

Grocery and Drug Stores

Provincial Sales Tax Act

The bulletin provides specific information to help grocery and drug stores understand how the provincial sales tax (PST) applies to their businesses.

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Examples of Non-taxable Items

Listed below are examples of non-taxable items commonly sold in grocery and drug stores. This is not a complete list.

Products not on this list may be taxable and may be found on the Taxable List below. If an item is not on either list and you are unsure how PST applies, please contact us.

Food for Human Consumption and Water

Food products for human consumption are exempt from PST (other than liquor which is taxed at 10% PST), including:

- Bread and other baked goods
- Candy and confections
- Canned goods (e.g. jams, preservatives, tomato sauce, vegetables, soup)
- Carbonated or non-carbonated drinks
- Coffee and tea and sweeteners
- Cooking oils (e.g. olive oil)
- Cooking wines (i.e. those sold in a grocery store and not a liquor store)
- Drinks and drink mixes (e.g. hot chocolate, iced tea)
- Food colouring
- Fruits and vegetables
- Gelatine
- Gum (e.g. confections, nicotine, weight loss support)
- Infant formula

- Meat
- Milk products and dairy products (e.g. cheese, yogurt and ice cream)
- Protein drink mixes
- Snacks (e.g. chips and crackers)
- Spices and seasonings, including salt (other than salt that is not for human consumption, such as salt for de-icing or softening water)

Water in liquid or frozen form is exempt from PST, including ice cubes and ice blocks (e.g. for coolers)

Please note: Pet food is taxable.

Health and Medical Products

First Aid Materials

First aid materials are exempt from PST when obtained for use in the treatment of humans.

Exempt first aid materials include:

- Adhesive tape
- Alcohol pads, swabs and wipes
- Bandages
- Chemical heating pads
- Dressings
- Eye pads
- First aid booklets
- First aid kits
- Hot and cold packs
- Medications
- Surgical cotton
- Tensor bandages
- Wraps

Household Medical Aids

Household medical aids are drugs and medicines, including those in the form of salves, ointments, nasal sprays, inhalants, antiseptics, liniments, foot powders, germicides, laxatives, cough syrups, and cold and flu remedies that are advertised or marketed as products for the treatment, mitigation or prevention of a disease or disorder in humans.

The following household medical aids are exempt from PST (this is not a complete list):

- Acne preparations, medicated (e.g. cleansers, lotions, soaps) – when advertised or marketed as a product for the treatment, mitigation or prevention of acne
- After bite salve
- Analgesics (i.e. pain relievers)
- Antacids
- Anti-inflammatory rubs
- Antinauseants

- Anti-parasitic treatments (e.g. for lice or worms)
- Antihistamines
- Antiphlogistine rubs
- Antiseptic pain relievers
- ASA tablets
- Baby medications (e.g. teething lotion or gel, colic remedies)
- Bee propolis
- Boric acid
- Burn remedies
- Castor oil
- Chest rubs and inhalants
- Cod liver oil
- Cold remedies
- Cough remedies (e.g. lozenges, syrup)
- Creams, medicated (e.g. diaper rash cream, eczema) – when advertised or marketed as a product for the treatment, mitigation or prevention of a disease or disorder in humans (this does not include creams for dry skin or oily skin, beauty products, such as anti-aging cream, or cosmetics)
- Decongestant tablets
- Dermatologic skin preparations – when advertised or marketed as a product for the treatment, mitigation or prevention of a disease or disorder in humans (this does not include creams for dry skin or oily skin, beauty products, such as anti-aging cream, or cosmetics)
- Diaper rash creams and ointments
- Diarrhea preparations
- Ear preparations – made for treating, mitigating or preventing an ear disease or disorder
- Eczema preparations
- Epsom salts
- Eye drops or preparations – made for treating, mitigating or preventing an eye disease or disorder
- Foot medications, powder and spray – when advertised or marketed as a product for the treatment, mitigation or prevention of a disease or disorder
- Germicides
- Heat liniments
- Hemorrhoid preparations
- Inhalants, asthma and chest
- Isopropyl alcohol
- Kidney pills
- Lactic acid drops or tablets
- Laxatives
- Liniments
- Lip preparations, medicated
- Liver pills

