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Veterinarians and Pet Stores

Provincial Sales Tax Act

Latest Revision: *The revision bar (|) identifies changes to the previous version of this bulletin dated June 2014. For a summary of the changes, see Latest Revision at the end of this document.*

This bulletin provides information to help veterinarians, pet shop owners, kennel operators and breeders understand how the PST applies to their businesses.

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Overview

Definitions

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, optometrists, persons authorized to practice veterinary medicine (e.g. veterinarians) and other health care professionals who are authorized to prescribe drugs or devices.

Sales on Prescription

Certain drugs and other substances sold on prescription are exempt from PST (see Exempt Goods and Services below). As a veterinarian, to show why PST was not collected on these sales, you must document the prescription on a prescription form or in your files. If you give the prescription verbally to an assistant, you must document that the item was sold at your direction. If a veterinarian from another practice wrote the prescription, obtain a copy for your files. Please note that electronic files and paper files are both acceptable, as long as the file shows a clear connection to a specific animal.

Taxable Goods

Unless a specific exemption applies, you must charge PST on the sale or lease of taxable goods, such as:

- Animals, including:
 - pets, such as dogs, cats, birds, fish, rabbits, reptiles and horses
 - animals sold or leased to circuses, zoos or hunting clubs
 - guard dogs
 - insects, including bees for beekeepers that are not qualifying farmers, and bait
- Food for animals (see the Exempt Goods and Services list below for exempt food for animals), including:
 - pet food, including treats and live food (e.g. mice, insects)
 - specialty foods sold without a prescription
- Other goods, including:
 - bowls and dishes
 - kennels and cages, and pet carriers
 - bandages, cones, non-medicated shampoos, flea control products sold without a prescription, collars, leashes, toys, clothing, costumes, brushes and other pet accessories
 - pet furniture, including scratching posts and beds
 - beekeeping equipment for persons that are not qualifying farmers
 - equipment for raising chickens for persons that are not qualifying farmers (e.g. backyard chickens), including coops
 - non-prescription drugs for animals, other than certain drugs, medicines and substances used to treat animals in specific situations (see the Exempt Goods list below)

When you sell taxable goods, you must charge PST on the total purchase price your customer pays, excluding the goods and services tax (GST). This includes pet adoption fees as these fees form part of the purchase price for taxable pets.

When you lease taxable goods, you must charge PST on the total lease price your customer (the lessee) pays on each lease payment, excluding the GST.

If you make sales or leases of taxable goods in the ordinary course of business, you must register with us to collect and remit the PST. For more information on registration, see [Bulletin PST 001](#), *Registering to Collect PST*.

If you meet all the criteria as a small seller (for example, you do not maintain established commercial or business premises, including a home-based shop), you are not required to be registered to collect and remit PST (it's optional). Small sellers pay PST when purchasing products for resale and do not collect PST on sales. For more information, see [Bulletin PST 003](#), *Small Sellers*.

Exempt Goods and Services

Exempt Goods

Listed below are examples of exempt goods commonly sold by veterinarians, pet stores, kennels, breeders and other businesses. This is not a complete list.

- Animals, if the products of that animal ordinarily constitute food for human consumption, such as cows, sheep, chickens and pigs
- Artificial limbs and orthopaedic appliances (e.g. braces) for animals
- The following drugs, vaccines and prescription treatments:
 - drugs and other substances that treat, mitigate or prevent a disease or disorder when sold on **prescription**, including flea treatments and specialty food sold on prescription
 - drugs and medicines, including salves, ointments, nasal sprays, inhalants, antiseptics, liniments, powders, germicides, laxatives, cough syrups, and cold and flu remedies if they are:
 - advertised or marketed as products that treat, mitigate or prevent a disease or disorder in animals, **and**
 - obtained by your customer to treat an animal
 - that is to be sold in the regular course of business, or
 - if the products of that animal ordinarily constitute food for human consumption
 - drugs and other substances that alleviate pain in animals (including applied externally), such as pain relief medications, including anaesthetics, analgesics and pain tablets, as well as burn remedies, liniments, ointments and other medications that clearly have a primary purpose of relieving pain

Please note: Items whose primary purpose is something other than pain relief are not considered pain relievers and are taxable, unless sold on a prescription. For example, the primary purpose of an antacid is to neutralize stomach acids, while pain relief is a secondary purpose.

