

**PROVINCE OF BRITISH COLUMBIA**  
**ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL**


Order in Council No.

**96** , *Approved and Ordered* **FEB 21 2006**

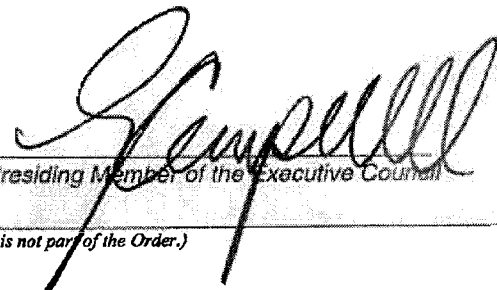
  
\_\_\_\_\_  
~~Lieutenant Governor~~  
Administrator

**Executive Council Chambers, Victoria**

On the recommendation of the undersigned, the ~~Lieutenant Governor~~ <sup>Administrator</sup>, by and with the advice and consent of the Executive Council, orders that, effective February 22, 2006, the Social Service Tax Act Regulations, B.C. Reg. 84/58, are amended as set out in the attached Schedule.



\_\_\_\_\_  
Minister of Finance



\_\_\_\_\_  
Presiding Member of the Executive Council

*(This part is for administrative purposes only and is not part of the Order.)*

**Authority under which Order is made:**

Act and section:- Social Service Tax Act, R.S.B.C.1996, c. 431, ss. 76 (1) (k), 131 and 138

Other (specify):- oic 1388/48

February 15, 2006

## SCHEDULE

- 1 ***Section 2.45 of the Social Service Tax Act Regulations, B.C. Reg 84/58, is amended by adding the following paragraph:***
  - (k) software.
  
- 2 ***Section 2.46 (h), (j) and (k) are repealed.***
  
- 3 ***Section 11.1 is amended in the definition of “alternative fuel” by striking out “or propane” and substituting “, propane or hydrogen-enriched compressed natural gas”.***
  
- 4 ***Section 13.1 of is amended***
  - (a) in subsection (1) by adding the following definition:***

**“manufacture” means**

    - (a) fabricate or manufacture tangible personal property to create a new product that is substantially different from the material or property from which it was made,
    - (b) process tangible personal property by performing a series of operations or a complex operation that results in a substantial change in the form or other physical or chemical characteristics of the tangible personal property,
    - (c) the development of software and custom software, and
    - (d) the extraction or processing of minerals, petroleum or natural gas,

but does not include

    - (e) growing, harvesting or producing agriculture or aquaculture products or raising livestock,
    - (f) logging,
    - (g) the production of television programs, radio programs, motion pictures, commercials, master films, master video tapes, or any similar product in electronic format,
    - (h) the provision of a service, other than a service referred to in section 13.14,
    - (i) cleaning, painting, staining, blending, combining, grading, grouping, mixing, packaging, re-packaging, sorting or testing tangible personal property unless such activities are one step in, or occur immediately after, an activity referred to in paragraph (a), (b) or (d) of this definition and occur at
      - (A) a manufacturing site described in section 13.2 (2),
      - (B) a mine site described in section 13.2 (3), or
      - (C) a well head, processing plant or refinery described in section 13.2 (4),
    - (j) the transformation of tangible personal property from a gaseous, liquid or solid state to another one of those states by means of a change in temperature or pressure, unless the transformation by one of those means is

one step in, or occurs immediately after, an activity referred to in paragraph (a), (b) or (d) of this definition and occur at

- (A) a manufacturing site described in section 13.2 (2),
- (B) a mine site described in section 13.2 (3), or
- (C) a well head, processing plant or refinery described in section 13.2 (4); ,

*(b) in subsection (1) in the definition of “manufacturer” by striking out “fabricates, manufactures, processes or produces” and substituting “manufactures”,*

*(c) in subsection (2) by repealing paragraph (a), and*

*(d) in subsection (2) (c) by striking out “fabricated, manufactured, processed or produced” and substituting “manufactured”.*

**5 Section 13.10.2 is amended**

*(a) by renumbering the section as section 13.10.2 (1), and*

*(b) by adding the following subsection:*

- (2) Parts purchased or leased by a person to assemble machinery or equipment that would have been exempt from tax under this Division had it been purchased or leased by that person as machinery or equipment are exempt from tax.

**6 The following section is added:**

**Services provided to a manufacturer**

**13.14** For the purposes of section 76 (1) (k) of the Act, machinery or equipment purchased or leased by a person who provides a service, other than a telecommunication service or a legal service, to a manufacturer is exempt from tax if

- (a) the service
  - (i) consists of manufacturing tangible personal property for the manufacturer, and
  - (ii) is provided to, or results in the creation of, tangible personal property that will be, or will become part of, the qualifying tangible personal property of the manufacturer,
- (b) the machinery or equipment is used primarily and directly in providing a service referred to in paragraph (a) (i) or (ii),
- (c) the requirements of section 13.2 (2), (3) and (4) have been met, and
- (d) there is a reasonable expectation that the total value of sales of service referred to in paragraph (a) will exceed \$30 000 per year.