

Ministry of Finance

Tax Bulletin



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Photographers and Photofinishers

Social Service Tax Act

Are you a photographer or photofinisher?

Do you need to know how PST applies to your business?

This bulletin provides specific tax information to help photographers and photofinishers 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 \(PST\)](#).

Table of Contents

Sales	1
Services.....	3
Purchases.....	5
Production Machinery and Equipment Exemption.....	6

Sales

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

- printed photographs,
- photo albums, matting and frames,
- storage media, such as CDs, disks, and flash memory cards,
- cameras, camcorders, projectors and flash equipment,
- darkroom equipment, and
- film and batteries.

You charge PST to your customer on the total charge for photographs, negatives, videos and portraits you produce. The total charge includes sitting fees, professional fees, travel expenses and any other charge a customer pays to purchase the photographs.

However, you do not charge PST on the above fees and expenses if your customer does not purchase the photographs you produced.

Digital Materials

If you provide digital photos or videos to your customer on storage media, such as a CD, memory card or disk, you charge PST on the total charge for the digital photos or videos. However, you do not charge PST if the customer supplies the blank storage media. You also do not charge PST if you transfer digital photos or videos electronically (e.g. by e-mail) to your customer, provided you do not give them a physical copy or disk.

Rights to Photographs (print and digital)

You do not charge PST on licence fees you charge for the right to use a photograph or stock photograph when the charge is unrelated to the sale of a taxable good.

If you provide a finished print or an image on a disk as part of the sale, you charge PST on the licence fee because the fee now forms part of the total purchase price of a taxable good. However, you do not charge PST if your customer provides their own storage device for transferring the photograph electronically.

Video Recorded Events

If you produce video recordings for your customers, such as for weddings, corporate or social events, you charge PST on the total charge for the video, including labour.

Promotional or Giveaway Items

Promotional or giveaway items are often given away with the purchase of another product or service. For example, you may give your customer a bonus gift, such as a mini photo album, with the purchase of film. These types of giveaway items are part of the sale and you can purchase them without paying PST if the giveaway item meets *one* of the following conditions:

- it is physically included with the purchased item,
- your customer receives the promotional or giveaway item as a condition of purchasing another product or service, or
- you advertise that you only give it away with the purchase of another product or service.

For these types of sales, you charge PST only on the item your customer purchases to receive the giveaway item. However, if your customer is purchasing a non-taxable item, you do not charge PST on the sale.

For more information, please see [Bulletin SST 080](#), *Promotions and Special Offers*.

Out-of-Province Sales

You do not charge PST on taxable goods you ship to an out-of-province location. To show why you did not charge PST, your records must show that you shipped the goods out of the province.

Sales to Other Retailers

You do not charge PST on taxable 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.

Bundled Goods and Services

Generally, if a non-taxable good or service, such as a photography class, is bundled together with a taxable good or service, such as software, 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*.

Services

Developing Film

You do not charge PST for developing your customer's film. However, if the developing and finished print charges are not listed separately on the invoice, you charge PST on the total charge to your customer.

If the charges for developing and finished print charges are listed separately on the invoice, you charge PST only on the charge for the finished prints.

If you develop and mount your customer's film on slides, you charge PST only on the charge for the mounts, provided that you separate the developing or finished print charges from the cost of mounting.

Retouching, Recolouring and Tinting

You charge PST for retouching or recolouring a photograph to restore it to its original condition – this is a taxable service.

You do not charge PST on services to tint or colour a customer's own black-and-white photograph, as this service is not a taxable service. However, you charge PST if you produce a new coloured print based on the original photograph.

Photography Classes

If you offer photography classes, you are providing a non-taxable service, which means you do not charge PST on the class fee.

One all-inclusive price

If you sell taxable materials and equipment to your students, and you include the price of the materials and equipment in the class fee, the bundled sales rules may apply. For complete information on the bundled sales rules, please see [Bulletin SST 119](#), *Bundled Sales: Taxable and Non-taxable Goods or Services Sold Together for a Single Price*.

If you include the right to use taxable materials and equipment outside the class in the class fee, you charge PST on the fair market value of the lease of the materials and equipment. For example, you charge PST on the fair market value of the lease of a laptop computer that you permit your students to take home to complete assignments. In this case, you do not pay PST when you purchase the materials and equipment.

If you only include the right to use taxable materials and equipment inside the class in the class fee, such as computers and software, then you do not charge PST; however, you are required to pay PST on your cost of the materials and equipment as you are the user of those goods.

Materials and equipment charged separately from class fees

If you list the charges for the class fee, and the materials and equipment separately on the invoice, you charge PST on any taxable materials and equipment you sell or lease to class participants, regardless of whether they are used at home or inside the class. In this case, you do not pay PST when you purchase the materials and equipment.

For information on taxable services, please see [Bulletin SST 018](#), *Taxable Services*.

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:

- photo printers, cameras, tripods, lights, lenses, filters, memory cards,
- stationery, furniture and office equipment,
- advertising materials, such as flyers and brochures,
- items you purchase to give away as free promotions,
- materials and equipment, if included in photography class fees (see section above, Photography Classes),
- services to repair your equipment, and
- computer hardware and software (unless custom software).

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.

When Not to Pay PST

You do not pay PST on the following:

- film, photographic paper and chemicals you use in developing and processing film or prints,
- items you purchase for resale or lease to your customers, and
- containers, labels or packaging materials that are included with your sales.

Negative Sleeves

If you list the charges for developing your customer's film and the finished prints separately on the invoice, you pay PST on the cost of the negative sleeves you use in providing the non-taxable developing service. In this case, you charge your customer PST only on the charge for the finished prints.

If you include the cost of developing your customer's film in the charge for the finished prints, you do not pay PST on the cost of the negative sleeves because you are purchasing them for resale to your customer. In this case, the cost of developing the film is included in the purchase price for the finished prints and you charge your customer PST on the total charge.

Production Machinery and Equipment Exemption

If you produce digital photographs, you may qualify as a manufacturer. If you qualify as a manufacturer, you may purchase certain equipment used to produce your digital photographs without paying PST. This includes digital cameras, computers and printers that you use to produce still photographs or photographs on disks.

Please note: Producing and selling photographs in electronic form (e.g. transferring them by e-mail or to customer-owned storage devices) does not qualify as manufacturing. To qualify as a manufacturer, you need to provide still photographs, including photographs on disks that are sold to the customer.

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

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References: *Social Service Tax Act*, Sections 1, 20, 40, 69.1, 76, 77, 78, 79 and 92, and Regulations 2, 3.28, 12 and 13.1