- closed bag containment systems, including pumps and waste management equipment integrated into the systems (February 19, 2003)
- debussing machines used to remove attaching filaments from shellfish
- declumping machines used to break apart clumps of shellfish
- disease identification and monitoring kits
- dip nets and dip net bags
- dissolved oxygen meters used to measure the amount of dissolved oxygen in water
- egg graders to sort fish eggs by size and incubators to contain eggs during growth
- electric timing devices and controls for feeders and water flow
- fabric and mesh, including bulk canvas and burlap
- fish feed, including vitamins and supplements consumed by fish and shellfish
- fish-tagging machines and tags
- fish tanks of rigid construction used to contain fish for transportation or for grow out
- float valves to regulate water pressure
- high pressure washers used to spray clean nets and other equipment
- hooks and grapnels for placing and retrieving aquaculture equipment
- ladder racks
- microscopes and laboratory glassware when used to detect and identify diseases and parasites (non-glass lab containers are not exempt)
- minerals, medications and nutrients for fish
- mussel socking (February 16, 2005)
- net pen units
- netting for cages and pens purchased without attachments

- pearl nets and other netting used for shellfish seed and grow outs (February 16, 2005)
- polyethylene shellfish culture bags
- pH meters used to measure the acidity or alkalinity of water
- predator traps
- pumps used to pump water into or out of fish enclosures (February 19, 2003)
- remote setting tanks used in the production of aquaculture products
- rope, chain and cable used solely for an aquaculture purpose
- scallop ear hanging equipment, including ear hanging pins
- seed bivalves, seed, eggs, smolts and fry
- seed collectors that provide surfaces to which seaborne oyster larva attach
- seaweed and kelp cleaning and processing machinery
- seaweed and kelp harvesters used to collect seaweed and kelp for processing into aquaculture feed
- shackles and thimbles used for joining ropes, cables and chains in mooring systems
- steam generators for cleaning hatcheries and nurseries
- styrofoam, barrels, whole logs and other items used for flotation
- temperature and salinity meters used to measure water temperature and salt content
- temperature chart recorders used to record water temperature
- trays suspended from floats and used for growing oysters
- tumblers for oyster grow out operations
- water conditioning and sterilizing equipment
- water filters to clean water through filtration
- washing and grading machines and equipment used to clean and sort aquaculture produce
- winches, hooks and grapnels for placing and retrieving aquaculture equipment

Parts

Parts specifically designed for the repair or reconditioning of the exempt items may also be purchased exempt from PST. This does not apply to parts that are suitable for repair or replacement parts only by reason of the general nature of their design.

Exemption on Purchases or Leases of 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.

Criteria for Exemption

Floating structures used by aquaculturists for feed storage, bunk houses or some other non-residential purpose may qualify for the portable building exemption if they meet the following conditions:

- the building covers most of the deck area of a floating platform or barge, except for an access walkway around the perimeter,
- the building and platform or barge are sold as a unit,
- the structure is designed to be used as a building rather than a means of transportation, and
- it is manufactured in British Columbia.

When floating structures meet all of these criteria, the entire unit may be purchased exempt from PST. However, the manufacturer of the unit is required to pay PST on the cost of materials used in its construction.

Manufacturers of exempt portable buildings are required to pay PST on their cost of materials used or consumed in their construction. This application of PST also applies to framed structures permanently affixed to a floating platform or barge, where the primary purpose of the platform or barge is the flotation of that structure. For more information, please see [Bulletin SST 048](#), *Sales and Leases of Portable Buildings*.

Purchases Prior to Receiving a Certificate

Criteria for Refund of Tax

A *bona fide* aquaculturist who purchased prescribed aquacultural equipment prior to obtaining certification as a *bona fide* aquaculturist may obtain a refund of PST paid provided the person became certified within six months of the purchase. For example, if an aquaculturist's licence and certificate have an effective date of August 11, 2002, a refund may be claimed for PST paid on prescribed items purchased after February 10, 2002.

How to Claim a Refund

Claims for a refund of PST can be made by letter, or on an *Application for Refund of Social Service Tax Paid by a Bona Fide Farmer, Commercial Fisher, or Aquaculturist* form ([FIN 413 FFA](#)). All refund claims must include all the following documentation:

- a copy of the bill of sale indicating the date of purchase and the amount of PST paid, or a copy of the lease agreement indicating the date of lease payments and the amount of PST paid,
- a completed *Certificate of Exemption as an Aquaculturist*,
- a photocopy of the certification as a *bona fide* aquaculturist issued by the Fisheries and Aquaculture Licensing and Compliance Branch, and
- a statement from the purchaser or lessee certifying that the items purchased or leased are to be used solely for an aquaculture purpose.

Send claims to:

Consumer Taxation Branch
Refund Section
PO Box 9628 Stn Prov Govt
Victoria BC V8W 9N6

The ministry must receive the refund claim within four years from the date the tax was paid.



Need more info?

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/business/Consumer_Taxes/Provincial_Sales_Tax/legislation.htm

References: *Social Service Tax Act*, Sections 1, 40, 73, 80-82, 118 and 119, and Regulations 2.21(1), 2.21(2), 2.37, 2.45 and 3.30; *Financial Administration Act*, General Regulation 15