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## Printers and Publishers

*Provincial Sales Tax Act*

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Latest Revision: *The revision bar ( | ) identifies changes to the previous version of this bulletin dated November 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 printers and publishers understand how the PST applies to their businesses.

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## Sales

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### Taxable Sales

You charge PST on the sale or lease of taxable goods, such as:

- albums (e.g. photo albums)
- blueprints – see [Bulletin PST 205](#), *Books, Magazines, Newspapers and Other Publications*
- brochures
- calendars
- catalogues and similar publications whose primary purpose is to describe, promote or encourage the purchase, use or consumption of goods, software, services or real property
- contracts
- day planners (e.g. student agendas)
- directories
- envelopes, letterhead and business cards
- event programs
- flyers and other promotional items
- insurance booklets
- maps – except in book form
- pamphlets

- price lists
- programs
- prospectuses
- rate books
- reports
- requests for proposals
- specifications
- stationery (unless exempt as school supplies - see [Bulletin PST 202](#), *School Supplies*)
- studies
- tenders
- tide tables (unless purchased by qualifying commercial fishers - see [Bulletin PST 102](#), *Commercial Fishers*)
- timetables
- t-shirts, mugs and pens
- union agreements

For more information on the application of PST to publications, see [Bulletin PST 205](#), *Books, Magazines, Newspapers and Other Publications*.

### **What is Included in the Purchase Price**

PST must be calculated on the total purchase price paid by the purchaser to receive title to goods that are subject to PST. When you supply materials (e.g. paper, fabric, pens) that you incorporate into taxable goods for sale, you charge PST on the total purchase price for those taxable goods. This applies whether or not the charges for the materials are shown separately on the sales invoice.

For example, if you list artwork, typesetting or plates separately from the printed goods on an invoice, you charge PST on the total charge. This includes the charges for printing services, materials and labour to produce the printed product as these charges form part of the purchase price your customer must pay to receive the printed goods.

PST does not apply to delivery or transportation charges if title to the goods passes to the purchaser at the seller's premises because the delivery charge does not form part of the purchase price of the taxable goods. If the seller charges the customer for delivery of the goods to another location, and this charge is separately stated on the sales invoice, PST applies only to the purchase price of the goods.

For information on the application of PST to delivery charges, see [Bulletin PST 302](#), *Delivery Charges*.

## **Non-taxable Sales**

### **Exempt 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)
- employee newsletters

- qualifying magazines, newspapers and periodicals
- sheet music (including loose sheet music, photocopies of sheet music and bound sheet music)
- student yearbooks

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

### **Clothing Patterns**

Clothing patterns are exempt from PST.

### **Sales to Wholesalers and Retailers**

You do not charge PST on goods sold to wholesalers or retailers if they claim they are making the purchase for resale and they provide you with their PST number. If they are a wholesaler or a retailer and do not have a PST number, they may claim an exemption by completing a *Certificate of Exemption – General* ([FIN 490](#)).

If they do provide their PST number and you issue a bill, invoice or receipt, you must record the wholesaler's or retailer's PST number on the bill, invoice or receipt to show why you did not collect the tax. Alternatively, if you have entered into a written agreement related to that sale, you may record your customer's PST number on that agreement. If your customer provides an exemption certificate, you must keep a copy in your records to show why you did not collect the tax. If you do not document why you did not collect the tax, you may be assessed the tax, penalty and interest.

### **Sales to Out-of-Province Customers**

If you sell to an out-of-province customer and ship the goods to an out-of-province location, you do not charge PST on either the purchase price or delivery charges if the purchaser does not use the goods while the goods are in BC (other than storage by you). To show why you did not collect PST on these sales, you must retain proof that you had the goods shipped to an out-of-province location (e.g. bills of lading, shipping invoices or similar documentation).

### **Administrative Materials**

Administrative materials are documents that are sent to customers to provide information, as well as documents that are sent in bulk to business representatives for their use or for distribution to customers. Examples include envelopes, invoices, purchase orders, deposit slips, financial reports, prospectuses, and annual reports.

