

## Boat Sales and Purchases

### *Social Service Tax Act*

Updated: February 2005  
Tax on consignment sales clarified

This bulletin outlines the application of social service tax to sales and purchases of boats. For the purpose of this bulletin, the term boat means any type of watercraft, including those propelled by oars, paddles, sails, engines or other means, and also those with no means of self-propulsion.

For information on the application of social service tax to boat charters and leases, refer to [Bulletin SST 008](#), *Application of Tax to Boat Leases and Charters*. Information on the application of tax to non-self-propelled floating home units, generally referred to as houseboats, is outlined in [Bulletin SST 031](#), *Houseboats and Other Floating Buildings*.

The information in this bulletin is provided for your convenience and guidance and is not a replacement for the legislation. The *Social Service Tax Act* and Regulations can be found on the web at [www.gov.bc.ca/sbr](http://www.gov.bc.ca/sbr)

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## APPLICATION OF TAX

### Boats Purchased in British Columbia

Under the *Social Service Tax Act*, tax applies to purchases of new and used boats where delivery of the boat takes place in British Columbia. Any accessories that come with the boat, such as a trailer or motor, are also subject to tax. Tax applies to the total amount paid by the purchaser (not including the GST) to obtain title to the boat, including any delivery charges incurred before title to the boat passes to the purchaser.

### Purchases by Non-Residents

Boats purchased in British Columbia by a non-resident are subject to tax if the purchaser takes delivery of the boat in the province. If the seller delivers the boat to a point outside the province, the non-resident is not required to pay tax on the purchase of the boat. The seller must obtain and keep documentation showing that the boat was

delivered to the non-resident outside the province to substantiate non-collection of tax on the sale. For further information on the application of tax to purchases by non-residents, please refer to [Bulletin SST 030](#), *Purchases by Non-Residents of British Columbia*.

### Boats Purchased Out of Province by a British Columbia Resident

Tax applies to boats purchased out-of-province by a British Columbia resident and subsequently brought into British Columbia for use. The social service tax owing is calculated on the total of the purchase price of the boat and any accessories, as well as any transportation charges and brokerage fees, and any charges for interest, financing, customs and excise, but not including environmental levies and GST.

### Boats Purchased Out of Province by Businesses Operating in British Columbia

Tax applies to boats purchased out-of-province by a business operating in British Columbia and subsequently brought into British Columbia for use. The social service tax due is calculated on the total of the purchase price of the boat and any accessories, as well as any transportation charges and brokerage fees, and any charges of interest, financing, customs and excise, but not including GST and environmental levies.

Boats brought into the province for a specific task and removed from the province after completion of

the task are eligible for payment of tax on 1/3 of their value for every twelve-month period during which the boat is in the province for five days or more. For further information regarding the 1/3 formula, please refer to [Bulletin SST 098, Equipment Brought into the Province for Temporary Use \(1/3 Formula\)](#).

## COLLECTION AND REMITTANCE OF THE TAX DUE

### Purchases from a Registered Dealer

Persons who regularly sell boats are required to register as vendors under the Social Service Tax Act. Registered dealers must collect the tax at the time of sale (even on a consignment sale) and remit the tax collected to the province with their next tax return unless the sale qualifies for exemption. **The tax paid by the purchaser must be shown separately on the bill of sale.**

### Purchases from Private Individuals

Private individuals who only occasionally sell boats are not required to be registered as vendors with the province. As a result, most private individuals do not collect and remit tax to the province when they sell a boat.

If the seller does not collect the tax, the purchaser is required to pay the tax directly to the Consumer Taxation Branch. To meet their tax obligation, the purchaser must 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 Consumer Taxation Branch. Payment for any tax owing and a copy of the bill of sale must be included with the form.

### Ensuring that the Tax Due is Remitted

To ensure that tax is paid on all private boat sales, the branch routinely reviews the records of the federal Ships Registry and Vessel License Offices and matches changes in registered ownership with payments of social service tax on boat purchases. This information is obtained from the federal government under a federal/provincial information exchange agreement.

Where it appears that tax was not paid, the branch contacts the new registered owner to request payment of tax. If the new registered owner does not respond to the request, the branch will estimate the tax payable and issue a bill for that amount plus interest to the new owner.

## Tax Collected by the Insurance Corporation of British Columbia (ICBC)

In many instances, boats are sold with boat trailers. Boat trailers are generally required to be licensed with ICBC. Where the seller has not collected tax on the sale, ICBC will collect and remit the tax due on the trailer when it is licensed. At the same time, ICBC may also collect the tax that is owing on the boat. The receipt and the *Transfer Tax Form* received from ICBC should be retained as proof that tax has been paid.

### Out-of-Province Sellers

Businesses that are located outside British Columbia and regularly sell goods to British Columbia purchasers are required to register if they meet all four of the following criteria:

- solicit sales in British Columbia through advertising or other means,
- accept purchase orders originating in British Columbia,
- sell goods to British Columbia purchasers, and
- cause the goods to be delivered to a location in British Columbia.

In determining whether or not you must register, please note the following.

- Solicitation can occur by any means including mail, Internet, fax or newspaper advertisement (not a complete list).
- Orders to purchase include telephone, written or e-mail orders from a location in British Columbia, regardless of whether or not the business has an agent in the province.
- Delivery into British Columbia includes goods shipped either physically or electronically by a seller or an agent of the seller.

