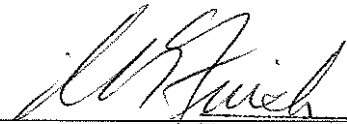


**PROVINCE OF BRITISH COLUMBIA**  
**ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL**

Order in Council No. **397**, Approved and Ordered **JUN - 6 2008**



~~Lieutenant Governor~~  
~~Administration~~

Executive Council Chambers, Victoria

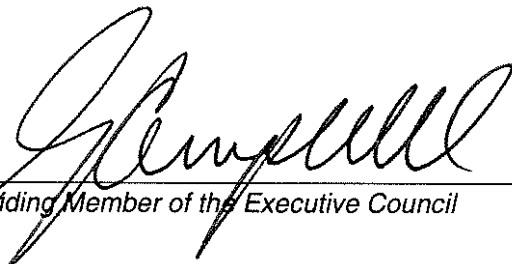
~~Administrator~~

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

- (a) sections 1 to 6, 7 (a) and (b), 8 and 9 of the Schedule are retroactive to February 20, 2008,
- (b) section 7 (c) of the Schedule comes into force on the day of deposit, and
- (c) section 10 of the Schedule is retroactive to April 1, 2008.



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. 130 & 138  
Budget Measures Implementation Act, 2008, Bill 2, s. 121

Other (specify):- OIC 1388/48

May 23, 2008

Resub R/173/2008/27

## SCHEDULE

- 1** *The Social Service Tax Act Regulations, B.C. Reg. 84/58, are amended by adding the following sections:*

**Definition: optician**

**2.20.1** “**Optician**” means a person who is authorized as an optician or contact lens fitter under the Opticians Regulation, B.C. Reg. 487/94.

**Definition: Biodiesel fuel**

**2.56** “**Biodiesel fuel**” means a fuel that is made up of mono-alkyl esters of long chain fatty acids derived from plant or animal matter.

- 2** *Section 3.4 (1) (b) (i) is amended by adding “3.26 (2)” after “3.20 (2),”.*

- 3** *Section 3.22 is amended by striking out “section 74 (b) and (c)” and substituting “section 74 (b), (c) and (d)”.*

- 4** *Section 3.26 is repealed and the following substituted:*

**Safety equipment, safety apparel and other exempt tangible personal property**

**3.26** (1) The following work-related safety equipment designed to be worn by a worker is exempt from taxation under the Act:

- (a) safety glasses, safety goggles, face shields, welding helmets;
- (b) respirators which offer protection from dust, toxic gases and vapours, and gas masks, including protection canisters;
- (c) hearing protectors, including ear down, ear plugs or muffs;
- (d) safety caps, hard hats and helmets, but not including optional weather liners, skull caps, hairnets or sweatbands;
- (e) gloves with built-in safety features, such as reinforced thumbs, palms or cuffs, designed to protect the wearer from physical harm, including traffic safety gloves to enhance visibility, but not including dress gloves, general purposes gloves and gloves designed primarily to protect the wearer from natural elements;
- (f) footwear with built in safety features such as safety toes, loggers’ caulks or acid resistant qualities, but not including footwear designed solely for protection against the weather;
- (g) metatarsal protectors, puncture resistant insoles, toe clips, shin guards, foot guards, skidmasters and ice cleats.

(2) Work-related safety equipment and apparel designed to be worn by or attached to a worker is exempt from taxation under the Act if purchased or leased by

- (a) an employer for use by their employees in the course of their employment, if the purchase or lease is made for the purpose of complying with the

