

Ministry of Finance

Tax Bulletin



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www.fin.gov.bc.ca/rev.htm

On July 1, 2010, the provincial sales tax (PST) was replaced with the harmonized sales tax (HST). However, the information in this bulletin may still be applicable if, under the transitional rules, PST applies. For information on the transitional rules, please see www.sbr.gov.bc.ca/business/Consumer_Taxes/Harmonized_Sales_Tax/hst.html

Printers and Publishers

Social Service Tax Act

Do you print and sell materials?

Do you publish printed materials?

This bulletin provides specific tax information to help printers and publishers understand how the social service tax, also called the provincial sales tax (PST), applies to their businesses.

For general PST information that applies to all businesses, such as who needs to register, when general exemptions apply, and how to charge and collect the PST, please read our *Small Business Guide to Provincial Sales Tax (PST)*.

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Overview

Printers engage in printing processes, such as offset lithography, screen printing or pad printing to print text or images on items, such as paper, t-shirts and pens. Printers are the manufacturers or producers of their product for sale.

Publishers include those who engage in the business of issuing printed matter for sale or distribution and may also be engaged in printing their own material, such as in the newspaper industry.

PST applies differently to the services and printed material you provide, depending on whether you or your customer provides the materials to be printed. PST also applies differently to printed matter produced depending on whether it is for sale to the consumer, for re-sale, or you give it away.

If you are a printer or publisher, you are eligible for a prescribed list of tax exempt pre-press items when they are purchased or leased for your own use in a printing or publishing process. You may also qualify as a manufacturer and be eligible for the production machinery and equipment (PM&E) exemption.

Sales

When to Charge PST

You charge PST on the sale or lease of goods, such as:

- flyers and other promotional items,
- brochures,
- event programs,
- envelopes, letterhead and business cards,
- blueprints,
- insurance booklets,
- specifications,
- student agendas,
- studies,
- union agreements, and
- t-shirts, mugs and pens.

When you supply the materials, (e.g. paper, fabric, pen) that are incorporated into a taxable product, you charge PST on the total amount for materials and printing, even if these charges are listed separately on the invoice.

For example, if you list artwork, typesetting or plates separately from the printed matter on an invoice, you charge PST on the combined charges. The combined charges include the printing services, materials, labour to produce the printed matter and delivery costs. These items form part of the sale price of the printed matter.

When Not to Charge PST

You do not charge PST on the sale or lease of goods, such as:

- books, magazines, periodicals, and newspapers that meet specific tax exemption requirements (for more information, please see **Bulletin SST 131, *Book, Magazine and Newspaper Retailers***),
- employee newsletters and magazines,
- student yearbooks, and
- printed material that you sell to a publisher, distributor or retailer for resale.

When you supply materials to be incorporated into items that are exempt from PST, including bags, boxes, labels and other packaging materials, you do not charge PST on the total amount charged to the customer.

When your customer supplies their own materials, which they have previously acquired, you are providing a non-taxable printing service and you do not charge PST. However, if you sell the materials to your customer and enter into a printing contract within six months before or after the sale of the materials, you charge your customer PST for the printing of those materials. For more information on when to charge and when not to charge PST on publications, please see **Bulletin SST 131, *Book, Magazine and Newspaper Retailers***.

Mailing Services

Mailing services may include folding, enclosing, sealing and mailing printed materials to your customer's clients. Depending on the circumstances of the sale, PST may or may not apply to these services, as described below.

When to charge PST

You charge PST on the mailing service when these services are provided with the sale of taxable printed materials.

When not to charge PST

You do not charge PST on the mailing service when these services are provided with the sale of non-taxable printed materials. You do, however, charge PST on other taxable items sold, such as envelopes. You need to list these charges separately on your customer's invoice.

You do not charge PST on the cost of postage.

For detailed information on transportation or delivery charges, please see **Bulletin SST 083, *Transported Goods***.

Bundled Goods and Services

Generally, if a non-taxable good or service, such as an instruction manual, is bundled together with a taxable good or service, such as a CD, and sold together for a single price, you charge PST only on the fair market value of the taxable good or service. However, there are exceptions to this general rule. For more information, please see **Bulletin SST 119, *Bundled Sales: Taxable and Non-taxable Goods or Services Sold Together for a Single Price***.

Sales to Out-of-Province Customers

If you sell to out-of-province customers and ship the goods to an out-of-province location, you do not charge PST. To show why you did not charge PST, your records must show that the goods were shipped out of the province. For more information, please see **Bulletin SST 030, *Purchases by Non-Residents of British Columbia***.

Sales to Other Retailers

You do not charge PST on goods sold to other retailers if they provide their PST registration number. When you sell to other retailers, you record their PST registration number on each invoice and keep it in your records to show why you did not charge PST.