- Lotions, medicated – when advertised or marketed as a product for the treatment, mitigation or prevention of a disease or disorder in humans, such as eczema (this does not include preparations for dry skin or oily skin, beauty products, such as anti-aging cream, or cosmetics)
- Lozenges
- Medicated skin creams – when advertised or marketed as a product for the treatment, mitigation or prevention of a disease or disorder in humans (this does not include creams for dry skin or oily skin, beauty products, such as anti-aging cream, or cosmetics)
- Moisturizers, medicated – when advertised or marketed as a product for the treatment, mitigation or prevention of a particular skin condition, such as eczema (this does not include creams for dry skin or oily skin, beauty products, such as anti-aging cream, or cosmetics)
- Motion sickness preparations
- Nasal drops and sprays
- Ointments, medicated
- Pain relief medications
- Peroxide
- Petroleum jelly
- Porous plasters
- Psoriasis preparations
- Rubbing alcohol
- Sedatives
- Shampoo advertised or marketed as a product for the treatment of head lice
- Sleep preparations (i.e. over the counter sleeping aids)
- Soaps and moisturizers, medicated – when advertised or marketed as a product for the treatment, mitigation or prevention of a particular skin condition, such as eczema (this does not include preparations for dry skin or oily skin, beauty products, such as anti-aging cream, or cosmetics)
- Stomach remedies
- Sunburn medication, medicated – when advertised or marketed as a product for the treatment, mitigation or prevention of a disease or disorder in humans (this does not include sunscreen or sunblock)
- Suppositories
- Teeth and gum medications, over the counter
- Teething lotion or gel
- Throat lozenges
- Toothache medications, over the counter
- Wart removal preparations
- Worm preparations (e.g. antifungal creams, lotions, ointments)

Please note: The following are subject to PST:

- Beauty products and cosmetics
- Hair products (including dandruff treatment) – unless the hair product is advertised or marketed as a product for the treatment of head lice
- Oral hygiene products, including toothpaste and mouthwash

- Soaps and moisturizers – unless medicated and advertised or marketed as a product for the treatment, mitigation or prevention of a particular skin condition
- Sunscreen/sunblock
- Toiletries, shaving products, depilatories and fragrances

Prescription Drugs, Vaccines, and Dental and Optical Appliances

A prescription is a formula or direction given by a practitioner as a remedy or treatment for a disease or disorder. Practitioner is defined under the *Pharmacy Operations and Drug Scheduling Act* and includes doctors, dentists and other health care professionals who are authorized to prescribe drugs or devices. For optical appliances, prescription also includes an assessment record or a contact lens record as defined in the Opticians Regulation.

The following are exempt from PST:

- Dental and optical appliances sold on **prescription**, including:
 - clip-on sunglasses sold together with prescription eyeglasses that are specifically designed to be attached to the eyeglasses
 - frames sold together with prescription eyeglasses
- See [Bulletin PST 207](#), *Medical Supplies and Equipment*
- Drugs and other substances for the treatment, mitigation or prevention of a disease or disorder when sold on **prescription**
 - Drugs listed in Schedule I or IA of the Drug Schedules Regulation (exempt to all purchasers, including hospitals, practitioners and health authorities)
 - Vaccines listed in Schedule II of the Drug Schedules Regulation and vaccines that are veterinary drugs as defined under the *Veterinary Drugs Act* (exempt to all purchasers, including hospitals, practitioners and health authorities)

Vitamins and Dietary Supplements

Vitamins and dietary supplements are exempt from PST if they are in a form to be ingested orally and are obtained for human consumption. Vitamins and dietary supplements include ascorbic acid (e.g. vitamin C), cod liver oil, and mineral, protein and sports supplements.

Other Medical Products

The following are exempt from PST:

- Bunion, callous and corn pads obtained for use in the treatment of humans
- Certain medical supplies and equipment for individuals with disabilities, including crutches, incontinence briefs for adults, elastic hosiery for use as a support for varicose veins, and urinary appliances – see [Bulletin PST 207](#), *Medical Supplies and Equipment*
- Dentures, including adhesives, liners and repair kits
- Diabetic supplies, including syringes, needles, autolets, glucose monitoring units and diabetic testing materials obtained by a diabetic, or an individual on behalf of a diabetic, for the diabetic's own use
- Drugs and other substances that alleviate pain
- Hearing aids, including specifically designed replacement batteries
- Nicotine gum, patches and similar items advertised or marketed as products that assist an individual to stop smoking, if obtained by an individual for their own use
- Orthopaedic appliances - see [Bulletin PST 207](#), *Medical Supplies and Equipment*

