



# Provincial Sales Tax (PST) Guide

[Subscribe](#)

Issued: April 2013  
Revised: July 2021

**COVID-19 Update:** See [Notice 2020-002](#), COVID-19 Sales Tax Changes, for temporary changes that impact the information in this bulletin. This bulletin has **not** been revised to reflect those changes.

## Small Business Guide to PST

### Provincial Sales Tax Act

Latest Revision: The revision bar ( | ) identifies changes to the previous version of this bulletin dated January 2020. For a summary of the changes, see Latest Revision at the end of this document.

This guide explains the basics of PST in B.C.

If you are starting a business in B.C. or are already operating one, you should read this guide. Even if you are not required to register to collect and remit PST, this guide explains how PST applies to goods and services you purchase for your business.

For information on how to complete the PST return, visit our online [Guide to Completing the PST Return](#).

### Table of Contents

What is PST? .....	2
What is Taxable? .....	2
What is Not Taxable?.....	5
PST Registration.....	7
Charging PST and MRDT .....	9
Remitting PST and MRDT .....	11
Paying PST in Your Business .....	12
Refunds .....	14
Books and Records.....	15
Audits and Appeals .....	16
Voluntary Disclosure .....	17
Rulings .....	17
Taxpayer Fairness and Service Code.....	18
Additional Resources .....	18

## What is PST?

---

PST is a retail sales tax that is payable when a taxable good, software or service is acquired for personal use or business use, unless a specific exemption applies. The general PST rate is 7% (see PST Rates below).

**Note:** PST is different from the federal goods and services tax (GST). To register for the GST or for questions about the GST, contact the Canada Revenue Agency at 1-800-959-5525 or visit the [Government of Canada](#) website.

## PST Rates

The following PST rates apply.

Item	PST Rate
Goods including cannabis products and soda beverages (except goods listed below), software, legal services, telecommunication services and related services	7%
Liquor	10%
Accommodation (not including the additional Municipal and Regional District Tax (MRDT) – see Charging PST and MRDT below)	8%
Vapour products	20%
Vehicles	Rates vary (see <a href="#">Bulletin PST 308</a> , PST on Vehicles)
Boats	7% or 12% (see <a href="#">Bulletin PST 108</a> , Boats)
Aircraft	7% or 12% (see <a href="#">Bulletin PST 134</a> , Aircraft)
Manufactured mobile homes	7% of 50% of the purchase or lease price or fair market value
Manufactured modular homes	7% of 55% of the purchase or lease price or fair market value
Portable buildings	7% of 45% of the purchase or lease price or fair market value

## What is Taxable?

---

Unless a specific exemption applies, PST applies to:

- The purchase or lease of new and used goods in B.C.
- Goods brought, sent or delivered into B.C. for use in B.C.
- The purchase of:
  - software

- services to, or to install, taxable goods (referred to as related services), such as vehicle maintenance, furniture assembly, computer repair
- short-term accommodation in B.C.
- legal services (including legal services provided outside B.C. in certain situations)
- telecommunication services (including internet services, and certain digital and electronic media content, such as music and movies)
- Gifts of vehicles, boats and aircraft

In this guide, **goods** are tangible personal property as defined in the Provincial Sales Tax Act. Tangible personal property is personal property that can be seen, weighed, measured, felt or touched, or that is in any other way perceptible to the senses, and includes:

- Natural or manufactured gas
- Heat
- Affixed machinery
- An improvement to real property or part of an improvement to real property that is removed from the site at which it is affixed or installed, while it is removed from that site

## Taxable Goods

Examples of taxable goods include:

- Affixed machinery
- Alcoholic beverages / liquor
- Art and art supplies
- Building materials
- Cannabis products and accessories
- Computers
- Cosmetics and grooming aids
- Flowers
- Furniture and appliances
- Motor vehicles and automotive parts
- Natural gas and heat for business (i.e. non-residential) use
- Pets
- Soda beverages (effective April 1, 2021 - see [Notice 2021-002](#), Notice to Sellers of Soda Beverages)
- Souvenirs
- Vapour products (including parts and accessories)

## Services to Taxable Goods

PST applies to most related services, including:

- Automobile maintenance, repairs, tune-ups, oil changes, painting and cut polishing
- Furniture repair, re-upholstery and refinishing
- Maintenance of plants in portable containers

- Services to apply protective treatments to taxable goods, such as fabric protection, rust proofing or paint
- Services to repair or maintain taxable goods, such as knives, watches, electronics, office equipment or computers
- Services to restore or assemble taxable goods, such as furniture
- Services to set up, install or dismantle taxable goods, such as temporary display counters, shelves or booths at trade fairs and conventions

For more information, see [Bulletin PST 301](#), Related Services.

