



Provincial Sales Tax (PST) Bulletin

Bulletin PST 301

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Subscribe

Related Services

Provincial Sales Tax Act

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

This bulletin provides information on how the provincial sales tax (PST) applies to related services.

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Definitions

Goods mean tangible personal property as defined in the *Provincial Sales Tax Act*. Tangible personal property is personal property that can be seen, weighed, measured, felt or touched, or that is in any other way perceptible to the senses, and includes:

- natural or manufactured gas,
- electricity,
- heat,

- affixed machinery, and
- an improvement to real property or part of an improvement to real property that is removed from the site at which it is affixed or installed, while it is removed from that site.

Related services are services provided to tangible personal property (referred to as goods in this bulletin) or services provided to install goods.

Related services do not include:

- services provided to install goods that will become affixed machinery or an improvement to real property on installation, such as installing wall-to-wall carpeting that is attached to the floor,
- services provided by a person to the person's employer in the course of their employment, such as the repair of a company truck by a company employee,
- services to manufacture goods that are fundamentally different from the goods from which they were manufactured, such as producing new pieces of jewelry from materials (e.g. coins) supplied by a customer, or
- services provided to software, including installation.

Please note: Goods that become affixed machinery upon installation include goods that are installed into affixed machinery (e.g., parts and materials). Therefore, services to install parts and materials into affixed machinery are not related services.

Related Services Provided in BC

PST applies to the purchase of a related service provided or to be provided in BC, unless a specific exemption applies. The tax rate on related services is 7%. PST applies even if the purchaser is a non-resident of BC.

Please note: Related services provided in BC to goods that are brought or sent into BC for the sole purpose of having the related services provided are exempt from PST if the goods are immediately transferred out of BC after the services are provided. For more information on this exemption, please see the section below, Exempt Related Services and Non-Taxable Services.

Related Services Provided Outside BC

Unless a specific exemption applies, PST at a rate of 7% applies to the purchase of a related service outside of BC by a person who resides, ordinarily resides, or carries on business in BC where:

- the goods to which the related service is provided are taken or sent out of BC primarily for the purpose of having the related service provided to them, and
- the goods are brought or sent into BC after the related service has been provided.

However, where goods are sent out of BC primarily for use outside BC, any related services provided to the goods while they are being used outside BC are not subject to PST.

Self-Assessing the PST Due

Generally, where taxable related services are provided outside of BC, the purchaser must self-assess the PST payable on the related service.

If the purchaser has a PST number, they must self-assess the PST on their next PST return for the reporting period in which the goods are returned to BC. If they do not have a PST number, they must self-assess the PST due using a *Casual Remittance Return* ([FIN 405](#)) on or before the last day of the month after the month in which the goods are returned to BC.

Taxable Related Services

Generally, if a good is taxable when purchased, related services provided to that item are also taxable, unless a specific exemption applies. Examples of taxable related services include services to:

- apply protective treatments to taxable goods, such as fabric protection, rust proofing or paint
- assemble, disassemble or install office furniture and modular workstations (cubicles)
- install television wall-mounts onto a wall
- repair, re-upholster or refinish furniture
- repair business equipment, such as cash registers, photocopiers or fax machines
- repair, paint or cut polish vehicles
- repair or maintain taxable goods, such as knives, watches, TVs, stereos or computers
- restore taxable goods, such as furniture
- set up, install or dismantle taxable goods, such as temporary display counters, shelves or booths at trade fairs and conventions

This is not a complete list.

Related Services Provided by Contract Workers

While services provided by a person to the person's employer in the course of employment are not related services, contract workers are not employees. Therefore, related services performed by contract workers are subject to PST. Contract workers who provide related services to the person with whom they have entered into the contract must register for PST and charge PST on their services (unless they qualify as a small seller; for more information on small sellers, please see [Bulletin PST 003](#), *Small Sellers*).

Goods Qualifying for Payment of PST under the Temporary Use Formulas

Certain equipment brought into BC for temporary use is eligible for payment of PST under the temporary use formulas (i.e. 1/3 or 1/36 formulas).