Whether or not administrative materials are taxable in BC depends on where the use of the materials occurs. For more information, see [Bulletin PST 313](#), *Administrative Materials*.

### **Mailing Services**

Mailing services may include folding, enclosing, sealing and mailing printed materials (e.g. administrative materials) to your customer's clients. Depending on the circumstances of the sale, PST may or may not apply to these services, as follows:

- If the printed materials are subject to PST, you also charge PST on the mailing service because these services form part of the total purchase price paid by the purchaser for the goods.

- If the printed materials are exempt from PST, you do not charge PST on the mailing service. You do, however, charge PST on other taxable items sold, such as envelopes.

You do not charge PST on the cost of postage.

## **Bundled Sales**

If you sell taxable and non-taxable goods or services together for a single price (e.g. taxable and exempt publications), 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, 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.

For more information on how the PST applies to bundled sales, see [Bulletin PST 316](#), *Bundled Sales and Leases*.

## **Purchases for Your Business**

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### **Taxable Goods**

You must pay PST on the purchase or lease of new or used taxable 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 purchase to give away as free promotions (see below)
- shelving and display equipment
- stationery, furniture and office equipment

You must also pay PST on the following.

- Software, unless a specific exemption applies (e.g. custom software). For more information, see [Bulletin PST 105](#), *Software*.
- Related services you purchase for your own equipment, such as repairs to your office equipment. For more information, see [Bulletin PST 301](#), *Related Services*.

If the supplier does not charge you PST on the above items, you must self-assess (pay directly to us) 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 obtained 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.

### **Consumables**

Consumables are often called supplies. A good consumed or used up in the operation or maintenance of machinery or equipment is a consumable, even if it is necessary for that item's operation or maintenance.

The following are examples of taxable consumables.

- cleaning solutions and rags
- heating fuel
- oils, lubricants, grease and hydraulic fluid

Although most consumables are taxable, there are some that qualify for exemption. Two examples of exempt consumables are water, which is exempt in all cases, and chemical substances, catalysts and direct agents used in a production process. For information on the exemption for chemical substances, catalysts and direct agents used in a production process see [Bulletin PST 110](#), *Production Machinery and Equipment Exemption*.

## Goods from Out-of-Province Suppliers

If you purchase or lease taxable goods from an out-of-province supplier, you must pay PST on the total amount 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 Return* ([FIN 405](#)) on or before the last day of the month following the month you brought, sent or received goods into BC.

## Promotional Materials

Promotional materials are goods you use, give away or sell below cost to help advertise or promote your business. Examples of promotional material include samples, gifts, premiums and prizes.

You must pay PST on all taxable goods you purchase or make as promotional materials. For example, you must pay PST if you buy mugs or balloons that you will give away to promote your business.

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 a taxable publication at a cost of \$20. In an effort to promote greater sales, you offer the publication to a preferred customer at a below cost price of \$15. In this case, your customer pays PST on the \$15 purchase price of the taxable publication. In addition, on your next PST return, you need to self-assess PST based on the following formula:

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

$$(\$20 - \$15) \times 7\% = \$0.35 \text{ PST to self-assess}$$

**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 calendars at \$8 per calendar and attempted to sell them for \$20 per calendar. After some time, you decide to mark down the remaining items to \$5 per calendar before they become obsolete or because their value has decreased. In this case, your customer pays PST on the \$5 purchase price of the calendar but you do not need to self-assess any additional PST.

For more information, see [Bulletin PST 311](#), *Promotional Materials and Special Offers*.

## Exemptions

The following PST exemptions may be relevant to your business. Please note that none of the exemptions listed below apply to small sellers. For more information on small sellers, see [Bulletin PST 003](#), *Small Sellers*.

## **Goods for Resale**

You are exempt from PST on the goods you obtain 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](#)). For more information, see [Bulletin PST 208](#), *Goods for Resale*.

### *Change in Use*

If you take taxable items from your resale inventory for business or personal use, you must self-assess the PST due on your cost of the goods. This does not include items taken from your inventory for the exempt business uses set out in the Exemption for Printers and Publishers section below.

