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PST Refunds on Charity-Funded Purchases of Medical Equipment

Provincial Sales Tax Act

COVID-19 Update: See [Notice 2020-002](#), *COVID-19 Sales Tax Changes*, for temporary changes that impact the information in this bulletin. This bulletin has **not** been revised.

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

This bulletin provides information on the PST refund available to eligible charities for certain medical equipment purchased with funds contributed by the charity.

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Definitions

In this bulletin:

- **charity funds** are funds provided by an eligible charity; charity funds do **not** include funds provided directly or indirectly by:
 - a health authority (for the purposes of this bulletin, a health authority includes the Provincial Health Services Authority),
 - a health facility,
 - a local authority (includes a municipality or regional district),
 - the government of BC (except gaming grants), or
 - the government of Canada.

Note: Charity funds include donations, proceeds from the sale of assets, interest earned on other charity funds, and funds raised through activities such as run/walk/bike-a-thons, ticket raffles and gift store sales.

- an **eligible charity** is a registered charity, or a corporation that is incorporated under the *Society Act* and is a member of the British Columbia Association of Healthcare Auxiliaries
For information on registered charities, see the [Canada Revenue Agency](#) website.
- a **health facility** is any of the following:
 - a hospital (including a private hospital)
 - a provincial mental health facility
 - a community care facility licensed under the *Community Care and Assisted Living Act*, other than a child day care facility

Who Qualifies for a Refund

Eligible charities can apply for a refund of PST paid on qualifying medical equipment purchased in whole or in part with funds contributed by the charity (see How to Apply for a Refund below).

The amount of the refund depends on the portion of the purchase price and PST paid with funds contributed by the charity (see Calculating the Refund below).

Qualifying Medical Equipment

To be eligible for this refund, the medical equipment must be:

- purchased by an eligible charity, a health facility or a health authority in whole or in part with charity funds, and
- for use by a health facility to treat patients or diagnose their ailments.

Examples of medical equipment that may qualify are:

- anaesthetic equipment
- blanket warming cabinets
- defibrillators
- diagnostic medical imaging equipment, such as ultrasound, MRI and CAT scan machines, scoping equipment and probes
- heart-lung machines
- hospital beds
- infant warmers
- infusion pumps
- intravenous equipment
- laboratory testing equipment, such as blood analyzers and tissue processors
- medical monitors, such as blood pressure equipment, ECG, EEG, fetal and oxygen monitors
- operating tables
- plasma freezers
- radiation equipment
- roll carts
- stretchers
- surgical equipment
- surgical and medical instruments

- surgical sterilization equipment
- ultrasound phantom kit
- ventilators

Items that do **not** qualify as medical equipment include:

- couches, chairs, televisions, refrigerators, microwave ovens, pillows, bedding and other items or equipment that are typically used for household purposes
- equipment used solely for research
- office equipment, such as photocopiers, computers, printers and scanners
- storage carts

A refund cannot be claimed for:

- leased goods
- related services, such as repairs and maintenance

Please note: Some medical equipment is exempt from PST. For more information, see [Bulletin PST 207](#), *Medical Supplies and Equipment*.

Contracts to Supply and Install Medical Equipment

If you enter into a contract under which a contractor will supply and install medical equipment that will become part of real property once installed (e.g. CAT scan machines), the contractor must pay PST on the goods they use to fulfil the contract. You do not pay PST on the contract unless you (the customer) and the contractor have entered into an agreement that specifically states, in writing, that the customer is paying PST on the goods. You cannot apply for a refund of PST if the contractor paid the PST.

For more information, see [Bulletin PST 501](#), *Real Property Contractors*.

Software Purchased With Qualifying Medical Equipment

Software is also eligible for this refund if the software is:

- purchased by an eligible charity, a health facility or a health authority in whole or in part with charity funds,
- purchased **together** with the qualifying medical equipment, and
- for use to operate, control or monitor that medical equipment.

Software that does not meet all the criteria above is not eligible for this refund. For example, the following do not qualify for a refund:

- software purchased separately from a purchase of qualifying medical equipment
- subsequent purchases of software updates or additional licences

Please note: Some software is exempt from PST. For more information, see [Bulletin PST 105](#), *Software*.

Calculating the Refund

Fully Funded Purchases

If an eligible charity fully funds a qualifying purchase, the refund is equal to the total amount of PST paid on that purchase. "Fully funds" means that the charity pays 100% of the purchase price of the medical equipment, including the PST, with charity funds.

Partially Funded Purchases

If an eligible charity shares the cost of a qualifying purchase, the amount of PST refunded is calculated using the following formula:

$$\text{PST refund} = \text{PST paid} \times [\text{charity funds} / (\text{purchase price} + \text{PST paid})]$$

Charity funds is the total amount of charity funds used to purchase the medical equipment (and software, if applicable).

Example:

A health authority uses \$2,000 of charity funds towards the purchase of medical equipment and software to operate that medical equipment. The purchase price of the medical equipment and software is \$10,000 before taxes:

Purchase price of the medical equipment and software	\$ 10,000
7% PST	\$ 700
5% GST	\$ 500
Invoice Total	\$ 11,200
Charity funds	\$ 2,000

$$\text{PST refund} = \$700 \times [\$2,000 / (\$10,000 + \$700)]$$

$$\text{PST refund} = \$130.84$$

Please note: The GST and the Invoice Total amounts are not used in the calculation.

How to Apply for a Refund

To apply for a refund, eligible charities must complete an *Application for Refund of Provincial Sales Tax (PST) Paid on Charity-Funded Purchases of Medical Equipment* ([FIN 355/MEC](#)) and provide all the supporting documentation listed in the instructions to the form. Claims must be sent by mail or courier to the address shown on the application form.

As noted above, a qualifying purchase may be made by an eligible charity, a health authority or a health facility. In all cases, two separate certifications (as set out below) must be made on the application form.

1. The following certification must be made by an officer of the eligible charity:

The medical equipment or software included in the refund claim was purchased with charity funds of the eligible charity.

2. The following certification must be made by an administrator of the:
- health facility, if the qualifying purchase was made by an eligible charity or the health facility, or
 - health authority, if the qualifying purchase was made by the health authority.

*The medical equipment is for use by the health facility indicated to treat patients or diagnose their ailments, **and**, if the health facility is a community care facility, the facility is licensed under the Community Care and Assisted Living Act.*

Also, if a qualifying purchase was made by a health authority or a health facility, as part of the application, an officer of the eligible charity must authorize ministry staff to discuss the application with the health authority or the health facility.

Limitations

Applications for a refund must be received by us within four years of the date the tax was paid. For example, if a health authority paid PST on a qualifying purchase on August 17, 2014, we must receive the eligible charity's refund application by August 17, 2018.

An eligible charity may apply for a refund only **once** each calendar year. However, an eligible charity may make an additional claim for a refund if the application is received within 6 months before the four-year refund limitation date.

We cannot issue a refund of less than \$10.



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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

November 2015

- Added more examples of medical equipment that may qualify for this refund.
 - Roll carts were previously on the list of items that do not qualify for a refund. This item has been moved to the list of examples of medical equipment that may qualify for this refund.
 - Corrected the date in the refund example that explains when a refund claim must be received.
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References: *Provincial Sales Tax Act*, sections 1 "registered charity", "software", 162, 165 and 166; Provincial Sales Tax Exemption and Refund Regulation, sections 1 "Part 3 software", "Part 4 software" and 121.