- Ostomy material, equipment and supplies – see [Bulletin PST 207](#), *Medical Supplies and Equipment*
- Sanitary napkins, tampons, sanitary belts, menstrual cups or other similar products, including maternity pads – when advertised or marketed for feminine hygiene purposes (note: this does not include deodorants, douches, sprays or syringes)
- Vaccines listed in Schedule II of the Drug Schedules Regulation and vaccines that are veterinary drugs as defined under the *Veterinary Drugs Act*
- Wheelchairs, scooters and other devices for use in transporting individuals with disabilities – see [Bulletin PST 207](#), *Medical Supplies and Equipment*

Other Non-taxable Goods Commonly Sold in Grocery and Drug Stores

Children’s Clothing

The following items are exempt from PST:

- Children-sized clothing and footwear (e.g. baby bibs, baby blankets, baby clothing, bunting bags, cloth diapers and diaper liners)
- Adult-sized clothing and footwear purchased for children under 15 years of age (purchasers of these items must complete a certification form)

For more information on what is exempt as children’s clothing, including documentation requirements for sales of adult-sized clothing and footwear purchased for children under 15 years of age, please see [Bulletin PST 201](#), *Children’s Clothing and Footwear*.

Publications

The following publications are exempt from PST:

- Books that are printed and bound, including colouring books, comic books, cookbooks, dictionaries, garden books, maps sold in book form and pocket books (e.g. crosswords, horoscopes)
- Qualifying magazines
- Qualifying newspapers
- Qualifying periodicals

For more information on what qualifies as an exempt book, magazine, newspaper or periodical, please see [Bulletin PST 205](#), *Books, Magazines, Newspapers and Other Publications*.

School Supplies

Specified school supplies are exempt from PST when obtained for the use of a student who is enrolled in an educational program provided by a qualifying school, or who is being educated at home in accordance with the *School Act*. The exemption includes:

- Crayons
- Erasers
- Glue
- Paper - lined, unlined, drawing, graph and music manuscript
- Pencils
- Pens
- Ring binders

- Rulers
- School art portfolios
- Work books

For more information on what school supplies are exempt, please see [Bulletin PST 202](#), *School Supplies*.

Feeds, Fertilizer and Plants

The following are exempt from PST:

- Feed – when obtained for use to feed any animal that is to be sold in the regular course of business, or that ordinarily produces food for human consumption (e.g. livestock)
Please note: These items are taxable if obtained to feed pets or other animals that are not livestock. Pet food is also taxable.
- Fertilizer - when purchased by an individual, or when purchased for an agricultural purpose.
Fertilizer is a substance or mixture of substances that contains nitrogen, phosphorus, potassium or other plant nutrients and is substantially advertised or marketed as a plant food. Fertilizer does not include substances or mixtures of substances (e.g. garden mixes) that:
 - contain 50% or more (by volume) of sand, gravel, topsoil, fill, weed control chemicals, fungicides or a substance that is not a plant nutrient, or a combination of these items, or
 - are registered under the *Pest Control Products Act* (Canada).
- Grain, mill and other agricultural feeds and seeds obtained solely for an agricultural purpose (these items are taxable if obtained to feed household pets or for birds that are not livestock; pet food is also taxable)
- Living plants and trees that ordinarily produce food for human consumption (e.g. fruit trees, vegetable plants, culinary herbs, onion sets and onion bulbs)
- Sawdust, straw, wood chips, bark chips, bark mulch and wood shavings – if obtained for use in landscaping or as bedding for animals

For more information on these exemptions, please see [Bulletin PST 128](#), *Nurseries and Garden Stores*.

Fuel

The following are exempt from PST:

- Barbeque briquettes
- Manufactured fire logs
- Pelletized fuel, as defined in the Solid Fuel Burning Domestic Appliance Regulation
- Wood and charcoal, if obtained for use as a source of energy, including hickory chips, kindling and hog fuel)
- Propane – however, propane is subject to motor fuel tax at a rate of 2.7¢ per litre unless a specific exemption applies (e.g. propane sold in a sealed, pre-packaged container that holds not more than 4 litres of propane, and propane sold in a pre-filled or refilled cylinder that is designed to hold not more than 28 litres of propane). For more information, see [Bulletin MFT 014](#), *Propane Exemptions*.