- Occupational Health and Safety Regulation, B.C. Reg. 296/97, or the Health, Safety and Reclamation Code for Mines in British Columbia,
- (b) a person who is self-employed for the person's own use in the course of self-employment, if the person would have had to purchase or lease the equipment or apparel for the purpose referred to in paragraph (a) had the person been an employer, or
  - (c) a school board or similar authority on behalf of students for their use in courses of study given by a school, college or university, or by any business, trade or vocational school, if the school board or authority would have had to purchase or lease the equipment or apparel for the purpose referred to in paragraph (a) had the school board or authority been an employer.
- (3) The following tangible personal property is exempt from taxation under the Act:
- (a) life jackets;
  - (b) floater coats;
  - (c) life saving throw rings;
  - (d) life saving cushions;
  - (e) man overboard buoys and flags;
  - (f) marine survival suits;
  - (g) emergency life saving rafts approved by the Ministry of Transport (Canada);
  - (h) emergency locator transmitters;
  - (i) the following emergency equipment for use on highways:
    - (i) triangle emblems;
    - (ii) reflectors;
    - (iii) fluorescent tape;
    - (iv) reflective strips for barriers;
    - (v) distress flares;
  - (j) children's restraint car seats;
  - (k) portable fire extinguishers and their refills;
  - (l) bicycle lights and reflectors;
  - (m) safety helmets for sport, recreation or transportation;
  - (n) oxygen, oxygen containers or oxygen dispensing apparatus if the oxygen is purchased or the container or apparatus is purchased or leased by a person
    - (i) for medical or emergency use by that person, or
    - (ii) for medical or emergency use by another person at the place the purchaser or lessee positions the oxygen container or dispensing apparatus;
  - (o) safety vests and safety bibs, the sole purpose of which is to enhance the visibility of the wearer;
  - (p) medical alert transmitters designed to be used to communicate the existence of a medically related emergency, which transmitters are purchased or leased by a person

- (i) for that use in the person's residence, or
    - (ii) for that use by another person at that other person's residence;
  - (q) gas detection monitors;
  - (r) distress flares purchased for use on vessels to draw attention to the vessel when it is in distress;
  - (s) personal intercom systems designed to be worn by workers to allow for safe, hands-free communication while working in environments that are confined or hazardous;
  - (t) personal alert safety systems designed to be worn by persons working in hazardous or potentially hazardous conditions, which alert the wearer to unsafe conditions or which alert rescuers as to the location of the wearer;
  - (u) emergency gas shut-off devices
    - (i) that are designed for manually turning off the gas supply of a building, or
    - (ii) that are attached to the gas line and designed for automatically cutting off the gas supply in response to significant movement;
  - (v) first aid kits;
  - (w) the following avalanche safety and rescue equipment:
    - (i) avalanche airbag backpack systems specifically designed to carry gas cartridges and airbags which inflate instantly when triggered to help keep the wearer above the snow surface during an avalanche;
    - (ii) avalanche beacons and probes for locating avalanche victims;
    - (iii) equipment specifically designed to reduce the likelihood of asphyxiation from the formation of ice masks when a person is buried under snow by providing an artificial air pocket through which air is taken from the surrounding snowpack.
- (4) A person who claims an exemption under subsection (2) must provide the vendor or lessor with
- (a) a certification, in a form satisfactory to the commissioner, certifying that the person is eligible for the exemption and that the work safety equipment or apparel being purchased or leased qualifies for the exemption, or
  - (b) the number of the person's registration certificate issued under section 92 (2) of the Act.
- (5) If a vendor or lessor does not collect tax from a person who claims, but is not entitled to, an exemption under subsection (2), the vendor or lessor is not liable for a penalty imposed under section 115 (5) of the Act, provided that the requirements of section 3.4 have been met with respect to that sale or lease.
- (6) Despite subsection (5), if a vendor or lessor has reason to believe that a person who claims an exemption under subsection (2) is not entitled to the exemption claimed, or that the work-related safety equipment or apparel is not exempt under that subsection, the vendor or lessor must
- (a) collect from the person the tax that would be payable under the Act if the exemption did not apply, and

- (b) advise the person to apply to the commissioner for a refund of tax the person claims to have paid in circumstances in which there was no legal obligation to pay the tax.
- (7) Section 9 of the Act does not apply to an employer or a self-employed person or to a school board or similar authority with respect to work related safety equipment or apparel acquired exempt from taxation under subsection (2) by any of them.

**5** *The following section is added:*

**Chemical substances, catalysts and direct agents**

- 3.38** The exemption under section 76 (1) (b) of the Act does not apply to a chemical substance, catalyst or direct agent that is
- (a) used for processing tangible personal property, unless the processing consists of, is one step in, or occurs immediately after, 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,
  - (b) used to transform tangible personal property from a gaseous, liquid or solid state to another one of those states by means of the application of pressure or a change in temperature, unless the transformation is one step in, or occurs immediately after, an operation referred to in paragraph (a),
  - (c) used for the primary purpose of maintaining, lubricating or prolonging the life of machinery or equipment,
  - (d) added to waste removed from the production process,
  - (e) added to a tailings or settling pond, or
  - (f) used for testing purposes.

