



## Commercial Fishers

### Provincial Sales Tax Act

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Latest Revision: The revision bar ( | ) identifies changes to the previous version of this bulletin dated April 2013. For a summary of the changes, see Latest Revision at the end of this document.

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This bulletin provides information to help commercial fishers understand how the provincial sales tax (PST) applies to their businesses.

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### Qualifying Commercial Fishers

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You are a **qualifying commercial fisher** if you have a commercial fishing licence issued under the *Fisheries Act* (Canada) and, during the immediately previous calendar year, you either:

- earned gross income of at least \$10,000 from commercial fishing in waters in or adjacent to BC, or
- earned at least 51% of your total gross income from commercial fishing in waters in or adjacent to BC.

Some commercial fishing licences, including Categories D and P, are issued for non-fishing activities. If you only operate under these licences (e.g. a Category D licence to operate a fish packing vessel), you are not a qualifying commercial fisher.

## Exempt Boats, Fishing Nets and Fishing Equipment

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As a qualifying commercial fisher, you may purchase or lease boats, fishing nets and fishing equipment exempt from PST if used solely for a commercial fishing purpose.

Fishing equipment includes the items listed in Appendix 1 at the back of this bulletin.

### Parts for Exempt Boats, Fishing Nets and Fishing Equipment

You do not pay PST on parts that are designed for exempt boats, fishing nets and fishing equipment. These specifically designed parts do not have to come from the same company that made the boats, fishing nets and fishing equipment.

You pay PST on generic parts and materials used to repair both exempt items and taxable items. This includes parts that can be used on a variety of items (e.g. nuts and bolts, screws).

### Related Services Exemption

If you are a qualifying commercial fisher, you are exempt from PST on related services provided to exempt boats, fishing nets and fishing equipment, or provided to install these items. For details on how to claim your exemption, see the section below, Claiming Exemptions.

However, as a general rule, if the goods are taxable when purchased or leased, services provided to the goods are also taxable. This includes services to repair your vehicles.

For more information, please see [Bulletin PST 301](#), *Related Services*.

## Claiming Exemptions

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If you are a qualifying commercial fisher, to purchase or lease boats, fishing nets and fishing equipment exempt from PST, at or before the time of sale or lease, give your supplier a completed *Certificate of Exemption – Commercial Fisher* ([FIN 455](#)).

Your supplier needs to keep this certificate as part of their records. You can make future purchases or leases of boats, fishing nets and fishing equipment exempt from PST from this supplier based on the same certificate, provided the information on the certificate is still correct. You must complete a new exemption certificate if the information has changed.

If you do not provide a completed exemption certificate at or before the time of the purchase or lease, you are required to pay PST. If you provide the required documentation after the purchase or lease but within 180 days, the supplier may refund or credit you the PST charged. For more information on refunds and credits by suppliers, please see [Bulletin PST 002](#), *Charging, Collecting and Remitting PST*.

**Note to suppliers:** If your customer claims an exemption as a qualifying commercial fisher with an exemption certificate, and it is later found that the purchaser or lessee did not qualify for the exemption, your customer is liable for any PST, interest and penalties associated with the purchase or lease. However, if you had reason to believe that your customer was not entitled to

the exemption (e.g. your customer provided you with an exemption certificate stating that the equipment was being purchased for commercial fishing use but you know the person is no longer operating as a commercial fisher) and you provided the exemption, you may also be subject to an assessment.

## **Refunds for Qualifying Commercial Fishers**

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If you are a qualifying commercial fisher and you pay PST on exempt boats, fishing nets or fishing equipment, you may qualify for a refund.

### **Requesting a Refund from your Supplier**

If you paid PST to your supplier on exempt boats, fishing nets or fishing equipment because you did not provide the required documentation to support your eligibility for exemption at the time of sale or lease, your supplier may provide you with a refund or credit of the PST paid if you provide the required information within 180 days of the date the tax was paid.

### **Requesting a Refund from the Ministry**

To apply for a refund from the ministry, please provide us with a completed *Application for Refund of Provincial Sales Tax (PST) – Qualifying Farmers, Aquaculturists, Fishers (FIN 355/FAF)* and the required supporting documentation listed in the instructions to the form. Send your refund application and supporting documents to the address provided on the application form.

The ministry must receive your refund claim within four years from the date you paid the PST. If you receive a refund from your supplier, you cannot also apply for a refund from the ministry.