Out-of-province sellers are required to hold a valid registration certificate at the time the seller causes the goods to be delivered into the province.

Where an out-of-province boat dealer or manufacturer is registered with the branch, the dealer or manufacturer will collect and remit tax on boat purchases made by British Columbia customers where the boat is delivered into British Columbia.

Where a boat is purchased from an out-of-province dealer or manufacturer who is not registered and who has not remitted tax, the purchaser is required

to pay social service tax on the purchase price of the boat. For imported goods, the purchase price includes any customs, excise, and delivery charges, or any other cost incurred prior to use of the equipment in the province, but not including environmental levies and GST.

## EXEMPTIONS

### General

Under the *Social Service Tax Act*, a number of persons are eligible for an exemption from the tax on their purchase of a boat.

Persons claiming exemption must complete and forward a *Payment of Social Service Tax Due or Claim for Exemption on the Purchase or Lease of a Boat* form ([FIN 132](#)) to the Consumer Taxation Branch, along with documentation verifying their eligibility for the exemption. Information on the documentation required to substantiate a person's eligibility for exemption is outlined on the form. A copy of the bill of sale must also be enclosed with the form.

Persons who do not provide the branch with documentation substantiating their eligibility for the exemption will be issued a bill for the tax payable on the purchase of the boat, plus interest.

### Boats Brought Into the Province by Non-Residents

Effective February 20, 2002, boats brought into the province by non-residents are exempt from tax, provided they are not used for a business purpose. The exemption includes all parts, furnishings, draperies and equipment that are an integral part of, or installed in, the boat at the time it enters the province. If the boat is used for a business purpose at any time after entry, the owner is required to pay, at that time, any tax due on the value of the boat and to register with the Consumer Taxation Branch, if necessary.

Non-residents qualifying for this exemption are advised to keep documentation regarding their non-resident status (such as a Driver's License from another jurisdiction) and proof that the boat was purchased, and title was received, in another jurisdiction (for example, a bill of sale). For further information regarding the exemption for non-residents bringing boats into the province, please refer to [Bulletin SST 115](#), *Non-Residents: Boats, Travel Trailers and Other Goods Brought Into the Province*.

### Boats Acquired as a Gift or Prize

The recipient of a boat that has been won as a prize or that has been gifted is not required to pay tax on the receipt of the boat. However, the purchaser of the boat that will be given away as a gift or prize must pay tax on that purchase.

### First Nations

First Nations purchasers who qualify as an "Indian" or "Indian Band" under the Indian Act (Canada) are not required to pay tax on the purchase of a boat if the boat is located on reserve land at the time the sale takes place, or if title to the boat only passes to the purchaser once the boat has been delivered to a reserve location. Delivery of a boat to a dock in waters adjacent to a reserve qualifies as delivery to a reserve location. For information on the exemption for First Nations persons, please refer to [Bulletin SST 046](#), *Exemption for Indians and Indian Bands*.

### New Residents

New residents to the province may bring their own personal goods, including a boat, into British Columbia without paying social service tax if **all three** of the following conditions are met.

- The boat is for their own personal, non-business use.
- They have owned, possessed, and used the boat for at least thirty (30) days before taking up residence in British Columbia.
- The boat was brought into British Columbia within six months of their taking up residence in this province, or would have been brought into the province within six months, if not for circumstances that made it impractical for the person to do so.

For further information on the exemption for goods brought into the province by new residents, please refer to [Bulletin SST 075](#), *Items Brought Into British Columbia by New Residents*.

### Bona Fide Commercial Fishers

Persons who qualify as a *bona fide* commercial fisher are exempt from tax on purchases or leases of boats only if the boat is acquired for use in their fishing business. *Bona fide* fishers may obtain the boat exempt from tax by providing the seller with a completed *Certificate of Exemption as a Commercial Fisher* ([FIN 459](#)).

For information on who qualifies as a *bona fide* commercial fisher, refer to [Bulletin SST 025](#), *Bona Fide Commercial Fishers*.

## Bona Fide Aquaculturists

Persons who qualify as a *bona fide* aquaculturist may purchase or lease a boat of up to 11 metres in length without paying tax, provided the boat is obtained to be used solely for an aquaculturist purpose. *Bona fide* aquaculturists may obtain the boat exempt from tax by providing the seller with a completed *Certificate of Exemption as an Aquaculturist* (**FIN 599**). For information on who qualifies as a *bona fide* aquaculturist, please refer to **Bulletin SST 050**, *Exemption for Bona Fide Aquaculturists*.

### NEED MORE INFO?

This bulletin is provided for convenience and guidance. If you still have questions call us at 604 660-4524 in Vancouver or toll-free at 1 877 388-4440 elsewhere in Canada or refer to the legislation.

Information is also on the web at [www.gov.bc.ca/sbr](http://www.gov.bc.ca/sbr) While there, you can subscribe to our free electronic update service.

**References:** *Social Service Tax Act*, Sections 1, 5, 11, 16, 73(c), 73(d), 77(b), 79(3), 112.1–112.7 and Regulations 2.9, 2.21, 2.37