**6** *The heading of Division 11 is repealed and the following substituted:*

**DIVISION 11—ALTERNATIVE FUEL VEHICLES AND  
FUEL EFFICIENT VEHICLES**

**7** *Section 11.1 is amended*

- (a) *by renumbering the section as section 11.1 (1),*
- (b) *by adding the following subsection:*

- (2) In this Division:
  - (a) a reference to a “purchaser” with respect to a fuel efficient vehicle includes a person to whom section 11 (1), 16 or 20.1 of the Act applies;
  - (b) a reference to a “retail sale” with respect to a fuel efficient vehicle includes a sale outside British Columbia to a person who would be a purchaser if the sale was in British Columbia;

(c) a reference to a “retail lease” with respect to a fuel efficient vehicle includes a lease to a person for use outside British Columbia if the person would be a lessee if the lease was for use in British Columbia. , *and*

(c) *by amending subsection (2) (a), (b) and (c) by adding “an alternative fuel vehicle or” after “with respect to”.*

8 *Section 11.3 (7) is repealed.*

9 *The following sections are added:*

**Tax reductions for fuel efficient vehicles**

11.5 (1) In this section and for the purposes of section 75 (3) of the Act:

“**fuel-consumption rate**” means the rate of fuel consumption for a passenger car or light truck determined by the following formula:

$$\text{rate} = 0.55 A + 0.45 B$$

where

A = the fuel consumption rating for that passenger car or light truck when operating in a city, as listed on the government of Canada EnerGuide label produced by the manufacturer of the vehicle for the purpose of being affixed to the vehicle;

B = the fuel consumption rating for the passenger car or light truck when operating on a highway, as listed on the government of Canada EnerGuide label produced by the manufacturer of the vehicle for the purpose of being affixed to the vehicle;

“**fuel-efficient vehicle**” means a passenger car or a light truck that qualifies for a tax reduction under subsection (2) or (3);

“**light truck**” means a 4-wheel motor vehicle that

(a) is one of the following model types:

(i) pickup truck, other than a pickup truck that is larger than  $\frac{3}{4}$  ton;

(ii) sport utility vehicle;

(iii) minivan or large van, other than a camper van, and

(b) has not since its manufacture been acquired by means of a retail sale or a retail lease

and does not include an alternative fuel vehicle;

“**passenger car**” means a 4-wheel motor vehicle that

(a) is one of the following model types:

(i) two-seater;

(ii) compact, subcompact, mid-size or full-size car;

(iii) station wagon, and

(b) has not since its manufacture been acquired by means of a retail sale or a retail lease

and does not include an alternative fuel vehicle;

**“pre-reduction amount” means**

- (a) the amount of tax that would have been payable under the Act on the purchase of a fuel-efficient vehicle, or
  - (b) the sum of the amounts of tax that would have been payable under the Act on every lease price payable under a lease of a fuel-efficient vehicle but for this section and section 75 (3) of the Act.
- (2) For the purposes of section 75 (3) of the Act, the tax payable by a purchaser or, subject to subsections (4) and (5), a lessee of a passenger car purchased or leased from a dealership in Canada is reduced by the smaller of the pre-reduction amount and the applicable of the following amounts:
- (a) \$2 000, in the case of a passenger car with a fuel consumption rate of 5.5 litres of fuel or less per 100 km;
  - (b) \$1 500, in the case of a passenger car with a fuel consumption rate of more than 5.5 but less than or equal to 6.0 litres of fuel per 100 km;
  - (c) \$1 000, in the case of a passenger car with a fuel consumption rate of more than 6.0 but less than or equal to 6.5 litres of fuel per 100 km.
- (3) For the purposes of section 75 (3) of the Act, the tax payable by a purchaser or, subject to subsections (4) and (5), lessee of a light truck purchased or leased from a dealership in Canada is reduced by the smaller of the pre-reduction amount and the applicable of the following amounts:
- (a) \$2 000, in the case of a light truck with a fuel consumption rate of 7.3 litres of fuel or less per 100 km;
  - (b) \$1 500, in the case of a light truck with a fuel consumption rate of more than 7.3 but less than or equal to 7.8 litres of fuel per 100 km;
  - (c) \$1 000, in the case of a light truck with a fuel consumption rate of more than 7.8 but less than or equal to 8.3 litres of fuel per 100 km.
- (4) Subsections (2) and (3) do not apply to a lease unless the lease was entered into on or after the date this section comes into force and is for a continuous period of at least 12 months.
- (5) A lessee’s tax reduction must first be applied against the amount of tax otherwise payable on the lessee’s down payment on the lease of the fuel-efficient vehicle, and the balance of the reduction must be applied, proportionally, against the amount of tax otherwise payable on the remaining lease payments.