Safety Equipment

The following safety equipment and protective clothing is exempt from PST:

- Work-related safety equipment and protective clothing designed to be worn by, or attached to, a worker if required under specified provincial work safety legislation when purchased or leased by an employer, self-employed person or educational institution,
- Specifically listed work-related safety equipment and protective clothing designed to be worn by a worker, including safety goggles and steel-toed boots, and
- Specifically listed general safety equipment and protective clothing, including safety helmets designed for use in sport, recreation and transportation, children's restraint car seats and children's booster car seats, safety vests and safety bibs.

For more information, please see [Bulletin PST 100](#), *Safety Equipment and Protective Clothing*.

Other

The following are exempt from PST:

- Clothing patterns
- Remembrance Day poppies and wreaths
- Tobacco (i.e. cigars, cigarettes, chewing tobacco, pipe tobacco and snuff) – however, these products are subject to tobacco tax – please see [Bulletin TTA 003](#), *Tobacco Retailers*
- Yarn, natural fibres, synthetic thread and yard goods that are advertised or marketed and obtained for use as materials or products for use in making or repairing clothing

Gift Cards and Gift Certificates

You do not charge PST on purchases of gift cards or gift certificates because it is a purchase of store credit which may or may not be redeemed at a later date. When the credit is redeemed, PST applies to the purchase in the same manner as if the credit was cash. The application of PST will depend on whether or not the item purchased is subject to PST.

Examples of Taxable Items

Listed below are examples of taxable items commonly sold in grocery and drug stores. This is not a complete list.

Items not on this list may be found on the non-taxable list above. If the item is not on any of these lists and you are unsure how tax applies, please contact us.

A

- Aftershave lotions
- Air deodorizers or fresheners
- Albums (e.g. photo, record, stamp)
- Ammonia
- Antifreeze
- Aprons – including aprons for children
- Artificial flowers
- Athletic equipment (e.g. balls, bats, hockey sticks) – except safety helmets
- Automotive supplies (e.g. oil)

B

- Baby bottles and nipples
- Baby pins
- Baby toiletries, non-medicated (e.g. oil, powder, lotion, shampoo, wipes)
- Backpacks
- Bags (e.g. paper, shopping, lunch)
- Barbecues
- Bath oils
- Batteries – except batteries designed specifically for hearing aids
- Beauty aids (e.g. makeup brushes, manicure sets)
- Bird gravel and bird seed
- Blankets – except baby blankets and receiving blankets
- Blood pressure monitors
- Blow dryers
- Blu-ray discs, blank or recorded
- Bottle caps
- Breast pads and pumps
- Breath sprays
- Brooms
- Bug killers
- Bulbs, flower, garden – except onion sets and onion bulbs
- Buttons

C

- Calculators
- Calendars
- Camera supplies (e.g. batteries, film)
- Cameras
- Candles
- Canning supplies (e.g. jars, rings, lids)
- Cards, greeting, sports
- Cat food
- Catalogues – for promoting sales or lease of items, property or services
- Catnip – unless sold for human consumption (e.g. as tea)
- CDs and DVDs, blank or recorded
- Cheesecloth
- Chloride of lime
- Chlorine
- Christmas trees – artificial or uncut
- Cigarette holders, makers, papers, tubes
- Citronella
- Clamps

- Clocks
- Clothes pins and lines
- Cloths – dish, cleaning
- Coffee filters
- Collars, pet
- Colognes
- Coolers, including soft coolers designed to hold ice
- Condoms
- Contact lens preparations (e.g. cleaning solution, lubricant)
- Contraceptives and contraceptive preparations – except oral contraceptives purchased with a prescription
- Cords, electric
- Cosmetics
- Cotton swabs
- Creams (e.g. face, hand, skin, shaving) – except medicated products when advertised or marketed as a product for the treatment, mitigation or prevention of a disease or disorder in humans (creams for dry skin or oily skin, beauty products, such as anti-aging cream, and cosmetics are taxable)
- Curling irons
- Cut flowers
- Cutlery

D

- Dental needs – except dental adhesives, liners and repair kits
- Denture cleaners
- Deodorants
- Deodorizers
- Depilatories
- Detergents
- Diaper pins
- Diapers, disposable
- Diaphragms
- Directories
- Dishes
- Disinfectant cleaners
- Disinfectants – except household medical aids that are advertised or marketed as products for the treatment, mitigation or prevention of a disease or disorder in humans (e.g. antiseptics, rubbing alcohol)
- Dog food
- Dog biscuits
- DVDs, blank or recorded
- Dye (e.g. fabric, hair)

