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Florists

Provincial Sales Tax Act

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

This bulletin provides information to help florists in BC understand how the PST applies to their businesses.

If you operate a nursery, garden store or greenhouse, see [Bulletin PST 128, Nurseries and Garden Stores](#).

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Sales

Taxable Sales

You charge PST on the sale of goods, such as flowers, plants, vases, greeting cards and other related gift items, unless the sale is a non-taxable sale as described below. This includes sales of goods that are picked up by your customers from you in BC as well as goods that you ship or deliver (either from your location or the location of a third party) or arrange to ship or deliver to a location in BC.

You calculate PST on the total purchase price paid by the purchaser for taxable goods, such as flowers. The total purchase price includes delivery charges, unless the purchaser receives title to the goods before the delivery occurs.

If the purchaser receives title to the goods before the delivery occurs, the delivery charges are not subject to PST. If the purchaser assumes the risks and liabilities for the goods during delivery (i.e. for any loss or damage to the goods in transit), the purchaser has generally received title to the goods before delivery. If you (the florist) are still liable for the goods if they are damaged during delivery, then your customer has not received title to the goods before delivery (and therefore, the delivery charge is subject to PST).

PST also applies to delivery charges in the following circumstances.

- You arrange for the taxable goods to be delivered from an out-of-province supplier directly to a location in BC.

- You incur costs related to receiving goods (e.g. cost to bring in out-of-season or specialty flowers) before their delivery within BC and re-bill these charges to the purchaser.

PST applies to the delivery charges even if they are separately stated on the sales invoice.

Non-Taxable Sales

You do not charge PST on either the purchase price or the delivery charges if you (the seller) ship, deliver, or arrange to ship or deliver the goods from:

- a location in BC to a location outside BC, provided that no use whatsoever is to be made by the purchaser of the goods while the goods are in BC, or
- a location outside BC to another location outside BC.

To show why you did not collect PST on these sales, you must keep proof that you shipped, delivered, or arranged to ship or deliver the goods to an out-of-province location (e.g. bills of lading, shipping invoices or similar documentation).

You may also use the *Out-of-Province Delivery Exemption* form ([FIN 462](#)) to record sales if the goods were delivered from a location in BC to a location outside BC. The [FIN 462](#) is an optional form that may be used in addition to the required documentation described above.

Bundled Goods and Services

If you sell taxable and non-taxable goods or services together for a single price, 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 example, if you provide a floral bouquet (taxable) for a single price that includes chocolates (non-taxable), the general rule is that you charge 7% PST on the fair market value of the floral bouquet.

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

Sales to Other Retail Florists

You do not charge PST on goods sold to other retail florists if they are purchasing the goods solely for resale and they provide you with their PST number or, if they do not have a PST number, a completed *Certificate of Exemption – General* ([FIN 490](#)). You record the purchaser's PST number on the bill, invoice or receipt, or retain the completed *Certificate of Exemption – General* ([FIN 490](#)).

For more information, see [Bulletin PST 208](#), *Goods for Resale*.

Purchases

Taxable Goods

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

- advertising materials, such as flyers and brochures
- cleaning supplies, such as rags, soaps and cleaning solutions
- computer hardware including point-of-sale systems and other electronic devices

- energy for heat and light
- freestanding coolers and refrigerators
- items you purchase to give away as free promotions (see below)
- paper towels and toilet paper
- 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 are not yet 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 for Resale

You are exempt from PST on 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 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.

For example, if you use a taxable item in your business in June, you must file the return and pay the PST no later than July 31.

Containers and Packaging Materials

Containers and packaging materials include items such as bags, bouquet wrapping paper, boxes and crates. It does not include items, such as vases and pots, purchased for resale. Whether PST applies to containers and packaging materials depends on how they are used by a business and whether there is a charge to the customer for them.

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 described above that 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*.

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.

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 a floral bouquet worth at least \$50. 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 stuffed animal with a purchase of a floral bouquet), 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, 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 that a good or service would normally sell for in the open market.

For example, if you sell flowers and chocolates together, you charge 7% PST on the fair market value of the flowers.

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

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 stuffed animals at a cost of \$15 per animal. In an effort to promote greater sales, you offer the stuffed animals to preferred customers at a below cost price of \$12 per stuffed animal. In this case, your customer

pays PST on the \$12 purchase price of the stuffed animal. In addition, on your next PST return, you need to self-assess PST based on the following formula:

$$(\text{Cost} - \text{Customer's purchase price}) \times \text{PST rate} = \text{PST to self-assess}$$
$$(\$15 - \$12) \times 7\% = \$0.21 \text{ PST to self-assess}$$

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 baskets at \$25 per item and attempted to sell them for \$50 per item. After some time, you decide to mark down the remaining baskets to \$20 per item because their value has decreased. In this case, your customer pays PST on the \$20 purchase price of the baskets but you do not need to self-assess any additional PST.

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



Need more info?

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

Latest Revision

March 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 “non-taxable component”, “promotional distribution”, “promotional material”, “purchase price”, “taxable component”, “use”, 10, 16, 26, 34, 37, 49, 81, 105, 119, 137, 141, 145 and 192; *Provincial Sales Tax Exemption and Refund Regulation*, section 26; *Provincial Sales Tax Regulation*, section 47.