

Florists and Nurseries

About this Guide

The information in this *Guide* explains how Retail Sales Tax (RST) applies to items sold by florists and nurseries and provides information to landscaping contractors who may need to obtain a Vendor Permit. Please note that this *Guide* replaces the previous version dated May 2001. Revisions to previous content have been identified by a bar (|).

Taxable Items

| RST, at the rate of 8 per cent must be added to the amount charged to customers for items such as:

- animal and insect repellents
- artificial and dried plants and flowers
- fertilizer, including plant food, and vitamins
- fungicides, insecticides, rodenticides, herbicides, and weed killers
- growing plants and flowers
- plant and flower bulbs
- plant holders and containers
- plants and cut flowers
- sand, clay, gravel, unfinished and crushed stone (see note below regarding RST on the delivery of these items)
- seeds of all types
- sod
- soil, including top soil, potting soil, and other special mixtures of soil
- | • soil conditioners, including lime, peat moss, and vermiculite
- trees, shrubs, bushes and seedlings.

| When the above items are purchased for resale purposes, they may be purchased exempt from RST if a valid Purchase Exemption Certificate is given to suppliers. If the items are purchased for use in a farming business, they may also be purchased exempt if a valid Farmer's Identity Card is given to suppliers. (See **RST Guide 204 - Purchase Exemption Certificates and RST Guide 807 - Farmers**).

| RST applies to delivery, transportation, handling, and telephone and telex charges on taxable items. (See **RST Guide 602 - Delivery Charges** and the note below regarding delivery charges for sand, clay, gravel, soil, unfinished and crushed stone).

Note:

RST does not apply to any charges for the delivery of sand, clay, gravel, soil, unfinished and crushed stone, provided the customer is made aware of the amount of the delivery charges included in the invoice price. The seller must keep supporting documents to show how their customers are made aware of the delivery charges. For example, contracts between the seller and customers may show the breakdown between the selling price of the gravel, sand, etc. and the charges for delivery. The exemption on delivery charges does not apply where the above items are mixed together with other ingredients. For example, if a mixture of salt and sand were sold, RST would apply to this mixture and to any delivery charges.

Flowers By Wire

Florists offering “Flowers by Wire” and similar services must collect Retail Sales Tax (RST) on these transactions only when **both** the florist accepting the order and the florist delivering it are **in Ontario**. The florist accepting the order is responsible for charging the applicable RST to the purchaser.

Tax-Exempt Items

RST is not to be charged on the following items:

- cut natural evergreen trees for Christmas decorations sold in the month of December, including trees that have been harvested and placed in pots for decoration or stability, but not trees that are growing in pots
- tree surgery.

Landscaping Contractors

Vendor Permit not Required

When a contractor purchases taxable items, e.g., plants and shrubs, for a landscaping contract, they are considered a real property contractor. As a real property contractor, they must pay RST to the suppliers on the total purchase price of all items bought. No RST is to be charged to their customers on the charges made for the supply and installation of the plants, shrubs, etc. The RST paid is part of the contract cost.

Vendor Permit is Required

If contractors grow their own plants, shrubs, trees, etc., that are to be used in a landscaping contract, RST is payable on their growing costs, including all direct expenses. When contractors obtain a Vendor Permit, RST returns will be mailed on a periodic basis. The RST payable on “own grown” plants, shrubs, etc., is to be shown on line 3 of their RST return. The RST paid is part of the contract cost and must not be quoted or billed separately to the customer.

If flowers, plants, shrubs, trees, etc., are sold to customers who will plant these items themselves, RST must be charged on the full selling price, including any charges for delivery, transportation, or handling. In this instance, you are not required to self-assess RST on your growing costs. The RST to be collected is to be reported on line 2 of your RST return.

Sod Grower

If a sod grower installs the sod that they have grown, they are required to account for RST on their produced cost. To calculate the produced cost, sod growers may use 80 per cent of the full field selling price of harvested sod as an alternative to actual growing costs. The RST calculated is to be remitted on line 3 of their RST return.

The full field selling price of harvested sod for a supply and install contract may be determined by one of the following methods:

- total contract price less actual freight and recorded labour to install, or
- most expensive field selling price of harvested sod used during the current year, or
- the weighted average of last year’s field selling prices of harvested sod.

Once one method of calculation has been adopted, a grower may not switch to another method without obtaining written permission from the ministry of Revenue.

Potted Plant Maintenance

Retail Sales Tax (RST) applies to a contract for the maintenance of potted plants, flowers, shrubs, trees, etc., that are grown in planters located in malls, commercial buildings, residences, etc. If the planters are moveable, the planter and the planted items are considered tangible personal property. RST must be collected on the total contract price which includes plants that are supplied and planted as well as their maintenance. Plants and planters can be bought without paying RST if they are to be resold. RST must be paid to suppliers on items bought for own use, such as planting and maintenance equipment.

If the above items are grown in planters that are permanently attached to land or a building, the planter and planted items are considered real property. In these instances, RST is payable on all items bought by you for the contract, including plants, flowers, maintenance supplies, plant food, etc. The RST paid is part of the contract cost and must not be quoted or billed separately to customers.

Legislative References

Retail Sales Tax Act, Section 1
Regulation 1012 under the Act, Sections 1 and 6
Regulation 1013 under the Act, Section 1

For More Information

The information contained in this publication is only a guideline. For more information, please contact the Ontario Ministry of Revenue at 1 866 ONT-TAXS (1 866 668-8297) or visit our website at ontario.ca/revenue.

*Ce guide est disponible en français sous le nom « Fleuristes et pépiniéristes, n° 505F ».
Vous pouvez obtenir un exemplaire en appelant le 1 866 ONT-TAXS (1 866 668-8297).*

© Queen's Printer for Ontario, 2006



ISBN 1-4249-1904-5 (Print)
ISBN 1-4249-1905-3 (HTML)
ISBN 1-4249-1906-1 (PDF)