E

- Electric blankets
- Electrical supplies (e.g. cords, fuses, light bulbs)
- Electronic cigarettes
- Escargot shells
- Essential oils
- Evergreen trees, shrubs – except natural, cut evergreens sold as Christmas trees
- Eye drops – for lubricating or re-wetting contact lenses

F

- Fabric dye
- Face cream and cleansers – except medicated products when advertised or marketed as a product for the treatment, mitigation or prevention of a disease or disorder in humans (creams and cleansers for dry skin or oily skin, beauty products, such as anti-aging cream, and cosmetics are taxable)
- Facial tissue
- Feminine hygiene sprays, deodorants, douches and syringes
- Film, camera and prints
- Filters – coffee, oil
- Fire-starters
- Fishing bait
- Flashlights
- Flea killers and flea soap
- Flints
- Floor – wax, polish
- Flower bulbs, plants, pots – except when purchased by a qualifying farmer to be used solely for farm purposes (note: onion sets and bulbs are exempt for anyone)
- Flowers, cut
- Fly swatters
- Foil – aluminium wrap, plates
- Freezer bags
- Fuel, barbeque starter
- Fungicides
- Furniture polish
- Fuses

G

- Garbage bags
- Garden mixes that are not fertilizers – see the Non-Taxable List
- Garden tools, equipment, furniture
- Gels, hair setting
- Glass cleaner
- Glassware

- Gloves – general purpose, dress
- Greeting cards
- Grooming aids
- Ground meat – labelled as pet food

H

- Hair accessories (e.g. barrettes, brushes, clips, combs)
- Hair care items (e.g. dyes, sprays, remover, gels, shampoos)
- Hair dryers
- Hair tonics
- Hair wave sets
- Hand cleaners, sanitizers
- Hand creams, lotions – unless medicated and advertised or marketed as a product for the treatment, mitigation or prevention of a particular skin condition
- Handbags
- Handkerchiefs
- Hanging baskets
- Hardware items
- Heating pads, electric
- Herring for fish bait – except when purchased by commercial fishers
- Highlighter pens, markers
- Hip pads
- Hot water bottles
- Household cleaners

I

- Insect repellent
- Insecticides
- Insoles

J

- Jars, canning

K

- Kitchenware, utensils
- Kitty litter
- Knee pads

L

- Laundry supplies (e.g. detergent, soap, starch)
- Leashes, pet
- Light bulbs
- Lighter fluid
- Lighters

- Linens
- Lip balms, non-medicated
- Long distance telephone debit cards
- Lotions - except medicated products when advertised or marketed as a product for the treatment, mitigation or prevention of a disease or disorder in humans (lotions for dry skin or oily skin, beauty products, such as anti-aging cream, and cosmetics are taxable)
- Lunch bags, kits
- Lye

M

- Machine oil
- Magnets, includes therapeutic
- Makeup
- Makeup remover
- Maps – except maps in book form (see the Publications section on the Non-taxable list)
- Markers – includes highlighters
- Matches
- Metal polish
- Moisturizers – unless medicated and advertised or marketed as a product for the treatment, mitigation or prevention of a particular skin condition
- Mosquito coils
- Mothballs, naphthalene
- Mouthwash
- Movie and video rentals – including tapes, DVDs, discs

N

- Nail care products
- Nail polish
- Napkins – paper, cloth
- Nasal dilators
- Naval jelly
- Needle and syringe disposable containers
- Needles – unless purchased by, or on behalf of, a diabetic
- Nipples – for baby bottles
- Notions (e.g. bobbins, buttons, elastic, knitting or sewing needles, pins, scissors)
- Nursers
- Nursing pads
- Nylons – except for children (see the Children’s Clothing section on the Non-taxable list)

