



Funerals

Provincial Sales Tax Act

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

This bulletin provides information to help businesses involved in the funeral industry (funeral homes, memorial parks, memorial dealers, crematoriums and related businesses) understand how PST applies to their businesses.

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Definitions

Funeral contracts are contracts for funeral services and include pre-need contracts. Under provincial legislation, funeral contracts must provide a detailed description of goods and services to be supplied, along with itemized purchase prices for those goods and services.

Sole-use cremation containers are cremation containers that are used only for the purpose of transporting and cremating human remains.

Registration

If you sell or lease taxable goods in the ordinary course of business, you must register to collect PST.

For more information, see [Bulletin PST 001](#), *Registering to Collect PST*.

Services

You do not charge PST on the following services:

- clergy services
- funeral services, including:
 - arranging and managing a funeral
 - preparing or transporting human remains
 - providing visitation and viewing
 - performing a funeral or wake
 - cremation and interment services
 - scattering ashes
 - opening and closing a lot, crypt or niche
- obtaining certificates and permits
- releasing doves
- writing obituaries and/or arranging for obituaries to be published (e.g. in newspapers)

If you provide catering services, see [Bulletin PST 122](#), *Caterers, Event Planners and Party Supply Stores*.

Although the services described above are not subject to PST, you must charge PST on any goods you sell or lease to your customer in the course of providing a service.

Sales and Leases of Goods

Charging PST

You must charge PST on taxable goods you sell or lease, including goods sold or leased with funeral services. The following are examples of taxable goods commonly sold by funeral providers:

- caskets
- flowers
- guest and memorial books
- markers or plaques, when not installed into real property by you or by a contractor (see Real Property Contracts below)
- mementos (e.g. CDs, DVDs, printed photographs)
- service and prayer cards or folders
- shrouds
- urns

Note: This is not a complete list.

You are exempt from PST when you obtain goods solely for resale or lease (see Purchases below). You **cannot** pay PST on your costs to obtain the goods for resale or lease as an alternative to charging the PST.

There is no specific exemption for goods associated with the funeral industry. For information on exemptions, see [Bulletin PST 200](#), *PST Exemptions and Documentation Requirements*.

Sales

Under a funeral contract, if you supply a casket (other than a sole-use cremation container) that remains with the deceased after the service, you are selling the casket to your customer.

Generally, if you supply other goods under a funeral contract, you are also selling those goods to your customer. You are not selling those goods if you are leasing them to your customer (see Leases below) or using them in the course of providing your service (see Goods Used in Providing Your Service below).

You must charge PST on the purchase price of the goods you sell to customers under a funeral contract, unless a specific exemption applies. However, there is an exception for sole-use cremation containers (see Cremation Containers below).

Example

Under a funeral contract, you perform funeral services and supply a casket, a guest book, service cards and flowers. The casket will be cremated, but is not a sole-use cremation container. In this case, you are selling the goods to your customer and must charge PST on the purchase price shown in the funeral contract for the casket, guest book, service cards and flowers.

If you sell goods without services (i.e. not under a funeral contract), you must charge PST on the goods unless a specific exemption applies.

Leases (Rentals)

If you supply a ceremonial casket or other goods (other than cremation containers) that your customer is not allowed to keep after the service and that do not remain with the deceased after the service, you are not selling those goods to your customer. In this case, you are either:

- using those goods in providing your services (in this case you must pay PST when you purchase or lease those goods—see Goods Used in the Course of Providing Your Service below), or
- leasing (renting) those goods to your customer.

You are leasing the goods to your customer if:

- the contract specifies that you are leasing (renting) the goods to your customer (e.g. the funeral contract indicates that you will supply a “rental casket”), or
- the contract itemizes a specific amount payable by your customer for the goods.

You must charge PST on the lease (rental) price of the goods under a funeral contract, unless a specific exemption applies.

Example

Under a funeral contract, you perform funeral services and supply a casket (for use during the viewing and service only) and a sole-use cremation container. The goods are described and priced in the funeral contract. Because the contract itemizes a specific amount payable for the supply of the casket, you are leasing the casket to your customer and must charge PST on the lease price shown for the casket in the funeral contract. You do not charge PST on the sole-use cremation container (see Cremation Containers below).

Cremation Containers

Sole-use cremation containers are cremation containers that are used only for the purpose of transporting and cremating human remains. You do not charge PST on sole-use cremation containers even if the funeral contract itemizes a specific price for the supply of the cremation container. However, you must pay PST on sole-use cremation containers you use in providing your funeral services.

Some cremations involve containers that are not sole-use cremation containers. If you supply a container under a funeral contract and it will be used for any purpose other than transporting and cremating human remains (e.g. to be displayed at a viewing or at a service), you are selling the container to your customer and must charge PST.

Note: Cremation containers that are placed inside ceremonial caskets remain sole-use cremation containers.

Goods Bundled With Your Service for a Single Price

If you sell taxable and non-taxable goods, software, services or real property 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 of the sale. However, some exceptions apply.

