



Provincial Sales Tax (PST) Bulletin

Bulletin PST 140

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Funerals

Provincial Sales Tax Act

This bulletin provides information to help businesses involved in the funeral industry (funeral homes, memorial parks, memorial dealers, crematoriums, undertakers and morticians) understand how PST applies to their businesses.

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Registration

If you only provide services that are not subject to PST and do not sell or lease taxable goods, you do not need to register to collect PST. However, if you sell or lease taxable goods in the ordinary course of business, you must register to collect and remit PST.

For more information, see [Bulletin PST 001, Registering to Collect PST](#).

Services

You do not charge PST on the following services:

- Clergy services
- Funeral services, including:
 - arranging and managing a funeral
 - preparing or transporting human remains
 - providing visitation and viewing
 - performing a funeral or wake
 - cremation and interment services
 - scattering ashes
 - opening and closing a lot, crypt or niche
- Obtaining certificates and permits
- Releasing doves
- Writing obituaries and/or arranging for obituaries to be published (e.g. in newspapers)

If you provide catering services, see [Bulletin PST 122, Caterers, Event Planners and Party Supply Stores](#).

Sales and Leases

When Not to Charge PST on Goods

Goods Used in the Course of Providing Your Service

Generally, you do not charge your customer PST if your funeral service includes taxable goods for a single price and:

- your customer does not have the right to keep those goods after the service, or the goods do not remain with the deceased after the service (i.e. you are not selling the goods to your customer), and
- you are not leasing the goods to your customer as part of the contract.

Please note: You do not charge PST on combustible cremation containers as these items are used and consumed in the course of your business (not sold to your customer).

Example:

You provide funeral services for an all-inclusive price and, as part of that price, you prepare the human remains for the funeral, arrange and perform the funeral, provide flowers at the funeral parlour, provide a combustible cremation container, and provide cremation services. The customer is not entitled to keep or take home the flowers after the event. In this case, you do not charge your customer PST.

However, you must pay PST when you purchase or lease taxable goods that you will use in the course of providing these services.

When Are Goods Sold?

Generally, you are selling goods and must charge PST if you provide goods either as part of your contract for funeral services or separately from the services, and either:

- your customer is allowed to keep the goods after the service, or
- the goods remain with the deceased after the service (this does not include cremation containers).

Example:

You provide stand-alone funeral services for \$5,000 and also charge an additional amount for a casket. In this case, you are selling the casket to your customer and must charge PST on the additional charge for the casket.

You must charge PST when you sell taxable goods, regardless of whether you separately charge for the goods.

Example:

You provide funeral services and a casket for a single price of \$6,000. In this case, you charge PST based on the bundled sales rules (see Goods Bundled With Your Service for a Single Price below).

However, you are not selling goods if the goods are incidental to the service you are providing.

Incidental Goods

If you provide goods as part of your contract for funeral services, you do not charge PST on the goods if:

- the main purpose of the contract is for your service and not for the goods,
- there is no separate charge for the goods, and
- the total price for the service, including the goods, is the same as or only marginally different from the price you would charge if the goods were not provided.

You do not charge PST because the goods are not being sold and are only incidental to the service you are providing. However, you must pay PST when you acquire the goods.

Example:

You provide funeral services for an all-inclusive price and, as part of that price, you provide your customer with a small amount of flowers (e.g. a bouquet), prayer cards and/or programmes that they may keep after the funeral. The price for the funeral services would be the same or only marginally different if you did not provide these goods.

In this case, these goods are incidental to the provision of your non-taxable funeral services. You do not charge your customer PST for these goods; however, you must pay PST when you acquire these goods.

Sales of Taxable Goods

If you sell taxable goods, you must charge PST on the purchase price for those goods. For example, if you sell a casket to your customer you must charge PST on the purchase price of that casket.

Examples of taxable goods you may sell include:

- caskets, coffins and urns, including when they will be interred in a columbarium, grave or other resting place
- flowers, vases, wreaths, printed programmes, books of condolence and similar items when they are not incidental to the service you are providing

Goods Bundled With Your Service for a Single Price

If you charge your customer a single price for taxable goods as part of your funeral services and you have sold those goods to your customer, you must charge PST using the bundled sales rules unless the goods qualify for the bundled sales exemption.

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, unless a specific exemption applies. The fair market value is the price that a good or service would normally sell for in the open market.

Example:

You provide funeral services and a casket for a single price of \$6,000. The price you would normally sell the casket for is \$1,000. In this case, you charge your customer \$70 in PST ($7\% \times \$1,000$).

