



Fertilizer and Pesticides

This info sheet explains how the goods and services tax/harmonized sales tax (GST/HST) applies to supplies of fertilizer and pesticides.

In this publication, “taxable” means subject to the GST at 5% or the HST at 13%. “Zero-rated” means subject to the GST/HST at the rate of 0%.

For detailed information on how the GST/HST applies to agriculture, see GST/HST Memorandum 4.4, *Agriculture and Fishing*.

Fertilizer

Fertilizer is zero-rated when it is supplied in bulk quantities or in containers of at least 25 kg, where the total amount of the fertilizer supplied is 500 kg or more. Fertilizer in bags containing less than 25 kg is taxable regardless of the total quantity sold.

A product is considered to be a fertilizer if it meets the requirements listed below:

- the purpose of the product is to provide plant nutrients (see Requirement 1);
- the product contains either (see Requirement 2)
 - one or more of the major plant nutrients; or
 - one or more lesser plant nutrients;
- the product label contains a “guaranteed analysis” that is verified by a laboratory analysis, and if the product contains major plant nutrients, the “grade” is displayed as part of the product name (see Requirement 3); and
- the product being supplied is marketed, advertised, packaged, labelled, or sold for use as a fertilizer (see Requirement 4).

Requirement 1 – the product directly provides plant nutrients

Fertilizer is intended to provide a plant or crop directly with nutrients for its growth and crop yield. A supplement that improves the physical condition of soil or aids in plant growth or crop yields does not meet this requirement because the supplement indirectly (rather than directly) benefits plant and crop health.

Requirement 2 – the product contains one or more of the major or lesser plant nutrients

The major plant nutrients are nitrogen (N), phosphorus (P) and potassium (K). The lesser plant nutrients, which must be present in the required minimum levels noted, are as follows:

Element	Minimum per cent (by weight)
Calcium (Ca)	1.0000
Magnesium (Mg)	0.5000
Sulphur (S)	1.0000
Boron (B)	0.0200
Chloride (Cl)	0.1000
Copper (Cu)	0.0500
Iron (Fe)	0.1000
Manganese (Mn)	0.0500
Molybdenum (Mo)	0.0005
Zinc (Zn)	0.0500

Note: All nutrients are expressed by weight. The per cent represents the amount of individual plant nutrients in relation to the total product by weight. The exceptions are for calcium (Ca), magnesium (Mg) and sulphur (S), which are guaranteed as a minimum amount expressed in per cent on an elemental basis.



Requirement 3 -- the product label contains a guaranteed analysis

A guaranteed analysis should be displayed on the label of a fertilizer product. A guaranteed analysis is a legal representation by the supplier of the product guaranteeing the stated percentage of each individual plant nutrient claimed to be in the product, by weight of the total product, for both major and lesser plant nutrients. In the case of supplies in bulk, this guarantee would be displayed on the invoice, on a shipping bill, or on a statement accompanying the supply.

A guaranteed analysis is to be verified by a laboratory analysis. The principal criterion in determining whether the laboratory analysis is acceptable is that the conclusions be supported scientifically. In this regard, the following are factors to consider when deciding whether or not the laboratory conclusions are acceptable:

- a written report is prepared and signed by an individual employed by the laboratory with the authority to sign and issue such reports;
- the procedures employed by the laboratory are based on acceptable standards for this type of industry and analysis; and
- the conclusions are properly documented and supportable.

A variation between the quantity of individual plant nutrients in a product as stated in the guaranteed analysis and that revealed by a laboratory analysis will not automatically exclude the product from zero-rating unless the quantities determined to be present by the laboratory analysis are so minimal as to be ineffective. For example, if a product contains only one lesser plant nutrient and the percentage of this lesser plant nutrient is determined to be less than the minimum requirement noted in the table above, then the product would not be zero-rated as it does not meet the requirements of a fertilizer.

Where a fertilizer product contains major plant nutrients, the “grade” is to be displayed as part of the product name.

The “grade” is a set of three numbers that represent the minimum guarantee, in order, for the per cent of total N, P, and K in the product, by weight of the total product, in a hyphenated numerical series (N-P-K), (e.g., 15-10-0).

Requirement 4 -- the product being supplied is marketed, advertised, packaged, labelled, or sold for use as a fertilizer

Where a fertilizer product has multiple uses and is packaged differently for each use, only the product that is packaged and marketed as a fertilizer is zero-rated. However, if there is no differentiation in packaging, all fertilizer product is zero-rated. A fertilizer product that is marketed with no indication as to the product's use is considered to be marketed or sold for use as a fertilizer.