### **New Qualifying Commercial Fishers**

Until you are a qualifying commercial fisher, you pay PST on all boats, fishing nets and fishing equipment you use in your business. Once you qualify, you can apply for a PST refund on boats, fishing nets and fishing equipment, and on specialized parts for those items, that you purchased and leased within the 12-month period prior to meeting the criteria as a qualifying commercial fisher.

### **Boats Purchased With Fishing Licences for a Single Price**

Boats and fishing licences are sometimes purchased together for a single price. If you are not a qualifying commercial fisher at the time you purchase a boat for a single price with a fishing licence, you pay PST on the fair market value of the boat. If you become a qualifying commercial fisher within the 12-month period following the date of purchase, you can apply for a refund to recover the PST paid on the boat.

## **Taxable Items**

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### **When to Pay PST**

As a qualifying commercial fisher, you may purchase or lease boats, fishing nets and fishing equipment exempt from PST if used solely for a commercial fishing purpose. PST applies to all other goods unless your business qualifies for another exemption or the equipment is not taxable. For further information, please see the section below, Other Exemptions.

Examples of taxable items are provided in Appendix 2 at the end of this bulletin. If your supplier does not charge you PST on taxable items, 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 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 purchased a taxable item in June, you must file the return and pay the PST no later than July 31.

## **Purchases and Leases from Out-of-Province Suppliers**

As a qualifying commercial fisher, you may purchase or lease boats, fishing nets and fishing equipment exempt from PST 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 a *Casual Remittance Return* (**FIN 405**) on or before the last day of the month following the month you brought, sent or received goods into BC. For example, if you brought taxable goods into BC in June, you must file the return and pay the PST no later than July 31.

## **Change in Use**

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If you purchase boats, fishing nets or fishing equipment exempt from PST, and later use that item for a taxable purpose (e.g. personal or commercial use other than fishing), PST applies as of the date the use changes. You calculate and self-assess PST on the greater of the depreciated value or 50% of the original purchase price.

The depreciated value is determined as follows:

Depreciated value = Purchase price - [purchase price x depreciation rate]

The depreciation rate for general fishing equipment is the total of the following:

- 20% for each full year (12 consecutive months; not a calendar year) since you purchased the equipment, plus
- 1.667% per 30-day period in a partial year (note: in calculating a 30-day period, you exclude the first day and periods of less than 30 days must be computed to the nearest 30-day period with 15 days counted as one 30-day period).

For example, if you purchase fishing equipment on May 12, 2013, and use it for a taxable purpose on June 30, 2014, the depreciation rate would be 23.334%, calculated as follows:

- 20% for the full year running from May 12, 2013 to May 11, 2014, plus
- 3.334% (1.667% x 2 = 3.334%) for the 30-day period running from May 12, 2014 to June 10, 2014 and the 20-day period running from June 11, 2014 to June 30, 2014.

## Other Exemptions

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### Containers and Packaging Materials

You do not pay PST on containers and packaging materials that form part of the goods you sell. These items may be purchased exempt of PST when certain conditions are met.

If you have a PST number, provide your number to the supplier to receive this exemption. If you do not have a PST number, provide your supplier with a completed *Certificate of Exemption – General* ([FIN 490](#)).

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

### Safety Equipment and Protective Clothing

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, and
- specifically listed general safety equipment and protective clothing.

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



### Need more info?

Online: [gov.bc.ca/PST](http://gov.bc.ca/PST)

Toll free in Canada: 1 877 388-4440

Email: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

You can access our forms, publications, legislation and regulations online at [gov.bc.ca/PST](http://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 [sbr.gov.bc.ca/msbr/whats\\_new/consumer\\_taxes/whatsnew.htm](http://sbr.gov.bc.ca/msbr/whats_new/consumer_taxes/whatsnew.htm)

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#### Latest Revision

October 2013

- As a result of recent changes to the regulations, which are effective April 1, 2013:
  - Made minor adjustments to the list of exempt items in Appendix 1
- Added information on how to calculate the depreciated value for change in use
- Added the full title for form FIN 355/FAF

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References: *Provincial Sales Tax Act*, 25, 30, 82, 82.1, 141 and 145; *Provincial Sales Tax Exemption and Refund Regulation*, section 1 “fishing equipment”, “qualifying commercial fisher”, 32-35, 48, 66, 75, 130 and Schedule 3; *Provincial Sales Tax Regulation*, section 10 and 21.

## Appendix 1 – Examples of Exempt Fishing Equipment

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Qualifying commercial fishers may purchase or lease boats, fishing nets and fishing equipment exempt from PST if used solely for a commercial fishing purpose. Fishing equipment includes the equipment described below.