 - drugs listed in Schedule I or IA of the [Drug Schedules Regulation](#)
 - vaccines listed in Schedule II of the [Drug Schedules Regulation](#) and vaccines that are veterinary drugs as defined under the Veterinary Drugs Act
- Vitamins and dietary supplements that are orally ingestible and that your customer obtains for the consumption of an animal:
 - that is to be sold in the regular course of business, or
 - if the products of that animal ordinarily constitute food for human consumption
- The following food for animals:
 - agricultural feed – grain, mill and other agricultural feeds (e.g. hay) your customer obtains solely for an agricultural purpose (including to feed any animal other than household pets and birds that do not ordinarily produce food for human consumption)
 - food (e.g. chicken feed, cow feed, pig feed, dog food and other pet food) your customer obtains to feed any animal that is to be sold in the ordinary course of business
 - food your customer obtains to feed any animal that ordinarily produces food for human consumption
- Goods resulting from a medical imaging procedure, including x-rays and ultrasound photos
- Qualifying books, such as training guides (see [Bulletin PST 205](#), *Books, Magazines, Newspapers and Other Publications*)

Exempt Services

Services to animals are exempt from PST, including:

- Boarding services
Please note: If you provide boarding services, you do not charge PST for food provided to boarded animals as the food is not being “resold” to customers. However, you must pay PST on the food because for the purpose of the PST, you are using the food in providing boarding services.
- Breeding services that do not include the sale of an animal (i.e. stud services)
- Dog walking services
- Grooming and cleaning services
- Training services
- Transportation or delivery of animals that do not include the sale of an animal
- Veterinary services

Sales and Leases to Farmers

Specifically listed items you sell or lease to qualifying farmers are exempt from PST when, at or before the time of the purchase or lease, they provide you with a *Certificate of Exemption – Farmer* ([FIN 458](#)) or a BC Farmer Identity Card issued to them by the BC Agriculture Council.

- If your customer provides a completed exemption certificate, you must keep the certificate as part of your records. You may make future tax-exempt sales and leases of specifically listed farm items to that customer on the basis of that certificate, provided the information on the certificate is still correct. Your customer is required to complete a new exemption certificate if the information has changed.
- If your customer provides a valid BC Farmer Identity Card, you must either make a copy of the card or document the farmer’s name, address, card number and expiry date for your records.

For more information on qualifying farmers, including the specifically listed exempt items for qualifying farmers, see [Bulletin PST 101](#), *Farmers*.

Veterinary Services

Application of PST to Goods Used by Veterinarians

Generally, veterinarians must pay PST on all goods they use in providing their services that do not become part of or attached to the animals receiving the veterinary services. This includes consumable supplies such as medicaments and other materials (e.g. IV bags, gauzes and sponges) that veterinarians use in the course of providing veterinary services, unless a specific exemption applies.

Veterinarians are exempt from PST on goods that will become part of or attached to animals (e.g. horseshoes, pacemakers, pins) and on other goods that are resold to their customers.

Exempt Drugs, Vaccines and Prescription Treatments

Generally, veterinarians are exempt from PST on the drugs, vaccines and other substances listed in Exempt Goods above. However, the exemption for “drugs and other substances that treat, mitigate or prevent a disease or disorder when sold on **prescription**” only applies if the item is actually sold on prescription to the customer (e.g. by the veterinarian or by a pharmacy).

The exemption does not apply if the item is used by the veterinarian in providing their services and is not specifically resold. In this situation, the veterinarian must pay PST.

