



Grains, Seeds, Hay, Silage and Other Fodder and Plant Crops

This info sheet describes the application of the goods and services tax/harmonized sales tax (GST/HST) to supplies of grains and seeds, hay, silage and other fodder and plant crops.

In this info sheet, “taxable” means subject to the GST at 5% or HST at 12%, 13% or 15%. “Zero-rated” means subject to the GST/HST at the rate of 0%.

For more information, refer to GST/HST Memoranda Series 4.4, *Agriculture and Fishing*, and Schedule I to the *Seeds Regulations* made under the *Seeds Act*.

Grains and seeds

A supply of grains and seeds (seeds) is zero-rated when the following conditions are met:

1. the seeds are supplied in their natural state, treated for seeding purposes, or irradiated for storage purposes,
2. the seeds are ordinarily used as, or to produce, food for human consumption or feed for farm livestock or poultry, and
3. the seeds are supplied in a quantity that is larger than the quantity that is ordinarily sold or offered for sale to consumers.

Condition 1: The seeds are supplied in their natural state, treated for seeding purposes, or irradiated for storage purposes

Seeds are supplied in their natural state if they are not further processed than being washed and cleaned. Seeds that are mechanically broken, crushed or pulverized are not considered to be in their natural state.

Seeds are treated for seeding purposes if they have been treated with pesticides or insecticides or if they have been palletized with an inert material to facilitate planting with seeding equipment.

When grains or seeds are irradiated to prolong storage, this process does not affect their tax status.

Condition 2: The seeds are ordinarily used as, or to produce, food for human consumption or feed for farm livestock or poultry

Refer to the seed lists below for seeds that are considered to be ordinarily used as or to produce food for human consumption or feed for farm livestock or poultry, as well as those that are not.

Mixtures of seeds that are packaged, prepared or sold for use as feed for wild birds or as pet food are excluded from zero-rating and are taxable.

Seeds for plants ordinarily grown for their fibres (such as cotton), and lawn or flower seeds are also taxable, as they are not used to produce food for human consumption, or livestock or poultry feed.

Condition 3: The seeds are supplied in a quantity that is larger than the quantity that is ordinarily sold or offered for sale to consumers

Seeds are conditionally zero-rated based on the quantity in which they are sold. Any seeds that meet the first two conditions remain taxable when they are not sold in commercial quantities. If the same seeds are sold in quantities equal to or lesser than a quantity that is ordinarily sold or offered to consumers, they are not considered as being sold in commercial quantities and are thus taxable. When

the seeds are sold in commercial quantities, their supply is zero-rated.

The quantitative limits for considering that a supply of seed is made in a commercial quantity are based on the size of the seed. For small seeds, the supply must be greater than 125 grams to be considered as being made in a commercial quantity and thus, to be zero-rated. If the seeds are sold by seed count, the supply must be greater than 2,500 seeds to be considered as being made in a commercial quantity. For large seeds, the supply must be greater than 20,000 seeds or 5 kilograms to be considered as being made in a commercial quantity. Large seeds refer to peas, corn and beans only; any other type of seed is considered a small seed.

Hay, silage, and other fodder crops

Hay, silage, and other fodder crops that are ordinarily used as, or to produce, food for human consumption or feed for farm livestock or poultry, are zero-rated whenever they are supplied in quantities greater than the quantity ordinarily sold or offered for sale to consumers.

Hay is ordinarily sold in bales of various sizes and shapes. For a supply of hay to be zero-rated, the quantity sold must be more than one large round bale or its equivalent.

A single large round bale is one that weighs at least 750 kg. Accordingly, a sale exceeding this weight would be zero-rated. If the hay were sold in square bales, for example, each weighing 50 kg, the supply would have to be at least 16 bales to be zero-rated.