Although bundled sales occur infrequently in the funeral industry, and while provincial legislation limits bundling in funeral contracts, some transactions may require you to apply the bundled sales rules.

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

When PST is Payable

When you sell or lease goods to your customers, PST is generally payable at the same time that the purchase or lease price, or any portion of the purchase or lease price, is paid or becomes due, whichever is earlier.

A purchase or lease price, or any portion of the purchase or lease price, generally becomes due the **earliest** of:

- the day you first issue an invoice for the sale or lease,
- the date of the invoice,
- the day you would have, but for undue delay, issued the invoice, and
- the day your customer must pay the purchase or lease price under a written agreement.

For more information, see [Bulletin PST 002](#), *Charging, Collecting and Remitting PST*.

In the case of pre-need funeral contracts, you may receive payment for the contract when it is negotiated, but those funds (less selling expenses) are held in trust until the funeral contract is fulfilled. This is not the payment of an invoice for the sale or lease of goods because no sale or lease occurs until you actually supply the required goods. You charge and remit PST when you supply the goods and either issue an invoice (e.g. to an estate or to an insurer) or remove pre-need funds from a pre-need trust account.

When Not to Charge PST

Goods Used in the Course of Providing Your Service

Generally, you do not charge your customer PST if a service includes taxable goods for a single price and:

- your customer does not have the right to keep those goods after the service and the goods do not remain with the deceased after the service (i.e. you are not selling the goods to your customer), and
- you are not leasing the goods to your customer as part of the contract.

However, you must pay PST when you acquire taxable goods that you use in the course of providing these services.

Example

Under a funeral contract, you perform funeral services and provide services to transport human remains. The transport service is itemized and priced in the funeral contract and includes linens and a stretcher. Your customer does not acquire a right to keep the linens or the stretcher, and the goods do not remain with the deceased after the service. Additionally, the goods are not being leased to your customer.

In this case, you are using the linens and the stretcher in the course of providing your service and you must pay PST on your costs to acquire the linens and stretcher. You do not charge your customer PST on the linens and stretcher.

Note: Unless a casket is a sole-use cremation container (see Cremation Containers above), the supply of a casket under a funeral contract is either a sale (see Sales above) or a lease (see Leases above).

Incidental Goods

If you provide goods as part of your contract for funeral services, you do not charge PST on the goods if:

- the main purpose of the contract is for your service and not for the goods,
- there is no separate charge for the goods, and
- the total price for the service, including the goods, is the same as or only marginally different from the price you would charge if the goods were not provided.

You do not charge PST because the goods are not being sold and are only incidental to the service you are providing. However, you must pay PST when you acquire the goods.

Example

Under a funeral contract, you perform funeral services and provide a DVD to assist your customer with the process of settling an estate. There is no separate charge for the DVD. The price for your funeral services is the same as or only marginally different from what you would charge if you did not provide the DVD.

In this case, the DVD is incidental to the provision of your funeral services. You do not charge PST on the DVD because you are not selling the DVD. However, you must pay PST on your cost to acquire the DVD.

Note: Caskets are not incidental goods and you must charge PST when providing them with funeral services.

Purchases

Taxable Goods

You must pay PST on the purchase or lease of new or used 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 use or consume in your business, such as:
 - cosmetic supplies
 - embalming fluids and embalming chemicals
 - sole-use cremation containers
- stationery, furniture and office equipment
- tools and equipment used to perform your services
- vehicles, including hearses

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 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 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 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 Form* (**FIN 405**) on or before the last day of the month following the month you brought, sent or received goods into BC.

Exempt Purchases

Goods for Resale or Lease

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*.

Note: You are not eligible for this exemption for any goods that are incidental to the service you are providing (see Incidental Goods above).

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 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 used the goods for a taxable purpose.

Real Property Contracts

You are a real property contractor if you supply and affix, or install, goods that become part of real property. This includes the following items:

- concrete liners, vaults, and materials that form part of a grave or a crypt
- non-removable vases attached to or installed in crypts, markers or graves
- markers and the materials used to affix markers
- plaques that are affixed to crypts or markers

Real property contractors must pay PST on taxable goods they obtain to fulfil a contract, unless a specific exemption applies. When a contractor pays PST, they do not charge their customers PST.

For more information, see **Bulletin PST 501**, *Real Property Contractors*.

Note: If you sell goods **without** services to affix, or install, those goods so that they become part of real property, you must charge PST on the sale of those goods, unless a specific

exemption applies. For example, if your customer purchases a marker but will make separate arrangements with another business for its installation, you must charge and collect PST.

Sales of Real Property

You do not charge PST on sales of real property or interment rights, including burial plots and cemetery plot transfers.



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Latest Revision

March 2016

- Minor revisions
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References: *Provincial Sales Tax Act*, sections 1 “fair market value”, “lease”, “related service”, “sale”, “software”, “use”, 26, 28, 29, 34, 35, 37, 39, 49, 81, 83, 105, 119, 137, 142, 168, 169 and 192; *Provincial Sales Tax Regulation*, sections 7, 47 and 52.