**Repeal**

**11.6** This Division is repealed on April 1, 2011.

**10** *The following Divisions are added:*

## DIVISION 19 – TAX PAYMENT AGREEMENTS

### Prescribed circumstances

**19.1** The commissioner may enter into an agreement referred to in section 93.1 of the Act with a person in the following circumstances:

- (a) the person
  - (i) has, over the preceding 3-year period, a history of compliance with the tax payment, collection and remittance requirements of the Act that is satisfactory to the commissioner,
  - (ii) maintains accounting and inventory management systems that the commissioner is satisfied would ensure accurate remittance of tax in accordance with the agreement, and
  - (iii) has, in the previous 3 calendar years,
    - (A) purchased or leased on average not less than \$250 000 per year of machinery or equipment eligible for an exemption from tax under Division 13 if used for an exempt purpose, and received on average an exemption under that Division on at least \$125 000 worth of that machinery or equipment per year,
    - (B) purchased on average not less than \$250 000 per year of tangible personal property stored in inventory for later use either inside or outside British Columbia and received on average a refund of tax under section 87 of the Act on at least \$125 000 per year of that property, or
    - (C) both
      - (I) purchased or leased machinery and equipment referred to in clause (A) and purchased the tangible personal property referred to in clause (B) totaling on average at least \$250 000 per year, and
      - (II) received an exemption referred to in clause (A) and a refund referred to in clause (B) in relation to at least \$125 000, on average, of the machinery and equipment or tangible personal property per year;
- (b) the person was, in the previous 3 years, a party to an agreement referred to in section 93.1 of the Act and meets the requirements of paragraph (a) (i) and (ii);
- (c) the person submits an application to the commissioner in a form and manner satisfactory to the commissioner.

### Conditions on agreement

**19.2** An agreement referred to in section 93.1 of the Act is subject to the following conditions:

- (a) the commissioner may cancel the agreement if the commissioner is satisfied that the person with whom the agreement was made has failed to comply with a term or condition of the agreement, the Act or the regulations;



- (b) the agreement must specify the types of tangible personal property to which the agreement applies;
- (c) the agreement must provide for the issuance to the person of a special registration number for the purposes of section 19.3.

**Requirements when making purchases that are subject to an agreement**

- 19.3**
- (1) A person who makes a purchase or enters into a lease that is subject to an agreement referred to in section 19.1 must provide the vendor or lessor with the special registration number referred to in section 19.2 (c).
  - (2) A vendor or lessor referred to in subsection (1) must record the special registration number on the invoice or bill of sale to substantiate non-collection of tax on that sale.
  - (3) If a vendor or lessor does not collect tax from a person who claims, but is not entitled to, a benefit under an agreement referred to in section 19.1, the vendor or lessor is not liable for a penalty imposed under section 115 (5) of the Act, provided that the vendor or lessor has complied with subsection (2).

**DIVISION 20 – TRANSITION**

**Alternative fuel vehicles and fuel-efficient vehicles**

- 20.1**
- (1) Despite the repeal of Division 11 on April 1, 2011, terms defined in that Division as it read immediately before its repeal apply to this section.
  - (2) Despite the repeal of Division 11 on April 1, 2011,
    - (a) the amount of a lessee's tax reduction with respect to all lease payments made under a lease of an alternative fuel vehicle must be determined in accordance with subsection 11.3 as it read at the time the lease agreement was made, and
    - (b) the amount of a lessee's tax reduction with respect to all lease payments made under a lease of a fuel-efficient vehicle must be determined in accordance with section 11.5 as it read at the time the lease agreement was made.