## Accommodation, Software, Legal Services and Telecommunication Services

PST also applies to:

- Short-term accommodation in B.C. (see [Bulletin PST 120](#), Accommodation)
- Software (see [Bulletin PST 105](#), Software)
- Legal services (see [Bulletin PST 106](#), Legal Services)
- Telecommunication services (see [Bulletin PST 107](#), Telecommunication Services)

## Passenger Vehicle Rental Tax

In addition to the PST, a passenger vehicle rental tax of \$1.50 per day, or portion of a day, applies to passenger vehicles leased or rented for more than 8 consecutive hours and 28 consecutive days or less.

Lessors of passenger vehicles must collect this tax in addition to the PST on the lease or rental of the passenger vehicle and remit the tax on their PST return. For example:

Rental charge (2 days at \$50 per day):	\$100.00
Passenger vehicle rental tax (2 days at \$1.50 per day)	\$ 3.00
PST (e.g. 7% of the rental charge)	\$ 7.00

**Note:** You do not charge PST on the passenger vehicle rental tax, but you do charge the GST on the passenger vehicle rental tax.

## ICE Fund Tax

In addition to the 7% PST, a 0.4% tax applies to energy products to raise revenue for the Innovative Clean Energy (ICE) Fund. The ICE Fund tax applies only to the following energy products:

- Natural gas (excluding natural gas purchased in B.C., or brought, sent or delivered into B.C., for use in stationary internal combustion engines)
- Fuel oil, except kerosene, used for the purposes of heating, cooling or raising steam
- Propane in a vapourized form delivered:
  - by a public utility as defined in the Utilities Commission Act
  - by pipe, and
  - to purchasers at the place at which the propane will be used

The ICE Fund tax does not apply to electricity.

Sellers of natural gas, fuel oil and propane sold on a grid system must collect the ICE Fund tax from industrial, residential and commercial customers, and remit that tax on their PST return.

The PST exemption for residential energy products does not apply to the ICE Fund tax. This means you charge the ICE Fund tax to residential customers.

The 7% PST and the 0.4% ICE Fund tax are calculated separately on the purchase price before taxes. For example:

Energy product charge:	\$100.00
ICE Fund tax (0.4%)	\$ 0.40
PST (7% of the energy product charge)	\$ 7.00

If it is not possible to record the 0.4% ICE Fund tax separately, you may combine this tax with the 7% PST, as long as you state this on the bill.

**Note:** You do not charge the 7% PST or the GST on the 0.4% ICE Fund tax.

For more information, including information on exemptions, see [Bulletin PST 203](#), Energy, Energy Conservation and the ICE Fund Tax.

## What is Not Taxable?

### Real Property Contracts

Real property is land and anything attached to the land so that it becomes part of real property after installation (ceases to be personal property at common law). This would normally include buildings, structures, and things, such as machinery or equipment, that are attached to the land (or to buildings and structures) by some means other than their own weight.

For the purpose of the PST, things that are attached so that they become part of real property are either:

- improvements to real property, or
- affixed machinery (see [Bulletin PST 503](#), Affixed Machinery).

If you are a contractor, it does not matter whether your contract is to supply and affix, or install, an improvement to real property or affixed machinery. In either case, you must pay PST on the goods you obtain to fulfill the contract as outlined in [Bulletin PST 501](#), Real Property Contractors.

### Exempt Goods

You can sell the following goods to anyone without collecting PST. These exemptions can be provided at the time of sale and do not require any specific information or documentation to claim the exemption.

- Food for human consumption, including basic groceries, prepared foods, such as restaurant meals, candies, confections and some non-alcoholic beverages (soda beverages are subject to PST, effective April 1, 2021 - see [Notice 2021-002](#), Notice to Sellers of Soda Beverages)
- Vitamins and dietary supplements

- Used clothing and footwear when sold for under \$100 per item
- Remembrance Day poppies and wreaths
- Natural cut evergreens sold as Christmas trees
- Electricity
- Energy products (e.g. natural gas) purchased for use in a residential dwelling under certain circumstances (see [Bulletin PST 203](#), Energy, Energy Conservation and the ICE Fund Tax)
- Fuel subject to tax or exempt from tax under the Motor Fuel Tax Act
- Plain and flavoured bottled water (still and carbonated) that contains no sweeteners – unless dispensed by a vending machine that also dispenses soda beverages (see [Notice 2021-002](#), Notice to Sellers of Soda Beverages)

You can also sell the following goods to anyone without collecting PST. However, these items must meet certain conditions for exemption or are limited to specific items.