These temporary use formulas do not apply to purchases of related services. PST is payable on the full charge for any related services provided to goods that are in BC for temporary use.

Exempt Related Services and Non-Taxable Services

Exempt Related Services

The related services listed below are exempt from PST. This is not a complete list. Unless a specific requirement is provided below, service providers are not required to collect any information or documentation from the purchaser to show why they did not collect PST. However, the collector's records must support that the sale was exempt. For example, the nature of the service and the item to which the service is provided could be indicated on the bill, invoice or receipt.

If additional information and documentation requirements apply in order to claim the exemption and the purchaser does not provide it to the service provider at or before the time the purchase price is payable, the service provider must charge and collect PST on the sale of the related service.

- Attaching or applying goods to, or removing goods from, an individual (e.g. false nails); for services provided to goods that have been attached or applied to an individual and remain attached or applied to the individual after the service is provided – see the section below, Non-Taxable Services.
- Cleaning services, unless provided to taxable goods along with another related service that is subject to PST (e.g. repair services).
- Cutting goods, other than cutting that is part or all of a service to repair, restore or recondition the goods, or cutting that is provided to taxable goods along with another related service that is subject to PST (e.g. repair services).
- Diagnostic, testing or safety inspection services provided to goods, including such services when dismantling and/or reassembly occur, unless provided to taxable goods along with another related service that is subject to PST (e.g. repair services).
- Disposal services.
- Engraving services.
- Erecting, constructing, assembling, or dismantling the following goods if for use in the construction, demolition, adjustment, repair, renovation, restoration, or maintenance of real property or affixed machinery:
 - scaffolding, formwork, hoarding or other temporary protective coverings,
 - construction cranes, and
 - temporary power or other utilities.
- Installing goods as part of a window display service.
- Measuring, weighing, grading or classifying goods, unless provided to taxable goods along with another related service that is subject to PST (e.g. repair services).
- Moving, courier, mail and freight transportation services (other than where the cost of those services is part of the purchase price of goods; for more information, please see [Bulletin PST 302, Delivery Charges](#)).
- Numbering pages, collating pages and folding pages.
- Packaging services.
- Plant growing services (e.g. tree seedlings) if the service is provided at a location other than on property owned, leased or used by the owner of the plants.

- Services to:
 - affixed machinery, other than:
 - travelling cranes and hoists that run on rails or tracks that are attached to a building and are attached to the rails or tracks by flanged wheels, or rest on the rails or tracks by their own weight, and
 - affixed machinery, or parts of affixed machinery, that have been removed from the site at which they were affixed or installed.
 - animals.
 - clothing and footwear, other than blades for skates.
 - goods that a person (other than a small seller) stores, keeps or retains for the sole purpose of resale – the purchaser’s PST number must be recorded on the bill, invoice or receipt or, if the purchaser does not have a PST number, a completed *Certificate of Exemption – General* ([FIN 490](#)) must be obtained.
 - goods that a person registered for PST stores, keeps or retains for the sole purpose of leasing – the purchaser’s PST number must be recorded on the bill, invoice or receipt.
 - most exempt goods (for more information on exempt goods, please see [Bulletin PST 200](#), *PST Exemptions and Documentation Requirements*). Examples of exempt goods include:
 - equipment designed solely for use by an individual with a permanent disability (e.g. nasal CPAP systems)
 - portable fire extinguishers and refills for portable fire extinguishers
 - self-contained smoke or fire alarm devices designed for residential use and sold for under \$250
 - specified safety equipment (please see [Bulletin PST 100](#), *Safety Equipment and Protective Clothing*)
 - aircraft powered by a turbine and parts for those aircraft
 - non-motorized bicycles and qualifying non-motorized tricycles
 - self-propelled vessels over 500 tons
 - the following household appliances and goods: refrigerators, stoves, ovens, dishwashers, clothes washers and dryers, freezers, vacuums, rug-cleaning and carpet-cleaning machines, rugs and carpets, sewing machines, and curtains and drapes.
 - manufactured buildings (manufactured mobile homes, manufactured modular homes and portable buildings).
 - multijurisdictional vehicles (MJVs) – the customer’s Prorate account number must be recorded on the bill, invoice or receipt.
 - trailers used **solely** with MJVs – the customer’s Prorate account number must be recorded on the bill, invoice or receipt.
- Software and data:
 - installing software on an electronic device
 - removing software or data from an electronic device
 - relocating, modifying, or copying software or data on an electronic device
 - backing up data to an electronic device