Other plant crops

The following products are unconditionally zero-rated regardless of the quantity sold or offered, to whom they are supplied, or the purpose or use for which they are acquired:

- hops
- flax seed
- sugar cane
- barley
- straw
- sugar beets

Hemp

Supplies of the grain, seeds, or the mature stalks having no leaves, flowers, seeds or branches, of industrial hemp plants are zero-rated when the following conditions are met:

- the supply is in accordance with the *Controlled Drugs and Substances Act* (CDSA), if applicable;
- the grains or seeds are not further processed than sterilized or treated for seeding purposes and are not packaged, prepared or sold for use as feed for wild birds or as pet food; and
- in the case of viable grain or seeds, they are included in the definition of “industrial hemp” in section 1 of the *Industrial Hemp Regulations* made under the CDSA.

Forage mixtures

Any seed mixture that is sold or labelled as a forage mixture (i.e. Canada Certified No. 1 Forage Mixture) in accordance with Table XIII of Schedule I to the *Seeds Regulations* made under the *Seeds Act* is zero-rated when sold in a commercial quantity. Forage mixtures may contain taxable seeds (i.e. creeping red fescue), but as long as they are properly labelled and are supplied in a commercial quantity, supplies of these forage mixtures are zero-rated. The term “commercial quantity” has the meaning described above under the subtitle “Condition 3”.

Seed potatoes and onion sets

Seed potatoes and onion sets are not different from potatoes and onions sold for human consumption. Therefore, these products are zero-rated under Part III of Schedule VI.

Seed lists

The following seeds are considered to be ordinarily used as, or to produce food for human consumption or feed for farm livestock or poultry:

Agricultural seeds

alfalfa
barley
bean, field
bean, horse, tick and faba
bean, mung
beet, field
bromegrass, meadow
bromegrass, smooth

bromegrass, sweet
buckwheat, common
buckwheat, tartarian
canary grass, reed
chickpea
clover, alsike
clover, red
clover, white
corn, field
corn, pop
corn, sweet
cowpea
fescue, meadow
fescue, tall
foxtail, creeping
foxtail, meadow
lentil
lupine, field
medick, black
millet, foxtail
millet, pearl
mustard, black
mustard, white
oats
oatgrass, tall
orchardgrass
pea, field
peanut
rapeseed, canola
rape, forage
rye
ryegrass, annual
safflower
sainfoin
sorghum
soybean
sundangrass
sunflower
timothy, common
trefoil, bird's-foot
triticale
vetch, crown
vetch, milk
wheat, common
wheat, durum
wheatgrass, beardless
wheatgrass, crested
wheatgrass, intermediate
wheatgrass, northern
wheatgrass, pubescent

wheatgrass, Siberian
wheatgrass, slender
wheatgrass, streambank
wheatgrass, tall
wheatgrass, western
wildrye, Altai
wildrye, Russian

Vegetable seeds

artichoke
asparagus
basil
bean, garden
bean, lima
bean, runner
beet, sugar
broccoli
Brussels sprouts
cabbage
cabbage, Chinese
cantaloupe
carrot
cauliflower
celery
chard, Swiss
chicory
chives
citron
collards
coriander
cress, garden
cress, water
cucumber
dill
eggplant
endive
fennel
kale
kale, Chinese
kohlrabi
leek
lettuce
mustard
okra
onion
parsley
parsnip
pea
pepper
potato
pumpkin

radish
rhubarb
rosemary
rutabaga
sorrel
spinach
squash
thyme
tomato
turnip
watermelon

The following seeds are **not** considered to be ordinarily used as, or to produce food for human consumption or feed for farm livestock or poultry:

Lawn seeds

bentgrass
bluegrass, Canada
bluegrass, Kentucky
fescue, Chewing's
fescue, fine-leaved
fescue, hard
fescue, red and creeping red
fescue, sheep
redtop
ryegrass, perennial
timothy, dwarf

Other seeds

all flower seeds
canary grass
tobacco

Seeds graded under the following tables of the *Seeds Regulations* are considered to be ordinarily used as, or to produce food for human consumption or feed for farm livestock or poultry:

Table I
Table II
Table III
Table IV (all except (a) canary grass and (b) flax¹, oil and fibre)
Table V
Table VI
Table VII
Table VIII
Table IX (all except timothy – dwarf)
Table X

Table XI (all except turf type varieties)
Table XIII
Table XVI
Table XVII
Table XVIII
Table XIX
Table XX
Table XXI

Seeds graded under the following tables of the *Seeds Regulations* are **not** considered to be ordinarily used as, or to produce food for human consumption or feed for farm livestock and poultry:

Table XII
Table XIV
Table XV

Example 1

Bermuda grass is a perennial grass that can be used for grazing or hay; however, it can also be used on sports fields, lawns and other high-traffic areas. New seeded varieties can provide cost-effective plantings for use in general forage and or hay production.