**Please note:** Equipment that is not listed below may also qualify as fishing equipment and be purchased or leased exempt of PST. If you are unsure how tax applies, please contact us.

- Aeration equipment
- Anchors, anchor chain, links and shackles
- Bait
- Barometers
- Batteries obtained for use for boats, gill net lights, radios and radio equipment
- Bilge pumps obtained for use for pumping out water resulting from ice used for freezing or cooling fish
- Black trawl anchors
- Bluestone
- Boat fenders
- Boat hand bailers
- Boathooks
- Bolts obtained for use for attachment to a boat
- Buoys obtained for use for indicating location of nets
- Chain
- Charts and navigating instruments
- Chocks obtained for use for attachment to a boat for guiding lines
- Compression fittings obtained for use on a boat
- Connectors obtained for use as part of fishing gear
- Depth sounders
- Dinghies
- Direction finders
- Electric cord ends (20-amp and 30-amp) obtained for use for moorage power
- Electronic monitoring equipment designed for use for monitoring fishing activities, and software designed for use on such equipment
- Engines obtained for use with boats, including outboard motors
- Fast eye blocks
- Fasteners made of galvanized steel, stainless steel, brass or galvanized brass
- Fibreglass cloth and resin obtained for use for boat repairs
- Fish hooks, sinkers, jigs, plugs, lures, spoons and spoon metal
- Fish lines
- Fish tags and tagging equipment
- Floats obtained for use with fishing nets
- Fog bells and horns
- Fuel pumps

## Appendix 1 – Examples of Exempt Fishing Equipment

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- Gaffs
- Galvanized steering blocks
- Gill net lights
- Gurdies
- Heat-shield insulation blankets obtained for use for boat engines
- Ice blankets
- Lamps (6-volt, 12-volt and 32-volt)
- Loose hook blocks
- Marine electrolysis eliminators
- Marine paint
- Metal shapes obtained for use on a boat to designate the type of boat or the direction in which fishing gear is set
- Navigation lights
- Net covers
- Net dye
- Oar locks and row locks
- Oars
- Otter trawl net leather
- Pet food obtained for use as bait for shrimp
- Plastic wood and putty
- Plumbing fittings obtained for use on a boat
- Portlights
- Propellers
- Quadrants designed for rudders
- Radar reflectors
- Radios and radio equipment
- Recorder paper
- Refrigeration equipment designed for installation on boats
- Rocking stabilizers
- Rope obtained for use on a boat or with a fishing net
- Safety-at-sea equipment, including the following:
  - buoyancy equipment
  - clock stations and supplies
  - fire axes and hatchets
  - fire extinguishers and refills
  - fire-fighting equipment
  - flares and rockets
  - immersion survival suits
  - life rafts

## Appendix 1 – Examples of Exempt Fishing Equipment

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- lifeboats and contents
- public address systems
- sprinkler systems
- Sails
- Ship clocks obtained for use on a boat
- Ship-to-shore radio telephones, but not including cellular telephones
- Signal bells
- Sinks and toilets obtained for use on a boat
- Snatch blocks obtained for use for holding fishing net lines
- Steering wheels
- Stoves and oil burners
- Tarpaulins and hatch covers
- Tide tables
- Traps
- Trolling bells
- Trolling blocks obtained for use to guide fishing lines
- Trolling springs and swivels obtained for use as part of fishing lines
- Turnbuckles obtained for use to tighten wires on a mast
- Underwater viewing scopes
- Water pumps
- Winches
- Wood manufactured for marine use if obtained for use for boat repairs
- Zinc plates



## Appendix 2 – Examples of Taxable Items

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PST applies to the items listed below. This is not an all-inclusive list and there may be other items not listed here that are taxable.

- Bait - for sport fishers
- Belts for tools and equipment - worn by a worker
- Building supplies - unless the building supplies are exempt fishing equipment, such as marine paint, and wood manufactured for marine use if obtained for use for boat repairs
- Cleaning supplies
- Computer hardware and non-custom software (unless the software is designed for use on electronic monitoring equipment)
- Consumables, including antifreeze, caustic soda, cleaning compounds and degreasers, grease, lubricants, oil and rags
- Fish fillet skimmers
- Flags
- Formaldehyde
- Hoses - unless designed as standard engine parts
- Log and boom chains - when acquired by oyster fishers for rafts
- Pennants
- Plant equipment and machinery - all types
- Processing equipment - all types
- Rafts
- Regular work clothing - containing no safety protection other than from the weather
- Seal bombs
- Storage equipment, on-shore
- Vehicles