Products considered fertilizer under the Fertilizers Act

Any product that meets the requirements to be considered a fertilizer under the *Fertilizers Act* is considered to meet all the requirements noted above and is zero-rated.

Manure

Animal and vegetable manures in their natural condition are considered to be fertilizers and will be zero-rated when sold in quantities of 500 kg or more, although they may not meet all of the requirements noted above.

Peat

Peat is considered to be a soil conditioner not a fertilizer, and may be sold as soil or as a soil mixture. Peat is taxable regardless of the amount sold.

Combinations of bulk and bagged fertilizer

When a combination of bulk and bagged fertilizer is supplied, it is zero-rated provided the total quantity supplied is at least 500 kg and the bagged fertilizer is in bags containing at least 25 kg. For example, a supply of twelve bags containing 25 kg of fertilizer and 200 kg of bulk fertilizer is zero-rated since the total quantity supplied is 500 kg.

Example 1

P Limited (PL) collects, packages, and markets sheep manure. The product is sold under the name Sheep Manure 2-0-0 as a fertilizer in 30 kg containers, with sales in total quantities of between 750 and 1,200 kg per order. The guaranteed analysis on its label is 2-0-0, and laboratory analysis confirms that samples of Sheep Manure 2-0-0 contain 2% nitrogen and 55% organic matter.

Sheep Manure 2-0-0 is zero-rated as a fertilizer. Sheep Manure 2-0-0 contains nitrogen, one of the major plant nutrients. On its label, PL has guaranteed that this product contains nitrogen in the amount determined by the laboratory and it has the grade designation as part of its product name. Sheep Manure 2-0-0 is not sold as a soil or soil mixture, it is sold in containers in quantities of at least 25 kg and in total quantities of at least 500 kg.

Example 2

SE Limited (SEL) produces, packages, and sells urea in bulk quantities exceeding 500 kg. The sales invoices identify the product as Urea 45-0-0, with a guaranteed analysis of 45% nitrogen, with no indication as to its use. Laboratory analysis of Urea 45-0-0 found that the samples contained 46% nitrogen. Urea 45-0-0 is purchased by farmers who use the product as a fertilizer, and by airports that use the product as a de-icer. Airport authorities regularly purchase Urea 45-0-0 in the late fall and winter in bulk quantities far exceeding 500 kg, which SEL knows will be used as a de-icer.

The product, Urea 45-0-0, sold to airport authorities is zero-rated as a fertilizer. Urea 45-0-0 contains nitrogen, one of the major plant nutrients. The sales invoices contain a guaranteed analysis that has been verified by laboratory analysis. The supplies are in bulk in total quantities of at least 500 kg. Since the product has fertilizing properties and is marketed by its product name with no indication of use, it is considered to be "marketed, advertised, packaged, labelled, or sold for use as a fertilizer". The fact that this supplier knows at the time of making these supplies that the product is typically used as an airport de-icer does not affect the tax status.

Example 3

D Limited (DL) is a supplier of potash. DL produces a single product that contains 20% potash, which DL lists and guarantees on its packages, labelled as Potash Manure Salts 0-0-20. The guaranteed analysis of 20% potash in the product has been verified by laboratory analysis. DL packages Potash Manure Salts 0-0-20 as two distinct products: one it packages as an agricultural fertilizer, and the other it packages as a component in the manufacture of glass. When DL is temporarily out of stock of the product packaged as fertilizer, it will supply its customers with the identical product packaged for use in the manufacture of glass.

Potash Manure Salts 0-0-20 packaged for use in making glass is taxable even though the purchaser may be using it as a fertilizer. This version of the product has not been marketed, advertised, packaged, labelled, or sold for use as a fertilizer.

Example 4

Farm A is in the dairy business. The manure produced by its cows is sold to local farmers who purchase the manure in truckloads in total amounts exceeding 500 kg for their fields. Farm A does not formally market and label this product; marketing is by word of mouth. Invoices indicate "sale of manure", the quantity of manure sold, and the price charged. It is accepted by purchasers that the manure contains a significant percentage of nitrogen by weight; however, no laboratory analysis has been done to verify the percentage.