Bermuda grass is taxable. In Canada, Bermuda grass is not commonly used as a forage crop or to produce hay. Bermuda grass is also not ordinarily used as, or to produce, feed for farm livestock or poultry in Canada.

Example 2

ABC Farm sells packages of carrot seeds in 100 gram and 500 gram sizes. At times, ABC Farm's customers order multiple packages of carrot seeds in the 100-gram size.

Carrot seeds are zero-rated when sold in 500-gram packages and taxable when sold in 100-gram packages. Small seeds supplied in packages exceeding 125 grams are considered to be supplies made in a quantity that is larger than the quantity that is ordinarily sold or offered for sale to consumers.

Example 3

A mushroom farm makes supplies of mushroom spawn in quantities of 1 kg. The spores, or natural seeds of the mushroom, are so miniscule that the mushroom grower cannot handle them. Laboratory personnel inoculate cereal grains with the spores and incubate them until a viable product is developed. These grains become "spawn", which can be sown like seeds.

Supplies of mushroom spawn sold in quantities of 1 kg are zero-rated. Mushroom spawn is considered to be similar to seeds; therefore, any supply of mushroom spawn sold in quantities exceeding the quantity that is ordinarily sold or offered for sale to consumers is zero-rated.

¹ Note that flax seed is specifically zero-rated as mentioned above under the subtitle "Other Plant Crops".

Example 4

A farm makes supplies of creeping red fescue and perennial ryegrass. These seeds are sold for use on pastures.

The seeds are taxable regardless of their intended use. Creeping red fescue and perennial ryegrass are not considered to be ordinarily used as, or to produce food for human consumption or feed for farm livestock and poultry.

Example 5

A grocery store makes supplies of unsalted sunflower seeds. The sunflower seeds may be purchased by consumers for human consumption, or as a feed for wild birds or pet food.

The tax status of unsalted sunflower seeds is dependant on the manner in which the product is presented for sale. A supply of unsalted sunflower seeds sold as food for human consumption is zero-rated in accordance with section 1 of Part III of Schedule VI to the *Excise Tax Act*. A supply of unsalted sunflower seeds sold as feed for wild birds or as pet food is taxable.

This info sheet does not replace the law found in *the Excise Tax Act* (the Act) and its regulations. It is provided for your reference. As it may not completely address your particular operation, you may wish to refer to the Act or appropriate regulation, or contact any CRA GST/HST rulings office for additional information. A ruling should be requested for certainty in respect of any particular GST/HST matter. Pamphlet RC4405, *GST/HST Rulings – Experts in GST/HST Legislation*, explains how to obtain a ruling and lists the GST/HST rulings offices. If you wish to make a technical enquiry on the GST/HST by telephone, please call 1-800-959-8287.

Reference in this publication is made to supplies taxable at 5% (the rate of the GST), 12%, 13% or 15% (the rates of the HST). The HST applies to supplies made in British Columbia at 12%, in Ontario, New Brunswick and Newfoundland and Labrador at 13%, and in Nova Scotia at 15%. Provinces where the HST applies are referred to as “participating provinces”. If you are uncertain as to whether a supply is made in a participating province, you may refer to GST/HST Technical Information Bulletin B-103, *Harmonized Sales Tax – Place of supply rules for determining whether a supply is made in a province*.

If you are located in Quebec and wish to make a technical enquiry or request a ruling related to the GST/HST, please contact Revenu Québec by calling 1-800-567-4692. You may also visit their Web site at www.revenu.gouv.qc.ca to obtain general information.

All technical publications related to GST/HST are available on the CRA Web site at www.cra-arc.gc.ca/gsthstech.