

THE RETAIL SALES TAX ACT

FUNERAL HOMES AND MONUMENT DEALERS

This bulletin explains the application of retail sales tax (RST) to goods and services provided by funeral homes and monument dealers.

Section 1: FUNERAL HOMES

Funeral services

- Funeral services are not subject to RST. Tax is not charged on any goods or services provided with the funeral service, including goods or services separately itemized on the customer's bill.

Purchases of goods and services

- Funeral homes are required to pay RST on all purchases of taxable goods or services, including taxable goods or services provided with the funeral service. RST paid by the funeral home is not shown separately on the customer's bill.

- Taxable goods purchased by a funeral home include:

- | | |
|-----------------------|--|
| - Casket linings | - Furnishings, equipment and office supplies |
| - Caskets and urns | - Guest books |
| - Clothing | - Memorial cards and programs |
| - Cremation caskets | - Monuments |
| - Embalming supplies | - Prepared food and beverages (*) |
| - Flowers and wreaths | - Vehicles |

- If a funeral home purchases taxable goods from a supplier that did not collect RST, (ex: supplier located outside Manitoba), tax must be self assessed by the funeral home and remitted on their next sales tax return. RST is payable on the laid down cost of the taxable goods, which includes exchange, transportation, duty and any other costs to import the goods into Manitoba (excluding GST).

(*) Note - Tax does not need to be self-assessed on purchases of prepared food and beverages from a provider who is not required to collect tax because they qualify for the exception provided for non-commercial charities and non-profits (see Information Bulletin No. 024 – *Charitable & Non-Profit Organization Fund Raising Activities*) or a small business with sales under \$10,000 per year (see Notice RST 15-01 – *Registration Requirement Eliminated For Small Businesses*).

Note: Revisions to contents of previous Bulletin (October 2016) have been identified by shading ()

- Supply only sales**
- Funeral homes that regularly sell taxable goods on a **supply only** basis (i.e. goods are not provided with a funeral service) must collect RST at **7 per cent** of the selling price of the goods (excluding

Section 2: MONUMENT DEALERS

- Supply only sales**
- When a monument is sold on a supply only basis, (i.e. the dealer does not install the monument), the monument dealer must collect RST at **7 per cent** of the selling price of the monument (excluding GST). The dealer will purchase the monument tax exempt, using their RST number, because the monument is being purchased for resale.

- Installation & engraving**
- RST does not apply on charges to install a monument or charges to engrave a monument after it has been installed.

- Supply & installation**
- The application of RST for dealers that supply and install monuments differs depending on how the dealer bills their customer.

Option 1 - If the dealer bills their customer separately for the supply of the monument, the dealer must collect RST at **7 per cent** of the selling price of the monument (excluding GST). Charges to install the monument are shown separately on the customer's bill and are not subject to RST. Under this option the dealer will purchase (or manufacture) the monument tax exempt, using their RST number, because the monument is being purchased for resale.

Option 2 - If the dealer bills their customer to supply and install the monument, the dealer will not charge RST on the contract price because this is a real property contract. The dealer must pay RST on their purchase of the monument. RST paid by the dealer is not shown separately on the customer's bill.

If the monument is purchased from a supplier that did not collect RST (ex: out of province supplier), tax must be self assessed by the monument dealer and remitted on their next sales tax return. RST is payable on the laid down cost of the monument, which includes exchange, transportation, duty and any other costs to import the monument into Manitoba (excluding GST).

Option 3 - When a dealer purchases raw stone to cut, shape, polish and engrave into a finished monument, this is considered to be manufacturing. If a dealer manufactures a monument and bills their customer to supply and install the monument, the dealer will not charge RST on the contract price because this is a real property contract. The dealer must pay RST at **7 per cent** of the manufactured value of the monument. RST paid by the dealer is not shown separately on the customer's bill. The manufactured value of the monument is the total of:

- the cost of materials
- the cost of direct labour
- manufacturing overhead at 150 per cent of the cost of direct labour, or the actual overhead rate, whichever is less

Please note: Where a dealer manufactures and installs monuments, they may choose (for simplicity) to charge their customer RST on the total selling price of the monument (Option 1) or self assess RST on their regular selling price of the monument instead of calculating the manufactured value using the above formula.

- Monument dealers may purchase stencils and abrasives used for engraving exempt from RST.

Section 3: REGISTRATION REQUIREMENTS

Funeral homes • Funeral homes are generally not required to register for RST purposes unless the funeral home:

- purchases goods from unregistered suppliers and requires a sales tax return to self assess RST on purchases or,
- regularly sells goods on a supply only basis and requires a sales tax return for the collection and remittance of RST.

Monument dealers • Monument dealers are required to be registered for RST purposes to collect sales tax on the sale of monuments or to self assess RST on purchases from out of province suppliers or to self assess RST on the manufactured value of monuments that they manufacture and install.

FURTHER INFORMATION

This bulletin is intended as a guideline and is not all-inclusive. For the specific wording of the law, please refer to The Retail Sales Tax Act and Regulation. Further information may be obtained from:

Winnipeg Office

Manitoba Finance
Taxation Division
101 – 401 York Avenue
Winnipeg, Manitoba R3C 0P8
Telephone (204) 945-5603
Manitoba Toll Free 1-800-782-0318
Fax (204) 948-2087

Westman Regional Office

Manitoba Finance
Taxation Division
314, 340 – 9th Street
Brandon Manitoba R7A 6C2
Fax (204) 726-6763

E-mail: MBTax@gov.mb.ca

ONLINE SERVICES

Our Web site at manitoba.ca/finance/taxation provides tax forms and publications about taxes administered by Taxation Division, and a link to Manitoba's laws and regulations. Forms and publications can also be obtained by contacting the Taxation Division.

Our online service at manitoba.ca/TAXcess provides a simple, secure way to apply for, and to file, pay and view your Taxation Division tax accounts.