- Bicycles and adult-sized tricycles (see [Bulletin PST 204](#), Bicycles and Tricycles)
- Books (including e-books), newspapers and magazines (see [Bulletin PST 205](#), Books, Magazines, Newspapers and Other Publications)
- Children-sized clothing and footwear, and adult-sized clothing and footwear for children under 15 years of age (see [Bulletin PST 201](#), Children’s Clothing and Footwear)
- Goods shipped by the seller outside B.C. (see [Bulletin PST 309](#), PST and Non-Residents)
- Specified safety equipment and protective clothing (see [Bulletin PST 100](#), Safety Equipment and Protective Clothing)
- Specified energy conservation materials (see [Bulletin PST 203](#), Energy, Energy Conservation and the ICE Fund Tax)
- Specified medications and health-related equipment and supplies (see [Bulletin PST 207](#), Medical Supplies and Equipment)
- Specified school supplies (see [Bulletin PST 202](#), School Supplies)

For more information on PST exemptions, see [Bulletin PST 200](#), PST Exemptions and Documentation Requirements.

## Exempt Services

The following services are exempt from PST.

- Automobile towing, roadside tire changing and battery boosting (but not battery recharging)
- Cleaning services (unless provided with a taxable related service), such as laundry and dry cleaning, carpet and upholstery cleaning, janitorial services, engine shampoos, and car washes and waxes
- Design and consulting services unless they include the sale or lease of taxable goods, or the sale of taxable software or taxable services (e.g. telecommunication services)
- Labour to install goods that become real property when installed, and services to real property
- Personal services, such as hairstyling, barbering and beauty treatments (but not sales of product, such as shampoo, which are taxable)
- Services provided to animals, such as horseshoeing, pet grooming or veterinary services

- Services to goods brought or sent into B.C. solely to receive services and, immediately after receiving the services, removed from B.C. (the seller must have documentation verifying the circumstances of the sale)
- Services to items that are exempt from tax, such as repairs to non-motorized bicycles
- Services to the following goods if designed for household use: refrigerators, stoves, ovens (including microwave and convection ovens), clothes washers and dryers, dishwashers, vacuums, sewing machines, rugs, carpets, draperies and curtains

For more information on PST exempt services, see [Bulletin PST 301](#), Related Services.

## **PST Registration**

### **Businesses Required to Register**

You must register to collect and remit PST if you are located in B.C. and do any of the following in the ordinary course of your business in B.C.:

- Sell taxable goods in B.C., for example:
  - alcoholic beverages / liquor
  - boats
  - building materials
  - cannabis products
  - general merchandise, such as flowers, clothing, cosmetics, appliances or souvenirs
  - household or office furniture
  - motor vehicles, automotive parts and supplies
  - soda beverages
  - vapour products (including parts and accessories)
- Lease taxable goods in B.C. (including entering into lease agreements in B.C. or delivering leased goods to a lessee in B.C.), for example:
  - aircraft
  - artwork
  - motor vehicles
  - tools and equipment
- Provide related services in B.C., for example:
  - application of protective treatments to taxable goods, such as fabric protection, rust proofing or painting
  - repair or maintenance of taxable goods, such as automobiles, knives, watches, TVs, stereos, office equipment or computers
  - restoration or assembly of taxable goods, such as furniture
  - set up, installation or dismantling of taxable goods, such as temporary display counters, shelves or booths at trade fairs and conventions
- Provide legal services in B.C.
- Provide telecommunication services in B.C. (including internet access, non-basic cable, non-residential telephone services, mobile phone services, satellite services, fax services, streaming services, and digital and electronic media content, such as music and movies)

- Provide software in B.C.
- Act as a liquidator, receiver, receiver-manager or trustee and dispose of assets as part of your business

If any of the following apply to you, you may also be required to register. See [Bulletin PST 001](#), Registering to Collect PST, for detailed information to help you determine if you must register.

- You are located outside B.C. and you make sales to B.C. customers
- You enter into contracts to improve real property where your customers have agreed to pay PST
- You sell exclusive products as a direct seller to an independent sales contractor in B.C. for resale
- You sell accommodation in B.C. (see Accommodation Providers below)
- You are an online accommodation platform that lists accommodation for sale in B.C. (see Online Accommodation Platforms below)

All businesses that must be registered are considered to be collectors whether or not they are actually registered. All collectors have specific obligations to collect and remit PST.