Bundled Sales Exemption

You do not charge your customer PST on the sale of goods if all of the following criteria are met:

- the goods are sold for a single price with a non-taxable good or service (e.g. funeral services),
- the fair market value of the goods together with any other taxable good or service sold for the single price is \$50 or less and 10% or less of the fair market value of the taxable and non-taxable goods and services provided for a single price,
- the goods are pre-packaged with a non-taxable good or service or you do not ordinarily sell the goods separately from the non-taxable component,
- the goods are not being provided by way of promotional distribution, and
- none of the goods sold for the single price are liquor, telecommunication services or legal services.

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

When Are Goods Leased?

If you provide goods either as part of your contract for services or separately from the services, your customer is **not** allowed to keep the goods after the funeral, and the goods do **not** remain with the deceased after the funeral, you are not selling those goods to your customer. In this case, you are either:

- using those goods in providing your services (and therefore, you must pay PST when you purchase or lease those goods), or
- leasing (renting) those goods to your customer.

Generally, if you provide funeral services for an all-inclusive price or as part of a package, you are using the goods in performing these services for your customer.

However, you may be leasing the goods to your customer if:

- your contract with your customer specifies that you are leasing the goods to your customer, or
- you charge an additional amount to your customer for the use of the goods (e.g. on the invoice, you separate the charge for your services from the charge(s) for the goods), or the total price of the package varies based on the goods selected by your customer.

For example, you enter into a contract with your customer for funeral services and the contract specifies that you are leasing a casket to your customer during the funeral (after the funeral, the deceased will be cremated).

Bundled Leases

If you charge your customer a single price for funeral services and your contract includes the lease of goods, you must charge PST on the fair market value of the lease.

For example, if the contract mentioned in the above example is a single price contract, you charge PST on the fair market value of the lease of the casket.

The fair market value of a lease is generally the price that you would normally charge to lease the goods on their own (i.e. without providing your services) for that timeframe. If you never lease the goods on their own, the fair market value of the lease is the amount that the good would normally be leased for in the open market.

Purchases for Your Business

Taxable Business Assets

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

- Advertising materials, such as flyers and brochures
- Computer hardware
- Energy for heat and light
- Items you use or consume in your business, such as:
 - embalming fluids and embalming chemicals
 - cosmetic supplies
 - cremation containers
- Stationery, furniture and office equipment
- Tools and equipment used to perform your services
- Vehicles, including hearses

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

You also pay PST on related services that you purchase for your own equipment. For more information, see [Bulletin PST 301, Related Services](#).

If your supplier does not charge you PST on the above items, you must self-assess and remit the PST due on your next PST return.

If you do not have a PST number, 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. For example, if you purchase a taxable item in July, you must file the return and pay the PST no later than August 31.

Goods 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. If you have a PST number, you must self-assess the PST due on your next PST return.

If you do not have a PST number, you must self-assess the PST due using the *Casual Remittance Form* ([FIN 405](#)) on or before the last day of the month following the month you brought or sent the goods into BC or received goods in BC.

Exempt Purchases

Goods for Resale or Lease

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

Please note: You are not eligible for this exemption for any goods that are incidental to the service you are providing (see the section above, Incidental Goods).

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.

If you have a PST number, you must self-assess and remit the PST due on your next PST return. If you do not have a PST number, 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 used the goods for a taxable purpose.

Real Property Contracts

You are a real property contractor if, under a contract, you supply and affix, or install, goods to real property. This includes the following items:

- concrete liners, vaults, and materials that form part of a grave or a crypt
- non-removable vases attached to or installed in crypts, markers or graves
- markers and the materials used to affix markers
- plaques that are affixed to crypts or markers

Real property contractors must pay PST on the goods they obtain to fulfil a contract to supply and affix, or install, goods to real property, unless a specific exemption applies. When a contractor pays PST, they do not charge their customers PST on the charge for the contract.

For more information, see [Bulletin PST 104, Real Property Contractors](#).

Please note: If you sell goods **without** services to affix or install those goods to real property, you charge and collect PST on the sale of those goods, unless a specific exemption applies. For example, if your customer purchases a marker but will make separate arrangements with another business for its installation, you must charge and collect PST.

Sales of Real Property

You do not charge PST on sales of real property, including burial plots and cemetery plot transfers.



Need more info?

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Toll free in Canada: 1 877 388-4440

Email: CTBTaxQuestions@gov.bc.ca

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Subscribe to our **What's New** page to receive email updates when new PST information is available.

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

References: *Provincial Sales Tax Act*, sections 1 “fair market value”, “lease”, “related service”, “sale”, “software”, “use”, 26, 28, 29, 34, 35, 37, 39, 49, 81, 83, 105, 119, 137, 142, 168, 169 and 192; *Provincial Sales Tax Regulation*, sections 7, 47 and 52.