O

- Oil – automotive, machine
- Oils, essential

- Ornamental plants
- Oven cleaners

P

- Pacifiers
- Paint and paint brushes – unless purchased as exempt school supplies (see the School Supplies section on the Non-taxable list)
- Paint cleaner
- Panty hose – see the Children's Clothing section on the Non-taxable list
- Paper (e.g. shelf, toilet, wax, wrapping, printer, lined)
- Paper bags, napkins, plates
- Paper towels
- Paraffin wax
- Party favours (e.g. bags, labels, ribbons, toys)
- Paste and glue – unless purchased as exempt school supplies (see the School Supplies section on the Non-taxable list)
- Pens and pencils – unless purchased as exempt school supplies (see the School Supplies section on the Non-taxable list)
- Perfume
- Perlite
- Pesticides – except when purchased by a qualifying farmer to be used solely for a farm purpose
- Pet food
- Pet supplies
- Pet toys
- Photo albums
- Picnic supplies
- Pictures, picture frames
- Pillowcases
- Pillows
- Pipes, pipe cleaners, fillers
- Plant shine
- Planters
- Plants, non-edible
- Plastic wrap
- Plates – aluminum, paper
- Polish, shoe, floor, furniture, metal, automotive
- Postcards
- Pottery
- Price lists
- Prints, film or digital
- Prophylactics

- Publications – for promoting sales or leases of goods, real property or services
- Purses

R

- Rate books (e.g. accommodations, dining)
- Rattles
- Reading glasses, non-prescription
- Recipe cards
- Record albums
- Room sprays
- Rug/upholstery cleaners

S

- Salt, de-icing
- Salt – used domestically as water softener
- Scarves
- Scouring pads, metal, plastic
- Sewing notions (e.g. kits, needles, pins)
- Shampoo – except when advertised or marketed as a product for the treatment of head lice
- Shaving supplies
- Shoe insoles
- Shoe laces, brushes, polish, dyes
- Shopping bags
- Shrubs
- Silver polish
- Skin creams and lotions – except medicated products when advertised or marketed as a product for the treatment, mitigation or prevention of a disease or disorder in humans (creams and lotions for dry skin or oily skin, beauty products, such as anti-aging cream, and cosmetics are taxable)
- Soap (e.g. bath, detergent, flakes, liquid, powder)
- Sports cards – including packages containing gum
- Sprinklers
- Stamp albums
- Starch – laundry, spray or liquid
- Stationery
- Steel wool
- Straws
- Sunglasses, non-prescription
- Sunscreen
- Suntan lotions, sprays, oils
- Swabs – cotton, ear

- Swim goggles
- Syringes – unless purchased by, or on behalf of, a diabetic

T

- Tacks
- Talcs
- Tanning lotions, sprays
- Telephone long distance debit cards
- Terrariums
- Therapeutic magnets
- Thermometers
- Thumb tacks
- Tide tables – except when purchased by a qualifying fisherman
- Timetables (e.g. event, travel schedules)
- Tinware
- Tissues
- Tobacco papers, pouches, tubes
- Toilet bowl cleaner
- Toilet paper
- Toiletries (e.g. deodorants, shampoos)
- Tools
- Tooth brushes
- Toothpaste, tooth powders
- Toothpicks
- Toys
- Trees, ornamental – except natural, cut evergreens sold as Christmas trees
- Tropical plants
- Tourist guide publications that do not qualify as books (see the Publications section in the Non-taxable List)

U

- Umbrellas
- Utensils

V

- Velcro
- Vermiculite
- Video games – sales and rentals
- Video tapes, blank or recorded

W

- Washing soda
- Water glasses

- Watering cans
- Wave sets, hair
- Wax (e.g. canning, floor, candle)
- Wax paper
- Weed control chemicals – except when purchased by qualifying farmers
- Wipes
- Wrapping paper
- Writing materials

Z

- Zippers

Purchases

Taxable Business Assets

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

- stationery, furniture and office equipment,
- advertising materials, such as flyers and brochures,
- items you purchase to give away as free promotions (see below),
- computer hardware,
- energy for heat and light, and
- shelving and display equipment

You must also pay PST on software, unless a specific exemption applies (e.g. custom software). For more information, please see [Bulletin PST 105, Software](#).

If the supplier does not charge you PST on the above items, you must self-assess and remit PST due on your next PST return. If you are not yet registered for PST, you must self-assess the PST due using a *Casual Remittance Return* ([FIN 405](#)) on or before the last day of the month following the month you purchased or leased the taxable items.

Goods for Resale

You do not pay PST on the goods you purchase for resale or lease to your customers. To purchase goods for resale or lease exempt from PST, give the supplier your PST number or, if you have not yet received your PST number, a completed *Certificate of Exemption – General* form ([FIN 490](#)).