Certain businesses that are not required to register may voluntarily register to collect and remit PST in certain situations. If you are not required to register to collect and remit PST, you may still wish to register so you can use your PST number to claim an exemption in certain circumstances (e.g. inventory purchases for resale).

For more information, see [Bulletin PST 001](#), Registering to Collect PST.

## Online Accommodation Platforms

If you are an online accommodation platform located in B.C., you must register to collect and remit PST on accommodation sold using your platform.

An **online accommodation platform** is an online marketplace that enables or facilitates transactions for accommodation located in B.C. Online classified advertising or listing services that do not collect payment on behalf of the person offering the accommodation are not online accommodation platforms for the purposes of PST.

## Accommodation Providers

You must register to collect and remit PST if you sell accommodation in B.C., unless you:

- sell only exempt accommodation, or
- only list your accommodation on an online accommodation platform that is registered to collect PST.

For details, see [Bulletin PST 120](#), Accommodation.



## Small Sellers

If you qualify as a small seller, you are not required to register to collect and remit PST. Small sellers pay PST when purchasing products for resale and do not charge or collect PST on their sales.

You may be a small seller if:

- you are located in B.C.,
- you do not maintain an established business premises and do not regularly make retail sales from an established commercial premises (e.g. you do not sell goods from a shop, including a home-based shop),
- you have \$10,000 or less in gross revenue from all retail sales of eligible goods, software and services in the previous 12 months, and
- your estimated gross revenue from all retail sales of eligible goods, software and services in the next 12 months is \$10,000 or less.

This is not a complete list. For more information and to find out if you qualify as a small seller, see [Bulletin PST 003](#), Small Sellers.

## Registering to Collect PST

You can apply to register to collect and remit PST online, in person, or by mail or fax. For information on how to register to collect PST, visit our [Register to Collect PST](#) page.

## Designation Agreements for Principals and Agents

If you are in a principal and agent relationship, you have the option to jointly designate one of the parties to collect and remit PST and MRDT, if applicable, on sales and leases made under a designation agreement.

For more information, see [Bulletin PST 001](#), Registering to Collect PST.

## Closing Your PST Account

If you are no longer required to be registered and want to close your PST account, submit a closure request:

- Online using [eTaxBC](#)
- By submitting a Request to Close Provincial Sales Tax Account ([FIN 357](#))

You must file and pay all tax returns up to the closure date, even if a return is nil.

## Charging PST and MRDT

---

### Charging PST

Unless a specific exemption applies, you must charge, collect and remit PST on sales or leases of goods, sales of software, sales of accommodation and sales of related services, legal services and telecommunication services in B.C. This includes sales and leases outside the ordinary course of your business, including sales of business assets, such as vehicles, office equipment and furniture.

**Note:** If you only sell accommodation and only list the accommodation on an online accommodation platform that is registered to collect PST and MRDT, you are not required to

register. In this case, the online accommodation platform is responsible for collecting and remitting the tax.

PST is generally payable at the same time the purchase or lease price, or any portion of the purchase or lease price, is paid or becomes due, whichever is earlier. For more information, see [Bulletin PST 002](#), When to Charge and Collect PST.

## PST and GST

You charge PST on the price of taxable goods and services before adding the federal GST. This means the GST is not included in the price on which PST is calculated. You calculate the PST before adding the GST to the sales price of goods as follows:

Sales price	\$100.00
PST (7% of \$100)	\$ 7.00
<u>GST (5% of \$100)</u>	<u>\$ 5.00</u>
Total amount charged to customer	\$112.00

According to the GST legislation, you can sell goods and services that already have the GST included in the price. In this case, assuming the applicable PST rate is 7%, you charge PST on the sales price using the factor of 6.67% ( $100/105 \times 7\%$ ).

For alcoholic beverages, which have a PST rate of 10%, if GST is included in the sales price, you charge PST on the sales price using the factor of 9.52% ( $100/105 \times 10\%$ ). For example:

GST-included price for the liquor	\$10.50
<u>10% PST due (<math>0.0952 \times \\$10.50</math>)</u>	<u>\$ 1.00</u>
Total amount charged to customer	\$11.50

**Note:** GST will apply to PST on vapour products and may apply to PST on certain passenger vehicles in very limited circumstances. For information on how tax applies to vehicles, see [Bulletin PST 116](#), Motor Vehicle Dealers and Leasing Companies.

## Charging MRDT

If you provide taxable accommodation, in addition to collecting the 8% PST on accommodation, you must also collect the MRDT in participating municipalities and regional districts.