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 Return* ([FIN 405](#)) on or before the last day of the month following the month you used the goods for a taxable purpose.

## **Goods Incorporated into Other Goods for Resale**

You are exempt from PST on goods you obtain solely for processing, fabricating, manufacturing, attaching, or incorporating into other goods for resale or lease. To purchase these items 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](#)).

## **Containers and Packaging Materials**

You are exempt from PST on containers and packaging materials (except reusable containers) you obtain solely for packaging goods for sale or lease, or if you provide them to your customers with their purchases of goods. However, you must pay PST on containers and packaging materials if you use them for other purposes, such as storing, handling or shipping goods, or you use them to provide a service.

Generally, you are not required to charge PST on the containers and packaging materials you provide with goods and services, unless you separately charge your customers for them. However, in limited circumstances, you may be required to charge PST on the fair market value of the containers and packaging materials.

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

## **Exemption for Printers and Publishers**

If you are a printer or publisher, you are exempt from PST on specific items you purchase or lease for your own use in a printing or publishing process. The exemption applies regardless of whether the goods you produce in a printing or publishing process will be resold (i.e. the exemption also applies if you produce goods for your own use, such as company letterheads and stationery). The following items are exempt when used in a printing or publishing process.

- artwork (including in a digital or electronic format)
- blankets and screens used in the printing process to transfer ink to the product being printed, but not including frames
- cuts
- engravings
- film
- flats

- negatives
- paste ups
- photoconductor drums
- photographs
- plates
- signatures
- slides
- transparencies
- typesetting products

The exemption also applies to materials obtained for your own use in the manufacture or production of any of the items listed above, if the items you manufacture or produce are for your own use in a printing or publishing process, such as:

- etch, conversion solution, gum and marking sheets used to produce plates
- photo developing chemicals and print paper used to produce printed photographs

You do not need to provide any documentation to claim this exemption. However, the supplier's records must clearly show the reason why the goods were sold exempt from PST (i.e. the supplier documented on the receipt that the plates were purchased for use in a printing or publishing process).

#### *Change in Use*

If you purchase any of the above items exempt from PST and later use them for a taxable purpose (e.g. for personal use), you must self-assess the PST due on your cost of the goods. 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 Return (FIN 405)* on or before the last day of the month following the month you used the items for a taxable purpose.

#### **Materials Consumed in the Production Process**

You are exempt from PST on the following items if they are obtained for use in the manufacture, production, service or repair of goods such as printed materials.

- dies
- jigs
- moulds
- patterns

You do not need to provide any documentation to claim this exemption. However, the supplier's records must clearly show the reason why the goods were sold exempt from PST (i.e. the supplier documented on the receipt that the dies were purchased for manufacturing printed materials).

**Please note:** You must pay PST on all other items consumed in the production process (e.g. grease, cleaners, oil, rags). For details, see Consumables above.

## Refunds to Customers

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As a collector, you may refund or credit your customers PST you charged and/or collected from them in certain circumstances. For more information, see [Bulletin PST 400](#), *PST Refunds*.

## Production Machinery and Equipment Exemption

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If you are a printer or publisher, you may qualify for the production machinery and equipment (PM&E) exemption on the machinery and equipment you use to manufacture your printed materials, provided all the requirements for the exemption are met.

For more information, see [Bulletin PST 110](#), *Production Machinery and Equipment Exemption*.



### 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)

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

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### Latest Revision

February 2016

- Clarified that, effective April 1, 2013 (subject to Bill 14, *Finance Statutes Amendment Act, 2016* receiving royal assent), you are exempt from PST on:
  - goods you obtain **solely** for processing, fabricating, manufacturing, attaching, or incorporating into other goods for resale or lease
  - containers and packaging materials (except reusable containers) you obtain **solely** for packaging goods for sale or lease, or if you provide them to your customers with their purchases of goods.
- Minor revisions

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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 Exemption and Refund Regulation*, sections 11, 15-17, 38-40 and 90-120; *Provincial Sales Tax Regulation*, section 21.