

Ministry of Finance

Tax Bulletin



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Boat Owners

Social Service Tax Act

Are you a boat owner?

Do you need to know how PST applies to boats that you purchase?

This bulletin provides specific tax information to help you understand how the social service tax, also called the provincial sales tax (PST), applies to new and used boats that you purchase. If you are a boat vendor, please read [Bulletin SST 008](#), *Boat Vendors*.

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 \(PST\)](#).

Table of Contents

Definitions.....	1
When to Pay PST	2
When Not to Pay PST	2
Purchasing Boats for Leasing and Chartering	4
Environmental Levy on Batteries	5

Definitions

The term boat means any type of **new or used** watercraft, including those propelled by oars, paddles, sails, engines, water jets or other means, and also those with no means of self-propulsion, such as barges.

Floating structures with no means of self-propulsion, such as floating homes, may qualify for exemption from PST as portable buildings. For more information, please see [Bulletin SST 031](#), *Houseboats and Other Floating Buildings* and [Bulletin SST 048](#), *Sales and Leases of Portable Buildings*.

When to Pay PST

Generally, you pay PST on the purchase of a **new or used** boat in British Columbia. You also pay PST on any accessories that come with the boat, such as a motor, a trailer or water sport equipment. You pay PST on the total amount of the purchase, including any delivery charges, but not including the goods and services tax (GST).

If you buy a boat privately and the seller does not charge you PST, you self-assess the PST. To self-assess the PST, complete a *Payment of Social Service Tax Due or Claim for Exemption on the Purchase or Lease of a Boat* form ([FIN 132](#)) and forward it to the ministry, along with a copy of the bill of sale and payment for any PST owing.

To ensure that PST has been paid on all taxable boats, the ministry routinely reviews the records of Transport Canada and matches changes in registered ownership with PST payments. Therefore, when you register a taxable boat, you may be contacted by the ministry to confirm that you paid the PST.

Boat Trailers

Boats and trailers are often purchased together. If you did not pay PST to the seller, the Insurance Corporation of British Columbia (ICBC) will charge the PST when you license the trailer. Keep your receipt and the *Transfer/Tax Form* (APV9T) from ICBC as proof that you paid PST.

Purchases from Out-of-Province Suppliers

If you purchase a boat from an out-of-province supplier, you pay PST on the total amount that you pay to bring the boat into British Columbia, including charges for transportation, brokerage fees, customs, excise and any other costs, except the GST.

When Not to Pay PST

Qualifying for a PST Exemption

You do not pay PST on the purchase of a boat if you qualify for any of the PST exemptions mentioned below. To purchase a boat without paying PST, complete a *Payment of Social Service Tax Due or Claim for Exemption on the Purchase or Lease of a Boat* form ([FIN 132](#)), and forward it to the ministry, along with a copy of the bill of sale and documentation verifying your eligibility for the PST exemption.

Bona fide commercial fishers

You do not pay PST on the purchase of a boat that you use to catch fish for human consumption. The boat is tax exempt when used in your trade as a commercial fisher. To purchase a boat without paying PST, give the seller your completed *Certificate of Exemption as a Commercial Fisher* form ([FIN 459](#)). For more information, please see [Bulletin SST 025](#), *Bona Fide Commercial Fishers*.

Bona fide aquaculturists

You do not pay PST on the purchase of a boat that is up to 20 m in length, and purchased solely for use in aquaculture, if you provide your completed *Certificate of Exemption as an Aquaculturist* form ([FIN 599](#)) to the seller. For more information, please see [Bulletin SST 050](#), *Bona Fide Aquaculturists*.

First Nations customers

You do not pay PST on the purchase of a boat if you qualify as an eligible First Nations customer. The exemption on purchases by First Nations customers applies only to First Nations bands and individuals who qualify under the *Indian Act* (Canada). First Nations individuals must hold a *Certificate of Indian Status* card. You qualify for a PST exemption if the boat is located on reserve land at the time of purchase, or if title to the boat passes to you once the boat is delivered to reserve land.

If the seller delivers the boat to a dock located in waters next to the reserve, and the dock is the only means of delivering the boat by water, you are still considered to have purchased the boat on reserve land.