The MRDT is a tax of up to 3% charged on sales of taxable accommodation. The MRDT is collected on behalf of municipalities, regional districts and other eligible entities to raise revenue for local tourism, marketing, programs and projects.

The MRDT is administered by us as an agent for municipalities, regional districts and other eligible entities and has its own tax return form.

For more information, see [Bulletin PST 120](#), Accommodation.

## **Remitting PST and MRDT**

---

All collectors, including out-of-province collectors, must collect and remit PST on sales or leases of goods, sales of software, sales of accommodation and sales of related services, legal services and telecommunication services in B.C., unless a specific exemption applies.

Any person who collects PST, or collects an amount as if it were PST, must remit that amount to us. For example, if you charged and collected PST at an incorrect rate on general goods (e.g. 10% instead of 7%) or you collected PST on a non-taxable good or service, you must remit the amount collected to us. In this case, your customer may be entitled to a refund. For more information, see Refunds below.

You may file your tax returns and make payments online, through a participating financial institution, by mail or in person.

**Note:** Businesses with at least \$1.5 million in total Canadian sales per year must file tax returns and remit PST electronically through eTaxBC or through a participating financial institution.

For more information on remitting PST and how to sign up for eTaxBC, see our [Reporting and Paying PST](#) page.

### **Reporting Periods**

You must report and remit to us any PST you charge, whether or not you have actually collected it from your customer. You must remit all PST charged within a reporting period no later than the last day of the month following the reporting period. For example, if you are reporting for a period ending June 30, you must file your return and remit the PST charged in that period no later than July 31.

For more information, including how reporting periods apply to you if you are not registered but should be, see our [Reporting and Paying PST](#) page.

### **Completing the PST and MRDT Tax Returns**

You report the PST you must collect on sales or leases of goods, sales of software, sales of accommodation and sales of related services, legal services and telecommunication services on your PST return. You also report the passenger vehicle rental tax and the ICE Fund tax on your PST return.

You report the MRDT you must collect on an MRDT return, **not** on your PST return.

**Note:** While PST and MRDT must be reported on separate returns, you may remit one payment to cover both returns.

For information on how to complete the PST and MRDT returns, visit our online [Guide to Completing the PST Return](#) and [Guide to Completing the MRDT Return](#).

### **Commission**

Collectors who are registered to collect and remit PST as required are entitled to receive a commission for each reporting period in which they remit PST as required and on time. Collectors with more than one PST account may only claim commission on one of those accounts. You cannot claim commission on an MRDT return.

## **Paying PST in Your Business**

### **How to Self-Assess PST**

If a seller or lessor does not charge you PST when you are required to pay it, you must self-assess (pay directly to us) the PST due. For information on how to self-assess PST on your PST return, visit our online [Guide to Completing the PST Return](#).

### **Business Assets**

Unlike the GST/HST, there are no PST input tax credits provided on goods purchased by a business. PST is payable on goods, unless an exemption applies (e.g. goods purchased for resale).

PST applies to the taxable goods you purchase or lease for use in your business. In this case, you are the end user of the goods and are responsible for paying the PST. Generally, you pay PST when you purchase or lease taxable goods from your supplier. However, if the supplier does not charge you PST, you must self-assess the PST due.

If you have a PST number, you must self-assess the PST due on your next PST return. If you do not have a PST number, you must self-assess the PST due using a Casual Remittance Return (**FIN 405**) on or before the last day of the month following the month you purchased or leased the taxable goods. For example, if you purchased taxable goods in June, you must file the return and pay the PST no later than July 31.

Examples of taxable business assets you purchase or lease for use in your business may include the following:

- Advertising flyers
- Affixed machinery (see [Bulletin PST 503](#), Affixed Machinery)
- Business equipment and supplies, such as vehicles, shop equipment and cleaning supplies
- Demonstration or display items if they are not immediately available for sale
- Heat
- Office equipment, such as desks, chairs and cash registers
- Office supplies, such as receipt books, stationery and cash register tapes

### **Services**

PST applies to the following services you may purchase for use in your business.

- Most services provided to taxable goods or to install taxable goods. For example, you are responsible for paying PST on services provided to maintain and repair equipment you use in your business. For more information, see [Bulletin PST 301](#), Related Services.
- Legal services. For more information, see [Bulletin PST 106](#), Legal Services.
- Telecommunication services (e.g. telephone and internet) for use in your business. For more information, see [Bulletin PST 107](#), Telecommunication Services.