- Vehicles:
 - boosting a battery, other than battery recharging
 - roadside tire changing
 - roadside unlocking
 - towing
 - waxing
 - motor vehicle conversion or modification provided solely for the purpose of:
 - modifying a vehicle to facilitate the use of the vehicle by, or the transportation of, an individual using a wheelchair, or
 - equipping a vehicle with an auxiliary driving control to facilitate the operation of the vehicle by an individual with a disability.

Related Services Purchased for Resale

Businesses providing related services occasionally send their customers' goods to a third party to receive related services.

In this situation, the business that sends the goods to receive a related service from a third party is purchasing the related service for resale.

For example, if a stereo repair business sends a component part of a customer's stereo to another business for repair, the charge to the stereo repair business for work done by that second business is exempt from PST.

A business that sends goods to a third party may purchase a related service exempt from PST with their PST number or, if they do not have a PST number, a completed *Certificate of Exemption – General* ([FIN 490](#)). In order to show why PST was not collected, the third party service provider must record the reseller's PST number on the bill, invoice or receipt, or keep the exemption certificate, for their records.

Please note: Although the business may be exempt, unless a specific exemption applies, the business must charge and collect PST on their charge to their customer for the related service.

Goods Brought or Sent into BC Solely to Receive Related Services

PST does not apply to related services provided to goods that were temporarily brought or sent into BC for the sole purpose of receiving the related services. In this situation, the seller must keep the following documentation to show why they did not collect PST:

- When available, shipping invoices or bills of lading showing the date the goods were shipped into BC and the date they were shipped from the service provider to an out-of-province location, or to another service provider's location.
- If shipping invoices are not available, a written statement signed by the customer. The statement must contain the customer's certification that the goods have been brought into BC solely to receive related services, and that the goods will be removed from BC as soon as the services have been performed.

Non-Taxable Services

The following services are not related services and are not subject to PST:

- Financial services, management services, secretarial services, accounting services, property management and realty services, and information brokerage services
- Interior decorating, design and engineering services
- Website design, maintenance and hosting services
- Monitoring and security services
- Services to an individual (including services to goods that have been applied to or attached to an individual), such as medical services, dental services, chiropractic services, naturopathic services, personal training services, yoga instruction, hair salon or barber services, and spa services
- Seminars, training and educational courses

This is not a complete list.

Please note: While PST does not apply to these services, if persons who provide these services also sell or lease taxable goods, or provide software, they must charge and collect PST on these sales and leases. For example, if a hair salon charges for a haircut and a bottle of shampoo, the haircut is not subject to PST, but PST must be charged and collected on the purchase price of the bottle of shampoo.

Change in Use

If a related service is purchased exempt from PST, and the related service is later used for a taxable purpose, the purchaser of the related service must self-assess PST on the purchase price of the related service.

For example, a person pre-purchases services to repair exempt goods (e.g. a household refrigerator). However, the services are actually performed on a taxable good (e.g. a commercial refrigerator).

If the purchaser has a PST number, they must self-assess the PST on their PST return for the reporting period in which the change in use occurs. If they do not have a PST number, they must self-assess the PST due using a *Casual Remittance Return* ([FIN 405](#)) on or before the last day of the month after the month in which the change of use occurs.

Charging PST on Related Services

Purchase Price of Related Services

PST must be calculated on the **total purchase price** paid by the purchaser for related services. This includes charges for labour, travel time and similar charges that a customer pays to receive the service. However, it does not include the following charges:

- the federal goods and services tax (GST),
- delivery or shipping charges for the item receiving the service, provided such charges are separately stated on the sales invoice, and
- reimbursement of out-of-pocket travel expenses that are billed on a cost-recovery basis, such as fuel or accommodation charges, provided such charges are separately stated on the sales invoice. This applies if the amounts are billed for the precise recovery of the

actual cost of the expenses and are separately listed on the invoice. For example, this includes out-of-pocket travel expenses (e.g. airfare or fuel costs) billed for the precise recovery of the actual cost of the expenses that are separately listed on the bill (e.g. the cost of a tank of fuel). This does not include mileage (e.g. so many cents per kilometre) or charges for travel time.