Charges to Customers

Veterinary services are exempt from PST. However, customers of veterinarians must pay PST on any goods that become part of or attached to the animals being serviced (e.g. horseshoes), unless a specific exemption applies. This applies regardless of whether or not there is a separate charge to the customer.

If there is a separate charge to the customer, PST applies to the charge because the charge relates to the purchase of taxable goods. If there is not a separate charge, the bundled sale rules apply. For more information on bundled sales, see [Bulletin PST 316](#), *Bundled Sales and Leases*.

Purchases for Your Business

Taxable Business Assets

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

- Advertising materials, such as flyers and brochures
- Any taxable animal you buy for breeding purposes
- Cages, kennels and aquariums that are not solely for resale (e.g. aquariums you use to hold fish for sale)
- Computer hardware
- Energy for heat and light
- Equipment used to perform your services, such as laboratory equipment and surgical tools
- Food for the animals you use for breeding
- Food you provide to boarded animals, regardless of whether or not you separate the charge for the food from the charge for the boarding service
- Items you purchase to give away as free promotions
- Items you use or consume in your business (e.g. uniforms and antiseptics used on animals or for cleaning the clinic)
- 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. 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 (pay directly to us) the PST due on your next PST return. If you are not 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. 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 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.

Temporary Use Formula

If you bring taxable goods (e.g. race horses) into BC for temporary use only (6 days or more in a 12-month period), you pay PST using the temporary use formula. The days the goods are in BC may be consecutive or spread over a 12-month period.

The temporary use formula allows you to pay PST on 1/3 of the value of the goods for each 12-month period the goods are in BC. Different rules apply if the goods being brought into BC are leased.

For more information, see [Bulletin PST 307](#), *Goods Brought into BC for Temporary Use*.

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, and goods given away as part of a loyalty or rewards points program.

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

Promotional material on which you must pay PST also includes taxable goods you obtain to sell at a price below cost. For example, you purchase a dog cage at a cost of \$100 per cage. In an effort to promote greater sales, you offer the cage to preferred customers at a below cost price of \$95 per cage. In this case, your customer pays PST on the \$95 purchase price of the cage. In addition, on your next PST return, you need to self-assess PST based on the following formula:

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

$$(\$100 - \$95) \times 7\% = \$0.35 \text{ PST to self-assess}$$

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 dog cages at \$100 per item and attempted to sell them for \$200 per item. After some time, you decide to mark down the remaining dog cages to \$95 per item because their value has decreased. In this case, your customer pays PST on the \$95 purchase price of the dog cage but you do not need to self-assess any additional PST.

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

Exempt Purchases

Goods for Resale or Lease

You are exempt from PST on goods, including animals, 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.

If you are registered for PST, you must self-assess the PST due on your next PST return. If you are not 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 used the goods for a taxable purpose.

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 \$50 worth of animal food. 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 pet toy provided with a purchase of pet food), 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. pet food and non-taxable dog training), 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 a good or service would normally sell for in the open market.

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

Exempt Promotional Distribution

Drugs and other substances for the treatment, mitigation or prevention of a disease or disorder (e.g. prescription drug samples) are exempt from PST when provided by a pharmaceutical company to a practitioner as promotional distribution.

Other Exemptions

You do not pay PST on the following items.

- Antiseptics and germicides used to protect the veterinarian or the staff, and first aid supplies used to protect the veterinarian or the staff (see [Bulletin PST 207](#), *Medical Supplies and Equipment*)
- Food you purchase for any animal that is sold in the regular course of your business, either as a pet store owner or a breeder
- Rubber or synthetic gloves, and oxygen containers and oxygen dispensing apparatus purchased for medical or emergency use (see [Bulletin PST 100](#), *Safety Equipment and Protective Clothing*)

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*.



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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 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 “related service”, “small seller”, “use”, 16-18, 26, 49, 51, 81, 89, 91, 119, 137, 141, 145, 146, 152 and 179; *Provincial Sales Tax Exemption and Refund Regulation*, sections 1 “practitioner”, “prescription”, 3, 4, 16, 32-35, 44-46 and 73.