## Taking Goods Out of Inventory and Promotional Materials

PST applies when you take taxable goods from your resale inventory for your business or personal use, or you purchase taxable goods for the following purposes:

- Donations to charities or other organizations
- Promotional materials you use or give away to help advertise or promote your business
- Samples, gifts and prizes

For more information on how PST applies to promotional material and gifts, see [Bulletin PST 311](#), Promotional Materials and Special Offers, and [Bulletin PST 312](#), Gifts.

## Change in Use of Lease Inventory

PST applies when you take taxable goods you purchased solely for lease or rental purposes and use them yourself or allow an employee to use them.

For more information, see [Bulletin PST 315](#), Rentals and Leases of Goods.

## Leased Inventory Occasionally Supplied with an Operator

You are not required to self-assess PST on the depreciated value of goods you purchased solely for lease or rental purposes if you:

- occasionally supply an operator with the goods, and
- the goods remain part of the lease inventory in your company books or accounting records.

In this case, you need to self-assess the PST due on the normal lease price of the goods when you occasionally lease it with an operator. The normal lease price is the price usually charged to your customers for the lease of the goods without an operator.

For more information, see [Bulletin PST 315](#), Rentals and Leases of Goods.

## Out-of-Province Purchases and Leases

PST applies to the taxable goods you purchase or lease for use in your business from out-of-province suppliers. If the seller does not charge you PST, you must self-assess PST on the total amount you pay to bring the goods into B.C., including charges for transportation, customs, excise, and any other costs, except the GST.

For more information, see [Bulletin PST 310](#), Goods Brought into B.C.

Also, PST applies on taxable goods you bring into B.C. for temporary use and on taxable conveyances you use interjurisdictionally. Vehicles licensed under a licence to which a prorate agreement applies are subject to multijurisdictional vehicle tax (MJV tax). For more information, see [Bulletin PST 307](#), Goods Brought into B.C. for Temporary Use and [Bulletin PST 135](#), Multijurisdictional Vehicles.

## Buying and Selling a Business

When buying a business, PST applies to all taxable business assets. If the seller is a collector, the seller must collect and remit PST on the sale of taxable business assets.

If the seller is not a collector or does not charge PST on the taxable assets, the purchaser must self-assess and remit the PST due on their next PST return.

A collector must collect and remit PST on taxable sales until the date of cancellation of their registration.

If you are buying a business, you may request a clearance certificate from us. A clearance certificate confirms the current business owner has paid and remitted all outstanding PST and any related penalties and interest (up to the date the certificate was issued). If you do not obtain a clearance certificate, you must pay an amount equal to all amounts owing under the relevant legislation at the time of purchase. For more information, see [Bulletin PST 005](#), Buying and Selling a Business.

## **Refunds**

---

### **Applying for Refunds from Us**

If you paid PST in error or overpaid PST, you may claim a refund of the tax paid. You must claim a refund within 4 years from the date the PST was paid. We cannot issue a refund of less than \$10.

For more information, see [Bulletin PST 400](#), PST Refunds.

### **Providing Refunds to Customers**

As a collector, you may refund or credit your customers PST you charged and collected from them in the following circumstances.

#### **Customer Does Not Provide Required Information or Documentation at the Time of Sale or Lease**

If your customer paid PST and would not have been required to pay PST if they had provided the information or documentation required to claim an exemption at the time of the sale or lease, you may refund or credit your customer the PST paid if they provide the required information or documentation within 180 days from the date the PST was charged.

#### **Customer Was Not Required to Pay PST**

If your customer paid PST and was not required to pay it (e.g. on an exempt item that did not require any information or documentation to claim the exemption), you may refund or credit your customer the PST paid within 180 days from the date the PST was paid.

#### **Refund or Credit of Purchase Price or Lease Price**

If you provide your customer a full or partial refund or credit of the purchase or lease price for taxable goods (except a purchased motor vehicle, see below), software or taxable services within 4 years from the purchase or lease, you may also refund or credit the applicable PST. For example, if you refund or credit 50% of the purchase price of a good to your customer, you may also refund or credit 50% of the PST.

To be eligible for a reimbursement of the PST you refund or credit to your customer, you must provide the refund or credit to your customer at the same time you provide the full or partial refund or credit of the purchase or lease price.

#### **Motor Vehicles Returned Within One Year of Purchase**

If a customer returns a vehicle to you within one year of the purchase and you provide a full or partial refund or credit of the purchase price, you must also refund or credit the applicable PST.