PST must also be charged on taxable parts and materials that become part of or attached to the goods being serviced, unless a specific exemption applies. For more information, please see the section below, Parts and Materials.

Bundled Sales

If an exempt good or service is sold with a taxable good or service for a single price, PST is charged based on the rules for bundled sales of taxable and non-taxable goods and services. For more information on bundled sales, please see [Bulletin PST 316: Bundled Sales: Taxable and Non-Taxable Goods or Services Sold Together for a Single Price](#).

Invoice Requirements

PST must be shown separately on the invoice. However, where PST is due on both the purchase price of an item and on related services applied to that item, the two charges may be combined for the purpose of calculating the tax and showing it on the invoice.

Additional documentation requirements apply when certain related services are sold exempt from PST. For more information on these requirements, please see the section above, Exempt Related Services and Non-Taxable Services.

Remitting PST

PST charged must be reported and remitted (paid) to the government, whether or not the PST has actually been collected from the customer. For more information, please see [Bulletin PST 002, Charging, Collecting and Remitting PST](#).

Purchases Made by Persons Providing Related Services

Taxable Purchases

Business Assets

Generally, persons providing related services must pay PST on all tools, equipment and machinery used in providing the services. For example, this includes items such as power tools and hand tools, diagnostic equipment, welders and paint spraying equipment. PST also applies to other business assets (e.g. equipment and materials) purchased for business use, such as computers, cash registers, stationery, furniture and display shelves.

Goods that do Not Become Part of or Attached to the Goods Being Serviced

Persons providing related services must pay PST on all goods, including consumable supplies that do not become part of or attached to the goods being serviced, unless a specific exemption applies. For example, this includes:

- shop supplies, such as paper towels, cleaning solvents, masking tape, paper and detergents
- drugs and other supplies that are consumed during the provision of veterinary services

Containers and Packaging Materials

Service providers who obtain containers and packaging materials (other than reusable containers) that they provide to their customer with their purchase of services, may purchase the containers and packaging materials exempt from PST if they sell the containers and packaging materials to their customer first and then use those materials to return the serviced good to their customer.

This includes boxes, crates, foam chips, strapping, wrapping, and bags. To obtain the exemption, the service provider must provide their PST number to their supplier or, if they do not have a PST number, a *Certificate of Exemption – General* ([FIN 490](#)).

If the Customer is Charged for Containers and Packaging Materials

If there is a separate charge to the customer for containers and packaging materials, PST applies to the charge even if the services themselves are not subject to PST. This is because the charge relates to the purchase of taxable containers and packaging materials.

For example, an electronics repair business provides bags to their customer with the repaired goods and charges 15 cents per bag. The business would be required to charge PST on the charge for the bag.

If the Customer is Not Charged for Containers and Packaging Materials

If there is no separate charge to the customer for containers and packaging materials, and they are provided to the customer with services that are subject to PST, the service provider must charge PST on the full purchase price of the services.

If there is no separate charge to the customer for containers and packaging materials and they are provided to the customer with services that are **not** subject to PST, the service provider is generally not required to charge PST on the containers and packaging materials. In most cases, the containers and packaging materials are not taxable to the customer because they either qualify for the bundled sales exemption, or are considered incidental to the provision of a service that is not subject to PST.

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

Certain Materials Consumed by Service Providers

Service providers do not pay PST on the following items if they are obtained for use in the manufacture, production, service or repair of goods or real property:

- abrasive paper, emery paper or other fabric-backed abrasives suitable for use by hand or for use with hand-held tools,
- dies,
- grinding wheels,
- jigs,
- moulds (moulds designed for food production must be for commercial food manufacturing or preparation),
- patterns,
- polishing wheels,
- rotary steel brushes,

- sand for use in sand blasting,
- steel, plastic and glass shot and similar material for use in blasting clean a surface, and
- steel wool.