The manure product sold in bulk in total quantities of at least 500 kg, where the product is not sold as a soil or soil mixture, is zero-rated as a fertilizer. The 'Farm A' manure is considered to be a fertilizer, although the following requirements have not been met: the presence of a guaranteed analysis, the grade of the major plant nutrient(s) being part of the name, and a laboratory analysis verifying the quantities guaranteed to be present. Manure is commonly known for its fertilizing properties, and consequently for its usefulness as a plant nutrient. Since the manure is marketed with no indication as to use, it is considered to be marketed or sold as a fertilizer.

Pesticides

A pesticide is zero-rated if it is labelled in accordance with the *Pest Control Products Regulations* (PCPR) under the *Pest Control Products Act* as having a purpose that includes agricultural use and a product classification other than "DOMESTIC".

A pesticide is any product (referred to as a "control product" in the PCPR) that is used as a means for directly or indirectly controlling, preventing, destroying, mitigating, attracting, or repelling any pest. Pesticides include herbicides, insecticides, fungicides, disinfectants and rodenticides.

With respect to the phrase "that includes agricultural use", the term "agricultural" is not defined for GST/HST purposes. It is the CRA's current position that the common meaning of "agriculture" includes horticulture. Further, the provision indicates the use is to "include" agricultural use. Pesticides may be labelled as having a purpose that includes more than one use. Provided one of the uses is considered to be agricultural use, the pesticide will be considered to meet this criterion.

In general, all pesticides are taxable unless they meet the requirements above. Once it is determined that a particular product meets the requirements, it is unconditionally zero-rated. The tax status of a pesticide does not depend on the volume purchased, alternative uses, or the actual use by the purchaser.

The product label of a pesticide labelled in accordance with the PCPR will include the product name, class designation, precautionary symbols/hazard warnings, directions for use, storage and disposal, an indication of the active ingredient, the registration number under the PCPR, net contents, and the name and address of the manufacturer.

There are four product class designations of control products under the PCPR: DOMESTIC, COMMERCIAL, RESTRICTED, and MANUFACTURING. Products within the commercial class may be labelled with a more descriptive term such as AGRICULTURAL, INDUSTRIAL or INSTITUTIONAL, although this is not required. Where a product is labelled as “COMMERCIAL”, without a more descriptive term, further information on the intended use is used in determining its tax status.

For example, a root inhibitor labelled as “AGRICULTURAL” and intended to prolong the storage life of seed potatoes is zero-rated.

Active ingredients

The active ingredients used in the manufacture of pesticides are not considered to be pesticides because they are not marketed to the consumer in

that state. Active ingredients for purposes of manufacturing pesticides are taxable.

Example 5

Product A is an insecticide for the control of spider mites on greenhouse ornamental plants and vegetables and has a product class designation of COMMERCIAL. Product A is labelled in accordance with the PCPR as having a purpose which includes agricultural use and a product class designation other than DOMESTIC. Product A is zero-rated regardless of the actual use of the product.

Example 6

Product B is a herbicide that has a product class designation of RESTRICTED and is used to control water weeds in farm dugouts, farm ponds, farm ditches, lakes and canals. Product B is considered to have an agricultural use. Product B is zero-rated.

Example 7

Product C is a rodenticide that has a product class designation of COMMERCIAL. It controls mice and rats in processing plants (non-food), outdoor areas of food processing plants, storage areas (non-food), outdoor surfaces of buildings, and garbage dumps. The product use does not include an agricultural use. Product C is taxable.

Example 8

Product D is a turf fungicide that has a product class designation of COMMERCIAL and is formulated to control certain diseases on established golf course turf. Product D is not considered as having an agricultural use. Product D is taxable.

This info sheet does not replace the law found in *the Excise Tax Act* (the Act) and its regulations. It is provided for your reference. As it may not completely address your particular operation, you may wish to refer to the Act or appropriate regulation, or contact any CRA GST/HST Rulings Centre for additional information. These centres are listed in GST/HST Memorandum 1.2, *Canada Revenue Agency GST/HST Rulings Centres*. If you wish to make a technical enquiry on the GST/HST by telephone, please call 1-800-959-8287. A ruling should be requested for certainty in respect of any particular GST/HST matter.

If you are located in Quebec and wish to make a technical enquiry or request a ruling related to the GST/HST, please contact Revenu Québec by calling 1-800-567-4692, or visit their Web site at www.revenu.gouv.qc.ca to obtain general information.

All GST/HST publications are available on the CRA Web site at www.cra.gc.ca/gsthstech.

Reference in CRA publications is made to the harmonized sales tax (HST) that applies to property and services provided in Nova Scotia, New Brunswick, and Newfoundland and Labrador (the “participating provinces”) at a rate of 13%. The goods and services tax rate is 5%.