To be eligible for a reimbursement of the PST you refund or credit to your customer, you must provide the refund or credit to your customer at the same time you provide the full or partial refund or credit of the purchase price.

### **Claiming a Refund of PST You Refund or Credit to Your Customer**

If you refund or credit PST to your customer in any of the above circumstances, you may claim a refund of the PST you remitted on the sale or lease by making an adjustment on your PST return (i.e. deducting the amount of your refund from the amount of PST owing) if you are registered, or by applying directly to us for a refund.

You may also claim a refund of PST you remitted if:

- you provide a credit of PST that you charged but your customer had not yet paid,
- the credit was provided within 180 days from the date the PST was charged, **and**
- the credit was a result of:
  - your customer providing you with the information or documentation required to support an exemption, or
  - you identifying that your customer is not required to pay the PST (e.g. on an exempt item that did not require any information or documentation to claim the exemption).

If you choose to make an adjustment on your return, you must make the adjustment in the reporting period in which you provided the refund or credit.

For information on making adjustments on your PST return, visit our online [Guide to Completing the PST Return](#).

## **Books and Records**

You must keep sufficient books and records to provide details of the following:

- All sales and leases (taxable and non-taxable)
- All tax charged, collected and remitted
- All commissions taken
- All purchases and leases for inventory and for your own use
- All goods brought, sent or received in B.C. for inventory and for your own use
- All goods, software or taxable services taken from inventory for your own use
- All applicable supporting documentation to show why PST was not collected on taxable goods, software and services
- Price reductions provided for sales and leases of goods, and sales of software and taxable services
- Refunds and credits provided for sales and leases of goods, and sales of software and taxable services

You must keep books, records and any documentation relating to your business for five years. You may destroy records older than five years at your discretion, unless there is an outstanding appeal. If you wish to destroy any of these records before five years, you need written permission from us.

**Note:** In some cases, you may wish to keep your records for longer periods to prove your entitlement to an exemption. For example, to prove you qualify for a related party asset transfer PST exemption, you need records to show the asset was a tax paid asset even if the records are older than five years.

## **Audits and Appeals**

---

### **Audits**

An audit is a formal examination of your business' financial records to ensure you are paying, charging, collecting and remitting tax as required, and to identify any areas where you may be doing this incorrectly.

The B.C. tax system operates on the principle of voluntary compliance. Each taxpayer is responsible for paying tax on their taxable purchases, and for charging, collecting and remitting tax on their taxable sales.

Any person can be audited – individuals, manufacturers, wholesalers and retailers – large or small. If your business is located outside B.C. and you conduct business in B.C., you may also be audited.

Your business may be audited for the following reasons:

- There may be a special audit project or legislated program occurring and your business was selected for the project or program
- Your business may be selected based on risk of misapplication of tax
- Your business may be referred to us for audit
- If you have submitted a refund claim, you may be audited as part of the review to ensure all tax due has been paid before the refund is processed

For more information, see our [Tax Audits](#) page.

### **Appeals**

You have the right to appeal to the Minister of Finance if you disagree with:

- An assessment of tax, interest or penalties
- A disallowance or reduction of a refund claim
- A refusal to register a person for PST
- A suspension or cancellation of a person's PST registration
- A determination that a corporation is associated with another corporation for collection purposes

If you are not satisfied with the outcome of your appeal, you can appeal to the courts. For more information, see our [Tax Appeals](#) page.

**Note:** The law imposes time limits on appeal submissions.



## **Voluntary Disclosure**

---

If you identify that you have not charged, collected, remitted or paid PST as required, you must disclose the liability to us as soon as possible and pay the overdue amounts plus applicable interest.

If you voluntarily disclose a tax liability to us, we will not charge you a penalty (other than a penalty equivalent to tax not charged as required, as described in [Bulletin CTB 005](#), Penalties and Interest) or prosecute you if **all** the following conditions are met:

- It is the first time you have made a voluntary disclosure of the tax due
- You pay the overdue amount, plus interest, or make satisfactory arrangements for payment
- We did not identify the liability, issue you a previous warning about the type of error you are disclosing, or contact you regarding an upcoming audit or inspection before you made the disclosure
- You do not have any outstanding debt on your account

If any of these conditions are not met, we will generally apply penalties as outlined in [Bulletin CTB 005](#), Penalties and Interest.

### **How to Make a Voluntary Disclosure**

To make a voluntary disclosure, you must send us a letter identifying the error(s). If you do not have all the details of the error at the time you make the disclosure, you can state that you will provide the details later. However, you must send us the details within two weeks from the date of the original letter to qualify as voluntary disclosure without penalty or be willing to waive the audit limitation period.