If you take taxable items from your resale inventory for business or personal use, you must self-assess and remit the PST due on your cost of the goods.

Containers, Labels and Packaging Materials

You do not pay PST on containers, labels and packaging materials that form part of the merchandise you sell. These items may be purchased exempt of PST when certain conditions are met. To purchase these items exempt from PST, give the supplier your PST number or,

if you have not yet received your PST number, a completed *Certificate of Exemption – General* form ([FIN 490](#)).

For more information, please see [Bulletin PST 305](#), *Containers and Packaging Materials*.

Purchases from Out-of-Province Suppliers

If you purchase or lease taxable goods from an out-of-province supplier, you pay PST on the total amount that you pay to bring the goods into BC, 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 at the time of the sale or lease, you must self-assess the PST due.

Bonus Items

You may provide goods as bonus items with the purchase of other goods. For example, you may give your customer a bonus item when they purchase at least \$40 worth of cosmetics. For the purposes of the PST, these transactions are sales of both items.

If all of the items (e.g. purchased and provided as a bonus) are taxable goods (e.g. a hair brush provided with a purchase of a bottle of shampoo), you charge PST on the purchase price paid. You can purchase the bonus items exempt from PST as goods for resale.

If the transaction is for both taxable and non-taxable goods for a single price (e.g. chocolates and a stuffed animal), you are making a bundled sale. The general rule for charging PST on a bundled sale is that you charge PST only on the fair market value of the taxable portion. The fair market value is the retail price that a good or service would normally sell for in the open market.

For more information on bundled sales, please see [Bulletin PST 316](#), *Bundled Sales: Taxable and Non-taxable Goods and Services Sold Together for a Single Price*.

Promotional Materials

Promotional materials are goods you use or give away to help advertise or promote your business. Examples of promotional material include samples, gifts, premiums and prizes. Promotional material also includes goods that are given away as part of a loyalty or rewards points program.

You must pay PST on all taxable goods you purchase or make to promote your business. This includes goods you give away for free or sell below cost. For example, you must pay PST if you buy mugs or balloons that you will give away to promote your business. This also includes any taxable goods you provide as part of a loyalty or rewards points program.

Promotional material on which you must pay PST also includes taxable goods that you obtain to sell at a price below cost. For example, you purchase perfume at a cost of \$40 per bottle. In an effort to promote greater sales, you offer the perfume to preferred customers at a below cost price of \$30 per bottle. In this case, your customer pays PST on the \$30 purchase price of the perfume. In addition, on your next PST return, you need to self-assess PST based on the following formula:

$$(\text{Cost} - \text{Customer's purchase price}) \times \text{PST rate} = \text{PST to self-assess}$$

$$(\$40 - \$30) \times 7\% = \$0.70 \text{ PST to self assess}$$

Please note: You do not need to self-assess PST on goods sold below cost if you are not selling the goods below cost for promotional purposes. For example, you purchased electronics at \$100 per item and attempted to sell them for \$150 per item. After some time, you decide to mark down the remaining items to \$75 per item before they become obsolete or because their value has decreased. You do not need to self-assess PST in this situation.

For more information on promotional material, please see [Bulletin PST 311](#), *Promotional Materials*.

Refunds to Customers

As a collector, you may refund or credit your customers PST you charged and/or collected from them in certain circumstances. For more information on refunds and credits by collectors, please see [Bulletin PST 002](#), *Charging, Collecting and Remitting PST*.

Need more info?

Online: gov.bc.ca/PST

Toll free in Canada: 1 877 388-4440

Email: CTBTaxQuestions@gov.bc.ca

You can access our forms, publications, legislation and regulations online at gov.bc.ca/PST (go to [Forms](#) or [Publications](#)).

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

For up to date information on the return to PST, subscribe to our What's New page at www.sbr.gov.bc.ca/msbr/whats_new/consumer_taxes/whatsnew.htm

References: *Provincial Sales Tax Act*, sections 1 “promotional distribution”, “promotional material”, 16, 26, 81, 137, 139, 141, 145, 147, 148 and 153; *Provincial Sales Tax Regulation*, section 21; *Provincial Sales Tax Exemption and Refund Regulation*, sections 3-5, 7-17, 27, 32-35, 44-48, 51 and 52.