The service provider does 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 (e.g. the supplier documented on the receipt that the grinding wheels were purchased exempt for manufacturing).

Parts and Materials

Parts and Materials that Become Part of or Attached to the Goods Being Serviced

Persons who provide related services to goods are exempt from PST on parts and materials that will become part of or attached to these goods when providing the services.

These parts and materials are being sold to their customers. Therefore, unless the parts and materials qualify for a specific exemption, PST applies on the sale of these parts and materials.

This is the case even if:

- the related service qualifies for an exemption (e.g. installing a replacement compressor as part of a service to repair a household refrigerator, or replacing a lost button or broken zipper on a customer's clothing), or
- there is single price shown on the bill, invoice or receipt that covers the related service and any parts or materials sold with the related service.

If both the parts and materials and the related services are subject to PST, PST applies to the total purchase price, regardless of whether or not the charge for the parts and materials is separate from the charge for the related services.

However, if the charge for the parts and materials is not separate from the charge for the related services, and either the parts and materials or the related services are exempt, the bundled sale rules apply. For more information on bundled sales, please see [Bulletin PST 316: Bundled Sales: Taxable and Non-Taxable Goods or Services Sold Together for a Single Price](#).

Exception – Incidental Goods Provided with Services Not Subject to PST

PST does not apply to goods provided under a contract for services that are not subject to PST if the following criteria are met because the goods are considered as incidental to the provision of the service:

- the fundamental purpose of the contract with the customer is for the services and not the provision of the goods,
- the goods are included at no charge as part of the services (i.e. there is no separate charge or additional charge for the goods from the charge for the services), and
- the total amount the customer pays for the services is the same as, or only marginally different from, what the total amount the customer would have paid if they had not received the goods.

For example, PST does not apply to:

- nail polish provided as part of manicure or pedicure services
- hangers and plastic provided as part of a dry cleaning service

Because these goods are not considered to have been sold to the customer, the service provider must pay PST on these goods because they have not been acquired for resale.

Goods Used to Provide Services that are Not Related Services

Service providers must pay PST on parts and materials used to provide services that are not related services, unless a specific exemption applies. This includes goods used to provide services to an individual (e.g. oil used to provide massage services, hair products used to provide hair styling services and cosmetics used to provide spa services), services to improvements to real property or services to install affixed machinery (or install goods into affixed machinery).

Service Contracts

A service contract is an agreement that applies to certain goods under which, in the future, a customer may receive replacement goods, parts and/or services. This includes warranties, maintenance agreements and similar contracts, including where it cannot be determined at the outset whether any replacement goods, parts and/or services will be provided.

For information on the application of PST to service contracts to both the service provider and the purchaser of the service contract, please see [Bulletin PST 303, Warranties, Service Contracts and Maintenance Agreements](#).

Real Property and Affixed Machinery

Services to Real Property and Affixed Machinery

Services to real property and services to most affixed machinery (see below) are not subject to PST. Examples of services to real property include house painting, wallpapering, roofing, plumbing, electrical, applying protective treatments to wall-to-wall carpeting, and repairs and maintenance to furnaces, water heaters or built-in appliances.

Landscaping services to lawns, gardens and plants are also services to real property, provided that the services are not being provided to plants or trees planted in free-standing, hanging or other containers that are not real property, regardless of their size.

PST is payable by the service provider on purchases of parts and materials used to provide improvements to real property and installation services to affixed machinery.

For more information on improvements to real property and affixed machinery, please see [Bulletin PST 501, Real Property Contractors](#).

On-Site Services

PST does not apply to services to real property and most affixed machinery if the service is performed to:

- the item while it is attached to real property, or
- the item or part of the item while it is detached from real property, provided that the service is performed at the site where the item was affixed or installed.

For example, repairs to a built-in cabinet while attached to the wall, or while detached from the wall but kept in the home, would not be subject to PST.

Persons providing services to real property or to affixed machinery should ensure that the nature and the location of the services are clearly described on the sales invoice or in the contract for services.