You must send your disclosure letter to us by mail:

Executive Director  
Consumer Taxation Audit Branch  
Suite 101 - 10475 138th Street  
Surrey, BC V3T 4K4

## **Rulings**

---

Rulings and interpretations confirm, in writing, the ministry's position on how PST applies to your specific circumstances or transactions. Rulings and interpretations are tools used to assist businesses in applying PST according to legislation, policy and the principles of fair tax administration.

We provide consistent and timely rulings and interpretations to a variety of stakeholders as an aid to understanding legislation. However, rulings and interpretations are not law. The information in rulings and interpretations may not apply in whole or part as a result of variations in circumstance, subsequent changes to legislation or ministry interpretations, or subsequent court decisions.

The applicability of a ruling or interpretation to a particular circumstance depends upon the facts and information provided. For this reason, provide as much relevant detail as possible. Incomplete or inaccurate information could impact the ruling or interpretation. The information in

rulings and interpretations generally only applies to the specific circumstances set out in the request.

To request a PST ruling or interpretation, email us at [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

## **Taxpayer Fairness and Service Code**

At the Ministry of Finance, we are committed to providing you with the best quality customer service possible. The Taxpayer Fairness and Service Code describes the fairness and service principles we follow when dealing with you.

The Taxpayer Fairness and Service Code is available on our [website](#) or by calling Taxpayer Services at 1-877-388-4440.

## **Additional Resources**

### **PST Forms, Publications, Legislation and Regulations**

PST forms, publications, legislation and regulations are available online on our [Forms](#) and [Publications](#) pages.

### **Subscription Service**

For updates to information on PST and other sales taxes, subscribe to our [What's New](#) page.

### **Taxpayer Services**

Call us at 1-877-388-4440, 8:30am to 4:30pm, Monday to Friday, with your PST questions.

### **PST Outreach**

#### **PST Webinars and Seminars**

We offer online interactive webinars and in-person seminars to provide information on PST. Topics include general PST application, registration and our online services option called eTaxBC. For more information, visit our [Webinars & Seminars](#) page.

### **Other Provincial Programs That May Affect Your Business**

For information on [Insurance Premium Tax](#) or [Logging Tax](#), visit our website or call us at 1-877-387-3332.

For information on the book publishing tax credit, film and television tax credit, mining exploration tax credit, mining flow-through share tax credit, production services tax credit, scientific research and experimental development tax credit, or venture capital tax credit, visit our [Corporate Income Tax](#) or [Personal Income Tax](#) website or call us at 1-877-387-3332.

For information on federal income tax credits or the GST, visit the [Business taxes](#) page on the [Government of Canada](#) website.

For information on property transfer tax, visit our [Property Transfer Tax](#) website or contact us at 250-387-0604 in Victoria, or call Service BC toll free at 1-800-663-7867 and ask to be transferred to us at the Victoria number.

For information on rural property tax, visit our [Rural Property Tax](#) website or contact us at 250-387-0555 in Victoria, or call Service BC toll free at 1-800-663-7867 and ask to be transferred to us at the Victoria number.

## Small Business Information Resources

Other websites that are particularly useful to new businesses:

- British Columbia Chamber of Commerce – [bcchamber.org](http://bcchamber.org)
- British Columbia's [Ministry of Jobs, Economic Recovery and Innovation](#)
- Government of Canada – [canada.ca/en/services/business.html](http://canada.ca/en/services/business.html)
- Canadian Federation of Independent Business (CFIB) – [cfib.ca](http://cfib.ca)
- Community Futures Network of British Columbia – [communityfutures.ca](http://communityfutures.ca)
- Investment Capital Programs – [Investment Capital](#)
- OneStop Business Registry – [bcbusinessregistry.ca](http://bcbusinessregistry.ca)
- Retail Council of Canada – [retailcouncil.org](http://retailcouncil.org)
- Service BC Centres – [servicebc.gov.bc.ca](http://servicebc.gov.bc.ca)
- Small Business BC – [smallbusinessbc.ca](http://smallbusinessbc.ca)

---

### Latest Revision

July 2021

- Added information to reflect that effective April 1, 2021, PST applies to all retail sales of soda beverages at a rate of 7%. Sellers of soda beverages must be registered to collect and remit PST
  - Clarified that design and consulting services are exempt unless they include the sale or lease of taxable goods, or the sale of taxable software or taxable services (e.g. telecommunication services)
  - Added information on designation agreements for principals and agents
  - Other minor revisions
-