Purchases

When to Pay PST

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

- stationery, furniture and office equipment,
- goods you purchase to give away as free promotions,
- computer hardware and software (unless custom software),
- equipment used to perform your services,
- supplies, such as computer disks, toner, ink or paper, for your own use,
- materials used in production that do not become part of the finished product that you sell to your customer, or that you do not use in a printing or publishing process (e.g. cleaning agents and supplies),

- advertising materials, such as flyers and brochures,
- taxable publications that you print or publish and give away, and
- services provided to repair your equipment.

If you sell taxable publications for less than your publishing costs, you self-assess and pay the PST on the portion of the publishing costs that were not paid by your customer. For example, if your publication costs \$22.50 to produce and you sell it for \$15, your customer pays PST on the purchase price and you self-assess and pay the PST on the remaining publication cost of \$7.50.

If the supplier does not charge you PST on the above items, you self-assess and record the PST due at Step 3 of your next tax return.

If you do not have a PST registration number and the supplier does not charge PST at the time of sale, you self-assess the PST due using the *Casual Remittance Return for Provincial Sales Tax (PST) Due on Taxable Tangible Personal Property by a Purchaser Not Registered Under the Social Service Tax Act* form (FIN 428P). Do this at the time you bring or ship the goods into British Columbia.

When Not to Pay PST

You do not pay PST on the following:

- materials that become part of the finished product that you sell to your customer, such as ink, paper and binding elements,
- goods you purchase for resale or lease to your customers, and
- containers, labels or packaging materials that are included with your sales at no extra charge to your customers.

To purchase the above items without paying PST, give the supplier your PST registration number. If you are not registered as a vendor, give the supplier a completed *Certificate of Exemption* form (FIN 453).

If you take taxable goods from your resale inventory for business or personal use, you self-assess PST on your cost of the goods.

Exemption for printers and publishers

If you are a printer or publisher, you qualify for an exemption on the following items when purchased or leased for your own use, in a printing or publishing process.

The exemption applies to the following items used to produce goods for sale as well as goods for your own use, such as letterhead, stationery or similar items.

You do not pay PST on the following pre-press items:

- typeset products,
- cuts,
- plates,
- photoconductor drums,
- blankets used in the printing process to transfer the ink to the product being printed,
- artwork (including in a digital or electronic format),
- engravings,
- photographs,
- colour separations,
- negatives,
- film,
- slides,
- screens and emulsions (but not frames and removers),
- transparencies,
- flats,
- paste-ups,
- signatures, and
- materials used to manufacture or produce any of the items listed above, such as:
 - etch, conversion solution, gum and marking sheets used to produce plates, and
 - photo developing chemicals and print paper used to produce printed photographs.

To purchase the above items without paying PST, tell the supplier that you are using these items in a printing or publishing process.

Exemption for items consumed or used in the printing process

You also do not pay PST on the following items that are consumed or used in the course of your business during the manufacture or production of printed goods:

- molds,
- jigs,
- dies, and
- patterns.

To purchase the above items without paying PST, tell the supplier that you are using them for manufacturing purposes.

Purchases from Out-of-Province Suppliers

If you purchase taxable goods from an out-of-province supplier, you pay PST on the total amount that you pay to bring the goods into British Columbia, including charges for transportation, customs, excise and any other costs, except the goods and services tax (GST).

For example, you pay PST on the cost of pre-press items used to print taxable publications outside the province and brought into the province for use. However, when pre-press items are purchased out of the province, they qualify for the exemption if they are brought into the province as pre-press items.

If the supplier does not charge you PST, you self-assess and record the PST due at Step 3 of your next tax return.

If you do not have a PST registration number and the supplier does not charge PST at the time of the sale, you self-assess the PST due using the *Casual Remittance Return for Provincial Sales Tax (PST) Due on Taxable Tangible Personal Property by a Purchaser Not Registered under the Social Service Tax Act* form (**FIN 428P**). Do this at the time you bring or ship the goods into British Columbia. For more information, please see **Bulletin SST 043, Goods Purchased from Out-of-Province Suppliers**.

Production Machinery and Equipment Exemption

If you are a printer or a publisher, you may qualify as a manufacturer. If you qualify as a manufacturer, you may purchase or lease certain equipment used to produce your printed materials without paying PST. For more information, and to see if you qualify for the production machinery and equipment exemption, please see **Bulletin SST 054, Manufacturers**.

Need more info?

Toll free in Canada: 1 877 388-4440

E-mail: CTBTaxQuestions@gov.bc.ca

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Social Service Tax Act* and Regulations are available on our website.

Acknowledgments

We wish to acknowledge and thank the *British Columbia and Yukon Community Newspapers Association* and the *British Columbia Printing and Imaging Association* for consulting with us on public information. By working with us, they help us better serve their members and work towards making British Columbia the best place to do business.

References: *Social Service Tax Act*, Sections 1, 5, 11, 36, 69.1, 72, 76, 78 and 79(1), and Regulations 2.27 and 3.28