For more information on purchases by First Nations, including goods delivered to reserve land, please see [Bulletin SST 046](#), *Exemption for Indians and Indian Bands*.

Please note: The exemption does not apply to Nisga'a Citizens or to purchases made on, or delivered to, Nisga'a land. Nisga'a Citizens are Nisga'a individuals included in the Nisga'a Final Agreement and who pay provincial taxes, effective June 1, 2008. For more information, please see [Bulletin GEN 013](#), *Provincial Taxes on Nisga'a Lands*.

Boats Brought into British Columbia

New residents of British Columbia

You do not pay PST on a boat that you bring into British Columbia for personal use if you are a new resident and meet certain criteria. For more information, please see [Bulletin SST 075](#), *Items Brought Into British Columbia by New Residents*.

Non-residents of British Columbia

You do not pay PST on a boat that you bring into British Columbia for personal use if you are a non-resident. To qualify for exemption, you must provide the following:

- identification to verify that you are a non-resident, such as a medical plan card, employment card or a valid out-of-province driver's licence, and
- documentation to verify that you have purchased and received title to the boat outside British Columbia.

For more information, please see [Bulletin SST 115](#), *Non-Residents: Boats, Travel Trailers and Other Goods Brought Into the Province*.

Boats as Gifts or Prizes

You do not pay PST on the value of a boat if you receive it as a prize or gift. However, you pay PST on the value of the boat if you buy the boat and give it away as a prize or gift. For more information, please see [Bulletin SST 080](#), *Promotions and Special Offers*.

Purchasing Boats for Leasing and Chartering

Boats Purchased Solely for Leasing

You do not pay PST on the purchase of a boat that is bought solely for lease. You also do not pay PST on services to repair and/or to install replacement parts for the boat. To purchase a boat for lease, and the repair and replacement parts without paying PST, give the supplier your PST registration number. However, you are required to pay PST if you purchase a boat before you obtain a PST registration number.

If the boat is solely for lease, you can apply for a refund. To apply for a refund, you need to complete the *Application for Refund of Social Service Tax or Hotel Room Tax* form ([FIN 413](#)). You need to keep records of all leases and other uses of the boat, such as trouble-shooting mechanical problems. If the boat has the capability of recording engine usage, you need to keep records of all hours of engine usage from the date that you purchased the boat to the date that you received your PST registration number. You may not receive a refund if you do not have detailed records.

Boats Purchased Solely for Chartering

You pay PST on the purchase of a boat that you use to provide charter services. You are also required to pay PST on services to repair and/or to install replacement parts for the boat.

Boats Purchased for Leasing and Occasionally Used for Chartering

You do not pay PST on the purchase of a boat that you occasionally lease with an operator, as long as the boat that you lease remains part of the lease inventory in your company books or accounting records.

However, you need to self-assess the PST due on the normal lease price of the boat when you occasionally lease it with an operator. The normal lease price is the price usually charged to your customers for the bare lease of the boat.

For example, you normally lease a boat from your regular lease inventory for \$200 per day. You also occasionally provide an operator with the lease for \$300 per day. The boat remains part of the lease inventory in your accounting records. In this case, your customer does not pay PST. However, you are required to self-assess the PST due on the normal \$200 a day lease price.

For more information on how PST applies to boat leases and charters, please see [Bulletin SST 008](#), *Boat Vendors*.

Environmental Levy on Batteries

You pay a \$5 provincial environmental levy on each new lead-acid battery weighing 2 kg or more purchased with a boat. If the boat has more than the standard number of batteries, you pay the levy on each battery purchased. You do not pay the levy on rebuilt, reconditioned or used batteries. You also do not pay PST on the levy.

If you are a non-resident of British Columbia who takes delivery of a boat outside British Columbia or an eligible First Nations customer, you do not pay the levy. For more information, please see [Bulletin SST 015](#), *Environmental Levies*.

Need more info?

Boats website: www.sbr.gov.bc.ca/industry_specific/boats/boats.htm

Telephone (Vancouver): 604 660-4524

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 on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/legislation.htm

References: *Social Service Tax Act*, Sections 1, 5, 11, 16, 66, 67, 73(1)(c), 73(1)(d) and 112.1-112.7, and Regulations 2.9, 2.21(1), 2.37 and 3.12