



**CERTIFICATE OF EXEMPTION
PRODUCTION MACHINERY AND EQUIPMENT**

pursuant to the *Social Service Tax Act*

Completion of this certificate entitles a manufacturer or other qualifying purchaser or lessee to purchase or lease eligible production machinery, equipment, parts or taxable services provided to such items, without paying social service tax when purchased for an eligible purpose pursuant to Section 76(1)(k) of the *Social Service Tax Act*, and Division 13 of the regulations to the Act.

PART A – CERTIFICATION OF ELIGIBLE PERSON (see page 2)

I certify that (please check (✓) appropriate box):

I am an eligible manufacturer (see page 2) of _____
(type of goods manufactured)

I regularly engage in logging for commercial purposes (see page 2)

I regularly engage in exploration or discovery of petroleum or natural gas, or of coal or mineral deposits for commercial purposes

and that the production machinery, equipment, parts, or taxable services described below are acquired for, and will be used for, an exempt use (see page 2).

Description of items purchased or leased, or equipment for which taxable services are provided:

PRINT NAME OF CORPORATION, ASSOCIATION, ALL PARTNERS OR PROPRIETOR	TELEPHONE NO. ()
ADDRESS – INCLUDE POSTAL CODE	REGISTRATION NO. (if applicable)
SIGNATURE X	DATE SIGNED YYYY MM DD

PART B – CERTIFICATION OF ELIGIBLE CONTRACTOR (where applicable - see page 2)

I certify that the machinery, equipment, or part(s) identified above is being acquired for installation under a fixed-price or lump-sum contract entered into with the person named in Part A of this Certificate.

PRINT NAME OF CONTRACTOR	TELEPHONE NO. ()
ADDRESS – INCLUDE POSTAL CODE	
SIGNATURE X	DATE SIGNED YYYY MM DD

PART C – SELLER / LESSOR INFORMATION (see page 2)

PRINT NAME OF SELLER, LESSOR OR TAXABLE SERVICE PROVIDER	TELEPHONE NO. ()
ADDRESS – INCLUDE POSTAL CODE	
SIGNATURE X	DATE SIGNED YYYY MM DD

WARNING: Where it can be established that a false statement was made that resulted in the non-payment of tax, the *Social Service Tax Act* imposes a penalty of 25% of the tax due, in addition to an assessment for the tax that should have been paid.

CERTIFICATE OF EXEMPTION – PRODUCTION MACHINERY AND EQUIPMENT

For more information please visit the Consumer Taxation Branch Web site at www.rev.gov.bc.ca/ctb and follow the links to the Machinery and Equipment page.

INSTRUCTIONS

PART A – To be completed by the eligible purchaser/lessee (see below). If there is insufficient space to identify all items purchased or leased, attach a list to the certificate and indicate that a list is attached.

PART B – To be completed only by an eligible contractor (see below) when applicable. For time and materials contracts, the contractor is the seller and should be identified in Part C.

PART C – To be completed by the seller or lessor.

SELLERS/LESSORS – Retain the completed certificate to substantiate non-collection of social service tax on the sale or lease.

ELIGIBLE CONTRACTORS – Provide the seller/lessor with the original copy of this certificate and retain a copy in your records to substantiate the non-payment of tax on this purchase.

ELIGIBLE PURCHASER / LESSEE

MANUFACTURER: A person who fabricates, manufactures, processes or produces tangible personal property for sale, lease or own use, PROVIDED there is a reasonable expectation that the total sales or manufactured cost of such property will exceed \$30,000 per year. A manufacturer includes operating mines as well as petroleum and natural gas processors (*Social Service Tax Act*, Regulation 13.1).

LOGGING: Logging means the felling and bucking of trees, skidding or otherwise moving trees to the landing or other first point of accumulation, or the loading, unloading, sorting or storing of trees or logs at landings, log dumps, sort yards, dry-land sorts, booming grounds, or mill yards. Logging does not include silviculture or the construction and maintenance of landings, log haul roads, or other roads (*Social Service Tax Act*, Regulation 13.1).

ELIGIBLE CONTRACTOR

Contractors should refer to Consumer Taxation Branch Bulletin 072, *Contractors and Subcontractors: Improvements to Realty*, for the details of this exemption. An eligible contractor is a person who enters into a lump-sum contract with an eligible purchaser for the supply and installation of exempt machinery, equipment or parts that become an improvement to realty on installation.

EXEMPT USE

- Used primarily and directly to manufacture tangible personal property for sale, lease or own use within a manufacturing site, mine site, or at a well head, gas processing plant or petroleum refinery, as established under regulation 13.2.
- Equipment prescribed under regulation 13.3 to be used exclusively and directly in logging.
- Equipment prescribed under regulation 13.4 to be used exclusively and directly in the exploration and development of petroleum or natural gas deposits.
- Equipment prescribed under regulation 13.5 to be used exclusively and directly in the exploration and development of coal or mineral deposits.

If there is any change in use of an item that was purchased exempt from tax to a use that does not qualify for the exemption, tax is payable as prescribed under the Act.

THE SOCIAL SERVICE TAX ACT TAKES PRECEDENCE

This form is provided for recording the details of an exempt sale. Although detailed information is provided below, the final determination of whether a person qualifies to make an exempt purchase, or whether an item qualifies for an exemption, lies with the *Social Service Tax Act*.

Freedom of Information and Protection of Privacy Act:

The personal information requested is collected under the authority of and used for the purpose of administering the *Social Service Tax Act*. Questions about how the *Freedom of Information and Protection of Privacy Act* applies to this personal information can be directed to the Tax Analyst (250 356-7342), Consumer Taxation Branch, PO Box 9442 Stn Prov Govt, Victoria BC V8W 9V4.