Off-Site Services

If a taxable good, including affixed machinery, is detached from real property **and** is removed from the site at which it was affixed or installed, that item ceases to be real property or affixed machinery during the period it is removed from the site. During this period, related services provided to that good are subject to PST.

For example, if the motor for a household furnace is taken to a repair shop, PST would apply to related services provided at the repair shop.

An off-site location means the repairer's place of business or other location away from the normal location of the item being repaired. For example, the repairer's van parked on the customer's property or on the street immediately in front of the customer's property does not constitute an off-site location.

PST does not apply to charges for removal from real property and re-installation to real property.

Taxable Related Services to Affixed Machinery

Generally, related services provided to affixed machinery are exempt from PST (see the section above, Exempt Related Services). However, PST applies to related services provided to the following affixed machinery, regardless of where the services are performed:

- travelling cranes and hoists that run on rails or tracks that are attached to a building and are attached to the rails or tracks by flanged wheels, or rest on the rails or tracks by their own weight.

Exempt Customers

Related Services Provided to First Nations Customers

Related services purchased by a First Nation individual or a band are exempt from PST if the related services are provided wholly on First Nation land.

The exemption does not extend to tribal councils, band empowered entities, corporations or cooperatives.

For more information on exempt sales to First Nation individuals and bands, please see [Bulletin PST 314](#), *Exemptions for First Nations*.

Related Services Provided to Exempt Goods for Farmers, Commercial Fishers and Aquaculturists

Related services purchased by a qualifying farmer for specifically listed farm equipment or other goods are exempt from PST. For more information, including documentation requirements to support why tax was not collected, please see [Bulletin PST 101](#), *Farmers*.

Related services purchased by a qualifying commercial fisher for exempt boats, fishing nets or fishing equipment are exempt from PST. For more information, including documentation requirements to support why tax was not collected, please see [Bulletin PST 102](#), *Commercial Fishers*.

Related services purchased by a qualifying aquaculturist for specifically listed aquaculture equipment and other goods are exempt from PST. For more information, including documentation requirements to support why tax was not collected, please see [Bulletin PST 103](#), *Aquaculturists*.

Related Services Provided to a Related Corporation

Corporations are exempt from PST for related services purchased from a related corporation.

For more information, please see [Bulletin PST 210](#), *Related Party Asset Transfers*.

Related Services Provided to Members of the Diplomatic and Consular Corps

Related services purchased by certain members of the diplomatic and consular corps are exempt from PST if the purchaser holds a valid diplomatic or consular identity card issued by the Department of Foreign Affairs and International Trade.

For more information, please see [Bulletin CTB 007](#), *Exemption for Members of the Diplomatic and Consular Corps*.



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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

February 2014

- As a result of Budget 2014 changes to the legislation:
 - the definitions of “band” and “First Nation individual” have been moved from the regulations to the Act;
 - The following has been added to the list of exempt related services:
 - services to grow plants (e.g. tree seedlings) if the service is provided at a location other than property owned, leased or used by the owner of the plants (note: this exemption is effective April 1, 2013).
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References: *Provincial Sales Tax Act*, sections 1 “affixed machinery”, “band”, “electronic device”, “First Nation individual”, “improvement to real property”, “lease”, “manufactured building”, “manufactured mobile home”, “manufactured modular home”, “motor vehicle”, “multijurisdictional vehicle”, “portable building”, “related service”, “software”, “tangible personal property”, “taxable service”, “use”, “vehicle”, “vendor”, 10, 17, 18, 26, 28, 33, 37, 119, 120, 120.1, 121, 137, 141, 145, 169, and 179; Provincial Sales Tax Exemption and Refund Regulation, sections 1 “fishing equipment”, “obtain”, “qualifying aquaculturist”, “qualifying commercial fisher”, “qualifying farmer”, 8, 16, 30, 36-43, 46, 48, 49, 55, 57, 73-77 and 148 and Schedules 2-4; Provincial Sales Tax Regulation, sections 7, 63, 64 and 85; Consular Tax Exemption Regulation.