

Retail Sales Tax Exemptions to Farmers Expanded

About this Notice

On August 28, 2007, an amendment was made to Regulation 1013 under the *Retail Sales Tax Act* to expand the definition of “farming”.

This Notice highlights the change and explains its effect on the application of retail sales tax (RST) to farm building materials as well as farm implements, machinery, equipment and supplies.

What has Changed?

Effective August 28, 2007, the definition of “farming” was expanded to include certain post-harvest activities, such as the cleaning, sorting, grading, packing, packaging and storing of crops, where these activities are performed by a farmer in combination with the growing of the crops. This expanded definition now better reflects current farming practices.

Specifically excluded from this definition are the processing of the crops or the manufacturing of products from the crops. Examples of processing or manufacturing activities include canning, juicing, slicing/dicing, and freezing.

Expanded RST Exemptions

Building materials used to construct or modernize buildings or structures used by farmers exclusively in the cleaning, sorting, grading, packing, packaging, and/or storing of crops may now be purchased exempt from RST. Farm implements, machinery, equipment and supplies related to these activities may also be purchased on an RST-exempt basis.

To claim the exemption, farmers must present the supplier with their Farmer ID card or provide the supplier with a valid Purchase Exemption Certificate (PEC). Contractors performing construction contracts for farmers may also purchase building materials for farm structures exempt from RST by providing a valid PEC. For additional information, please refer to *RST Guide 807 – Farmers*.

RST continues to apply to building materials used to construct dwelling houses, offices, residential garages, roads, driveways, sidewalks, and bridges.

For More Information

For more information, please contact the nearest Ontario Ministry of Revenue Tax Office listed under Taxes - Provincial (Retail) Sales Tax in the blue pages of your telephone directory, call our TAX FAX Service at 1 877 4-TAX-FAX (1 877 482-9329), or visit our website at www.rev.gov.on.ca.

Cette publication est disponible en français sous le nom « Extension des exemptions aux agriculteurs ». Vous pouvez obtenir un exemplaire en appelant le 1 800 668-5821